

# PROSPECTUS

Relating to the permanent offer of shares of the Investment Company with Variable Capital (“SICAV”) under Luxembourg law and with multiple Sub-Funds

## LA FRANCAISE AM FUND

October 2014

The shares of the various sub-funds of the investment Company with variable capital LA FRANCAISE AM FUND (the “**Company**” respectively the “**Sub-Funds**”) may only be subscribed on the basis of the information contained in the present prospectus and the appendices of each Sub-Fund as they are mentioned in the present document and giving a descriptive of the different Sub-Funds of the Company.

The present Prospectus may only be distributed together with the latest annual report of the Company and the latest semi-annual report of the Company published after the said annual report.

No other information may be given other than that stated in the present Prospectus, in the key investor information document and in the documents mentioned therein, which are available to the public.

VISA 2014/96811-2377-0-PC

L'apposition du visa ne peut en aucun cas servir

d'argument de publicité

Luxembourg, le 2014-11-05

Commission de Surveillance du Secteur Financier



**LA FRANCAISE AM FUND**  
33, rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

List of active Sub-Funds

Name of the Sub-Funds	Reference currency
LA FRANCAISE AM FUND – GTS Réactif	EUR
LA FRANCAISE AM FUND – LFIP Trend Opportunities	EUR
LA FRANCAISE AM FUND – LFIP Leaders Emergents	EUR
LA FRANCAISE AM FUND – LFIP Global Equity	EUR
LA FRANCAISE AM FUND – LFP Euro Inflation	EUR
LA FRANCAISE AM FUND – LFP Multistrategies Obligataires	EUR
LA FRANCAISE AM FUND – LFP Obligations Emergentes	EUR
LA FRANCAISE AM FUND – LFP Premium Emergents	EUR
LA FRANCAISE AM FUND – LFP Protectaux	EUR
LA FRANCAISE AM FUND – LFP Euro Liquidity	EUR
LA FRANCAISE AM FUND – LFP Rendement Global 2020 - USD	USD
LA FRANCAISE AM FUND – LFP Rendement Global 2022	EUR
LA FRANCAISE AM FUND – LFP Allocation	EUR
LA FRANCAISE AM FUND – LFP Forum Securities Global Income Real Estate	EUR

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## DISCLOSURE

LA FRANCAISE AM FUND was created in 28 October 1998.

Prior to considering subscription to shares, prospective investors are recommended to carefully read the present prospectus (the "**Prospectus**") and examine the last annual report of the Company, copies of which may be obtained from BNP Paribas Securities Services, Luxembourg Branch and from companies ensuring the financial services and the distribution of the shares of the Company. Subscription applications may only be made on the basis of the conditions and methods stipulated in the present Prospectus. Prior to investing in the Company, prospective investors should request appropriate advice from their own legal, tax and financial advisors.

No other information may be given other than that stated in the Prospectus and in the documents mentioned therein, which are available to the public.

The Company is authorised as an Undertaking for Collective Investment in Transferable Securities (a "**UCITS**") in Luxembourg, where its shares may be offered and sold. The present Prospectus is neither an offer nor a solicitation of sale. It may not be used for such a purpose in any jurisdiction where this would not be allowed, nor may it be distributed to any persons prohibited from purchasing such shares.

No steps have been taken to register the Company or its shares with the US Securities and Exchange Commission as provided for by the law on the US Investment Company Act from 1940, as amended. Consequently, this document has not been approved by the above-mentioned authority. The present document may therefore not be introduced, transmitted nor distributed in the United States of America (including their territories or possessions), or handed over to US citizens or residents, nor to companies, associations or other entities registered in the United States of America or governed by the laws of the United States of America and any US person that would fall within the ambit of the Foreign Account Tax Compliance provisions of the US Hiring Incentives to Restore Employment Act enacted in March 2010 US Foreign Account Tax Compliance Act ("**FATCA**") (any such person being considered hereunder as a "**US Person**"). Moreover, the shares of the Company have not been registered under the US Securities Act of 1933 and may not therefore be directly or indirectly offered or sold to US Persons in the USA (including its territories and possessions). Any failure to abide by these restrictions may stand as a breach of US laws on transferable securities. The board of directors (the "**Board of Directors**") of the Company may demand the immediate redemption of any shares purchased or held by US Persons inclusive any investors who would become US Persons subsequent to the purchase of shares.

Considering the economic and stock exchange risks, no guarantee can be given that the Company shall achieve its investment objectives; as a consequence, the value of the shares may decrease as well as increase.

## **ORGANISATION OF THE COMPANY**

### **REGISTERED OFFICE:**

33, rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

### **BOARD OF DIRECTORS:**

#### Chairman:

Alain GERBALDI  
LA FRANCAISE AM INTERNATIONAL  
4a, rue Henri Schnadt  
L-2530 Luxembourg  
Grand Duchy of Luxembourg

#### Directors:

Pascale AUCLAIR  
LA FRANCAISE DES PLACEMENTS  
173, boulevard Haussmann  
F-75008 Paris  
France

Philippe VERDIER  
LA FRANCAISE AM INTERNATIONAL  
4a, rue Henri Schnadt  
L-2530 Luxembourg  
Grand Duchy of Luxembourg

Andrea BERTOCCHINI  
LA FRANCAISE AM INTERNATIONAL  
4a, rue Henri Schnadt  
L-2530 Luxembourg  
Grand Duchy of Luxembourg

### **MANAGEMENT COMPANY**

LA FRANCAISE AM INTERNATIONAL  
4a, rue Henri Schnadt  
L-2530 Luxembourg  
Grand Duchy of Luxembourg

### **Supervisory Board of the Management Company (*Conseil de Surveillance*):**

#### Chairman:

Patrick RIVIERE  
LA FRANÇAISE AM  
(Managing Director)  
173, boulevard Haussmann  
F-75008 Paris  
France

Members

Alain GERBALDI  
LA FRANÇAISE AM INTERNATIONAL  
(General Manager Relationship Institutional Investors)  
4a, rue Henri Schnadt  
L-2530 Luxembourg  
Grand Duchy of Luxembourg

Xavier LEPINE  
LA FRANÇAISE AM  
(Chairman of the Executive Board)  
173, boulevard Haussmann  
F-75008 Paris  
France

**Management Board of the Management Company (*Directoire*):**

Chairman:

Philippe LECOMTE  
LA FRANÇAISE AM  
(Chief Executive Officer)  
173, boulevard Haussmann  
F-75008 Paris  
France

Members :

Philippe VERDIER  
LA FRANÇAISE AM INTERNATIONAL  
(Managing Director)  
4a, rue Henri Schnadt  
L-2530 Luxembourg  
Grand Duchy of Luxembourg

Isabelle KINTZ  
LA FRANÇAISE AM INTERNATIONAL  
(Conducting Officer)  
4a, rue Henri Schnadt  
L-2530 Luxembourg  
Grand Duchy of Luxembourg

**CUSTODIAN BANK, DOMICILIATION AND LISTING AGENT**

BNP Paribas Securities Services, Luxembourg Branch  
33, rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

**ADMINISTRATIVE AGENT**

BNP Paribas Securities Services, Luxembourg Branch  
33, rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

**AUTHORISED AUDITORS**

DELOITTE AUDIT  
560, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

**INVESTMENT MANAGERS - INVESTMENT ADVISORS**

For the Sub-Fund: LA FRANCAISE AM FUND - GTS Réactif

Investment Manager: LA FRANCAISE BANK  
4a, rue Henri Schnadt  
L-2530 Luxembourg  
Grand Duchy of Luxembourg

For the Sub-Funds: LA FRANCAISE AM FUND - LFIP Trend Opportunities/ LA FRANCAISE AM FUND - LFIP Leaders Emergents / LA FRANCAISE AM FUND – LFIP Global Equity

Investment Manager: La Française Inflection Point (formerly LFP SARASIN AM)  
173, boulevard Haussmann  
F-75008 Paris  
France

For the Sub-Funds: / LA FRANCAISE AM FUND - LFP Euro Inflation / LA FRANCAISE AM FUND - LFP Multistatégies Obligataires / LA FRANCAISE AM FUND - LFP Obligations Emergentes / LA FRANCAISE AM FUND - LFP Premium Emergents / LA FRANCAISE AM FUND - LFP Protectaux / LA FRANCAISE AM FUND - LFP Euro Liquidity / LA FRANCAISE AM FUND - LFP Rendement Global 2020 – USD / LA FRANCAISE AM FUND – LFP Rendement Global 2022 / LA FRANCAISE AM FUND – LFP Allocation

Investment Manager: LA FRANCAISE DES PLACEMENTS  
173, boulevard Haussmann  
F-75008 Paris  
France

For the Sub-Fund: LA FRANCAISE AM FUND - LFP Forum Securities Global Income Real Estate

Investment Manager: Forum Securities (UK) Limited  
-1<sup>st</sup> Floor  
16 Berkeley Street  
London  
W1J 8DZ  
United Kingdom



## IMPORTANT INFORMATION

The Company is registered on the official list of undertakings for collective investment in accordance with the law of 17 December 2010 (the “**2010 Law**”) relating to undertakings for collective investment and the law of 10 August 1915 on commercial companies, as both may be amended from time to time. In particular, it is subject to the provisions of **Part I of the 2010 Law** which relates specifically to undertakings for collective investment as defined by the European Directive 2009/65/EC. However, this registration does not require an approval or disapproval of the Commission de Surveillance du Secteur Financier, the Luxembourg supervisory authority for the financial sector (“**CSSF**”) as to the suitability or accuracy of this Prospectus or any key investor information document (“**KIID**”) generally relating to the Company or specifically relating to any Sub-Fund. Any representation to the contrary would be unauthorised and unlawful.

The Company’s Board of Directors has taken all possible precautions to ensure that the facts indicated in the Prospectus are accurate and that no point has been omitted which could render any information as erroneous. All of the directors accept their responsibility in this matter.

Any information or representation not contained in the Prospectus, KIID, appendices of each Sub-Fund (the “**Appendix(es)**” and/or “**Appendix 1**”) or in the reports that form an integral part thereof, should be considered unauthorised. Neither the remittance of the Prospectus, KIID, or the offer, issue or sale of shares in any one share class in the capital of the Company (“**Shares**” and “**Class(es) of Shares**”) shall constitute a representation that the information given in the Prospectus is correct as of any time other than the date stipulated in the legal documentation. In order to take important changes such as the opening of a new Sub-Fund, new categories and/or new Classes of Shares into account, the Prospectus and its Appendices shall be updated at the appropriate time. Subscribers are therefore advised to contact the Company in order to establish whether any later Prospectus and/or KIID have been published. Prospective subscribers and purchasers of Shares are thus advised to enquire as to the possible tax consequences, legal controls, foreign exchange restrictions and controls they may face in the countries of their domicile or of which they are national or resident, which may regulate the subscription, purchase, holding or sale of Shares.

### Data Protection

The Company, the Management Company and other service providers collect, store, and process by electronic or other means the data supplied by investors, at the time of their subscription for the purpose of fulfilling the services required by the shareholders and complying with their respective legal obligations, whereby a shareholder is a holder of Share(s) entitled to an undivided co-ownership of the assets and liabilities comprising the relevant Sub-Fund and to participate and share in the gross income of the relevant Sub-Fund, registered by the Management Company, respectively the register and transfer agent appointed by the Management Company, in the Shareholder register as the owner of the Shares (“**Shareholder(s)**”).

The investor, meaning a subscriber for or holder of Shares, as the case may be, and this term includes, where appropriate, a Shareholder, may, at his/her/its discretion, refuse to communicate the Personal Data to the Company and its services providers (the “**Investor**”). In this case, however, the Company and/or the Management Company, as the case may be, may, in their sole discretion, reject his/her/its request for subscription of Shares.

In particular, the data supplied by Investors is processed for the purpose of (i) maintaining the register of Shareholders, (ii) processing subscriptions, redemptions and conversions of Shares and payments of dividends to Shareholders, (iii) performing controls on late trading and market timing practices, (iv) complying with applicable anti-money laundering rules.

The Company and/or the Management Company, as the case may be, can delegate to another entity, the Processors, located in the European Union, the processing of the Personal Data.

Each Shareholder has a right to access his/her/its Personal Data and may ask for a rectification

thereof in cases where such data is inaccurate and/or incomplete. In relation thereto, each Shareholder has the right to ask for a rectification by a letter addressed to the Company.

The Shareholder has a right of opposition regarding the use of its Personal Data for marketing purposes. This opposition can be made by a letter addressed to the Company.

### **Investor Responsibility**

Prospective investors should review this Prospectus and each relevant KIID carefully in its entirety and consult with their legal, tax and financial advisors in relation to (i) the legal requirements within their own countries for the subscription, holding, redemption or disposal of Shares; (ii) any foreign exchange restrictions to which they are subject in their own country in relation to the subscription, holding, redemption or disposal of Shares; and (iii) the legal, tax, financial or other consequences of subscribing for, holding, redeeming or disposing of Shares. Prospective investors should seek the advice of their legal, tax and financial advisors if they have any doubts regarding the contents of this Prospectus and each KIID.

### **FATCA Requirements**

FATCA provisions generally impose a reporting to the U.S. Internal Revenue Service of U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities. Failure to provide the requested information will lead to a 30% withholding tax applying to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends.

The basic terms of FATCA currently appear to include the Company as a "Financial Institution", such that in order to comply, the Company may require all Shareholders to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned legislation.

Despite anything else herein contained and as far as permitted by Luxembourg law, the Company shall have the right to:

- withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any shareholding in the Company;
- require any Shareholder or beneficial owner of the Shares to promptly furnish such personal data as may be required by the Company in its discretion in order to comply with any law and/or to promptly determine the amount of withholding to be retained;
- divulge any such personal information to any tax or regulatory authority, as may be required by law or such authority;
- withhold the payment of any dividend or redemption proceeds to a Shareholder until the Company holds sufficient information to enable it to determine the correct amount to be withheld.

The abbreviations below denote the following currencies:

EUR Euro  
USD US Dollars

## PROSPECTUS

relating to the permanent offer of Shares  
in the Investment Company with Variable Capital  
“LA FRANCAISE AM FUND”

### I. GENERAL DESCRIPTION

#### 1. INTRODUCTION

LA FRANCAISE AM FUND is an investment Company with variable capital (the “**Company**”) comprising various Sub-Funds, each of which holds a portfolio of separate assets made up of transferable securities denominated in different currencies. The characteristics and investment policy of each Sub-Fund are listed in Appendix 1 appended to the Prospectus.

The capital of the Company is divided into several Sub-Funds each of which can offer several categories as defined for each of the Sub-Funds: some categories can offer one or more Classes of Shares as defined in Chapter IV.

The Company may create new Sub-Funds and/or new categories and/or new Classes of Shares. Whenever new Sub-Funds, categories and/or Classes of Shares are launched the Prospectus shall be updated accordingly.

The effective opening of any new Sub-Fund, of any category or class of Shares of a Sub-Fund mentioned in the Prospectus shall be subject to a decision of the Board of Directors which shall in particular determine the price and period/date of initial subscription as well as the date of payment of such initial subscription.

For each Sub-Fund, the management objective shall be to combine a maximisation of growth and capital return.

The Shares of each Sub-Fund, category or class of Shares shall be issued and redeemed at a price to be determined in Luxembourg according to the frequency indicated in Appendix 1 (a day set for such calculation being defined as a “**Valuation Day**”).

In relation to any share class in a Sub-Fund, the price shall be based on the Net Asset Value per share, i.e. the value of the net assets of the relevant Sub-Fund attributable to the relevant share class of that Sub-Fund (the “**Net Asset Value**”). For the avoidance of doubt, when the content so requires, the term “Net Asset Value” shall also mean the Net Asset Value of a given Sub-Fund, being the sum of the Net Asset Value of the Shares, category or class of Shares for such Sub-Fund.

The Net Asset Value shall be expressed in the reference currency of that Sub-Fund or in a certain number of other currencies, as indicated in Appendix 1.

As a matter of principle, switching from one Sub-Fund, category or Class of Shares to another Sub-Fund, category or Class of Shares may be done each Valuation Day. This can be achieved by converting Shares of one Sub-Fund, category or Class of Shares into Shares of another Sub-Fund, category or Class of Shares of the Company subject to payment of a conversion commission, as mentioned in Appendix 1.

#### 2. THE COMPANY

The Company was incorporated in Luxembourg on 28 October 1998 and for an indefinite period under the name “GLOBAL STRATEGY”.

As per an Extraordinary General meeting dated 11 May 2006, the name of the Company changed from GLOBAL STRATEGY to NORD EUROPE PATRIMONIUM. The name of NORD EUROPE

PATRIMONIUM then changed to UFG-LFP FUNDS on 21 July 2010 as per an Extraordinary General meeting.

On 6 September 2012, several modifications have been brought to the articles of incorporation of the Company (“**Articles of Incorporation**”), and in particular those amendments provided for pursuant to the 2010 Law and regarding the change of the name of the Company from UFG-LFP FUNDS to LA FRANCAISE AM FUND.

The Company’s Articles of Incorporation were published in the *Mémorial, Recueil des Sociétés et Associations*.

The minimum capital is 1,250,000 Euros (one million two hundred fifty thousand Euros). The Company’s capital is expressed in EUR and is at all times equal to the sum of the values of the net assets of its Sub-Funds and represented by Shares of no par value.

Variations in the capital are effected "ipso jure" and without compliance with measures regarding publication and entry in the Trade and Companies Register in Luxembourg prescribed for increases and decreases of capital of public limited companies.

The Company is registered with the Trade and Companies Register in Luxembourg under number B66.785.

The fact that the Company is registered on the official list established by the CSSF may under no circumstances be considered to represent a positive opinion on the part of the said supervisory authority as to the quality of the Shares put up for sale.

## II. MANAGEMENT AND ADMINISTRATION

### 1. **BOARD OF DIRECTORS**

The Company’s Board of Directors is responsible for the administration and management of the Company and of the assets of each Sub-Fund. It may carry out all acts of management and administration on behalf of the Company; in particular it may purchase, sell, subscribe or exchange any transferable securities and exercise all rights directly or indirectly attached to the Company’s assets.

The list of the members of the Board as well as of the other administrating bodies may be found in this Prospectus and in the periodic reports.

### 2. **MANAGEMENT COMPANY**

LA FRANCAISE AM INTERNATIONAL (the "**Management Company**") has been appointed as management company of the Company. The Management Company is accredited as management company in accordance with the Chapter 15 of the 2010 Law. It was incorporated on October 14<sup>th</sup> 1985 as a *société anonyme* under Luxembourg law for an unlimited period and is registered with the Trade and Companies Register in Luxembourg under number B 23447. Its registered office is at 4a, rue Henri Schnadt, L-2530 Luxembourg. The Management Company has a fully paid up share capital of two million five hundred and twenty five thousand euro (EUR 2,525,000). The articles of incorporation, as amended, have been deposited with the Luxembourg Trade and Company Register and published on October 20<sup>th</sup> 2011 in the *Mémorial C, Recueil des Sociétés et Associations* ("**Mémorial**"), the official gazette of the Grand Duchy of Luxembourg. It is currently a Management Company for SICAVs:

- LFP Opportunity
- Mandarine Funds
- La Française IC Fund
- LFP Opportunity Loans
- JKC Fund

- NEXT AM FUND
- LFP S&P Capital IQ Fund
- LFIS Vision
- BKCP Fund

The corporate purpose of the Management Company is to manage investment funds under Luxembourg law.

The Company has appointed the Management Company by a management company services agreement (the “**Management Company Services Agreement**”) effective on 1 August 2008 as Management Company of the Company to provide it with investment management, administration and marketing services (the “**Services**”). The Management Company Services Agreement has been concluded for an unlimited period and can be terminated by either party upon giving to the other party no less than ninety (90) days’ written notice. The responsibilities of the Company remain unchanged further to the appointment of the Management Company.

In the provision of the Services, the Management Company is authorised, in order to conduct its duties efficiently, to delegate with the consent of the Company and the Luxembourg supervisory authority, under its responsibility and control, part or all of its functions and duties to any third party.

In particular, the management function includes the following tasks:

- To give all opinions or recommendations concerning the investments to be made,
- To conclude contracts, to purchase, sell, exchange and/or deliver all transferable securities and all other assets,
- On behalf of the Company, to exercise all voting rights attached to the transferable securities constituting the Company’s assets.

In particular, the functions of the administrative agent include (i) calculation and publication of the Net Asset Value of the Shares of each Sub-Fund in accordance with the Law and the Company’s Articles of Incorporation and (ii) the provision, on behalf of the Company, of all the administrative and accounting services necessary to the management.

As keeper of the registrar and transfer agent, the Management Company is responsible for processing subscription, redemption and conversion applications regarding Shares and for keeping the register of Shareholders of the Company in accordance with the provisions described in more detail in the Management Company Services Agreement.

The functions of the principal distributor include the marketing of the Shares in Luxembourg and/or abroad.

The rights and obligations of the Management Company are governed by agreements entered into for an indefinite term.

In accordance with the laws and regulations in force and with the prior consent of the Board of Directors of the Company and subject to the approval of the CSSF, the Management Company is authorised, under its responsibility and control, to delegate its functions and powers or part thereof to any persons or Company it deems appropriate, provided the prospectus is updated in advance and the Management Company retains full liability for acts committed by its delegate/s. Any such delegate/s, with regards to the nature of the functions and duties to be delegated, must be qualified and capable of undertaking the duties in question.

The Management Company will require any such agent to which it intends to delegate its duties to comply with the provisions of the Prospectus, the Articles of Incorporation and the relevant provisions of the Management Company Services Agreement.

In relation to delegated duties, the Management Company will implement appropriate control mechanisms and procedures, including risk management controls, and regular reporting processes, in order to ensure an effective supervision of the third parties to whom functions and duties have been delegated and that the services provided by such third party service providers are in compliance with

the Articles of Incorporation, the Prospectus and the agreement entered into with the relevant third party service provider.

The Management Company will be diligent and exhaustive in the selection and monitoring of the third parties to whom functions and duties may be delegated and ensure that the relevant third parties have sufficient experience and knowledge as well as the necessary authorisations required to carry out the delegated functions.

At the present time, the functions of management, administrative agent and registrar and transfer agent are delegated.

### **3. CUSTODIAN BANK**

BNP Paribas Securities Services, Luxembourg Branch was appointed as custodian bank of the assets of the Company under the terms of an agreement dated 6 September 2012 between BNP Paribas Securities Services, Luxembourg Branch and the Company (the “**Custodian Bank**”).

This agreement may be terminated by each of the parties with prior notice of ninety (90) days (as stipulated in the applicable contractual provisions and as also specified below).

BNP Paribas Securities Services is a bank organised in the form of a partnership limited by shares under French law and entirely held by BNP Paribas. As at 31 December 2011, its capital amounted to EUR 165 million. The Luxembourg branch commenced activity on 1 June 2002 and the address of its offices is 33, rue de Gasperich, Hesperange, L-5826 Luxembourg.

The Custodian Bank is custodian of the assets, securities and other transferable ownership documents, cash and other assets which the Company possesses or which it may acquire in accordance with its investment policy.

In accordance with banking practice and under its sole responsibility, the Custodian Bank may entrust all or part of the Company’s assets which it holds in Luxembourg to other banking or financial intermediaries. Any and all acts relating to the disposal of the Company’s assets are carried out by the Custodian Bank upon instructions from the Company.

The Custodian Bank will further, in accordance with the 2010 Law:

- (1) Ensure that the sale, issue, redemption and cancellation of Shares effected by or on behalf of the Company are carried out in accordance with the 2010 Law or with the Company’s Articles of Incorporation;
- (2) Ensure that in transactions involving the Company’s assets, the consideration is remitted to it within the usual time limits;
- (3) Ensure that the Company’s revenues are allocated in accordance with its Articles of Incorporation.

In the case of Master-Feeder structures, if the master and the feeder UCITS have a different depositary from the Custodian Bank, the Custodian Bank will enter into an information-sharing agreement with the other depositary in order to ensure the fulfilment of the duties of both depositaries.

The Company may release the Custodian Bank from its duties with ninety (90) days written notice. Likewise, the Custodian Bank may resign from its duties with ninety (90) days written notice to the Company. The following provisions shall then apply to the Custodian Bank:

- A new custodian bank must be designated within two (2) months of the termination of the Custodian Bank’s contract to carry out the duties and assume the responsibilities of the Custodian Bank, as defined in the agreement signed to this effect;
- If the Company releases the Custodian Bank from its duties, the Custodian Bank shall continue to carry out its duties for the period necessary to assure the complete transfer of all of the Company’s assets to the new custodian;

- If the Custodian Bank resigns from its duties, it shall not be released of its obligations until a new custodian bank has been designated and all the Company's assets have been transferred thereto;
- Unclaimed dividends shall be transferred to the new Custodian Bank and/or financial agent (if any).

#### **4. DOMICILIATION AND LISTING AGENT**

The Company has appointed BNP Paribas Securities Services, Luxembourg Branch as its domiciliary and listing agent (the "**Domiciliary and Listing Agent**"). In its capacity as such, it will be responsible for all corporate agency duties required by Luxembourg law, and in particular for providing and supervising the mailing of statements, reports, notices and other documents to the Shareholders, in compliance with the provisions of, and as more fully described in, the agreement mentioned hereinafter.

The rights and duties of the Domiciliary and Listing Agent are governed by an agreement entered into for an unlimited period of time on 6 September 2012. This agreement may be terminated by each of the parties with prior notice of ninety (90) days (as stipulated in the applicable contractual provisions).

#### **5. ADMINISTRATIVE AGENT**

BNP Paribas Securities Services, Luxembourg Branch, with its registered office at 33, rue de Gasperich, L-5826 Hesperange, performs the functions of an administrative agent (the "**Administrative Agent**"), including the functions of Transfer and Registrar Agent, pursuant to an agreement between the Management Company and BNP Paribas Securities Services, Luxembourg Branch dated 6 September 2012. This agreement may be terminated by each of the parties by means of prior notice of ninety (90) days (as stipulated in the applicable contractual provisions).

In this context, BNP Paribas Securities Services, Luxembourg Branch performs the administrative functions required by the 2010 Law such as the bookkeeping of the Company and calculation of the net asset value per share. The Administrative Agent supervises all submissions of declarations, reports, notices and other documents to Shareholders.

As Transfer and Registrar Agent, it takes responsibility in particular for keeping the register of registered Shares. It is also responsible for the process of subscription and applications for the redemption of Shares and, if applicable, applications for the conversion of Shares as well as acceptance of such transfers of funds. Moreover, it must deliver share confirmations and accept share confirmations submitted for replacement and if such should be the case for redemption or conversion.

#### **6. INVESTMENT ADVISORS AND INVESTMENT MANAGERS**

The Management Company may be assisted by one or more delegate investment advisor(s) and/or investment manager(s) as specified in Appendix 1. The control and final responsibility of the activities of the investment advisor(s) and/or investment manager(s) shall rest with the Board of Directors of the Company. The name of the investment advisor(s) and/or investment manager(s) shall be indicated in the Appendices of each Sub-Fund. The investment advisor(s) and/or investment manager(s) shall be entitled to receive the payment of an advisory and/or a management fee, the rates and methods of calculation of which are mentioned in the Appendices of each Sub-Fund.

#### **7. DISTRIBUTORS AND NOMINEES**

The Management Company may decide to appoint nominees and distributors for the purpose of assisting in the distribution of the Shares in the countries in which they shall be sold.

Distribution and nominee agreements shall be concluded between the Company, the Management Company and the various nominees / distributors.

In accordance with these distribution and nominee agreements, the name of the nominee, rather than that of the Investors investing in the Company, shall be recorded in the register of Shareholders. The terms and conditions of the distribution and nominee agreements shall stipulate, among others, that an Investor who has invested in the Company via a nominee may request at any time that the Shares be re-registered under his/her own name. In this case the Investor's name shall be entered in the register of Shareholders as soon as the Company receives the transfer instructions from the nominee.

Prospective Shareholders may subscribe for Shares by applying directly to the Company, without having to act through one of the nominees/distributors.

Copies of the distribution and nominee agreements may be consulted by the Shareholders at the Company's registered office as well as at the Administrative Agent's registered office and at the registered offices of the nominees/distributors during normal office hours.

## **8. AUDITING OF THE COMPANY'S OPERATIONS**

The auditing of the Company's accounts and annual financial statements is entrusted to Deloitte Audit, having its registered office at 560, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg, in its capacity as authorised auditor of the Company.

### **III. INVESTMENT POLICIES**

The main objective of the Company is to offer Shareholders the opportunity to participate in the professional management of portfolios of transferable securities or short-term instruments similar to transferable securities within the meaning of Article 41. (1) of the 2010 Law as defined in the investment policy of each Sub-Fund of the Company (cf. Appendix 1).

The Company can offer no guarantee that its objectives will be fully achieved. Nevertheless, diversification of the portfolios of the Sub-Funds helps limit the risks inherent to any investments, if unable to eliminate them completely.

The Company's investments shall be made under the control and authority of its Board of Directors.

#### **1. INVESTMENT POLICIES - GENERAL PROVISIONS**

The specific investment policy of each Sub-Fund as detailed in Appendix 1 of the Sub-Funds has been defined by the Board of Directors.

The Company allows Shareholders to modify the trend of their investments and where applicable, to change investment currencies through the conversion of Shares held in a Sub-Fund, category or Class of Shares into Shares of another Sub-Fund, category or Class of Shares.

The objective of each Sub-Fund is the maximum appreciation of the assets invested. The Company may take as much risk as it deems reasonable in line with its objectives; it cannot however guarantee that it shall reach such objectives due to stock exchange fluctuations and other risks incurred by investments made in transferable securities.

Unless otherwise specified in each Sub-Fund's investment policy, no guarantee can be given on the realisation of the investment objectives of the Sub-Funds and past performance is not an indicator of future performances.

#### **2. SPECIAL REGULATIONS AND INVESTMENT RESTRICTIONS**

The general provisions hereunder shall apply to all the Sub-Funds of the Company unless otherwise provided in the specific investment objectives of a Sub-Fund. In this case Appendix 1 of that Sub-Fund shall list the specific restrictions intended to take over the present general provisions.



**A. The Company's investments must comprise only one or more of the following:**

- (1) Transferable Securities and money market instruments admitted to or dealt in a regulated market within the meaning of Directive 2004/39/EC.
- (2) Transferable Securities and money market instruments dealt in on another market in a member State of the European Union (the "EU") which is regulated, operates regularly, and is recognised and open to the public.
- (3) Transferable Securities or money market instruments admitted to official listing on a stock exchange in the EU or dealt in on another market in a non-Member State of the EU which is regulated, operates regularly and is recognised and open to the public in any other country in Eastern and Western Europe, the American continent, Asia, Oceania and Africa.
- (4) Transferable Securities and money market instrument newly issued provided that:
  - (i) the terms governing the issue include the provision that application shall be made for official listing on a stock exchange, or on another regulated market which operates regularly, and is recognised and open to the public; and
  - (ii) such listing is secured within one year of issue.
- (5) Shares of UCITS and/or other UCI within the meaning of Article 1(2), first and second hyphens of Directive 2009/65/EC, whether or not established in a Member State of the EU, provided that:
  - (i) such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently guaranteed;
  - (ii) the level of protection of shareholders in the other UCI is equivalent to the level of protection of shareholders of a UCITS and in particular the provisions for separate management of the Fund's assets, borrowing, credit allocation and short selling of securities and money market instruments are equivalent to the requirements of the Directive 2009/65/EC;
  - (iii) the business activity of the other UCI is subject to semi-annual and annual report which permits a statement to be made on the assets and liabilities, earnings and transactions within the reporting period; and
  - (iv) in accordance with its articles of incorporation the UCITS or other UCI whose shares are being acquired may invest altogether a maximum 10% of its assets in the shares of other UCITS or other UCI.
- (6) Sight deposits or callable deposits with a maximum term of twelve months with credit institutions, provided the credit institution in question has its registered office in an EU Member State or, if the registered office of the credit institution is in a third state, provided it is subject to supervisory provisions that the CSSF holds to be equivalent to those of EU law.
- (7) Derivatives, including similar instruments giving rise to a settlement in cash, which are traded on a regulated market of the type referred to in points (1), (2) and (3) above, and/or derivatives traded over the counter (hereinafter called "over-the-counter derivatives), provided that:
  - (i) the underlying assets are instruments within the meaning of this section A, financial indices, interest rates, exchange rates or currencies, in which the Company may invest in accordance with its investment objectives;

- (ii) with regard to transactions involving OTC derivatives, the counterparts are institutions from categories subject to official supervision which is approved by the Luxembourg supervisory authorities;
- (iii) the OTC derivatives are subject to reliable and examinable valuation on a daily basis and can at an appropriate time on the initiative of the Company be disposed of, liquidated or realised by counter-transaction at any time and at their fair value.
- (iv) in no case shall these transactions lead the Company to diverge from its investment objectives.

In particular, the Company may intervene in transactions relating to options, future contracts on financial instruments and options on such contracts.

- (8) Money-market instruments, that are not traded on a regulated market, provided the issue or the issuer of such instruments are subject to provisions concerning deposits and investor protection, and provided they are:
  - (i) issued or guaranteed by a central state, regional or local body or central bank of a Member State of the EU, the European Central Bank, the European Union or the European Investment Bank, a third state or in the case of a federal state, a Member State of the federation, or an international public law institution, which at least belongs to a Member State of the EU, or
  - (ii) issued by a Company the securities of which are traded on the regulated markets referred to in points (1), (2) and (3) above; or
  - (iii) issued or guaranteed by an establishment subject to prudential surveillance according to the criteria defined by EU Law, or by an establishment which is subject to and abides by prudential rules considered by the CSSF to be at least as strict as those provided by EU legislation; or
  - (iv) issued by other issuers which belong to a category approved by the CSSF, provided that for investments in these instruments there are provisions for investor protection which are equivalent to the first, second or third point and provided the issuer is either a Company with equity capital and reserves of at least ten million euros (EUR 10,000,000), which draws up and publishes its annual reports in accordance with the provisions of the Directive 78/660/EEC, or a legal entity which, within a group of companies with one or more stock market listed companies, is responsible for the financing of the group, or a legal entity where the security backing of liabilities will be financed by use of a line of credit granted by a bank.

**B. Moreover, the Company may for each Sub-Fund:**

- (1) invest up to 10% of the net assets of the Sub-Fund in transferable securities or money market instruments other than those referred to in A (1) to (4) and (8).
- (2) on an ancillary basis, hold liquidities and other instruments similar to liquidities.
- (3) borrow up to 10% of the net assets of the Sub-Fund, insofar as these are temporary borrowings. Commitments in relation to option contracts, purchases and sales of future contracts are not considered borrowings for calculation of the investment limit.
- (4) Acquire currencies through a type of face-to-face loan.

**C. Furthermore, as regards the net assets of each Sub-Fund, the Company shall observe the following investment restrictions per issuer:**

**(1) Rules as to distribution of risks**

For calculation of the limits described in points (1) to (5) and (8) above, companies included in the same group of companies shall be considered a single issuer.

To the extent that an issuer is a legal entity with multiple Sub-Funds where the assets of one Sub-Fund respond exclusively to the rights of investors in relation to that Sub-Fund and those of the creditors whose claims arise out of the incorporation, operation or liquidation of that Sub-Fund, each Sub-Fund shall be considered a separate issuer for application of the rules as to the distribution of risks.

**• Transferable Securities and Money Market Instruments**

- (1) A Sub-Fund may not acquire additional transferable securities and money market instruments from one and the same issuer if, as a consequence of that acquisition:
  - a. more than 10% of its net assets correspond to transferable securities or money market instruments issued by that entity.
  - b. the total value of the transferable securities and money market instruments held of issuers in each of which it invests more than 5% exceeds 40% of the value of its net assets. That limit is not applicable to deposits with financial establishments subject to prudential surveillance and to over-the-counter (“OTC”) transactions on derivatives with those establishments.
- (2) The limit of 10% fixed in point (1)(a) is raised to 20% if the transferable securities and money market instruments are issued by the same group of companies.
- (3) The maximum limit of 10% indicated in section (1) (a) may be increased to a maximum 35% if the securities or money market instruments are issued or guaranteed by a Member State of the EU or its regional bodies, by a third state or by international public law institutions which at least belong to an EU Member State.
- (4) The maximum limit of 10% indicated in section (1) (a) may be increased to a maximum 25% for specific bonds, if these are issued by a credit institution with registered office in a Member State of the EU, and which is subject to specific official supervision on the basis of the legal provisions for the protection of holder of those bonds. In particular, the proceeds from the issue of these bonds must in accordance with legal provisions be invested in assets which during the entire term of the bonds adequately cover the liabilities arising therefrom and which are allocated for the due repayment of capital and the payment of interest in the event of the default of the issuer. If a Sub-Fund invests more than 5% of its net assets in such bonds that are issued by one and the same issuer, then the total value of those investments may not exceed 80% of the value of the net assets of the Sub-Fund.
- (5) The securities and money-market instruments mentioned in sections (3) and (4) above are not included when applying the investment limit of 40% provided in section (1) (b).
- (6) Where any Sub-Fund has invested in accordance with the principle of risk spreading in transferable securities or money market instruments issued or guaranteed by an EU member state, by its local authorities or by an OECD member state or Brazil, Singapore or any G20 member state, or by public international bodies of which one or more EU member states are members, the Fund may invest 100% of the Net Asset Value of any Sub-Fund in such securities**

**provided that such Sub-Fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the Net Asset Value of the Sub-Fund.**

(7) Notwithstanding the limits imposed in section (2) hereinafter, the limits mentioned under point (1) are increased to a maximum 20% for investments in shares and/or bonds issued by the same entity, when the Company's investment policy aims to reproduce the composition of a specific share or bond index recognised by the CSSF, on the following bases:

- (i) the composition of the index is sufficiently diversified,
- (ii) the index constitutes a representative benchmark for the market to which it relates,
- (iii) it is subject to the appropriate publication.

The limit of 20% amounts to 35% provided this is justified on the basis of extraordinary market circumstances, in particular on regulated markets on which certain securities or money market instruments are extremely dominant. An investment up to this maximum limit is only possible with a single issuer.

- **Bank deposits**

(8) The Company may not invest more than 20% of the net assets of each Sub-Fund in deposits placed with the same entity.

- **Derivatives**

(9) The default risk of the counterparty in transactions with OTC derivatives may not exceed 10% of the net assets of the Sub-Fund, if the counterparty is a credit institution as described in A (6) above. For other cases, the limit is up to a maximum of 5% of the net assets.

(10) Investments may be made in derivatives insofar as, globally, the risks to which the underlying assets are exposed do not exceed the investment limits fixed in points (1) to (5), (8), (9), (13) and (14). When the Company invests in derivatives based on an index, those investments are not necessarily combined to the limits fixed in points (1) to (5), (8), (9), (13) and (14).

(11) When a transferable security or money market instrument contains a derivative, the latter must be taken into account in applying the provisions of Section C, point (14) and Section D, point (1) as well as for assessing the risks associated with derivatives transactions, insofar as the overall risk associated with derivatives does not exceed the total Net Asset Value ("NAV") of the assets.

- **Shares in open-ended funds**

(12) The Company may not invest more than 20% of the net assets of each Sub-Fund in the shares of the same UCITS or other UCI, as defined in Section A, point (5).

- **Combined limits**

(13) Notwithstanding the individual limits fixed in points (1), (8) and (9) above, a Sub-Fund may not combine:

- investments in transferable securities or money market instruments issued by the same entity,
- deposits with the same entity, and/or

- risks arising from over-the-counter derivatives transactions with a single entity, which are greater than 20% of its net assets.
- (14) The limits provided in points (1), (3), (4), (8), (9) and (13) above may not be combined. As a consequence, the investments of each Sub-Fund in transferable securities or money market instruments issued by the same entity, in deposits with that entity or in derivatives traded with that entity in accordance with points (1), (3), (4), (8), (9) and (13) may not exceed a total 35% of the net assets of that Sub-Fund.

**(2) Limitations as to control**

- (15) The Company may not acquire any voting shares that would enable it to exercise a considerable influence on the management of the issuer.
- (16) The Company may not acquire (i) more than 10% of non-voting equities of one and the same issuer; (ii) more than 10% of the bonds of one and the same issuer; (iii) more than 10% of the money market instruments of one and the same issuer; or (iv) more than 25% of the shares of the same UCITS and/or other UCI.

The limits provided under points (ii) to (iv) need not to be respected on acquisition if the gross amount of the bonds or money market instruments, or the net amount of the issued securities cannot be calculated at the time of acquisition.

The provisions under points (15) and (16) are not applicable to:

- securities and money market instruments issued or guaranteed by an EU Member State or its regional bodies;
- securities and money market instruments issued or guaranteed by a third state;
- securities and money market instruments issued or guaranteed by international public law organisations, to which belong one or more EU Member States;
- shares held in the capital of a Company from a third state, under the provisions that (i) the Company invests its assets essentially in securities of issuers who are residents in said third state, (ii) owing to the legal regulations of that third state, such a stake represents the only possibility to invest in securities of issuers of that third state, and (iii) in its investment policy the Company observes the rules of diversification of risk and limitations as to control indicated in Section C, point (1), (3), (4), (8), (9), (12), (13), (14), (15) and (16) and in Section D, point (2);
- shares held in the capital of subsidiaries carrying on any management, advisory or marketing activities solely for the exclusive benefit of the Company in the country where the subsidiary is located as regards the redemption of shares on the application of shareholders.

**D. Moreover, the Company must observe the investment restrictions for the following instruments:**

- (1) Each Sub-Fund shall ensure that the overall risk associated with derivatives does not exceed the total net value of its portfolio.

Risks are calculated taking account of the current value of the underlying assets, counterparty risk, foreseeable market evolution and the time available to liquidate positions.

- (2) Investments in the shares of UCI other than UCITS may not in total exceed 30% of the net assets of the Company.

**E. Furthermore, the Company shall ensure that the investments of each Sub-Fund comply with the following rules:**

- (1) The Company may not acquire commodities, precious metals or even certificates representing them, it being understood that transactions relating to currencies, financial instruments, indices or securities and likewise future contracts, option contracts and swap contracts relating thereto are not considered transactions relating to merchandise within the meaning of this restriction.
- (2) The Company may not acquire real estate, unless such acquisitions are indispensable in the direct exercise of its activity.
- (3) The Company may not use its assets to guarantee securities.
- (4) The Company may not issue warrants or other instruments conferring a right to acquire shares of the fund.
- (5) Without prejudice to the possibility for the Company to acquire bonds and other debt securities and to hold bank deposits, the Company may not grant loans or act as guarantor on behalf of third parties. This restriction is not an obstacle to the acquisition of transferable securities, money market instruments or other financial instruments not fully paid up.
- (6) the Company may not make short sales of transferable securities, money market instruments or other financial instruments mentioned in Section A points (5), (7) and (8).

**F. Notwithstanding all the aforementioned provisions:**

- (1) The limits fixed previously may not be respected in the exercise of subscription rights relating to transferable securities or money market instruments which are part of the assets of the Sub-Fund concerned.
- (2) If limits are exceeded irrespectively of the desire of the Company or as a consequence of the exercise of subscription rights, the Company must, in its sale transactions, regularise the situation in the best interests of the Shareholders.

The Board of Directors shall be entitled to determine other investment restrictions to the extent that those limits are necessary to comply with the 2010 Law and regulations of the country in which the Shares shall be offered or sold.

**G. Cross-Investments**

Finally, a Sub-Fund of the Company may subscribe, acquire and/or hold securities to be issued or issued by one or more other Sub-Funds of the Company, provided that:

- the Target Sub-Fund does not, in turn, invest in the Sub-Fund investing in the Target Sub-Fund;
- the Target Sub-Fund may not, according to its investment policy, invest more than 10% of its net assets in other UCITS or UCIs;
- voting rights, attaching to the Shares of the Target Sub-Fund are suspended for as long as they are held by the Sub-Fund; and
- in any event, for as long as the Shares are held by the Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purpose of

- verifying the minimum threshold of the net assets imposed by the 2010 Law.
- subscription, redemption or conversion fees may only be charged either at the level of the Sub-Fund investing in the Target Sub-Fund or at the level of the Target Sub-Fund;
- no duplication of management fee is due on that portion of assets between those at the level of the Sub-Fund and this Target Sub-Fund.

## **H. Master-Feeders structures**

Under the conditions set forth in Luxembourg laws and regulations, the Board of Directors may, at any time it deems appropriate and to the widest extent permitted by applicable Luxembourg laws and regulations:

- create any sub-fund and/or class of shares qualifying either as a feeder UCITS or as a master UCITS,
- convert any existing Sub-Fund and/or Class of Shares into a feeder UCITS sub-fund and/or Class of Shares or change the master UCITS of any of its feeder UCITS sub-fund and/or Class of Shares.

By way of derogation from Article 46 of the 2010 Law, the Company or any of its Sub-Funds which acts as a feeder (the “Feeder”) of a master-fund shall invest at least 85% of its assets in another UCITS or in a sub-fund of such UCITS (the “Master”).

The Feeder may not invest more than 15% of its assets in the following elements:

- 1) ancillary liquid assets in accordance with Article 41, paragraph (2), second sub-paragraph of the 2010 Law;
- 2) financial derivative instruments which may be used only for hedging purposes, in accordance with Article 41 first paragraph, point g) and Article 42 second and third paragraphs of the 2010 Law;
- 3) movable and immovable property which is essential for the direct pursuit of the Company’s business.

## **3. FINANCIAL TECHNIQUES AND INSTRUMENTS**

### **A. General provisions**

For efficient management of the portfolio and/or with the aim of protecting its assets and liabilities, in each Sub-Fund the Company may use techniques and instruments which relate to transferable securities or money market instruments.

To that end, each Sub-Fund or category is authorised in particular to carry out transactions which have as their object the sale or purchase of future foreign exchange contracts, the sale or purchase of future contracts on currencies and the sale of call options and the purchase of put options on currencies, with the aim of protecting its assets against exchange rate fluctuations or of optimising its return, for efficient management of the portfolio.

Where a Sub-Fund uses such techniques and instruments, the relevant Appendix for such Sub-Fund shall disclose such fact, as well as a detailed description of the risks involved in these activities, including counterparty risk and potential conflicts of interest (to the extent not covered in this general part of the Prospectus), and the impact they will have on the performance of the relevant Sub-Fund. The use of these techniques and instruments shall be in line with the best interests of the relevant Sub-Fund.

The policy regarding direct and indirect operational costs/fees arising from efficient portfolio management techniques that may be deducted from the revenue delivered to the relevant Sub-Fund are disclosed in the relevant Appendix. These costs and fees shall not include hidden revenue. The identity of the entity(ies) to which the direct and indirect costs and fees are paid are also set out in the relevant Appendix for each Sub-Fund, as well as the indication as to whether these are related parties to the Management Company or the Custodian.

The techniques and instruments used for the purposes of efficient management of the portfolio and/or with the aim of protecting its assets and liabilities shall fulfil the following criteria:

- a) they are economically appropriate in that they are realised in a cost-effective way;
- b) they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for the relevant Sub-Fund with a level of risk which is consistent with the risk profile of the relevant Sub-Fund and the applicable risk diversification rules, as set out in the 2010 Law;
- c) their risks are adequately captured by the risk management process of the Company.

Techniques and instruments which comply with the criteria set out hereabove and which relate to money market instruments shall be regarded as techniques and instruments relating to money market instruments for the purpose of efficient portfolio management as referred to in the 2010 Law.

In applying techniques and instruments for the purposes of efficient management of the portfolio and/or with the aim of protecting its assets and liabilities, the Company shall at all times comply with the CSSF Circular 13/559 and with the ESMA Guidelines ESMA/2012/832EN in ETFs and other UCITS issues, as published on 18 December 2012.

In particular, techniques and instruments relating to transferable securities and money market instruments should not:

- a) result in a change of the declared investment objective of the Company, respectively the Sub-Fund; or
- b) add substantial Appendix A risks in comparison to the original risk policy as described herein and/or the relevant Appendix for the Sub-Fund.

All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs, shall be returned to the relevant Sub-Fund.

The Company, in entering into efficient portfolio management transactions, shall take into account these operations when developing its liquidity risk management process in order to ensure it is able to comply at any time with its redemption obligations.

When these transactions relate to the use of derivatives, the conditions and limits fixed previously in section A, point (7), in Section C, points (1), (9), (10), (11), (13) and (14) and in Section D, point (1) must be respected.

In no case the use of financial derivatives instruments or other financial techniques and financial instruments may lead the Company to diverge from its investment objectives as expressed in the Prospectus.

The Company's annual report shall contain details of the following:

- c) the exposure obtained through efficient portfolio management techniques;
- d) the identity of the counterparty(ies) to these efficient portfolio management techniques;
- e) the type and amount of collateral received by the Company, respectively the relevant Sub-Fund, to reduce counterparty exposure; and
- f) the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.



## **B. Risks - Warning**

*With a view to optimising the return on their portfolio, all the Sub-Funds are authorised to use the derivative techniques and instruments described above (in particular swap contracts on rates, currencies and other financial instruments, future contracts, options on transferable securities, on rates or on future contracts), observing the conditions mentioned above.*

*Investors' attention is drawn to the fact that market conditions and the regulations in force may restrict the use to these instruments. No guarantee may be given as to the success of these strategies. The Sub-Funds using these techniques and instruments bear risks and costs associated with such investments which they might not have been borne if they had not followed such strategies. Investors' attention is further drawn to the increased risk of volatility arising from Sub-Funds using these techniques and instruments other than for hedging purposes. If the forecasts of managers and delegate managers as to the movements of markets in securities, currencies and interest rates prove to be inaccurate, the Sub-Fund affected might find itself in a worse situation than if those strategies had not been followed.*

*When using derivatives, each Sub-Fund may carry out over-the-counter transactions on future and cash contracts on indices or other financial instruments as well as on swaps on indices or other financial instruments with first-class banks or stockbrokers specialising in this matter acting as counterparties. Although the corresponding markets are not necessarily deemed more volatile than other futures markets, operators are less well protected against insolvency in their transactions on these markets since the contracts traded there are not guaranteed by a clearing house.*

## **C. Securities lending operations**

The Company may enter into securities lending transactions provided it complies with the following rules:

- (1) The Company may lend the securities included in its portfolio to a borrower either directly or through a standardised lending system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialised in this type of transactions. In all cases, the counterparty to the securities lending agreement (i.e. the borrower) must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law. In case the aforementioned financial institution acts on its own account, it is to be considered as counterparty in the securities lending agreement. If the Company lends its securities to entities that are linked to the Company by common management or control, specific attention has to be paid to the conflicts of interest which may result therefrom.
- (2) The Company must receive, previously or simultaneously to the transfer of the securities lent, a guarantee which the value at conclusion of the contract and during the life of the contract must be at least equal to the total value of the securities lent. At maturity of the securities lending transaction, the guarantee will be remitted simultaneously or subsequently to the restitution of the securities lent.

In case of a standardised securities lending system organised by a recognised clearing institution or in case of a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialised in this type of transactions, securities lent may be transferred before the receipt of the guarantee if the intermediary in question assures the proper completion of the transaction. Such intermediary may, instead of the borrower, provide to the Company a guarantee which the value at conclusion of the contract must be at least equal to the total value of the securities lent.

- (3) The Company must ensure that the volume of the securities lending transactions is kept at an appropriate level or that it is entitled to request the return of the securities lent in a manner

that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of Company's assets in accordance with its investment policy.

- (4) The Company should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- (5) In its financial reports, the Company must disclose the global valuation of the securities of the date of reference of these reports.

#### **D. Repurchase agreements**

The Company may enter into repurchase agreement transactions, which consist of a forward transaction at the maturity of which the Company has the obligation to repurchase the asset sold and the buyer (the counterparty) the obligation to return the asset received under the transaction.

However, its involvement in such transactions is subject to the following rules:

- (1) The Company may enter into these transactions only if the counterparties to these transactions are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.
- (2) At the maturity of the contract, the Company must ensure that it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution of the Company. The Company must take care to ensure that the volume of the repurchase agreement transactions is kept at a level such that it is able, at all times, to meet its redemption obligation towards Shareholders.
- (3) In its financial reports, the Company must provide separate information on securities sold under repurchase agreements, disclosing the total amount of the open transactions on the date of reference of these reports.
- (4) When entering into a repurchase agreement the Company shall ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.
- (5) Fixed-term repurchase agreements that do not exceed seven days shall be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

#### **E. Reverse repurchase agreements**

- (1) When entering into a reverse repurchase agreement in the context of a given Sub-Fund the Company shall ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement shall be used for the calculation of the net asset value of the relevant Sub-Fund.
- (2) Fixed-term reverse repurchase agreements that do not exceed seven days shall be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

#### **F. Financial Derivative Instruments**

- (1) Where a Sub-Fund enters into a total return swap or invests in other financial derivative instruments with similar characteristics, the assets held by it shall comply with the investment limits set out in the 2010 Law and herein. For example, when a Sub-Fund enters into an unfunded swap, the Sub-Fund's investment portfolio that is swapped out shall comply with such investment limits.

- (2) In accordance with the 2010 Law and Article 43(5) of Directive 2010/43/EU, where a Sub-Fund enters into a total return swap or invests in other financial derivative instruments with similar characteristics, the underlying exposures of the financial derivative instruments shall be taken into account to calculate the investment limits laid down in 2010 Law.
- (3) The Appendix of a relevant Sub-Fund using total return swaps or other financial derivative instruments with the same characteristics shall include the following:
  - a) information on the underlying strategy and composition of the investment portfolio or index;
  - b) information on the counterparty(ies) of the transactions;
  - c) a description of the risk of counterparty default and the effect on investor returns;
  - d) the extent to which the counterparty assumes any discretion over the composition or management of the Sub-Fund's investment portfolio or over the underlying of the financial derivative instruments, and whether the approval of the counterparty is required in relation to any Sub-Fund investment portfolio transaction; and
  - e) subject to the provisions set out in item (4) below, identification of the counterparty as an investment manager.
- (4) Where the counterparty has discretion over the composition or management of the relevant Sub-Fund's investment portfolio or of the underlying of the financial derivative instrument, the agreement between the Company in relation to such Sub-Fund and the counterparty shall be considered as an investment management delegation arrangement and shall comply with the applicable requirements on delegation.
- (5) The Company's annual report shall contain for each relevant Sub-Fund, to the extent applicable, details of the following:
  - a) the underlying exposure obtained through financial derivative instruments;
  - b) the identity of the counterparty(ies) to these financial derivative transactions; and
  - c) the type and amount of collateral received by the relevant Sub-Fund to reduce counterparty exposure.

#### **G. Management of collateral for OTC financial derivative transactions and efficient portfolio management techniques**

- (1) All assets received by a relevant Sub-Fund in the context of efficient portfolio management techniques are considered as collateral for the purpose of these provisions and shall comply with the criteria laid down in the paragraph below.
- (2) Where the Company, in relation to a Sub-Fund, enters into OTC financial derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure shall comply with the following criteria at all times:
  - a) **Liquidity** – any collateral received other than cash shall be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received shall also comply with the provisions of the 2010 Law.
  - b) **Valuation** – collateral received shall be valued on at least a daily basis and assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place. Where a Sub-Fund uses this possibility, the relevant Appendix shall indicate such haircuts.
  - b) **Issuer credit quality** – collateral received shall be of high quality.
  - c) **Correlation** – the collateral received by the Company in relation to a Sub-Fund shall be issued by an entity that is independent from the counterparty and is

expected not to display a high correlation with the performance of the counterparty.

- d) **Collateral diversification (asset concentration)** – collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Company in relation to a Sub-Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Company in relation to a Sub-Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.
  - e) **Risks linked to the management of collateral**, such as operational and legal risks, shall be identified, managed and mitigated by the risk management process.
  - f) **Where there is a title transfer**, the collateral received shall be held by the Custodian Bank. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
  - g) **Collateral received shall be capable of being fully enforced** by the Company at any time without reference to or approval from the counterparty.
  - h) **Non-cash collateral** received shall not be sold, re-invested or pledged.
  - j) **Cash collateral** received shall only be:
    - placed on deposit with entities prescribed in the 2010 Law;
    - invested in high-quality government bonds;
    - used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
    - invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (Ref. CESR/10-049).
- (3) Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.
- (4) Where the Company receives, in relation to a Sub-Fund, collateral for at least 30% of the Sub-Fund's assets, the Company shall have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Company to assess the liquidity risk attached to the collateral. The liquidity stress testing policy shall at least prescribe the following:
- a) design of stress test scenario analysis including calibration, certification & sensitivity analysis;
  - b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
  - c) reporting frequency and limit/loss tolerance threshold/s; and
  - d) mitigation actions to reduce loss including haircut policy and gap risk protection.
- (5) The Company shall have in place a clear haircut policy adapted for each class of assets received as collateral. When devising the haircut policy, the Company shall take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with paragraph (4) hereabove. This policy shall be documented and shall justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets.

- (6) This Prospectus shall be updated prior to the Company implementing the provisions hereabove in order to clearly inform investors of its collateral policy. This shall include permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, re-investment policy (including the risks arising from the re-investment policy).

#### **4. RISKS WARNINGS**

##### **A. Custody Risk**

The Custodian Bank's liability only extends to its own negligence and wilful default and to that caused by the negligence or wilful misconduct of its local agent, and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar agent. In the event of such losses, the Company will have to pursue its rights against the issuer and/or the appointed registrar agent of the securities.

Securities held with a local agent or clearing/settlement system or securities correspondent ("**Securities System**") may not be as well protected as those held within the Custodian Bank in Luxembourg. In particular, losses may be incurred as a consequence of the insolvency of the local correspondent or Securities System. In some markets, the segregation or separate identification of a beneficial owner's securities may not be possible or the practices of segregation or separate identification may differ from practices in more developed markets.

##### **B. Conflicts of interest**

The Management Company, the Distributor(s), the Investment Manager and/or the Investment Advisor, the Custodian Bank and the Administrative Agent may, in the course of their business, have potential conflicts of interest with the Company. Each of the Management Company, the Distributor(s), the Investment Manager and/or the Investment Advisor, the Custodian Bank and the Administrative Agent will have regard to their respective duties to the Company and other persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each of such persons has undertaken or will be requested by the Company to undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Company and the Shareholders are fairly treated.

##### **Interested dealings**

The Management Company, the Distributor(s), the Investment Manager and/or the Investment Advisor, the Custodian Bank and the Administrative Agent and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (together the Interested Parties and, each, an Interested Party) may:

- contract or enter into any financial, banking or other transaction with one another or with the Company including, without limitation, investment by the Company, in securities in any company or body any of whose investments or obligations form part of the assets of the Company or any Sub-Fund, or be interested in any such contracts or transactions;
  - invest in and deal with Shares, securities, assets or any property of the kind included in the property of the Company for their respective individual accounts or for the account of a third party; and
  - deal as agent or principal in the sale, issue or purchase of securities and other investments to, or from, the Company through, or with, the Investment Manager or the Custodian Bank or any subsidiary, affiliate, associate, agent or delegate thereof.
- Any assets of the Company in the form of cash may be invested in certificates of deposit or banking investments issued by any Interested Party. Banking or similar transactions may also be undertaken with or through an Interested Party (provided it is licensed to carry out this type of activities).

There will be no obligation on the part of any Interested Party to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party. Any such transactions must be carried out as if effected on normal commercial terms negotiated at arm's length.

### **C. Conflicts of interest of the Investment Manager in case of securities lending**

The Investment Manager may also be appointed as the lending agent of the Company under the terms of a securities lending management agreement. Under the terms of such an agreement, the lending agent is appointed to manage the Company's securities lending activities and is entitled to receive a fee which is in addition to its fee as investment manager. The income earned from stock lending will be allocated between the Company and the Investment Manager and the fee paid to the Investment Manager will be at normal commercial rates. Full financial details of the amounts earned and expenses incurred with respect to stock lending for the Company, including fees paid or payable, will be included in the annual and semi-annual financial statements. The Management Company will, at least annually, review the stock lending arrangements and associated costs.

The Investment Manager may execute trades through their affiliates on both a principal and agency basis, as may be permitted under applicable law. As a result of these business relationships, the Investment Manager's affiliates will receive, among other benefits, commissions and mark-ups/mark-downs, and revenues associated with providing prime brokerage and other services. Certain conflicts of interest may arise from the fact that affiliates of the Investment Manager and/or the Investment Advisor or the Management Company may act as sub-distributors of interests in respect of the Company or certain Sub-Funds. Such entities may also enter into arrangements under which they or their affiliates will issue and distribute notes or other securities the performance of which will be linked to the relevant Sub-Fund.

Where a commission (including a rebated commission) is received by the Investment Manager by virtue of an investment by a Sub-Fund in the units of another collective investment scheme, this commission must be paid into that Sub-Fund.

### **D. Conflicts of interest in the case of securities lending**

The Custodian Bank may also be appointed as the lending agent of the Company under the terms of a securities lending agreement. Under the terms of such an agreement, the lending agent is appointed to manage the Company's securities lending activities and is entitled to receive a fee which is in addition to its fee as Custodian Bank. The income earned from stock lending will be allocated between the Company and the Custodian Bank and the fee paid to the Custodian Bank will be at normal commercial rates. Full financial details of the amounts earned and expenses incurred with respect to stock lending for the Company, including fees paid or payable, will be included in the annual and semi-annual financial statements. The Management Company will, at least annually, review the stock lending arrangements and associated costs.

The Custodian Bank may execute trades through its affiliates on both a principal and agency basis, as may be permitted under applicable law. As a result of these business relationships, the Custodian Bank's affiliates will receive, among other benefits, commissions and mark-ups/mark-downs, and revenues associated with providing prime brokerage and other services. Certain conflicts of interest may arise from the fact that affiliates of the Custodian Bank or the Management Company may act as sub-distributors of interests in respect of the Company or certain Sub-Funds. Such entities may also enter into arrangements under which they or their affiliates will issue and distribute notes or other securities the performance of which will be linked to the relevant Sub-Fund.

Where a commission (including a rebated commission) is received by the Custodian Bank by virtue of an investment by a Sub-Fund in the units of another collective investment scheme, this commission must be paid into that Sub-Fund.

### **E. Emerging Markets**

(a) In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some Investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain Investors may be accustomed. Certain financial markets, while generally growing in volume, have for the most part, substantially less volume than more developed markets, and securities of many companies are less liquid and their prices more volatile than securities of

comparable companies in more sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign Investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of the Sub-Funds.

(b) Emerging country debt will be subject to high risk and will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Company may have limited legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt securities to obtain recourse may be subject to the political climate in the relevant country. In addition, no assurance can be given that the holders of commercial debt will not contest payments to the holders of other foreign government debt obligations in the event of default under their commercial bank loan agreements.

(c) Settlement systems in emerging markets may be less well organised than in developed markets. Thus, there may be a risk that settlement may be delayed and that cash or securities of the Sub-Funds may be in jeopardy because of failures or of defects in the systems. In particular, market practice may require that payment will be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the Counterparty) through whom the relevant transaction is effected might result in a loss being suffered by Sub-Funds investing in emerging market securities.

(d) The Company will seek, where possible, to use Counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the Company will be successful in eliminating this risk for the Sub-Funds, particularly as Counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.

(e) There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by or to be transferred to the Sub-Funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Company's claims in any of these events.

(f) In some Eastern European countries there are uncertainties with regard to the ownership of properties. As a result, investing in Transferable Securities issued by companies holding ownership of such Eastern European properties may be subject to increased risk.

#### **F. Not in Bank Assets**

The Custodian Bank for the Company may provide, reporting services for a variety of investments that are not held in safekeeping at the Custodian Bank, classified as "Not In Bank" (NIB) assets. The counterparty which holds these NIB assets is chosen by the Company which is fully responsible for this choice and cannot liaise with the Custodian Bank's responsibility. The Custodian Bank remains responsible for these NIB assets' supervision, but can not offer the same protection as required if the assets are held at the Custodian Bank or its representative, particularly in case of the counterparty's bankruptcy. Therefore, these NIB assets are not as well protected as the assets held by the Custodian Bank or its representative. Moreover, reports are the sources of these records, which are periodically provided by the relevant counterparties or their agents to the Custodian Bank. Due to the nature of these investments, the responsibility of servicing and maintaining these assets falls under the jurisdiction of the counterparties with which the investments are placed and not the Custodian Bank. Similarly, the reporting of investment information and the accuracy of the same is the responsibility of the same counterparties and their agents. The Custodian Bank has no liability for any errors, mistakes or inaccuracies in the information provided by these sources.

#### **G. Fatca**

FATCA rules being particularly complex and as the rules governing their implementation for Luxembourg funds are still uncertain, the Company cannot at this time accurately assess the extent of the requirements that FATCA provisions will place upon it.

Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the 30% withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as a result of FATCA, the value of Shares held by all Shareholders may be materially affected.

The Company and/or its Shareholders may also be indirectly affected by the fact that a non US financial entity does not comply with FATCA regulations even if the Company satisfies with its own FATCA obligations.

## **5. GLOBAL EXPOSURE**

The relevant Sub-Funds will employ the commitment approach to calculate their global exposure as mentioned on a case-by-case basis in their appendix.

The global exposure of the Sub-Funds may also be measured by the Value at Risk (VaR) methodology as mentioned in the relevant appendices.

In financial mathematics and financial risk management, VaR is a widely used risk measure of the risk of loss on a specific portfolio of financial assets. For a given investment portfolio, probability and time horizon, VaR measures the potential loss that could arise over a given time interval under normal market conditions, and at a given confidence level. The calculation of VaR is conducted on the basis of a one-sided confidence interval of 99% and a holding period of 20 days. The exposure of the Sub-Funds is subject to periodic stress tests.

The exposure of a Sub-Fund may further be increased by transitory borrowings not exceeding 10% of the assets of this Sub-Fund.

The method used to calculate the global exposure and the expected level of leverage as calculated in accordance with the applicable regulations for each Sub-Fund are set out in Appendix 1.

## **IV. SHARES OF THE COMPANY**

### **1. THE SHARES**

The Company's capital is represented by the assets of its various Sub-Funds. Subscriptions are invested in the assets of the respective Sub-Fund.

Within a Sub-Fund, the Board of Directors may establish categories and/or Classes of Shares corresponding (i) to a specific distribution policy, for instance giving a right to distributions ("**distribution Shares**") or not giving a right to distributions ("**capitalisation Shares**"), and/or (ii) to a specific structure for issue or redemption costs, a specific structure for costs payable to distributors or to the Company, and/or (iii) to a specific structure for management costs or those for investment advice, and/or (iv) to a particular reference currency as well as a hedge policy or not regarding exchange risks; and/or (v) to any other specific feature applicable to a category/Class of Shares.

In the event of the Company's dissolution as further described in Article 28 of the Articles of Incorporation, the liquidation thereof shall be carried out by one or more liquidators appointed by the General Shareholders' Meeting, in accordance with the Luxembourg 2010 Law and with the Articles of Incorporation. The net result of the liquidation of each Sub-Fund shall be distributed to the Shareholders of the Share Class in question, in proportion to the number of Shares which they hold in this Class. Any amounts which remain unclaimed by Shareholders upon the completion of the liquidation process shall be deposited with the State Treasury, the *Caisse de Consignation* in Luxembourg. If the funds are unclaimed past the statutory limitation period, they may no longer be withdrawn.



Shareholders may request the conversion of all or part of their Shares into Shares of one or more different Sub-Funds, categories or Classes of Shares (see item 4 of this section).

Under the provisions set out in Appendix 1, any individual or corporate entity may acquire Shares in the various Sub-Funds, categories or Classes of Shares that comprise the net assets of the Company by paying the subscription price determined in accordance with item 2 of this section.

The Shares of each Sub-Fund are of no par value and convey no preferential or pre-emptive rights of subscription upon the issue of new Shares. Each Share is entitled to one vote at the General Meeting of Shareholders, regardless of its Net Asset Value.

All Shares must be fully paid-up.

The Shares shall at the option of the Shareholder be issued as bearer or registered Shares, regardless of the respective Sub-Fund. Fractions of Shares up to five decimal points may be issued for registered or bearer Shares.

Registered Shares may be converted into bearer Shares and vice versa, at the request and expense of the Shareholder.

Bearer Shares will only be accounted to the credit of the Shareholder's securities account with the Registrar and Transfer Agent. There will be no material issue of certificates for bearer Shares.

Share transfer forms for the transfer of registered Shares are available at the registered office of the Company and from the Custodian Bank.

## **2. ISSUE AND SUBSCRIPTION PRICE OF SHARES**

Applications for Shares may be submitted on any business day on which banks are normally open in Luxembourg, unless otherwise defined in Appendix 1 ("**Business Day**"), to the Transfer Agent offices or to the offices of other establishments designated by it, where Prospectuses containing application forms are available.

The Shares of each Sub-Fund, category or class of Shares of the Company are issued at the subscription price determined on the first Valuation Day following receipt of the completed subscription application. Subscription lists shall be closed on the days and at the times provided for in Appendix 1.

The subscription price corresponds to the Net Asset Value per Sub-Fund, category or class of Shares determined in accordance with Chapter V, increased by a commission the rate of which may differ according to the Sub-Fund, category or class of Shares in which the subscription is made, as indicated in Appendix 1. Payment for Shares subscribed is made in the reference currency of each Sub-Fund, category or class of Shares or in a certain number of other currencies and within the deadlines as specified in Appendix 1.

The Company may agree to issue Shares in consideration of a contribution in kind of transferable securities, for example in the case of a merger with an external Sub-Fund, to the extent that those transferable securities are in accordance with the objectives and the investment policy of the Sub-Fund concerned and in accordance with the provisions of the 2010 Law, on the number of which one will note the obligation to submit a valuation report drawn up by the authorised Auditor approved by the Company, which may be consulted at the Company's registered office. All the costs associated with the contribution in kind of transferable securities shall be borne by the Shareholders concerned.

Any changes in the maximum rate of the fees listed in Appendix 1 of the relevant Sub-Fund shall require the approval of the Company's Board of Directors. Any increases of the maximum rate of these fees, the Prospectus will be updated accordingly after a one month prior notice sent to the Shareholders. These changes will be further communicated in the annual report.

Any taxes or brokerage fees which may be payable in relation to the subscription are paid by the subscriber. Under no circumstances may these costs exceed the maximum authorised by the laws, ordinances or general banking practices of the countries in which the Shares are acquired.

The Board of Directors may suspend or interrupt the issue of Shares of one of the Sub-Funds, category or Class of Shares at any time. Moreover, without having to justify its actions, it also has the right to:

- . reject any subscription of Shares;
- . proceed at any time to the compulsory redemption of Shares which have been wrongfully subscribed or held or where the Shareholder does not provide necessary information requested by the Board of Directors in order to comply with the applicable legal and/or regulatory rules, such as, but not limited to, the FATCA provision.

For the avoidance of doubt, in the event that a minimum subscription amount is provided for with regards to a Sub-Fund, a category or a Class of Shares, the Company may waive such minimum amount in its sole discretion.

When, following suspension of the issue of Shares of one or more Sub-Funds, the Board of Directors decides to resume the issue, all pending subscriptions shall be processed on the basis of the Net Asset Value determined once the issue has been resumed.

Within the framework of the fight against money laundering, all physical persons must attach a copy of the subscriber's passport which has been legally certified for example by an Embassy, Consulate, notary's office or police commissioner, to the subscription form; in the case of legal entities, a copy of the Articles of Incorporation must be attached. This applies in the following instances:

1. direct subscriptions with the Company;
2. subscriptions through a provider of financial services who is resident in a country in which there is no identification obligation which fulfils the Luxembourg specifications intended to combat the use of the financial system for money laundering purposes;
3. subscriptions through a subsidiary or branch office of a parent Company which is subject to an identification obligation which fulfils the provisions of Luxembourg law, if the law which applies to the parent Company does not require it to ensure that its subsidiaries and branch offices also comply with the legal stipulations.

This obligation is mandatory, unless:

- a) the subscription form is submitted to the Company by one of its Distributor Agents situated in a country which has ratified the conclusions of the report of the Financial Action Task Force (“**FATF**”) on money laundering, or
- b) the subscription form is sent directly to the Company and the subscription is settled either by:
  - a bank transfer from a financial institution residing in an FATF country, or
  - a cheque drawn on the personal account of the subscriber with a bank residing in a FATF country or a bank cheque issued by a bank residing in a FATF country.

In addition, the Company has to identify the provenance of money from financial institutions that are not subject to an obligation of identification that fulfils the provisions of Luxembourg law. Subscriptions may be temporarily blocked until the provenance of the monies has been identified.

The Board of Directors shall not, knowingly, authorise any practice associated with market timing and late trading and shall reserve the right to reject orders for subscription or conversion of Shares originating from Investors which the Board of Directors might suspect of employing such practices or associated practices and if necessary to take the measures necessary to protect the other Investors in the Company.

Market timing is understood to be the technique of arbitrage by which an Investor subscribes to and systematically repurchases or redeems Shares within a short lapse of time by exploiting

discrepancies of timing and/or imperfections or deficiencies in the system for determining the Net Asset Value of Shares.

Late trading is understood to be the acceptance of an order for subscription, redemption or conversion of Shares received after the deadline for acceptance of orders on Valuation Day and its execution at the price based on the Net Asset Value applicable on Valuation Day.

### **3. REPURCHASE OF SHARES**

Shareholders may request the redemption in cash of all or a portion of their shareholdings at any time. Redemption requests, considered as irrevocable, may be sent to the Transfer Agent or to the other offices designated by the Company, or to the registered office of the Company. Such applications shall include the following information: the exact identity and exact address of the person applying for the redemption together with the number of Shares to be redeemed, the Sub-Fund, category or Class of Shares of which such Shares are part, whether they are registered or bearer Shares, as well as the reference currency of the Sub-Fund.

Redemption lists shall be closed on the days and at the times provided for in Appendix 1. Redemption applications registered after the deadline shall automatically be considered as redemption applications received for the next following Business Day. The redemption price of the Shares shall be paid out in the currency as indicated in Appendix 1.

For each Share presented, the amount reimbursed to the Shareholder is equal to the Net Asset Value for the Sub-Fund, category or Class of Shares concerned, determined on the first calculation date for Net Asset Value following receipt of the application, if necessary after deduction of a commission in favour of the Company and/or financial intermediaries, the rate of which appears in Appendix 1.

The redemption value may be equal to, higher than, or lower than the acquisition price paid.

Redemption proceeds shall be paid within such time limits as are indicated in Appendix 1.

Redemption proceeds shall only be paid out after receipt of the confirmation representing the Shares to be redeemed, and of the statement of transfer for registered Shares.

With the express written agreement of the Shareholders concerned, and if the principle of the equal treatment is observed, the Company may proceed with total or partial redemptions of its Shares, by way of payment in kind in accordance with the conditions established by the Company (including, and without limitation, the presentation of an independent valuation report from the Company's authorised auditor).

Suspension of the calculation of the Net Asset Value of the Shares automatically leads not only to the suspension of share issues but also of redemption and conversion operations. Notification of any suspension of redemption operations shall be made in accordance with section V.2. of the present Prospectus, by all appropriate means, to Shareholders who have presented requests for the redemption of their Shares, whereby the processing of these requests shall be delayed or suspended accordingly.

If the Board of Directors is unable to process the settlement of redemption applications made if the net total of the redemption applications received relates to more than 10% of the Sub-Fund's assets, it may decide that all the redemption applications presented are reduced and deferred on a prorata basis, so as to reduce the number of Shares redeemed that day to 10% of the assets during a period of time which it shall determine and not exceeding 30 calendar days.

Neither the Company's Board of Directors nor the Custodian Bank may be held responsible for any default of payment resulting from possible exchange restrictions, or other circumstances beyond their control which may limit or render impossible the transfer to other countries of the redemption proceeds.

**4. CONVERSION OF SHARES INTO SHARES OF OTHER SUB-FUNDS, CATEGORIES OR CLASSES OF SHARES**

Shareholders may request the conversion of all or part of their Shares into Shares of another Sub-Fund, category or Class of Shares by notifying the Transfer Agent or other offices designated by the Company, in writing or by telex or fax, giving the name of the Sub-Fund into which the Shares should be converted and specifying whether the Shares to be converted and the Shares of the new Sub-Fund, category or Class of Shares to be issued should be registered or bearer Shares. Failure to specify the required Class of Shares shall lead to conversion into Shares of the same category and/or Class of Shares. Conversion lists shall be closed at the same time as issue and redemption lists, as defined in Appendix 1 of each Sub-Fund.

Exceptionally, only Shareholders who can be qualified as institutional Investors (the "Institutional Investors") may apply for conversion of the Shares into Shares of the "Institutional" category as the Shares of that category are exclusively reserved for Institutional Investors.

Conversion requests are to be accompanied, as the case may be, by the bearer share confirmation(s), or by the confirmation(s) representing registered Shares. Subject to a suspension of the calculation of the Net Asset Value, the conversion of Shares may be carried out on every Valuation Day following receipt of the conversion application by reference to the Net Asset Value of the Shares of the Sub-Fund concerned for that Valuation Day.

The conversion may not take place if the calculation of Net Asset Value of one of the Sub-Funds, categories or Classes of Shares concerned is suspended. In the case of significant applications (i.e. more than 10% of the Sub-Fund's assets) it may also be delayed under the same conditions which may be applied to redemptions. The number of Shares allocated in the new Sub-Fund, the new category or the new Class of Shares shall be established according to the following formula:

$$A = \frac{B \times C}{D}$$

- where: A is the number of Shares allocated in the new Sub-Fund, the new category or the new Class of Shares;
- B is the number of Shares presented for conversion;
- C is the Net Asset Value of a share in the Sub-Fund, category or Class of Shares in which the Shares are presented for conversion on transaction day;
- D is the Net Asset Value of a share in the new Sub-Fund, the new category or the new Class of Shares on transaction day.

Following conversion, the Transfer Agent shall inform the Shareholder as to the number of Shares held in the new Sub-Fund and the corresponding price.

If actual registered and un-certificated or dematerialised bearer Share confirmations have been issued, fractional Shares that may result from the conversion shall not be allocated and the Shareholder shall be deemed to have requested their redemption. In that case the Shareholder shall be repaid the amount of any possible difference between the Net Asset Values of the Shares thus exchanged unless such difference is lower than EUR 10.- or as the case may be their equivalent in another currency. Undistributed fractions shall be aggregated and shall be paid back into the concerned Sub-Fund.

Conversions of Shares of one Sub-Fund, category or Class of Shares into Shares of another Sub-Fund, category or Class of Shares (a "switch") are subject to the commissions or fees if any, as listed in Appendix 1.

## **5. STOCK EXCHANGE LISTING**

As set forth in Appendix 1 of each Sub-Fund, the Shares may, upon decision of the Board of Directors, be admitted to official listing on the Luxembourg Stock Exchange.

### **V. NET ASSET VALUE**

#### **1. GENERAL**

##### **A. DEFINITION AND CALCULATION OF THE NET ASSET VALUE**

The Net Asset Value per Share of each Sub-Fund, category or Class of Shares is calculated in Luxembourg by the Administrative Agent, under the responsibility of the Board of Directors of the Company, according to the frequency indicated in Appendix 1 of each Sub-Fund. The minimum frequency shall be at least twice a month. If such a day is a bank legal holiday in Luxembourg, the Net Asset Values of the Sub-Funds shall be calculated on the next following Business Day.

The accounts of each Sub-Fund or category or Class of Shares shall be kept separately. The Net Asset Value shall be calculated for each Sub-Fund or category or Class of Shares and shall be expressed in the reference currency, as specified in Appendix 1.

The Net Asset Value of the Shares in each Sub-Fund or category or Class of Shares shall be determined by dividing the net assets of each Sub-Fund or category or Class of Shares by the total number of Shares of each Sub-Fund or category or Class of Shares in circulation. The net assets of each Sub-Fund or category or Class of Shares correspond to the difference between the assets and the liabilities of each of the Sub-Funds or categories or Classes of Shares.

##### **B. DEFINITION OF THE POOL OF ASSETS**

The Board of Directors shall form a separate pool of net assets for each Sub-Fund. Amongst the Shareholders, this pool of assets shall be attributed only to the Shares issued by the respective Sub-Fund, although the possibility of allocation of such a pool between the various categories and/or Classes of Shares of the Sub-Fund as defined in the present section must be taken into consideration.

For the purpose of establishing separate pools of assets corresponding to a Sub-Fund or to two or more categories and/or Classes of Shares of a given Sub-Fund, the following rules apply:

- a) if two or more categories/Classes of Shares relate to a specific Sub-Fund, the assets attributed to those categories and/or classes shall be invested together according to the investment policy of the Sub-Fund concerned subject to the specific features associated with those categories and/or Classes of Shares;
- b) the proceeds resulting from the issue of Shares relating to one category and/or one Class of Shares shall be attributed in the Company's books to the Sub-Fund which offers that category and/or Class of Shares given that, if several categories and/or Classes of Shares are issued for that Sub-Fund, the corresponding amount will increase the proportion of the net assets of that Sub-Fund attributable to the category and/or Class of Shares to be issued;
- c) the assets, liabilities, income and costs relating to a Sub-Fund shall be attributed to the category or categories and/or Class or Classes of Shares corresponding to that Sub-Fund;
- d) when one asset arises out of another asset, that asset shall be attributed, in the Company's books, to the same Sub-Fund or to the same category and/or Class of Shares to which the asset belongs from which it arises, and to each new valuation of an

- asset, the increase or reduction of value shall be attributed to the Sub-Fund or to the category and/or Class of Shares which corresponds;
- e) when the Company bears a liability which is attributable to an asset of a specific Sub-Fund or a category and/or Class of Shares or to a transaction carried out in relation to an asset of a specific Sub-Fund or a category and/or Class of Shares, that liability shall be attributed to that Sub-Fund or that category and/or Class of Shares;
  - f) in the case where an asset or a liability of the Company cannot be attributed to a specific Sub-Fund, that asset or liability shall be attributed to all the Sub-Funds, in proportion to the Net Asset Value of the categories and/or Classes of Shares concerned or in such a way that the Board of Directors shall determine in good faith;
  - g) as a consequence of distributions made to the holders of Shares of a category and/or Class, the Net Asset Value of that category and/or Class of Shares shall be reduced by the amount of those distributions.

### C. VALUATION OF ASSETS

Unless otherwise provided in Appendix 1, the assets and liabilities of each of the Company's individual Sub-Funds shall be valued on the basis of the following principles:

1. The value of cash in hand or on deposit, notes and bills payable on demand and all accounts receivable, prepaid costs, dividends and interest due but not yet received shall correspond to the full par value, unless it proves to be unlikely that the full value shall be received; in which case the value shall be calculated by subtracting a certain amount which appears to be appropriate in order to reflect the true value of such assets;
2. The valuation of transferable securities and money market instruments listed or traded on an official stock market or other regulated market which operates regularly and is recognised and open to the public, shall be based on the last known price and if that transferable security / money market instrument is traded on several markets, on the basis of the last known price on the principal market for that security or instrument. If the last known price is not representative, the valuation shall be based on the probable realisation value estimated with prudence and in good faith;
3. Securities and money market instruments not listed or traded on an official stock exchange or on another regulated market which operates regularly and is recognised and open to the public shall be valued on the basis of their probable sale price as estimated prudently and in accordance with the principle of prudence and good faith;
4. Prices of securities denominated in currencies other than the currency of account of the respective Sub-Funds shall be converted at the last available exchange rate;
5. The settlement value of future contracts and option contracts which are not traded on regulated markets shall be equivalent to their net settlement value determined in accordance with the policies established by the Board of Directors, on a basis applied consistently to each type of contract. The settlement value of future contracts or option contracts traded on regulated markets shall be based on the last price available for settlement of those contracts on the regulated markets on which those future contracts or those option contracts are traded by the Company; insofar as if a future contract or an option contract cannot be settled on the day on which the net assets are valued, the basis which shall serve to determine the settlement value of that contract shall be determined by the Board of Directors in a fair and reasonable manner;
6. The Board of Directors may authorise the use of amortised cost method of valuation for short-term transferable debt securities in certain Sub-Funds. This method involves valuing a security at its cost and thereafter assuming a constant amortisation to maturity of any discount or premium regardless of the impact of fluctuating interest rates on the market value of the security or other instrument. While this method provides certainty in valuation, it may result in periods during which value as determined by amortised cost, is higher or lower than the price the Sub-Fund would receive if it sold the securities. This method of valuation will only be used in accordance with ESMA guidelines concerning eligible assets for investments by UCITS and only with respect to securities with a maturity at issuance or residual term

- to maturity of 397 days or less or securities that undergo regular yield adjustments at least every 397 days;
7. The shares of UCITS and/or other UCI shall be valued at their last known Net Asset Value per share;
  8. Interest rate swaps shall be valued at their market value established by reference to the applicable rate curve. Swaps on indices or financial instruments shall be valued at their market value established by reference to the index of the financial instrument concerned. The valuation of swap contracts relating to those indices or financial instruments shall be based on the market value of those swap transactions in accordance with the procedures established by the Board of Directors;
  9. All other securities and assets shall be valued at their market value determined in good faith, in accordance with the procedures established by the Board of Directors;
  10. All other asset balances shall be valued on the basis of their probable realisation price, as estimated prudently and in accordance with the principle of prudence and good faith.

## **2. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE AND OF THE ISSUE, CONVERSION AND REDEMPTION OF SHARES**

1. Irrespective of the legal causes of suspension, the Board of Directors may at any moment suspend the valuation of the net value of the Shares as well as the issue and redemption and conversion of these Shares in the following cases:
  - (a) during any period when any of the principal stock exchanges or any other regulated market on which any substantial portion of the Company's investments of the relevant Class for the time being are quoted, is closed or during which dealings are restricted or suspended;
  - (b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the relevant class by the Company is impracticable;
  - (c) during any breakdown in the means of communication normally employed in determining the price or value of any of the Company's investments or the current prices or values on any market or stock exchange;
  - (d) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot in the opinion of the Board of Directors be effected at normal rates of exchange;
  - (e) further to the publication of a convening notice to a general meeting of Shareholders in order to resolve the winding up or the liquidation of the Company;
  - (f) if the Board of Directors has determined that there has been a material change in the valuations of a substantial proportion of the investments of the Company attributable to a particular class of Shares in the preparation or use of a valuation or the carrying out of a later or subsequent valuation;
  - (g) during any other circumstance or circumstances where a failure to do so might result in the Company or its Shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or any other detriment which the Company or its Shareholders might so otherwise have suffered;
  - (h) when a Sub-Fund merges with another Sub-Fund or with another UCITS (or a sub-fund of such other UCITS) provided any such suspension is justified by the protection of the Shareholders; and/or
  - (i) when a Sub-Fund is a Feeder of another UCITS, if the net asset value calculation of the said Master UCITS or sub-fund or class of Shares is suspended.
2. The suspension of the calculation of the Net Asset Value of the Shares of one or more Sub-Funds shall be announced by any appropriate means, and in particular by publication of a notice of suspension in the newspapers in which the Net Asset Values are normally published. Appropriate notice that the Net Asset Value calculation has been suspended shall also be given to Shareholders who have requested the conversion or redemption of the Shares of this or these Sub-Fund(s).
3. In exceptional circumstances which might adversely affect the interests of Shareholders or in the case of significant applications for redemption of Shares or conversion of Shares, the Board of

Directors of the Company reserves the right to fix the value of the Shares of the Sub-Fund only after having carried the sales of the relevant transferable securities out on behalf of the Company.

In such a case, subscriptions, applications for redemption and conversions of Shares simultaneously in the process of execution shall be satisfied on the basis of the first Net Asset Value thus calculated.

## VI. DIVIDENDS

### 1. DIVIDEND DISTRIBUTION POLICY

Further to the proposition of the Board of Directors, the General Meeting of Shareholders shall decide on the use to be made of the annual net profits as shown in the accounts as at 31 December of each calendar year.

The General Meeting reserves the right to distribute the net assets of each of the Company's Sub-Funds to such an extent that only the minimum legal capital remains. The nature of the distribution (net investment income or capital) shall be recorded in the Company's financial statements.

Any decision of the General Meeting of Shareholders to distribute dividends to the Shareholders of a particular Sub-Fund, category or class of Shares requires the prior approval of the Shareholders of that Sub-Fund, category or Class of Shares, voting at the same majority requirement as indicated in the Articles of Incorporation.

The Board of Directors of the Company may pay interim dividends.

### 2. PAYMENT

Dividends and interim dividends attributed to Class A Shares shall be paid on the date and at the place designated by the Board of Directors.

Dividends and interim dividends to be paid out and which fail to be collected by the Shareholders entitled thereto within five years from the payment date shall lapse and revert to the concerned Sub-Fund.

No interest shall be paid on unclaimed dividends or interim dividends that are held by the Company, up to the expiry date, in the name of the Shareholders to whom these amounts are due.

Income distribution payments are due only to the extent that the applicable foreign exchange regulations permit such distribution in the beneficiary's country of residence.

## VII. COSTS BORNE BY THE COMPANY

The Company assumes liability for the following costs:

- the costs incurred in connection with the formation of the Company, including the cost of services rendered in the formation of the Company;
- all ordinary and administrative expenses at the rates set out in "Appendix 1 – sub-funds" (the "**Operating costs**")
  - The Operating costs cover expenses and costs contracted by the Company, namely:
    - the Custodian Bank fees;
    - auditing fees and expenses;
    - accounting expenses covering fund accounting and administration services;
    - transfer agency expenses covering registrar and transfer agency services;
    - the Administrative Agent and Domiciliary Agent services;
    - legal fees and expenses;
    - listing and quotation fees;



- the costs and expenses of preparing, printing the Company's Prospectus, Key Investor Information Documents or any offering document, financial reports and other documents made available to Shareholders;
  - Directors' fees (no fees will be paid to Directors who are also directors or employees of La Française group) and reasonable out-of-pocket expenses incurred by the Directors; and
  - All other expenses and costs relating to the operations of the Company.  
Fees paid to the Management Company which will be the remaining amount of the Operating costs after deduction of the expenses detailed above.
- the fees and costs related to the registration, and maintaining the registration, of the Company with governmental bodies and distribution costs;
  - the fees and reasonable out-of-pocket expenses of the paying agents and representatives;
  - the Luxembourg taxe d'abonnement;
  - costs of share class hedging;
  - brokerage fees and any other fees and commissions arising from transactions involving securities and investment instruments in the portfolio;
  - taxes and deductions which may be payable on the Company's income;
  - the costs of advisory services and other expenses in connection with extraordinary measures, in particular those arising from the consultation of experts and other such procedures intended to protect the Shareholders' interests.

These costs and expenses shall be paid out of the assets of the different Sub-Funds pro rata to their net assets.

Under the terms of the agreements entered into by the Management Company with the Investment Advisor(s) and/or Manager(s), the Company shall pay the relevant advisory and/or management and/or performance fee, to be calculated as stipulated in Appendix 1.

Costs related to the establishment of any new Sub-Fund will be borne by such new Sub-Fund and amortised over a period of 1 (one) year from the date of establishment of such Sub-Fund or over any other period as the Board of Directors may determine, with a maximum of 5 (five) years starting on the date of the Sub-Fund's establishment.

When a Sub-Fund is liquidated, any setting-up costs that have not yet been amortised will be charged to the Sub-Fund being liquidated.

## VIII. COSTS BORNE BY THE SHAREHOLDER

- a) **Current subscription:** Shares are issued at a price corresponding to the Net Asset Value per Share, without subscription fees, without contrary mention stipulated in each Sub-Fund's descriptive Appendix 1.
- b) **Redemption procedure:** the redemption price of Shares may be higher or lower than the purchase price paid by the Shareholder at the time of subscription, depending upon whether the Net Asset Value has risen or fallen, without redemption fees, without contrary mention stipulated in each Sub-Fund descriptive Appendix 1
- c) **Conversion of Shares:** the basis for conversion is linked to the respective Net Asset Values per Share of the two Sub-Funds or categories or classes concerned, without conversion fees, without contrary mention stipulated in each Sub-Fund descriptive Appendix 1.

## IX. TAXATION – LEGAL REGIME - OFFICIAL LANGUAGE

### 1. TAX REGIME

#### A. TAXATION OF THE COMPANY

The Company is governed by Luxembourg tax laws.

In accordance with current legislation, the Company is liable to an annual subscription tax of 0.05% *(to the exception of the Sub-Funds or their share-classes liable to benefit from the lower 0.01% rate per annum, as mentioned in Appendix 1)*, calculated and payable quarterly on the basis of the Company's net assets at the end of the relevant quarter.

No fees or taxes are payable in Luxembourg on the issue of Shares, with the exception of a fixed registration duty which is due at the time of incorporation or amendment of the Articles of Incorporation. It amounts to EUR 75.- or their equivalent in another currency.

Income received by the Company on foreign investments may be liable to withholding taxes in the country of origin and is collected by the Company after deduction of the relevant tax. Withholding taxes are neither recoverable nor refundable.

At present, no tax or stamp duty is payable in Luxembourg on the issue of Shares.

Finally, the Company may also be subject to indirect taxes on transactions and services invoiced due to various laws in force.

## **B. TAXATION OF THE SHAREHOLDERS**

Under current legislation, neither the Company nor its Shareholders (with the exception of individuals residing, and of corporate entities with their registered office in the Grand Duchy of Luxembourg) are subject in Luxembourg to any taxation of, or withholding on, their income, on realised or unrealised capital gains, on transfers of Shares as a result of the death of a Shareholder, or on amounts received following the winding-up of the Company.

As from 1 July 2005, in accordance with the Luxembourg law dated 21 June 2005 transposing into Luxembourg law the terms of Directive 2003/48/CE of 3 June 2003 on the taxation of savings income in the form of interest payments (hereinafter called "the Directive"), a withholding tax may be applied on the payment of savings income in the form of interest payments (hereinafter called "the Income") by a paying agent in Luxembourg in favour of effective beneficiaries, physical persons who are fiscal residents of another Member State of the European Union. In default of submitting to a regime of exchange of information enabling the paying agent in Luxembourg to communicate the elements permitting the real effective beneficiary of the Income to be identified, such Income shall be subject to a withholding tax at the rate of 35% from 1 July 2011.

**Prospective Shareholders should seek information, and if need be to request advice, on the laws and regulations (such as those concerning taxation and foreign exchange controls) which apply to the subscription, purchase, holding and disposal of Shares in their country of origin, residence and/or domicile.**

## **2. LEGAL REGIME**

Any dispute arising between Shareholders and the Company shall be settled through arbitration proceedings. The one or more arbitrators shall decide in accordance with Luxembourg law; their decision shall be final.

## **3. OFFICIAL LANGUAGE**

The official language of the present Prospectus and of the Articles of Incorporation is the English language; the Board of Directors of the Company and the Custodian Bank however may for their own account and that of the Company consider that translation into the languages of the countries where the Shares are offered and sold shall be mandatory. In the case of any discrepancy between the English original and a foreign language version into which the Prospectus is translated, the English version shall prevail.

**1. FINANCIAL YEAR**

The financial year starts on 1<sup>st</sup> January and ends on 31<sup>st</sup> December of each calendar year.

**2. MEETINGS**

The Annual General Meeting shall take place in the Grand Duchy of Luxembourg at the registered office of the Company at 3.30 P.M. on the third Tuesday of May.

If that day falls on an official public holiday in Luxembourg, the Annual General Meeting shall be held on the next following Business Day.

The written notices convening Annual General Meetings, indicating the date and time of the meeting and setting out the quorum and majority vote requirements, shall be sent at least eight days prior to the meeting to all holders of registered Shares at their address listed in the register of Shareholders. The notice of the meeting, which shall contain the meeting's agenda, shall be published in accordance with the Luxembourg law on commercial companies.

Resolutions taken at these Annual General Meetings of Shareholders shall be binding on all Shareholders, irrespective of the Sub-Fund in which their Shares are held. However, resolutions taken by the Annual General Meeting to distribute dividends to the Shareholders of a Sub-Fund shall require the prior approval of the Shareholders holding Shares in that Sub-Fund, category or class of Shares except in such conditions as are set forth in section VI (I) of the Prospectus.

The Shareholders of a category or Class of Shares issued for a Sub-Fund may at any time hold general meetings with the aim of deliberating on matters relating solely to that Sub-Fund.

Moreover, the Shareholders of any category or Class of Shares may at any time hold general meetings with the aim of deliberating on matters relating solely to that category or Class of Shares.

The resolutions passed at such meetings shall be applied respectively to the Sub-Fund and/or the category or Class of Shares concerned.

**3. PERIODIC REPORTS**

Annual reports as of 31<sup>st</sup> December, certified by the authorised Auditors, together with uncertified semi-annual reports as at 30<sup>th</sup> June, shall be available free of charge to Shareholders at the office of the Custodian Bank, at other offices designated by it, and at the registered office of the Company. The Company is authorised to publish summary financial reports bearing the mention that the Shareholders may obtain a full version of the same from the same offices as above. A full version of these financial reports may however be obtained free of charge from the registered office of the Company, from the Custodian Bank as well as from offices designated by the Company. These reports shall contain information on each Sub-Fund as well as on the assets of the Company as a whole.

The financial statements of each Sub-Fund shall be drawn up in the reference currency of the respective Sub-Fund, while the consolidated accounts shall be expressed in EUR.

The annual reports shall be made available to Shareholders within four months after the end of the financial year. The semi-annual reports shall be made available to Shareholders within two months after the end of the semester, but at the latest on the 30<sup>st</sup> day of August of each calendar year.

**1. LIQUIDATION OF THE COMPANY**

The liquidation of the Company is governed by the provisions and conditions of the Luxembourg law.

**A. MINIMUM ASSETS**

In case the Company's corporate capital falls below two thirds of the legally required minimum, the Board of Directors must submit the question of the Company's liquidation to a General Meeting of Shareholders for which no quorum shall be prescribed and which shall take its decisions by a simple majority of the Shares represented at the meeting.

In case the Company's corporate capital falls below one quarter of the required minimum, the Board of Directors must submit the question of the Company's liquidation to a General Meeting of Shareholders for which no quorum shall be prescribed. Liquidation may be resolved by Shareholders holding one quarter of the Shares represented at the meeting.

Such meeting must be convened so as to be held within forty days after determining that the net assets have fallen below either two thirds or one quarter of the legal minimum capital. Moreover, the Company may be dissolved by a resolution of a General Meeting of Shareholders ruling in accordance with the relevant provisions of the Articles of Incorporation.

The decisions of the General Meeting of Shareholders or of the law court on the liquidation and winding-up of the Company shall be published in the *Mémorial* and in newspapers with reasonably wide circulation, of which at least one must be a Luxembourg newspaper. These notices are published on the orders of the liquidator(s).

**B. VOLUNTARY LIQUIDATION**

In case the Company is wound-up, the liquidation shall be carried out by one or more liquidators appointed in accordance with the Articles of Incorporation and the provisions of the Luxembourg laws, whereby the net proceeds of liquidation are to be distributed among the Shareholders after deduction of liquidation expenses.

Amounts which have not been distributed at the close of the liquidation procedure shall be deposited in the name of the entitled person with the *Caisse de Consignation* in Luxembourg until the respective expiry date.

Shares shall cease to be issued, redeemed or converted as soon as the resolution to wind-up the Company has been taken.

**2. CLOSURE AND MERGER OF SUB-FUNDS**

**A. CLOSURE OF A SUB-FUND, CATEGORIES OR CLASSES**

In the event that the assets in any Sub-Fund, categories or Classes should fall below a threshold considered by the Board of Directors as a minimum below which the management of that Sub-Fund, categories or Classes, would become too problematic, the Board of Directors may decide to close the Sub-Fund, categories or Classes. The same may also apply within the framework of a rationalization of the range of products offered to the Company's clients.

The decision and methods applying to the closing of the Sub-Fund, categories or Classes shall be brought to the knowledge of Shareholders of the concerned Sub-Fund by way of the

publication of notices to that effect in such newspapers as are mentioned in section XII below.

A notice relating to the closing of the Sub-Fund, categories or Classes shall also be communicated to all the registered Shareholders of that Sub-Fund.

In such event, the net assets of the concerned Sub-Fund, categories or Classes shall be divided among the remaining Shareholders of the Sub-Fund, categories or Classes. Amounts which have not been claimed by Shareholders at the time of the closure of the liquidation operations of the Sub-Fund shall be deposited with the *Caisse de Consignation* in Luxembourg, for the profits of their rightful assignees, until the prescribed date of limitation.

## **B. MERGER OF SUB-FUNDS, CATEGORIES OR CLASSES**

The Board of Directors of the Company may decide, in the interest of the Shareholders, to transfer or merge the assets of one Sub-Fund, category or Class of Shares to those of another Sub-Fund, category or Class of Shares within the Company. Such mergers may be performed for reasons of various economic reasons justifying a merger of Sub-Funds, categories or Classes of Shares. The merger decision shall be published and be sent to all registered Shareholders of the Sub-Fund, category or of the concerned Class of Shares at least one month before the effective date of the merger. The publication in question shall indicate, in addition, the characteristics of the new sub-fund, the new category or Class of Shares. Every Shareholder of the relevant Sub-Funds, categories or Classes shall have the opportunity of requesting the redemption or the conversion of his own Shares without any cost (other than the cost of disinvestment) during a period of at least thirty (30) days before the effective date of the merger, it being understood that the effective date of the merger takes place five (5) Business Days after the expiry of such notice period.

In the same circumstances as described in the previous paragraph and in the interest of the Shareholders, the transfer of assets and liabilities attributable to a sub-fund, category or class of Shares to another UCITS or to a sub-fund, category or class of shares within such other UCITS (whether established in Luxembourg or another Member State and whether such UCITS is incorporated as a company or is a contractual type fund), may be decided by the Board of Directors of the Company, in accordance with the provisions of the 2010 Law. The Company shall send a notice to the Shareholders of the relevant Sub-Fund in accordance with the provisions of CSSF Regulation 10-5. Every Shareholder of the Sub-Fund, category or Class of Shares concerned shall have the possibility to request the redemption or the conversion of his Shares without any cost (other than the cost of disinvestment) during a period of at least thirty (30) days before the effective date of the merger, it being understood that the effective date of the merger takes place five (5) Business Days after the expiry of such notice period.

In the case of a contribution in a different undertaking for collective investment, of the type “investment or mutual fund”, the contribution shall only involve the Shareholders of the Sub-Fund, the category or the Class of Shares in question who have expressly approved the contribution. Otherwise, the Shares belonging to the other Shareholders who have not made a statement regarding that merger shall be reimbursed without any cost. Such mergers may be carried out in various economic circumstances that justify a merger of Sub-Funds.

In case of a merger of a Sub-Fund, category or Class of Shares where, as a result, the Company ceases to exist, the merger needs to be decided by a meeting of Shareholders of the Sub-Fund, category or Class of Shares concerned, for which no quorum is required and decisions are taken by the simple majority of the votes cast.

**1. INFORMATION FOR SHAREHOLDERS**

**A. NET ASSET VALUE**

The Net Asset Values of the Shares in each Sub-Fund, category or Class of Shares shall be available on each Business Day at the registered office of the Company. The Board of Directors may subsequently decide to publish such net assets in newspapers of the countries where the Shares are offered or sold. They shall moreover be posted each Business Day on Finesti and Bloomberg screens.

They may also be obtained at the registered office of the Custodian Bank as well as from the banks ensuring financial services.

**B. ISSUE AND REDEMPTION PRICES**

The issue and redemption prices of the Shares, category or class of Shares of each Sub-Fund shall be made public daily at the Custodian Bank and from the banks ensuring financial services.

**C. NOTICES TO SHAREHOLDERS**

Any other information intended for the Shareholders shall be published in the *Mémorial, Recueil Spécial des Sociétés et Associations* in Luxembourg, if such publication is prescribed by the applicable Luxembourg law. Information may also be published in Luxembourg newspapers.

**D. INFORMATION TO INVESTORS**

The Management Company draws the Investors' attention to the fact that any Investor will only be able to fully exercise his Investor rights directly against the Company, notably the right to participate in general Shareholders' meetings, if the Investor is registered himself and in his own name in the Shareholders' register of the Company. In cases where an Investor invests in the Company through an intermediary investing into the Company in his own name but on behalf of the investor, it may not always be possible for the Investor to exercise certain Shareholder rights directly against the Company. Investors are advised to take advice on their rights.

**2. DOCUMENTS AVAILABLE TO THE PUBLIC**

The Management Company will ensure that information intended for the Shareholders is either published or communicated to them in an appropriate manner.

The following documents will be available for inspection during ordinary business hours at the registered office of the Company and/or Management Company:

- Prospectus;
- Articles of Incorporation;
- KIIDs;
- Custodian Bank, domiciliation, administration agent, investment advisor and investment manager agreements; and
- latest annual and semi-annual reports of the Company.

The Prospectus and the KIID may be delivered in durable medium or by means of a website. A hard copy shall, in any case, be supplied to Investors on request and free of charge. This also includes the publication of the Share prices in those countries in which Shares are offered for sale to the public.

The issue and redemption prices can also be obtained from the Management Company and the Custodian Bank. The annual and semi-annual reports as well as the Prospectus, the KIID and the Articles are also available free of charge from these parties, upon request by the Investor.

In addition, the material contracts referred to above are available for inspection during normal business hours at the registered office of the Company and/or Management Company.

APPENDIX 1

SUB-FUNDS

The Sub-Funds aim to achieve reasonably high performances whilst maintaining a prudent policy of preserving capital. The Company takes the risks it deems reasonable in order to achieve the objective set. Nevertheless, it cannot guarantee achieving it in view of the stock market fluctuations and other risks to which investments in transferable securities are exposed.

Unless otherwise specified in each Sub-Fund's investment policy, no guarantee can be given on the realisation of the investment objectives of the Sub-Funds and past performance is not an indicator of future performances.

At present the Company may issue the following Classes of Shares (which may be denominated in various currencies, and hedged as the case may be):

- i. **Class A distribution Shares**, which receive an annual dividend, and the Net Asset Value of which is reduced by an amount equal to the distribution made,
- ii. **Class B capitalisation Shares**, which do not receive a dividend, and of which the Net Asset Value remains unchanged (resulting in a percentage increase of the global Net Asset Value attributable to the capitalisation Shares),
- iii. **Class R capitalisation Shares**, which are distincts from share Class B by a different structure fee as specified in the particulars of the Sub-Funds (Appendix 1),
- iv. **Class R distribution Shares**, which receive an annual dividend, and the Net Asset Value of which is reduced by an amount equal to the distribution made,
- v. **Class I capitalisation Shares**, which do not receive a dividend, and of which the Net Asset Value remains unchanged (resulting in a percentage increase of the global Net Asset Value attributable to the capitalisation Shares). The Shares of Class I are distincts from share Class B by a different structure fee as specified in the particulars of the Sub-Funds (Appendix 1) and are reserved for Institutional Investors, within the meaning of article 174 of the 2010 Law,
- vi. **Class I distribution Shares**, which receive an annual dividend, and the Net Asset Value of which is reduced by an amount equal to the distribution made. The Shares of Class I are distincts from share Class B by a different structure fee as specified in the particulars of the Sub-Funds (Appendix 1) and are reserved for Institutional Investors, within the meaning of article 174 of the 2010 Law,
- vii. **Class F capitalisation Shares**, which do not receive a dividend, and of which the Net Asset Value remains unchanged (resulting in a percentage increase of the global Net Asset Value attributable to the capitalisation Shares). The Shares of Class F are distincts from share Class B, R and I by a different structure fee as specified in the particulars of the Sub-Funds (Appendix 1) and are reserved for the entities of the group of the Promoter and/or funds managed by management companies of the group of the Promoter,
- viii. **Class RDR**, which do not receive a dividend, and of which the Net Asset Value remains unchanged (resulting in a percentage increase of the global Net Asset Value attributable to the capitalisation Shares). The Class RDR Shares are reserved for the British market,
- ix. **Class LatAm A distribution Shares**, which which receive an annual dividend and the Net Asset Value of which is reduced by an amount equal to the distribution made and which are reserved for Institutional Investors, within the meaning of article 174 of the 2010 Law. The Class LatAm A Shares are reserved for the South American market and are denominated in USD. They bear no expenses resulting from European distribution,
- x. **Class LatAm C capitalisation Shares**, which do not receive a dividend. The Shares of the Class LatAm C capitalisation are reserved for Institutional Investors, within the meaning of article 174 of the 2010 Law. The Class LatAm C Shares are reserved for the South American market and are denominated in USD. They bear no expenses resulting from European distribution,
- xi. **Class D distribution Shares**, which receive an annual dividend, and the Net Asset Value of which is reduced by an amount equal to the distribution made,
- xii. **Class T capitalisation Shares**, which do not receive a dividend, and of which the Net Asset Value remains unchanged (resulting in a percentage increase of the global Net Asset Value



- attributable to the capitalisation Shares). The Shares of Class T are distinct by a different fee structure as specified in the particulars of the Sub-Funds (Appendix 1), and
- xiii. **Class T distribution Shares**, which receive an annual dividend, and the Net Asset Value of which is reduced by an amount equal to the distribution made.

The particulars of the Sub-Funds in Appendix 1 may specify a minimum initial subscription amount. The Board of Directors reserves the right to waive this amount in the interest of the equal treatment of Shareholders.

**OVERVIEW OF THE SUB-FUND**

<b>Investment Manager</b>	LA FRANCAISE BANK, S.A., Luxembourg
<b>ISIN code</b>	LU0255990045 Class B Capitalisation LU0814517024 Class R Capitalisation LU0933497413 Class I Capitalisation
<b>Listed on Luxembourg stock exchange</b>	YES

**INVESTMENT POLICY**

<b>Objectives of the Sub-Fund</b>	The objective of the Sub-Fund is to achieve long-term capital growth.
<b>Investment policy</b>	<p>The Sub-Fund will mainly invest in equities and/or bonds. Investments will be made directly or indirectly via UCITS and/or other UCIs.</p> <p>The Sub-Fund uses an active management approach (stock picking), selecting from a universe of listed stocks mainly issued in European, American and emerging countries, while keeping equity-risk exposure at a maximum level of 50% of total net assets. Depending on the manager's outlook on equity markets and with the aim of protecting performance, the Sub-Fund may also use equity financial instruments correlated to all or part of the portfolio (bear trackers, hedging options, futures on major indices, etc.) which shall not exceed 100% of net assets. Each derivative instrument corresponds to a particular hedging or exposure strategy which aims to:</p> <ul style="list-style-type: none"> <li>- ensure overall hedging of the portfolio or certain asset classes held in the portfolio against risks related to equity markets, interest rates or exchange rates;</li> <li>- reconstitute particular assets in a synthetic manner;</li> <li>- modify exposure to exchange and/or interest rate risk in view of achieving the management objective.</li> </ul> <p>With the aim of investing its capital and subject to investment restrictions, the Sub-Fund may also invest in monetary UCIs or UCIs invested in debt securities.</p> <p>Investments in UCITS and/or other UCIs shall not exceed 60% of the net assets.</p> <p>Geographic and sector allocation is not subject to restrictions and may lead to a large exposure to one or more geographic areas, countries or sectors. The Sub-Fund is not linked to any benchmark. Its only reference criterion is to deliver absolute performance.</p>
<b>Use of derivatives</b>	The Sub-Fund may, within the limits laid down in the prospectus, use techniques and instruments of financial futures markets for the purposes of proper portfolio management or hedging, given that these techniques and instruments will only be used to the extent that they do not negatively affect the integrity of the Sub-Fund's investment policy.
<b>Reference currency</b>	EUR
<b>Risk profile</b>	<p>The net asset value of the Sub-Fund will depend on the market value of the securities in the portfolio. The value of the equities depends on the positive growth outlook and the market valuations of the equities in the portfolio. The value of bonds will depend on the fluctuations in interest rates and the perception of risk by the financial markets.</p> <p>Portfolio risk arises both from the risks inherent in bond investments and from the risks of equity investments. The risk of an equity</p>

investment is much higher than that of a bond investment.

Although the objective of the Sub-Fund is to diversify the portfolio to reduce risk, potential investors should be aware of the underlying risks associated with investing in emerging markets.

Many emerging markets companies in which the Sub-Fund intends to invest tend to be exposed to political instability and/or economic changes. Risks such as fluctuations in exchange rates, exchange controls and tax regulations can affect the expected yield of the Sub-Fund and the value of its investments and thus restrict the repatriation of capital income. In the latter case, the procedure for redemption of securities could be delayed.

In addition, investors should be aware that equities listed on exchanges in emerging markets may be more volatile and less liquid than in more developed countries.

Emerging country companies from emerging countries are not always subject to standards of accounting and control, financial standards, regulations and government controls that are comparable to those applied in more developed countries. Shareholders should be aware of the higher volatility of warrants.

**Risk management method**

Commitment approach

**Investor profile**

Investment horizon: > 5 years

The Sub-Fund's investment policy is suitable for investors seeking long-term capital gains and who are prepared to accept large fluctuations linked to the financial markets with the risk of loss which may be significant when markets experience prolonged periods of downturn. Given that the investment policy consists of investing in promising stocks with solid fundamentals, the correlation with the trends in large stock indices will not be absolute and the performance may diverge from the indices.

**SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

**Subscription fees**

Class B: Maximum of 3% of the NAV applicable per share.  
Class R: Maximum of 3% of the NAV applicable per share.  
Class I: Maximum of 3% of the NAV applicable per share.

**Redemption fee**

0%

**Conversion fee**

0%

**COSTS PAYABLE BY THE SUB-FUND**

**Management fee**

Class B: Maximum 1.25% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Class R: Maximum 2% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Class I: Maximum 0.60% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Management fee of the targeted funds: when the Sub-Fund invests in shares or units of other investment funds, the management fee paid by these other investment funds amounts to a maximum of 1.80% p.a. calculated on their respective average net assets.

**Operating costs, including the Management Company fee**

0.50% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.

**Other costs and fees**

In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

## **TAXATION SYSTEM**

### **Taxation of the Company**

No duties or taxes payable to Luxembourg, except:

- a one-off fixed registration duty payable upon incorporation and
- a subscription tax of 0.05% for Shares of Class B and R and of 0.01% for Shares of Class I per annum (exemption of net assets invested in UCIs already subject to the subscription tax)

### **Taxation of Shareholders**

Payments of dividends or of redemptions in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.

Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

## **SALE OF SHARES**

### **Subscription, redemption and conversion**

Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a Business Day in Luxembourg prior to a valuation day will be treated on the basis of the net asset value of the valuation day after applying the fees provided for in the prospectus. Subscriptions and redemptions must be paid up no later than two Business Days following the applicable Valuation Day.

### **Share type/class**

The Shares are capitalisation Shares (classes B, R and I).

A minimum initial subscription amount is applicable for the following Shares:

Class B: EUR 1,000,000

Class I: EUR 50,000

Shares are issued in dematerialised registered and bearer form.

Shares must be fully paid up and are issued with no par value. Fractions of Shares, up to one ten thousandth of a share, may be issued.

### **Valuation Day**

Every Business Day in Luxembourg.

### **Publication of the NAV**

The net asset value can be consulted at the registered office of the Company.

## **CONTACTS**

### **Subscriptions, redemptions and conversions**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tél : +352 2696 2030  
Fax : +352 2696 9747  
Contact : BP2S TA Call Centre

### **Request for documentation**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tél : +352 2696 2030  
Fax : +352 2696 9747

The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.

**OVERVIEW OF THE SUB-FUND**

<b>Investment Manager</b>	LA FRANÇAISE INFLECTION POINT (FORMERLY LFP SARASIN AM), Paris
<b>ISIN code</b>	LU0414216498 (Class B capitalisation) LU0414216654 (Class I capitalisation) LU0840091218 (Class F capitalisation)
<b>Listed on Luxembourg stock exchange</b>	YES

**INVESTMENT POLICY**

<b>Objectives of the Sub-Fund</b>	The aim of the Sub-Fund is to outperform the STOXX EUROPE 600 Index (SXXR) (total return) denominated in euros over the recommended investment period.
<b>Investment policy</b>	<p>The Sub-Fund will invest a minimum of 75% in the European Union, Norwegian and Icelandic equities. The remaining 25% may be invested in international equities including emerging markets.</p> <p>The Sub-Fund is specialised in investment themes related to the main opportunities for companies and linked to globalisation.</p> <ul style="list-style-type: none"> <li>- Responding to the challenges of demographic changes (ageing, new consumption trends, etc.)</li> <li>- Responding to the challenges of industrialisation, urbanisation (infrastructure, new services, etc.).</li> </ul> <p>Equities are selected using a bottom-up approach, according to a proprietary financial scoring model and an extra-financial approach, to include the use of ESG indicators.</p> <p>Following such initial analysis, the Investment Manager constructs the Sub-Fund's portfolio, focusing on the best scored assets and in accordance with collectively established guidelines generated throughout the investment process.</p> <p>This method enables the Investment Manager to understand all aspects of the overall strategy of the listed companies. The criteria used in the scoring of assets cross-cut both market and activity sectors and, as such, allows for a more pertinent analysis of the relative positioning and dynamics of the selected companies, both strategically and in the long-term.</p> <p>For the purposes of asset scoring, the Investment Manager relies on quantitative and qualitative research and on analysis stemming from a strategic partnership within the Group La Française.</p> <p>The Sub-Fund may invest in securities denominated in currencies other than the euro.</p> <p>Eurozone country investors are exposed to exchange-rate risks.</p> <p>The Sub-Fund may invest up to 25% of its net assets in negotiable debt securities (deposit certificates, treasury notes, notes from specialised financial institutions, negotiable treasury bills, medium term negotiable bonds (BMTN), bond products, money market certificates and/or instruments in order to diversify risks. Issuers of interest rate instruments are either persons governed by private law or public bodies domiciled in any of the Member States of the European Union, without geographical or sectoral predominance.</p> <p>The Sub-Fund can also invest up to 10% of its net assets in shares or units of UCITS and/or other UCIs.</p> <p>The Sub-Fund may hold liquid assets on an ancillary basis. The Sub-Fund may, with the aim of investing its liquid assets, invest in</p>

monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.

**Use of derivatives**

The Sub-Fund may, within the limits laid down in the prospectus, use techniques and instruments of financial futures markets (listed, non-listed, equities, interest rates, commodities, credit, closed or optional, etc.) for the purposes of efficient portfolio management and/or hedging, given that these techniques and instruments will only be used to the extent that they do not negatively affect the integrity of the Sub-Fund's investment policy.

The use of derivatives is limited to 100% of the Sub-Fund's net asset.

**Reference currency**

EUR

**Risk profile**

The net asset value of the Sub-Fund will depend on the market value of the stocks in the portfolio.

The value of the equities depends on the positive growth outlook and the market valuations of the equities in the portfolio.

- As the Sub-Fund's capital is not guaranteed, the subscriber may lose all or part of his initial investment.
- The Sub-Fund may be exposed to small and mid caps. The trading volume on these stocks is lower and therefore upward and downward market movements may be more pronounced.
- In the context of its investments, the Sub-Fund may be exposed to risk due to the fall of the investment currencies compared with the portfolio's reference currency, the euro.
- The Sub-Fund might be exposed to credit risk.
- Model risk. The Sub-Fund's investment process relies on the development of a proprietary financial and extra-financial scoring model, using indicators to include certain ESG indicators, through a strategic partnership within the Group La Française.

The model may not always perform as expected. The performance of the Sub-Fund may therefore be inferior to that of its investment objective and returns on investments may be negative.

**Risk management method**

Commitment approach

**Investor profile**

Investment horizon: > 5 years

The Sub-Fund's investment policy is suitable for investors seeking long-term capital gains and who are prepared to accept large fluctuations linked to the financial markets with the risk of loss which may be significant when markets experience prolonged periods of downturn. Given that the investment policy consists of investing in promising stocks with solid fundamentals, the correlation with the trends in large stock indices will not be absolute and the performance may diverge from the indices.

The reasonable amount to invest in this Sub-Fund depends on your personal financial situation. To determine this, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour a prudent investment. You are also strongly advised to diversify your investments so as not to expose them solely to the risks of this Sub-Fund.

**SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

**Subscription fees**

Class B: Maximum of 3% of the NAV applicable per share.

Class I and F: 0%

**Redemption fee**

0%

**Conversion fee** 0%

### **COSTS PAYABLE BY THE SUB-FUND**

**Management fee** Class B: Maximum 2% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Class I: Maximum 1% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Class F: None

**Performance fee** The performance fee shall represent 20% maximum of the difference between the Sub-Fund's performance and the STOXX EUROPE 600 Index (SXXR) denominated in euros (total return). The total amount of the outperformance fee is set at an upper limit of 2.50% of the average net asset of the Sub-Fund during the reference period.

The performance is calculated by comparing the evolution of the assets of the Sub-Fund to the assets of a reference fund with a performance identical to that of the STOXX EUROPE 600 Index (SXXR) denominated in euros (total return) and registering the same variations in subscriptions and redemptions as the real Sub-Fund.

A provision or, the recovery of the provision in the event of underperformance, is accounted for in each NAV calculation. The proportion of variable fees corresponding to redemptions is paid to the manager.

The performance fees are calculated based on the last NAV in December. The performance fee is payable annually in the month following the end of the year. The first reference period will end on the last NAV in December 2013.

If, over a given reference period, the evolution of the Sub-Fund's assets is lower than that of the reference fund (see above), the reference period shall be extended by the duration of the new financial year.

No performance fees will be applicable to Class F.

**Operating costs, including the Management Company fee** 0.50% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.

**Other costs and fees** In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

### **TAXATION SYSTEM**

**Taxation of the Company** No duties or taxes payable to Luxembourg, except:

- a one-off fixed registration duty payable upon incorporation and
- a subscription tax of 0.05% for Shares of Class B and of 0.01% for Shares of Class I and F per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax)

**Taxation of Shareholders** Payments of dividends or of redemptions in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.



Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

## **SALE OF SHARES**

### **Subscription, redemption and conversion**

Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a valuation day will be treated on the basis of the net asset value of the valuation day after applying the fees provided for in the prospectus. Subscriptions and redemptions must be paid up no later than two Business Days following the applicable valuation day.

### **Share type/class**

The Shares are capitalisation Shares (classes B, I and F).

Shares are issued in dematerialised registered and bearer form.

Shares must be fully paid up and are issued with no par value. Fractions of Shares, up to one ten thousandth of a share, may be issued.

### **Valuation Day**

Every Business Day in Luxembourg.

### **Publication of the NAV**

The net asset value can be consulted at the registered office of the Company.

## **CONTACTS**

### **Subscriptions, redemptions and conversions**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tél : +352 2696 2030  
Fax : +352 2696 9747  
Contact : BP2S TA Call Centre

### **Request for documentation**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tél : +352 2696 2030  
Fax : +352 2696 9747

The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.

**OVERVIEW OF THE SUB-FUND**

<b>Investment Manager</b>	LA FRANÇAISE INFLECTION POINT (FORMERLY LFP SARASIN AM), Paris
<b>ISIN code</b>	LU0414217892 (Class B Capitalisation) LU0414218197 (Class I Capitalisation)
<b>Listed on Luxembourg stock exchange</b>	YES

**INVESTMENT POLICY**

<b>Objectives of the Sub-Fund</b>	<p>The objective of this Sub-Fund is to take advantage of the growth potential of emerging markets companies, an increasing number of which have attained international status.</p> <p>The objective is to outperform, in the long term, the MSCI Emerging Markets Daily Net Total Return index denominated in euros (net dividends reinvested).</p>
<b>Investment policy</b>	<p>The Sub-Fund mainly invests (between 80% and 100% of its net assets) in a selection of emerging market equities which have reached a critical size in terms of turnover and market capitalisation. These companies have attained leading positions on the international stage. With a view to achieving better liquidity, the fund reserves the right to invest in Emerging Market ADRs (American Depositary Receipts) or GDRs (Global Depositary Receipts).</p> <p>Equities are selected using a bottom-up approach, according to a proprietary financial scoring model and an extra-financial approach, to include the use of ESG indicators.</p> <p>Following such initial analysis, the Investment Manager constructs the Sub-Fund's portfolio, focusing on the best scored assets and in accordance with collectively established guidelines generated throughout the investment process.</p> <p>This method enables the Investment Manager to understand all aspects of the overall strategy of the listed companies. The criteria used in the scoring of assets cross-cut both market and activity sectors and, as such, allows for a more pertinent analysis of the relative positioning and dynamics of the selected companies, both strategically and in the long-term.</p> <p>For the purposes of asset scoring, the Investment Manager relies on quantitative and qualitative research and on analysis stemming from a strategic partnership within the Group La Française. The Sub-Fund may invest up to 20% of its net assets in negotiable debt securities (deposit certificates, treasury notes, notes from specialised financial institutions, negotiable treasury bills, medium term negotiable bonds (BMTN), bond products, money market certificates and/or instruments in order to diversify risks. Issuers of interest rate instruments are either persons governed by private law or public bodies domiciled in any of the Member States of the European Union, without geographical or sectoral predominance.</p> <p>The Sub-Fund can also invest up to 10% of its net assets in shares or units of UCITS and/or other UCIs.</p> <p>The Sub-Fund may hold ancillary liquid assets. The Sub-Fund may, with the aim of investing its liquid assets, invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.</p>

<b>Use of derivatives</b>	The Sub-Fund may, within the limits laid down in the prospectus, use the techniques and instruments of financial markets (listed, non-listed, shares, interest rates, commodities, credit, closed or optional, etc.) for the purposes of proper portfolio management or hedging, given that these techniques and instruments will only be used to the extent that they do not negatively affect the integrity of the Sub-Fund's investment policy.
<b>Reference currency</b>	EUR
<b>Risk profile</b>	<p>The net asset value of the Sub-Fund will depend on the market value of the stocks in the portfolio.</p> <p>The value of the equities depends on the positive growth outlook and the market valuations of the equities in the portfolio.</p> <p>Model risk. The Sub-Fund's investment process relies on the development of a proprietary financial and extra-financial scoring model, using indicators to include certain ESG indicators, through a strategic partnership within the Group La Française.</p> <p>The model may not always perform as expected. The performance of the Sub-Fund may therefore be inferior to that of its investment objective and returns on investments may be negative.</p>
<b>Risk management method</b>	Commitment approach
<b>Investor profile</b>	<p>Investment horizon: &gt; 5 years</p> <p>The Sub-Fund's investment policy is suitable for investors seeking long-term capital gains and who are prepared to accept large fluctuations linked to the financial markets with the risk of loss which may be significant when markets experience prolonged periods of downturn. Given that the investment policy consists of investing in promising stocks with solid fundamentals, the correlation with the trends in large stock indices will not be absolute and the performance may diverge from the indices.</p>

#### **SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

<b>Subscription fees</b>	<p>Class B: Maximum of 3% of the NAV applicable per share.</p> <p>Class I: Maximum of 3% of the NAV applicable per share.</p>
<b>Redemption fee</b>	0%
<b>Conversion fee</b>	0%

#### **COSTS PAYABLE BY THE SUB-FUND**

<b>Management fee</b>	<p>Class B: Maximum 2% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>Class I: Maximum 1.25% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p>
<b>Performance fee</b>	<p>The performance fee shall represent 25% maximum of the difference between the Sub-Fund's performance and the MSCI Emerging Markets Daily Net TR index denominated in euros. The total amount of the outperformance fee is set at an upper limit of 2.5% of the average net asset of the Sub-Fund during the reference period.</p> <p>The performance is calculated by comparing the evolution of the assets of the Sub-Fund to the assets of a reference fund with a performance identical to that of the MSCI Emerging Markets Daily Net TR index denominated in euros and registering the same variations in subscriptions and redemptions as the real Sub-Fund.</p>

A provision or, the recovery of the provision in the event of

underperformance is accounted for in each NAV calculation. The proportion of variable fees corresponding to redemptions is paid to the manager.

The performance fees are calculated based on the last NAV in December. The performance fee is payable annually in the month following the end of the year.

If, over a given reference period, the evolution of the Sub-Fund's assets is lower than that of the reference fund (see above), the reference period shall be extended by the duration of the new financial year.

**Operating costs, including the Management Company fee**

0.50% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.

**Other costs and fees**

In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

**TAXATION SYSTEM**

**Taxation of the Company**

No duties or taxes payable to Luxembourg, except:

- a one-off fixed registration duty payable upon incorporation and
- a subscription tax of 0.05% for Shares of Class B and of 0.01% for Shares of Class I per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax)

**Taxation of shareholders**

Payments of dividends or of redemptions in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.

Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

**SALE OF SHARES**

**Subscription, redemption and conversion**

Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a Business Day in Luxembourg prior to a valuation day (the "Valuation Day") will be treated on the basis of the net asset value of the valuation day after applying the fees provided for in the prospectus. Subscriptions and redemptions must be paid up no later than three Business Days following the applicable valuation day.

**Share type/class**

The Shares are capitalisation Shares (classes B and I).

Shares are issued in dematerialised registered and bearer form.

Shares must be fully paid up and are issued with no par value. Fraction of Shares, up to one ten thousandth of a share, may be issued.

**Valuation Day**

Every Business Day in Luxembourg.

**Publication of the NAV**

The net asset value can be consulted at the registered office of the Company.

## CONTACTS

**Subscriptions,  
redemptions and  
conversions**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tél : +352 2696 2030  
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**Request for  
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The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.

**OVERVIEW OF THE SUB-FUND**

<b>Investment Manager</b>	LA FRANÇAISE INFLECTION POINT (FORMERLY LFP SARASIN AM), Paris
<b>ISIN code</b>	LU1114269290 Class I EUR - Capitalisation LU1114269373 Class I USD – Capitalisation LU1114269456 Class R EUR - Capitalisation LU1114269530 Class R USD – Capitalisation LU1114269613 Class T EUR - Capitalisation LU1114269704 Class T USD – Capitalisation
<b>Listed on Luxembourg stock exchange</b>	YES

**INVESTMENT POLICY**

<b>Objectives of the Sub-Fund</b>	<p>The objective of this Sub-Fund is to take advantage of the growth potential of the international equity market including emerging market countries.</p> <p>The objective is to outperform, in the long term (5 years), the MSCI World Index denominated in EUR (for the Euro share classes) or USD (for the US dollars share classes) (net dividends reinvested).</p>
<b>Investment policy</b>	<p>The Sub-Fund will invest in international equities including emerging markets of all market capitalizations without geographical or sectoral predominance.</p> <p>The Sub-Fund may invest in listed equities or equivalent securities and/or subscription and allocation rights conferred by these equities. The portfolio manager can invest in ADR (American Depositary Receipts) or GDR (Global Depositary Receipts) in order to ensure liquidity.</p> <p>The overall exposure of the portfolio to equities including derivatives may represent at least 90% and limited to 120% of the Sub-Fund’s net assets.</p> <p>Equities are selected using a bottom-up approach, according to a proprietary financial scoring model and an extra-financial approach, to include the use of ESG indicators. This method enables the Investment Manager to understand all aspects of the overall strategy of the listed companies. The criteria used in the scoring of assets cross-cut both market and activity sectors and, as such, allows for a more pertinent analysis of the relative positioning and dynamics of the selected companies, both strategically and in the long-term.</p> <p>For the purposes of asset scoring, the Investment Manager relies on quantitative and qualitative research and on analysis stemming from a strategic partnership within the Group La Française.</p> <p>Following such initial analysis, the Investment Manager constructs the Sub-Fund’s portfolio, focusing on (i) the best scored assets and in accordance with collectively established guidelines generated throughout the investment process and (ii) an active management of a rather concentrated portfolio with a strict control of the risk profile including a systematic correlation/diversification risk analysis in order to reduce the overall risk of the portfolio.</p> <p>The Investment Manager may substantially deviate from the benchmark, the MSCI World Index.</p>

The Sub-Fund will invest in equities of all market capitalizations : small and mid cap equities can be incorporated into the portfolio without limits.

The Sub-Fund may invest in securities denominated in currencies other than the euro. Up to 100% of the net assets of the Sub-Fund may be exposed to foreign exchange risk.

The Sub-Fund can also invest up to 10% of its net assets in shares or units of UCITS and/or other UCIs.

The Sub-Fund may hold ancillary liquid assets. The Sub-Fund may, with the aim of investing its liquid assets, invest :

- up to 10% of its net assets in fixed income products (negotiable debt securities) issued by public or private sector entities having a rating of at least BBB- by Standard & Poor's or at least Baa3 by Moody's in all geographical areas.

- in cash borrowings and the temporary purchase and sale of securities on an ancillary basis.

### **Use of derivatives**

The Sub-Fund will preferably use derivative instruments traded on regulated markets but reserves the right to enter into OTC contracts where these contracts are better suited to the investment objective or offer lower trading costs.

The Sub-Fund reserves the right to trade on all European and international derivative markets.

In this context, the Sub-Fund may hedge and/or expose the portfolio via derivatives instruments such as futures, options, equity swaps, currency swaps, foreign exchange forwards, non-deliverable forwards in order to adjust the exposure of the portfolio or during specific variations periods.

### **Reference currency**

EUR

### **Risk profile**

The net asset value of the Sub-Fund will depend on the market value of the stocks in the portfolio.

The value of the equities depends on the positive growth outlook and the market valuations of the equities in the portfolio.

- As the Sub-Fund's capital is not guaranteed, the subscriber may lose all or part of his initial investment.

- The risk linked to exposure to equity markets may lead to a fall in the Sub-Fund's net asset value.

- The Sub-Fund may be exposed to small caps. The trading volume on these stocks is lower and therefore upward and downward market movements may be more pronounced.

- The discretionary management style applied to the Sub-Fund is based on the selection of securities and on expectations regarding the markets of the Sub-Fund's assets. There is a risk that the Sub-Fund may not be invested at all times in the best-performing securities. The Sub-Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the Sub-Fund may have a negative performance.

- The Sub-Fund may invest in securities denominated in a number of different currencies other than the base currency in which the Sub-Fund is denominated. Changes in foreign currency exchange rates may adversely affect the value of the Sub-Fund's investments.

- Risk arising from investing in non-OECD countries (emerging countries): the Sub-Fund may be exposed in non-OECD countries. Market risk is amplified by any investment in non-OECD countries where upward and downward market movements may be stronger and more sudden than on major international markets.

- The Sub-Fund may enter into financial derivative transactions and into repurchase transactions and other contracts that entail a credit exposure to certain counterparties. To the extent that a counterparty defaults on its obligation, the Sub-Fund may experience a decline in

the value of its portfolio.

- Model risk: the Sub-Fund's investment process relies on the development of a proprietary financial and extra-financial scoring model, using indicators to include the use of ESG indicators, through a strategic partnership within the Group La Française.

The model may not always perform as expected. The performance of the Sub-Fund may therefore be inferior to that of its investment objective and returns on investments may be negative.

**Risk management method**

Commitment approach

**Investor profile**

Investment horizon: > 5 years

The Sub-Fund's investment policy is suitable for investors seeking long-term capital gains and who are prepared to accept large fluctuations linked to the financial markets with the risk of loss which may be significant when markets experience prolonged periods of downturn. Given that the investment policy consists of investing in promising stocks with solid fundamentals, the correlation with the trends in large stock indices will not be absolute and the performance may diverge from the indices.

**SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

**Subscription fees**

Class I: Maximum of 3% of the NAV applicable per share.

Class R: Maximum of 3% of the NAV applicable per share.

Class T: Maximum of 3% of the NAV applicable per share.

**Redemption fee**

0%

**Conversion fee**

0%

**COSTS PAYABLE BY THE SUB-FUND**

**Management fee**

Class I: Maximum 1% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Class R: Maximum 2% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Class T: Maximum 1.20% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

**Performance fee**

The performance fee shall represent 20% maximum of the difference between the Sub-Fund's performance and the MSCI World Index denominated in the currency of the referred share class. The total amount of the outperformance fee is set at an upper limit of 2.5% of the average net asset of the Sub-Fund during the reference period.

The performance is calculated by comparing the evolution of the assets of the Sub-Fund to the assets of a reference fund with a performance identical to that of the MSCI World index denominated in euros and registering the same variations in subscriptions and redemptions as the Sub-Fund.

A provision or, the recovery of the provision in the event of underperformance, is accounted for in each NAV calculation. The proportion of variable fees corresponding to redemptions is paid to the manager.

The performance fees are calculated based on the last NAV in December of each year. The performance fee is payable annually in the month following the end of the year.



If, over a given reference period, the evolution of the Sub-Fund's assets is lower than that of the reference fund (see above), the reference period shall be extended by the duration of the new financial year.

**Operating costs, including the Management Company fee**  
**Other costs and fees**

0.30% maximum p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 30,000 p.a.

In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

**TAXATION SYSTEM**

**Taxation of the Company**

No duties or taxes payable to Luxembourg, except:

- a one-off fixed registration duty payable upon incorporation and
- a subscription tax of 0.05% for Shares of Class R and T and of 0.01% for Shares of Class I per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax)

**Taxation of shareholders**

Payments of dividends or of redemptions in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.

Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

**SALE OF SHARES**

**Subscription, redemption and conversion**

Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a Business Day in Luxembourg prior to a valuation day (the "**Valuation Day**") will be treated on the basis of the Net Asset Value of the Valuation Day after applying the fees provided for in the prospectus. Subscriptions and redemptions must be paid up no later than two Business Days following the applicable Valuation Day.

**Share type/class**

The Shares are capitalisation Shares (classes I, R and T).

Shares are issued in dematerialised registered form.

A minimum initial subscription amount is applicable for the following Classes of Shares:

Institutional Shares classes (capitalisation): USD 100,000 or EUR 100,000.

The minimum initial subscription amount related to the I share classes will not apply to the Management Company or any entity within the Group La Française, their minimum subscription allowed will be 1 share.

Shares must be fully paid up and are issued with no par value. Fraction of Shares, up to one ten thousandth of a share, may be issued.

**Valuation Day**

Every Business Day in Luxembourg.

**Publication of the NAV**

The Net Asset Value can be consulted at the registered office of the Company.

**Initial subscription period**

The 15th of December 2014 or on the date on which the first subscription is received in the Sub-Fund.

**CONTACTS****Subscriptions,  
redemptions and  
conversions**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tél : +352 2696 2030  
Fax : +352 2696 9747  
Contact : BP2S TA Call Centre

**Request for  
documentation**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tél : +352 2696 2030  
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**Sensitivity range**  
**Efficient portfolio**  
**management techniques**

relevant asset will not be sold unless, in the opinion of the Investment Manager, it is in the interest of Shareholders to do so. Such sub-investment grade assets may not exceed a total of 10% of the Sub-Fund's assets.

The Sub-Fund can also invest in negotiable debt securities, fixed-rate bonds, treasury bills, commercial papers, certificates of deposit and money market instruments. The Sub-Fund may not invest in Mortgage or Asset-Backed Securities.

The Sub-Fund may invest in Credit Notes in accordance with article 41.1 of the 2010 Law.

The Sub-Fund may invest up to 10% of its net assets in securities denominated in currencies other than the euro. This portion of assets will systematically be hedged against the foreign exchange risk. However, there may be a residual foreign exchange risk due to imperfect hedging.

The Sub-Fund may not be exposed to the stock market.

The Sub-Fund can also invest up to 10% of its net assets in shares or units of UCITS and/or other UCIs.

The Sub-Fund may hold liquid assets on an ancillary basis. The Sub-Fund may, with the aim of investing its liquid assets, invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.

Between 0 and 10

The Sub-Fund may enter into temporary repurchase transactions and reverse repurchase transactions (also known as "repos") in order to (i) ensure the investment of the cash available (reverse repo), (ii) optimise the performance of the portfolio (securities lending), (iii) establish an arbitrage position designed to profit from a widening rate spread.

All assets received in the context of efficient portfolio management techniques should be considered as collateral and should comply with the following criteria:

- Any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing
- Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral
- Collateral received should be of high quality
- Collateral received by the Sub-Fund should be issued by an entity that is independent from the counterparty
- Collateral should be sufficiently diversified in terms of country, markets and issuers
- Non-cash collateral received should not be sold, re-invested or pledged
- Cash collateral received should only be:
  - \* placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive,
  - \* invested in high-quality government bonds,
  - \* used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Sub-Fund is able to recall at any time the full amount of cash on accrued basis,
  - \* invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.

**Use of derivatives**

The Sub-Fund may, within the limits laid down in the prospectus, invest in derivatives traded on regulated or OTC markets when these contracts are better suited to the management objective or offer lower trading costs. These instruments may include, but are not restricted to: futures, options, swaps, caps and floors.

Each derivative instrument addresses a specific hedging, arbitrage, relative value or exposure strategy to (i) hedge the entire portfolio or certain classes of assets held within it against interest and/or inflation and/or foreign exchange-rate risks, (ii) synthetically rebuild specific assets (e.g. purchase of an inflation-linked bond against a fixed-rate bond), or (iii) increase the Sub-Fund's exposure to interest-rate risks on the market.

**Reference currency**

EUR

**Risk profile**

*Risk of capital loss:* as the Sub-Fund's capital is not guaranteed, the subscriber may lose all or part of his initial investment.

*Interest-rate risk:* the Sub-Fund is subject to interest-rate risk. The interest-rate risk is the risk that the value of the Sub-Fund's investment may decrease if interest rates rise. Thus, when interest rates rise, the net asset value of the Sub-Fund may fall.

*Discretionary risk:* the discretionary management style applied to the Sub-Fund is based on the selection of securities and on expectations regarding the markets of the Sub-Fund's assets. There is a risk that the Sub-Fund may not be invested at all times in the best-performing securities. The Sub-Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the Sub-Fund may have a negative performance.

*Credit risk relating to issuers of debt securities:* these risks may stem from an unexpected default risk or a downgrade in the rating of an issuer of a debt security. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Sub-Fund to fall.

*Risk of a fall in the rate of inflation:* this risk may affect the short-term performance of inflation-linked bonds causing a fall in the Sub-Fund's net asset value.

*Risk arising from arbitrage transactions:* arbitrage transactions carried out directly in the Sub-Fund are based on the ability of the investment manager to forecast trends in various markets and financial instruments. There is therefore a risk that the financial market trends may not be in line with those anticipated by the investment manager, which may result in a fall of the Sub-Fund's net asset value. This fall may be greater than the fall on the financial markets.

*Exchange risk:* the Sub-Fund may invest in transferable securities denominated in currencies other than the reference currency. If a currency falls against the euro, the net asset value may fall. There is a residual foreign exchange risk due to imperfect hedging.

*Counterparty risk:* the Sub-Fund may enter into financial derivative transactions and into repurchase transactions and other contracts that entail a credit exposure to certain counterparties. To the extent that a counterparty defaults on its obligation, the Sub-Fund may experience a decline in the value of its portfolio.

**Risk management method**

*Approach using the VaR method*

In accordance with the 2010 Law and the regulations in force, in particular CSSF circular 11/512, the Sub-Fund uses a risk management process which makes it possible to evaluate the exposure of the Sub-Fund to market, liquidity and counterparty risk, as well as to all other forms of risk which are relevant to the Sub-Fund,

including operational risk.

*Calculation of overall exposure*

Within the context of the risk management procedure, the Sub-Fund's overall exposure is measured and checked in accordance with the absolute value-at-risk (VaR) method.

In financial mathematics and in financial risk management, the value at risk is a measure predominantly used for risk of loss on a particular portfolio of financial assets.

The VaR is calculated with a unilateral confidence interval at 99% and for a retention period of 20 days.

The Sub-Fund's VaR is limited to an absolute VaR calculated on the basis of the Sub-Fund's net asset value and does not exceed a maximum VaR limit determined by the Management Company, while taking into account the Sub-Fund's investment policy and risk profile. The maximum limit is set at 20%.

**Leverage effect**

The Sub-Fund may use derivatives to generate overexposure and thus expose the Sub-Fund beyond the level of its net assets. Depending on the direction of the Sub-Fund's transactions, the effect of decreases or increases in the derivative's underlying assets may be magnified, leading to a larger decrease or increase in the net asset value of the Sub-Fund.

The derivatives commitment approach is the method used to determine the Sub-Fund's rate of leverage. The expected leverage may not exceed 500% of the Sub-Fund's net asset value.

The leverage is the sum of the exposure calculated with the commitment approach without the use of netting or hedging. This disclosed expected level of leverage is not intended to be an additional exposure limit for the Sub-Fund.

**Investor profile**

Investment horizon: > 3 years

The Sub-Fund is intended primarily for investors seeking a means to diversify their bond investments, particularly at a time when conventional bonds (fixed-rate) are exposed to a possible rise in interest rates and the inflation rate.

The reasonable amount to invest in this Sub-Fund depends on your personal financial situation. To determine this, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour a prudential investment. You are also strongly advised to diversify your investments so as not to expose them solely to the risks of this Sub-Fund.

**SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

<b>Subscription fees</b>	Class B and I: Maximum of 3% of the NAV applicable per share. Class F: 0%
<b>Redemption fee</b>	0%
<b>Conversion fee</b>	0%

**COSTS PAYABLE BY THE SUB-FUND**

<b>Management fee</b>	Class B: Maximum 1.34% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter. Class I: Maximum 0.68% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter. Class F: Maximum 0.38% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.
<b>Performance fee</b>	The performance fee shall represent a maximum of 20% of the

difference between the performance of the Sub-Fund' and the performance of the Barclays Capital Euro Government Inflation-Linked Bond Index denominated in euros (total return) (BEIG1T Index). The total amount of the outperformance fee is set at an upper limit of 2.50% of the average net assets of the Sub-Fund during the reference period.

The performance is calculated by comparing the evolution of the assets of the Sub-Fund to the assets of a reference fund with a performance identical to that of the Barclays Capital Euro Government Inflation-Linked Bond Index denominated in euros (total return) and registering the same variations in subscriptions and redemptions as the actual Sub-Fund.

A provision, or the recovery of the provision in the event of underperformance, is accounted for in each NAV calculation. The proportion of variable fees corresponding to redemptions is paid to the manager.

The performance fees are calculated based on the last NAV in December. The performance fee is payable annually in the month following the end of the year. The first reference period will end on the date of last NAV in December 2013.

No performance fees will be applicable to Class F.

**Operating costs, including the Management Company fee**

Class B: 0.21% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.

Class I: 0.21% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.

Class F: 0.21% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter.

**Other costs and fees**

In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

**TAXATION SYSTEM**

**Taxation of the Company**

No duties or taxes payable to Luxembourg, except:

- a one-off fixed registration duty payable upon incorporation and
- a subscription tax of 0.05% for Class B Shares and of 0.01% for Class I and F Shares per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax).

**Taxation of Shareholders**

Dividend or redemption payments in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.

Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

**SALE OF SHARES**

**Subscription, redemption and conversion**

Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a valuation day will be processed on the basis of the net asset value of the valuation day after applying the fees provided for in the prospectus. Subscriptions and redemptions must be paid up no later than two Business Days following the

<b>Share type/class</b>	<p>applicable valuation day.</p> <p>The Shares are capitalisation Shares (B, I and F classes). Shares are issued in dematerialised registered form. Shares must be fully paid up and are issued with no par value. Fractions of Shares, up to one ten thousandth of a share, may be issued.</p>
<b>Valuation Day</b>	Every Business Day in Luxembourg.
<b>Publication of the NAV</b>	The net asset value can be consulted at the registered office of the Company.

## CONTACTS

### **Subscriptions, redemptions and conversions**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tel: +352 2696 2030  
Fax: +352 2696 9747  
Contact: BP2S TA Call Centre

### **Request for documentation**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tel: +352 2696 2030  
Fax: +352 2696 9747

The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.



**OVERVIEW OF THE SUB-FUND**

<b>Investment Manager</b>	LA FRANCAISE DES PLACEMENTS, Paris
<b>ISIN code</b>	LU0970532353 (Class B Capitalisation) LU0970532437 (Class I Capitalisation) LU0970532601 (Class F Capitalisation)
<b>Listed on Luxembourg stock exchange</b>	YES

**INVESTMENT POLICY**

**Objectives of the Sub-Fund** The objective of the Sub-Fund is to achieve, over the recommended investment period of over three years, a higher return, net of fees, than that of the 3 months Euribor + 3.5%.

**Strategy of the Sub-Fund** The Sub-Fund uses four types of strategies:

- (i) a short or long directional strategy aiming to optimise the performance of the portfolio based on interest rate and inflation expectations, founded on the use of fixed-rate bonds, derivatives and inflation-linked bonds whose dissymmetrical behaviour helps to reduce volatility;
- (ii) an interest rate curve strategy aiming to exploit the variations of the spreads between long-term rates and short-term rates, founded on the use of floating-rate and equivalent bonds;
- (iii) an arbitrage strategy aimed at seeking the relative value on various bond asset classes (interest rates and credit);
- (iv) a credit strategy, convertible to shares or otherwise, founded on the usage of bonds issued by the private sector.

**Investment policy** The Sub-Fund will mainly invest in bonds (fixed-rate, floating- rate or indexed to the inflation rate) and negotiable debt instruments denominated in euros and/or other currencies with the following characteristics, expressed as a proportion of the net assets of the Sub-Fund:

- OECD issuers: up to 100%
- High-yield issuers (speculative) and/or investment grade issuers (i.e. having a rating of at least BBB- by Standard & Poor's or at least Baa3 by Moody's or be considered equivalent by the Investment Manager using similar credit criteria at the time of purchase. When the issuer is not rated, the rating condition shall be fulfilled by the issue) and/or unrated issuers: up to 100%.

The Sub-Fund may invest in securities denominated in currencies other than the euro. However the foreign exchange risk is limited to 10% of the net assets of the Sub-Fund.

The Sub-Fund may invest in convertible bonds up to 100%.

Up to 5% of the Sub-Fund's asset may be exposed to the stock market.

The Sub-Fund may invest in Mortgage or Asset-Backed Securities up to 20%.

The Sub-Fund may invest in Credit Notes in accordance with article 41.1 of the 2010 Law.

The Sub-Fund can also invest up to 10% of its net assets in shares or units of UCITS and/or other UCIs.

The Sub-Fund may hold liquid assets on an ancillary basis. The Sub-

**Sensitivity range**

Fund may, with the aim of investing its liquid assets, invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.

Between -3 and 5

**Efficient portfolio management techniques**

The Sub-Fund may enter into temporary repurchase transactions and reverse repurchase transactions (also known as “repos”) in order to (i) ensure the investment of the cash available (reverse repo), (ii) optimise the performance of the portfolio (securities lending), (iii) establish an arbitrage position designed to profit from a widening rate spread.

All assets received in the context of efficient portfolio management techniques should be considered as collateral and should comply with the following criteria:

- Any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing
- Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral
- Collateral received should be of high quality
- Collateral received by the Sub-Fund should be issued by an entity that is independent from the counterparty
- Collateral should be sufficiently diversified in terms of country, markets and issuers
- Non-cash collateral received should not be sold, re-invested or pledged
- Cash collateral received should only be:
  - \* placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive,
  - \* invested in high-quality government bonds,
  - \* used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Sub-Fund is able to recall at any time the full amount of cash on accrued basis,
  - \* invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.

**Use of derivatives**

The Sub-Fund may, within the limits laid down in the prospectus, invest in derivatives traded on regulated or OTC markets when these contracts are better suited to the management objective or offer lower trading costs. These instruments may include, but are not restricted to: futures, options, swaps, caps and floors, CDS, CDS on indices.

Each derivative instrument addresses a specific hedging, arbitrage, relative value or exposure strategy to (i) hedge the entire portfolio or certain classes of assets held within it against equity, interest and/or foreign exchange-rate risks, (ii) synthetically rebuild specific assets (e.g. purchase of an inflation-linked bond against a fixed-rate bond), or (iii) increase the Sub-Fund's exposure to interest-rate risks and foreign exchange risks on the market.

**Reference currency**

EUR

**Risk profile**

*Risk of capital loss:* as the Sub-Fund's capital is not guaranteed, the subscriber may lose all or part of his initial investment.

*Interest-rate risk:* the Sub-Fund is subject to interest-rate risk. The value of a debt or debt related security will generally increase when interest rates fall and decrease in value when interest rates rise. While changes in interest rates may affect the Sub-Fund's interest income,

such changes may positively or negatively affect the net Sub-Fund's net asset value.

*Discretionary risk:* the discretionary management style applied to the Sub-Fund is based on the selection of securities and on expectations regarding the markets of the Sub-Fund's assets. There is a risk that the Sub-Fund may not be invested at all times in the best-performing securities. The Sub-Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the Sub-Fund may have a negative performance.

*Credit risk relating to issuers of debt securities:* these risks may stem from an unexpected default risk or a downgrade in the rating of an issuer of a debt security. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Sub-Fund to fall.

*Risk of a fall in the rate of inflation:* this risk may affect the short-term performance of inflation-linked bonds causing a fall in the Sub-Fund's net asset value.

*Counterparty risk:* the Sub-Fund may enter into financial derivative transactions and into repurchase transactions and other contracts that entail a credit exposure to certain counterparties. To the extent that a counterparty defaults on its obligation, the Sub-Fund may experience a decline in the value of its portfolio.

*Risk associated with investments in (speculative) high-yield securities:* the Sub-Fund should be considered speculative. It is aimed specifically at investors who are aware of the risks inherent to investing in securities with a low or non-existent rating. These securities are classed as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The Sub-Fund's net asset value may therefore be lower when the value of these securities in the portfolio falls.

*Equity risk:* the risk that the underlying equities of the convertible bonds held in the portfolio will fall, and/or the risk linked to exposure to equity markets through futures instruments may lead to a fall in the Sub-Fund's net asset value. This is limited to 5% of the net assets of the Sub-Fund.

*Exchange risk:* the Sub-Fund may invest in transferable securities denominated in currencies other than the reference currency. If a currency falls against the euro, the net asset value may fall. The Sub-Fund may therefore be exposed to exchange risk up to a maximum of 10% of the net assets.

## **Risk management method**

### *Approach using the VaR method*

In accordance with the 2010 Law and the regulations in force, in particular CSSF circular 11/512, the Sub-Fund uses a risk management process which makes it possible to evaluate the exposure of the Sub-Fund to market, liquidity and counterparty risk, as well as to all other forms of risk which are relevant to the Sub-Fund, including operational risk.

### *Calculation of overall exposure*

Within the context of the risk management procedure, the Sub-Fund's overall exposure is measured and checked in accordance with the absolute value-at-risk (VaR) method.

In financial mathematics and in financial risk management, the value at risk is a measure predominantly used for risk of loss on a particular portfolio of financial assets.

The VaR is calculated with a unilateral confidence interval at 99%

and for a retention period of 20 days.

The Sub-Fund's VaR is limited to an absolute VaR calculated on the basis of the Sub-Fund's net asset value and does not exceed a maximum VaR limit determined by the Management Company, while taking into account the Sub-Fund's investment policy and risk profile. The maximum limit is set at 20%.

#### **Leverage effect**

The Sub-Fund may use derivatives to generate overexposure and thus expose the Sub-Fund beyond the level of its net assets. Depending on the direction of the Sub-Fund's transactions, the effect of decreases or increases in the derivative's underlying assets may be magnified, leading to a larger decrease or increase in the net asset value of the Sub-Fund.

The derivatives commitment approach is the method used to determine the Sub-Fund's rate of leverage. The expected leverage rate may not exceed 500% of the Sub-Fund's net asset value.

The leverage is the sum of the exposure calculated with the commitment approach without the use of netting or hedging. This disclosed expected level of leverage is not intended to be an additional exposure limit for the Sub-Fund.

#### **Investor profile**

Investment horizon: > 3 years

The Sub-Fund is intended primarily for investors seeking a means to diversify their bond investments. The reasonable amount to invest in this Sub-Fund depends on your personal financial situation. To determine this, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour a prudent investment. You are also strongly advised to diversify your investments so as not to expose them solely to the risks of this Sub-Fund.

### **SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

<b>Subscription fees</b>	Class B and I: Maximum of 3% of the NAV applicable per share. Class F: 0%
<b>Redemption fee</b>	0%
<b>Conversion fee</b>	0%

### **COSTS PAYABLE BY THE SUB-FUND**

<b>Management fee</b>	Class B: Maximum 1.04% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter. Class I: Maximum 0.48% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter. Class F: None
<b>Performance fee</b>	The performance fee shall represent a maximum of 25% of the difference between the performance of the Sub-Fund and the performance of the 3 month Euribor + 3.5%. The performance is calculated by comparing the evolution of the assets of the Sub-Fund to the assets of a reference fund with a performance identical to that of the 3 month Euribor + 3.5% and registering the same variations in subscriptions and redemptions as the actual Sub-Fund. A provision, or the recovery of the provision in the event of underperformance, is accounted for in each NAV calculation. The proportion of variable fees corresponding to redemptions is paid to the manager. The performance fees are calculated based on the last NAV in December. The performance fee is payable annually in the month following the end of the year. The first reference period will end on

	the date of the last NAV in December 2013.
	No performance fees will be applicable to Class F.
<b>Operating costs, including the Management Company fee</b>	Class B: 0.25% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a. Class I: 0.25% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a. Class F: 0.13% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter.
<b>Other costs and fees</b>	In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

## **TAXATION SYSTEM**

<b>Taxation of the Company</b>	No duties or taxes payable to Luxembourg, except: <ul style="list-style-type: none"> <li>- a one-off fixed registration duty payable upon incorporation and</li> <li>- a subscription tax of 0.05% for Class B Shares and of 0.01% for Class I and F Shares per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax).</li> </ul>
<b>Taxation of Shareholders</b>	Dividend or redemption payments in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent. Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

## **SALE OF SHARES**

<b>Subscription, redemption and conversion</b>	Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a valuation day will be processed on the basis of the net asset value of the valuation day after applying the fees provided for in the prospectus. Subscriptions and redemptions must be paid up no later than two Business Days following the applicable valuation day.
<b>Share type/class</b>	The Shares are capitalisation Shares (B, I and F classes). Shares are issued in dematerialised registered form. Shares must be fully paid up and are issued with no par value. Fractions of Shares, up to one ten thousandth of a share, may be issued.
<b>Valuation Day</b>	Every Business Day in Luxembourg.
<b>Publication of the NAV</b>	The net asset value can be consulted at the registered office of the Company.

## **CONTACTS**

<b>Subscriptions, redemptions and conversions</b>	BNP Paribas Securities Services 33, rue de Gasperich L-5826 Hesperange Tel: +352 2696 2030 Fax: +352 2696 9747
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Contact:- BP2S TA Call Centre

**Request for  
documentation**

BNP Paribas Securities Services

33, rue de Gasperich

L-5826 Hesperange

Tel: +352 2696 2030

Fax: +352 2696 9747

The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.

**OVERVIEW OF THE SUB-FUND**

<b>Investment Manager</b>	LA FRANCAISE DES PLACEMENTS, Paris
<b>ISIN code</b>	LU0970532783 (Class B Capitalisation) LU0970532940 (Class I Capitalisation) LU0970533088 (Class F Capitalisation)
<b>Listed on Luxembourg stock exchange</b>	YES

**INVESTMENT POLICY**

<b>Objectives of the Sub-Fund</b>	The objective of the Sub-Fund is to achieve, over the recommended investment period of over three years, a return in excess of the index JP Morgan Emerging Markets Bond Index Global Diversified \$ coupons included.
<b>Strategy of the Sub-Fund</b>	<p>The management of the Sub-Fund is based on a dynamic management of investments in bonds from emerging markets in Latin America, Central and Eastern Europe, Asia, Africa and the Middle East, and, where appropriate, countries in the Eurozone depending on the following risks:</p> <ul style="list-style-type: none"> <li>(i) credit risk, through a fundamental analysis based on indicators of emerging markets risk plus an analysis of technical market indicators;</li> <li>(ii) interest-rate risk, by actively controlling the overall sensitivity of the portfolio;</li> <li>(iii) exchange-rate risk.</li> </ul> <p>The respective allocation between the risk factors is based on an analysis of the global economic and financial environment and its impact on emerging market bonds. The management style aims to ensure that the Sub-Fund shall outperform the benchmark, with a capacity to resist periods of pressure in credit risk premiums and/or interest rates.</p>
<b>Investment policy</b>	<p>The Sub-Fund will mainly invest in fixed or floating-rate debt instruments denominated in euros and/or other currencies with the following characteristics:</p> <ul style="list-style-type: none"> <li>• Issuers from emerging countries located in Asia, Latin America, Central and Eastern Europe, Africa and the Middle East and countries in the Eurozone: up to 100%</li> </ul> <p>The portfolio will be invested primarily in securities issued or guaranteed by entities having a rating of at least B- by Standard &amp; Poor's or at least B3 by Moody's or be considered equivalent by the Investment Manager using similar credit criteria at the time of purchase. When the issuer is not rated, the rating condition shall be fulfilled by the issue. The balance may be invested in securities with a lower rating and/or in securities with no rating. The Sub-Fund may invest in securities denominated in currencies other than the euro. Up to 100% of the net assets of the Sub-Fund may be exposed to foreign exchange risk.</p> <p>The Sub-Fund may not invest in Mortgage or Asset-Backed Securities.</p> <p>The Sub-Fund may invest in Credit Notes in accordance with article 41.1 of the 2010 Law.</p> <p>Up to 10% of the assets of the Sub-Fund may be exposed to the stock market.</p>

	<p>The duration of the portfolio is between 0 and 10 years.</p> <p>The Sub-Fund can also invest up to 10% of its net assets in shares or units of UCITS and/or other UCIs.</p> <p>The Sub-Fund may hold liquid assets on an ancillary basis. The Sub-Fund may, with the aim of investing its liquid assets, invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.</p>
<b>Sensitivity range</b>	Between 0 and 8
<b>Efficient portfolio management techniques</b>	<p>The Sub-Fund may enter into temporary repurchase transactions and reverse repurchase transactions (also known as “repos”) in order to (i) ensure the investment of the cash available (reverse repo), (ii) optimise the performance of the portfolio (securities lending), (iii) establish an arbitrage position designed to profit from a widening rate spread.</p> <p>All assets received in the context of efficient portfolio management techniques should be considered as collateral and should comply with the following criteria:</p> <ul style="list-style-type: none"> <li>• Any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing</li> <li>• Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral</li> <li>• Collateral received should be of high quality</li> <li>• Collateral received by the Sub-Fund should be issued by an entity that is independent from the counterparty</li> <li>• Collateral should be sufficiently diversified in terms of country, markets and issuers</li> <li>• Non-cash collateral received should not be sold, re-invested or pledged</li> <li>• Cash collateral received should only be: <ul style="list-style-type: none"> <li>* placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive,</li> <li>* invested in high-quality government bonds,</li> <li>* used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Sub-Fund is able to recall at any time the full amount of cash on accrued basis,</li> <li>* invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.</li> </ul> </li> </ul>
<b>Use of derivatives</b>	<p>The Sub-Fund may, within the limits laid down in the prospectus, invest in derivatives traded on regulated or OTC markets when these contracts are better suited to the management objective or offer lower trading costs. These instruments may include, but are not restricted to: futures, options, swaps, caps and floors, NDF (Non-Deliverable Forward).</p> <p>Each derivative instrument addresses a specific hedging, arbitrage or exposure strategy to (i) hedge the entire portfolio or certain classes of assets held within it against interest and/or foreign exchange-rate risks, (ii) synthetically rebuild specific assets, or (iii) increase the Sub-Fund's exposure to interest-rate risks on the market.</p> <p>The use of derivatives is limited to 100% of the Sub-Fund's net assets.</p>
<b>Reference currency</b>	EUR
<b>Risk profile</b>	<i>Risk of capital loss:</i> as the Sub-Fund's capital is not guaranteed, the



subscriber may lose all or part of his initial investment.

*Discretionary risk:* the discretionary management style applied to the Sub-Fund is based on the selection of securities and on expectations regarding the markets of the Sub-Fund's assets. There is a risk that the Sub-Fund may not be invested at all times in the best-performing securities. The Sub-Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the Sub-Fund may have a negative performance.

*Interest-rate risk:* the Sub-Fund is subject to interest-rate risk. The interest-rate risk is the risk that the value of the Sub-Fund's investment may decrease if interest rates rise. Thus, when interest rates rise, the net asset value of the Sub-Fund may fall.

*Credit risk relating to issuers of debt securities:* these risks may stem from an unexpected default risk or a downgrade in the rating of an issuer of a debt security. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Sub-Fund to fall.

*Credit risk relating to high yield securities:* high yield bonds are regarded as being predominately speculative. Investment in such securities involves substantial risk. It is aimed specifically at investors who are aware of the risks inherent to investing in securities with a low or non-existent rating. These securities are classed as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. In the event of bankruptcy of an issuer, the Sub-Fund may experience a decline in the value of its portfolio.

*Counterparty risk:* the Sub-Fund may enter into financial derivative transactions and into repurchase transactions and other contracts that entail a credit exposure to certain counterparties. To the extent that a counterparty defaults on its obligation, the Sub-Fund may experience a decline in the value of its portfolio.

*Risk linked to investments in countries with emerging economies:* the Sub-Fund may be exposed to emerging markets. Market risk is increased by any investment in emerging countries where upward and downward market movements may be more pronounced and more sudden than on major international markets. Investing in emerging markets involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of the Sub-Fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on the major international markets. Consequently, the Sub-Fund's net asset value may fall.

*Equity risk:* the risk linked to exposure to equity markets may lead to a fall in the Sub-Fund's net asset value. This is limited to 10% of the net assets of the Sub-Fund.

*Currency risk:* the Sub-Fund may invest in securities denominated in a number of different currencies other than the base currency in which the Sub-Fund is denominated. Changes in foreign currency exchange rates may adversely affect the value of the Sub-Fund's investments.

#### **Risk management method**

##### *Approach using the VaR method*

In accordance with the 2010 Law and the regulations in force, in particular CSSF circular 11/512, the Sub-Fund uses a risk management process which makes it possible to evaluate the exposure of the Sub-Fund to market, liquidity and counterparty risk, as well as to all other forms of risk which are relevant to the Sub-Fund, including operational risk.

### *Calculation of overall exposure*

Within the context of the risk management procedure, the Sub-Fund's overall exposure is measured and checked in accordance with the absolute value-at-risk (VaR) method.

In financial mathematics and in financial risk management, the value at risk is a measure predominantly used for risk of loss on a particular portfolio of financial assets.

The VaR is calculated with a unilateral confidence interval at 99% and for a retention period of 20 days.

The Sub-Fund's VaR is limited to an absolute VaR calculated on the basis of the Sub-Fund's net asset value and does not exceed a maximum VaR limit determined by the Management Company, while taking into account the Sub-Fund's investment policy and risk profile. The maximum limit is set at 20%.

### **Leverage effect**

The Sub-Fund may use derivatives to generate overexposure and thus expose the Sub-Fund beyond the level of its net assets. Depending on the direction of the Sub-Fund's transactions, the effect of decreases or increases in the derivative's underlying assets may be magnified, leading to a larger decrease or increase in the net asset value of the Sub-Fund.

The derivatives commitment approach is the method used to determine the Sub-Fund's rate of leverage. The expected leverage rate may not exceed 500% of the Sub-Fund's net asset value.

The leverage is the sum of the exposure calculated with the commitment approach without the use of netting or hedging. This disclosed expected level of leverage is not intended to be an additional exposure limit for the Sub-Fund.

### **Investor profile**

Investment horizon: > 3 years

The Sub-Fund is intended primarily for investors seeking emerging market exposure for their bond investments.

The reasonable amount to invest in this Sub-Fund depends on your personal financial situation. To determine this, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour a prudent investment. You are also strongly advised to diversify your investments so as not to expose them solely to the risks of this Sub-Fund.

## **SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

<b>Subscription fees</b>	Class B and I: Maximum of 3% of the NAV applicable per share. Class F: 0%
<b>Redemption fee</b>	0%
<b>Conversion fee</b>	0%

## **COSTS PAYABLE BY THE SUB-FUND**

<b>Management fee</b>	Class B: Maximum 1.32% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter. Class I: Maximum 1.11% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter. Class F: None
<b>Performance fee</b>	The performance fee shall represent a maximum of 25% of the difference between the performance of the Sub-Fund and the performance of the index JP Morgan Emerging Markets Bond Index Global Diversified \$ coupons included. The total amount of the

outperformance fee is set at an upper limit of 2.50% of the average net assets of the Sub-Fund during the reference period.

The performance is calculated by comparing the evolution of the assets of the Sub-Fund to the assets of a reference fund with a performance identical to that of the index JP Morgan Emerging Markets Bond Index Global Diversified \$ coupons included and registering the same variations in subscriptions and redemptions as the actual Sub-Fund.

A provision, or the recovery of the provision in the event of underperformance, is accounted for in each NAV calculation. The proportion of variable fees corresponding to redemptions is paid to the manager.

The performance fees are calculated based on the last NAV in December. The performance fee is payable annually in the month following the end of the year. The first reference period will end on the date of the last NAV in December 2013.

No performance fees will be applicable to Class F.

**Operating costs, including the Management Company fee**

Class B: 0.23% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.

Class I: 0.23% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.

Class F: 0.09% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter.

**Other costs and fees**

In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

**TAXATION SYSTEM**

**Taxation of the Company**

No duties or taxes payable to Luxembourg, except:

- a one-off fixed registration duty payable upon incorporation, and;
- a subscription tax of 0.05% for Class B Shares and of 0.01% for Class I and F Shares per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax).

**Taxation of Shareholders**

Dividend or redemption payments in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.

Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

**SALE OF SHARES**

**Subscription, redemption and conversion**

Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a valuation day will be processed on the basis of the net asset value of the valuation day after applying the fees provided for in the prospectus. Subscriptions and redemptions must be paid up no later than two Business Days following the applicable valuation day.

**Share type/class**

The Shares are capitalisation Shares (B, I and F classes). Shares are issued in dematerialised registered form.

Shares must be fully paid up and are issued with no par value. Fractions of Shares, up to one ten thousandth of a share, may be issued.

**Valuation Day**

Every Business Day in Luxembourg.

**Publication of the NAV**

The net asset value can be consulted at the registered office of the Company.

**CONTACTS**

**Subscriptions,  
redemptions and  
conversions**

BNP Paribas Securities Services

33, rue de Gasperich

L-5826 Hesperange

Tel: +352 2696 2030

Fax: +352 2696 9747

Contact: BP2S TA Call Centre

**Request for  
documentation**

BNP Paribas Securities Services

33, rue de Gasperich

L-5826 Hesperange

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Fax: +352 2696 9747

The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.

**OVERVIEW OF THE SUB-FUND**

<b>Investment Manager</b>	LA FRANCAISE DES PLACEMENTS, Paris
<b>ISIN code</b>	LU0970533245 (Class B Capitalisation) LU0970533328 (Class I Capitalisation) LU0970533674 (Class F Capitalisation)
<b>Listed on Luxembourg stock exchange</b>	YES

**INVESTMENT POLICY**

<b>Objectives of the Sub-Fund</b>	The objective of the Sub-Fund is to achieve a performance, net of fees, exceeding that of the benchmark indicator, the Euro MTS Global +1% (EMTXGC Index), over the recommended investment period of over three years.
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<b>Strategy of the Sub-Fund</b>	The management company will mainly invest in public or quasi-public debt from emerging countries in Asia, Latin America, Central and Eastern Europe, Africa and the Middle East with no preponderance of a specific regional area. Eligible countries are selected according to a process set up by the management company and based on qualitative and quantitative criteria. The management company thereby selects what it considers to be the best-quality countries from among emerging countries and which, as such, qualify as "premium emerging countries".
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The main selection criteria are:

- Macro-economic parameters (budget deficit, ratio of public debt, etc.);
- Political stability;
- Rating.

From this selection, the manager will compile a portfolio based on the dynamic management of risk factors that are inherent to these countries' bond markets from an economic perspective:

- (i) credit risk, through a fundamental analysis based on indicators of emerging markets risk plus an analysis of technical market indicators;
- (ii) interest rate risk, by actively controlling the overall sensitivity of the portfolio;
- (iii) volatility risk.

The respective allocation between the risk factors is based on an analysis of the global economic and financial environment and its impact on emerging market bonds.

<b>Investment policy</b>	The Sub-Fund will mainly invest in debt instruments of sovereign issuers denominated in euros and/or other OECD countries' currencies with the following characteristics:
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- public or assimilated public issuers from emerging countries located in Asia, Latin America, Central and Eastern Europe, Africa and the Middle East: up to 100%
- investment grade bonds (i.e. having a rating of at least BBB- by Standard & Poor's or at least Baa3 by Moody's or be considered equivalent by the Investment Manager using similar credit criteria at the time of purchase. When the issuer is not rated, the rating condition shall be fulfilled by the issue): up to 100%

If an investment grade bond is downgraded to sub-

investment grade, the relevant asset will not be sold unless, in the opinion of the Investment Manager, it is in the interest of Shareholders to do so. Such sub-investment grade assets may not exceed a total of 10% of the Sub-Fund's asset

- Maximum exposition per non-OECD country: 10%

The Sub-Fund may invest in debt instruments issued by private issuers on an ancillary basis.

The Sub-Fund may not invest in Mortgage or Asset-Backed Securities.

The Sub-Fund may invest in Credit Notes in accordance with article 41.1 of the 2010 Law.

The Sub-Fund may invest in securities denominated in currencies other than the euro. This portion of assets will systematically be hedged against the foreign exchange risk. However, there may be a residual foreign exchange risk due to imperfect hedging.

Between -10% and 10% of the net assets of the Sub-Fund may be exposed to the stock market.

The Sub-Fund can also invest up to 10% of its net assets in shares or units of UCITS and/or other UCIs.

The Sub-Fund may hold liquid assets on an ancillary basis. The Sub-Fund may, with the aim of investing its liquid assets, invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.

Between 0 and 8

The Sub-Fund may enter into temporary repurchase transactions and reverse repurchase transactions (also known as "repos") within the prescribed limits, in order to (a) achieve the Sub-Fund's objective, (b) manage the cash flow or (c) potentially create a leverage effect.

All assets received in the context of efficient portfolio management techniques should be considered as collateral and should comply with the following criteria:

- Any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing
- Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral
- Collateral received should be of high quality
- Collateral received by the Sub-Fund should be issued by an entity that is independent from the counterparty
- Collateral should be sufficiently diversified in terms of country, markets and issuers
- Non-cash collateral received should not be sold, re-invested or pledged
- Cash collateral received should only be:
  - \* placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive,
  - \* invested in high-quality government bonds,
  - \* used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Sub-Fund is able to recall at any time the full amount of cash on accrued basis,
  - \* invested in short-term money market funds as defined in the Guidelines on a Common Definition of

**Sensitivity range**  
**Efficient portfolio**  
**management techniques**

## European Money Market Funds

### Use of derivatives

The Sub-Fund may, within the limits laid down in the prospectus, invest in derivatives traded on regulated or OTC markets when these contracts are better suited to the management objective or offer lower trading costs. These instruments may include, but are not restricted to: futures, options, swaps, etc.

Each derivative instrument addresses a specific hedging, arbitrage or exposure strategy aimed at:

- (i) hedging the entire portfolio or certain classes of assets (fixed or floating-rate bonds) held in the portfolio against interest rate and/or equity market risks and/or foreign exchange-rate risks;
- (ii) synthetically rebuild specific assets;
- (iii) increase the Sub-Fund's exposure to the interest-rate risk faced by the market;
- (iv) exposing the Sub-Fund to equity risk, with the aim of protecting the portfolio under certain market configurations.

The use of derivatives is limited to 100% of the Sub-Fund's net assets.

### Reference currency

EUR

### Risk profile

*Risk of capital loss:* as the Sub-Fund's capital is not guaranteed, the subscriber may lose all or part of his initial investment.

*Interest-rate risk:* the Sub-Fund is subject to interest-rate risk. The interest-rate risk is the risk that the value of the Sub-Fund's investment may decrease if interest rates rise. Thus, when interest rates rise, the net asset value of the Sub-Fund may fall.

*Credit risk relating to issuers of debt securities:* these risks may stem from an unexpected default risk or a downgrade in the rating of an issuer of a debt security. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Sub-Fund to fall.

*Discretionary risk:* the discretionary management style applied to the Sub-Fund is based on the selection of securities and on expectations regarding the markets of the Sub-Fund's assets. There is a risk that the Sub-Fund may not be invested at all times in the best-performing securities. The Sub-Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the Sub-Fund may have a negative performance.

*Counterparty risk :* the Sub-Fund may enter into financial derivative transactions and into repurchase transactions and other contracts that entail a credit exposure to certain counterparties. To the extent that a counterparty defaults on its obligation, the Sub-Fund may experience a decline in the value of its portfolio.

*Risk linked to investments in countries with emerging economies:* the Sub-Fund may be exposed to emerging markets. Market risk is increased by any investment in emerging countries where upward and downward market movements may be more pronounced and more sudden than on major international markets. Investing in emerging markets involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of the Sub-Fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on the major international markets. Consequently, the Sub-Fund's net asset value may fall.

*Credit risk relating to high yield securities:* high yield bonds are regarded as being predominately speculative. Investment in such securities involves substantial risk. It is aimed specifically at investors who are aware of the risks inherent to investing in securities with a low or non-existent rating. These securities are classed as

"speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. In the event of bankruptcy of an issuer, the Sub-Fund may experience a decline in the value of its portfolio.

*Equity risk:* the Sub-Fund may be exposed to stock markets up to 10% of its assets. In the event of a decline of the value of such investments, the Sub-Fund may experience a decline in the value of its portfolio.

*Exchange risk:* the Sub-Fund may invest in transferable securities denominated in currencies other than the reference currency. If a currency falls against the euro, the net asset value may fall. There is a residual foreign exchange risk due to imperfect hedging.

**Risk management method**

Commitment approach

**Investor profile**

Investment horizon: > 3 years

The Sub-Fund is intended primarily for investors seeking to diversify their bond investments in emerging countries outside the Eurozone through an exposure to interest rates.

The reasonable amount to invest in this Sub-Fund depends on your personal financial situation. To determine this, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour a prudent investment. You are also strongly advised to diversify your investments so as not to expose them solely to the risks of this Sub-Fund.

**SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

**Subscription fees**

Classes B and I: Maximum of 3% of the NAV applicable per share.  
Class F: 0%

**Redemption fee**

0%

**Conversion fee**

0%

**COSTS PAYABLE BY THE SUB-FUND**

**Management fee**

Class B: Maximum 1.27% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Class I: Maximum 0.56% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Class F: None

**Performance fee**

The performance fee shall represent a maximum of 20% of the difference between the performance of the Sub-Fund and the performance of the Euro MTS Global +1% (EMTXGC Index), provided that the annual performance of the Sub-Fund (after deduction of all fees) is positive.

The performance is calculated by comparing the evolution of the assets of the Sub-Fund to the assets of a reference fund with a performance identical to that of the Euro MTS Global +1% and registering the same variations in subscriptions and redemptions as the actual Sub-Fund.

A provision, or the recovery of the provision in the event of underperformance, is accounted for in each NAV calculation. The proportion of variable fees corresponding to redemptions is paid to the manager.

The performance fees are calculated based on the last NAV in December. The performance fee is payable annually in the month following the end of the year. The first reference period will end on the date of the last NAV in December 2013.



<b>Operating costs, including the Management Company fee</b>	<p>No performance fees will be applicable to Class F.</p> <p>Class B: 0.25% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.</p> <p>Class I: 0.25% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.</p> <p>Class F: 0.06% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter.</p>
<b>Other costs and fees</b>	In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

## **TAXATION SYSTEM**

<b>Taxation of the Company</b>	<p>No duties or taxes payable to Luxembourg, except:</p> <ul style="list-style-type: none"> <li>- a one-off fixed registration duty payable upon incorporation and</li> <li>- a subscription tax of 0.05% for Class B Shares and of 0.01% for Class I and F Shares per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax)</li> </ul>
<b>Taxation of Shareholders</b>	<p>Dividend or redemption payments in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.</p> <p>Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.</p>

## **SALE OF SHARES**

<b>Subscription, redemption and conversion</b>	Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a valuation day will be processed on the basis of the net asset value of the valuation day after applying the fees provided for in the prospectus. Subscriptions and redemptions must be paid up no later than two Business Days following the applicable valuation day.
<b>Share type/class</b>	<p>The Shares are capitalisation Shares (B, I and F classes).</p> <p>Shares are issued in dematerialised registered form.</p> <p>Shares must be fully paid up and are issued with no par value. Fractions of Shares, up to one ten thousandth of a share, may be issued.</p>
<b>Valuation Day</b>	Every Business Day in Luxembourg.
<b>Publication of the NAV</b>	The net asset value can be consulted at the registered office of the Company.

## **CONTACTS**

<b>Subscriptions, redemptions and conversions</b>	<p>BNP Paribas Securities Services</p> <p>33, rue de Gasperich</p> <p>L-5826 Hesperange</p> <p>Tel: +352 2696 2030</p> <p>Fax: +352 2696 9747</p>
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Contact: BP2S TA Call Centre

**Request for  
documentation**

BNP Paribas Securities Services

33, rue de Gasperich

L-5826 Hesperange

Tel: +352 2696 2030

Fax: +352 2696 9747

The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.

**OVERVIEW OF THE SUB-FUND**

<b>Investment Manager</b>	LA FRANCAISE DES PLACEMENTS, Paris
<b>ISIN code</b>	LU0970533757 (Class B Capitalisation) LU0970533914 (Class I Capitalisation) LU0970534052 (Class F Capitalisation)
<b>Listed on Luxembourg stock exchange</b>	YES

**INVESTMENT POLICY**

<b>Objectives of the Sub-Fund</b>	<p>The objective of the Sub-Fund is to deliver a significantly positive performance by participating in the potential rise in 10-year interest rates in the Eurozone, over the recommended investment period of over two years.</p> <p>For information purposes only, the index of the Sub-Fund is the JPM Short German Bund Index (JFBERXEU Index).</p>
<b>Strategy of the Sub-Fund</b>	<p>The management of the Sub-Fund is based on actively managing short positions on futures and/or forward contracts. Structurally invested in bonds denominated in euros and issued or guaranteed by the French State or a State having a rating of AAA by Standard &amp; Poor's or Aaa by Moody's, the Sub-Fund will take short positions in futures and/or forward contracts in order to take advantage of potential rising interest rates. In addition to a strategic short exposure, the Sub-Fund also attempts to capture the volatility of long-term rates in the Eurozone.</p> <p>The management style aims to ensure that the portfolio's development is strongly correlated with the rise in long-term rates while achieving interim profits by closely monitoring positions.</p>
<b>Investment policy</b>	<p>The Sub-Fund will invest in debt instruments denominated in euros and issued or guaranteed by the French State or a State having a rating of AAA by Standard &amp; Poor's or Aaa by Moody's or be considered equivalent by the Investment Manager using similar credit criteria at the time of purchase. When the issuer is not rated, the rating condition shall be fulfilled by the issue. If an investment grade bond is downgraded to sub-investment grade, the relevant asset will not be sold unless, in the opinion of the Investment Manager, it is in the interest of Shareholders to do so. Such sub-investment grade assets may not exceed a total of 10% of the Sub-Fund's assets.</p> <p>The Sub-Fund may invest 100% of its net assets in securities issued or guaranteed by any Member State of the OECD.</p> <p>The Sub-Fund will be primarily invested in public debt and may invest up to 20% in private debt.</p> <p>The Sub-Fund may not invest in Mortgage or Asset-Backed Securities or Credit Notes.</p> <p>The Sub-Fund can also invest up to 10% of its net assets in shares or units of UCITS and/or other UCIs.</p> <p>The Sub-Fund may hold liquid assets on an ancillary basis. The Sub-Fund may, with the aim of investing its liquid assets, invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.</p>
<b>Sensitivity range</b>	Between -10 and 2
<b>Efficient portfolio</b>	The Sub-Fund may enter into temporary repurchase transactions and

## management techniques

reverse repurchase transactions (also known as “repos”) in order to (i) ensure the investment of the cash available (reverse repo), (ii) optimise the performance of the portfolio (securities lending), (iii) establish an arbitrage position designed to profit from a widening rate spread.

All assets received in the context of efficient portfolio management techniques should be considered as collateral and should comply with the following criteria:

- Any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing
- Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral
- Collateral received should be of high quality
- Collateral received by the Sub-Fund should be issued by an entity that is independent from the counterparty
- Collateral should be sufficiently diversified in terms of country, markets and issuers
- Non-cash collateral received should not be sold, re-invested or pledged
- Cash collateral received should only be:
  - \* placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive,
  - \* invested in high-quality government bonds,
  - \* used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Sub-Fund is able to recall at any time the full amount of cash on accrued basis,
  - \* invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds

## Use of derivatives

The Sub-Fund may, within the limits laid down in the prospectus, invest in derivatives traded on regulated or OTC markets when these contracts are better suited to the management objective or offer lower trading costs. These instruments may include, but are not restricted to: futures, options, swaps, caps and floors.

Each derivative instrument addresses a specific hedging, arbitrage or exposure strategy to (i) hedge the entire portfolio or certain classes of assets held within it against interest (ii) synthetically rebuild specific assets (e.g. purchase of an inflation-linked bond against a fixed-rate bond), or (iii) increase the Sub-Fund's exposure to interest-rate risks on the market.

The use of derivatives is limited to 100% of the Sub-Fund's net assets.

## Reference currency

EUR

## Risk profile

*Risk of capital loss:* as the Sub-Fund's capital is not guaranteed, the subscriber may lose all or part of his initial investment.

*Discretionary risk:* the discretionary management style applied to the Sub-Fund is based on the selection of securities and on expectations regarding the markets of the Sub-Fund's assets. There is a risk that the Sub-Fund may not be invested at all times in the best-performing securities. The Sub-Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the Sub-Fund may have a negative performance.

*Interest-rate risk:* the Sub-Fund is subject to interest-rate risk. The interest-rate risk is the risk that the value of the Sub-Fund's investment may decrease if interest rates rise. Thus, when interest rates rise, the net asset value of the Sub-Fund may fall.

*Credit risk relating to issuers of debt securities:* these risks may stem from an unexpected default risk or a downgrade in the rating of an issuer of a debt security. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Sub-Fund to fall.

*Counterparty risk:* the Sub-Fund may enter into financial derivative transactions and into repurchase transactions and other contracts that entail a credit exposure to certain counterparties. To the extent that a counterparty defaults on its obligation, the Sub-Fund may experience a decline in the value of its portfolio.

**Risk management method**

Commitment approach

**Investor profile**

Investment horizon: > 2 years

The Sub-Fund is intended primarily for investors seeking to protect themselves against a possible rise in long-term interest rates in the Eurozone and/or to benefit from any rise in long-term interest rates in the Eurozone.

The reasonable amount to invest in this Sub-Fund depends on your personal financial situation. To determine this, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour a prudent investment. You are also strongly advised to diversify your investments so as not to expose them solely to the risks of this Sub-Fund.

**SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

**Subscription fees**

Class B and I: Maximum of 3% of the NAV applicable per share.

Class F: 0%

**Redemption fee**

0%

**Conversion fee**

0%

**COSTS PAYABLE BY THE SUB-FUND**

**Management fee**

Class B: Maximum 0.82% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Class I: Maximum 0.39% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Class F: None

**Performance fee**

None

**Operating costs, including the Management Company fee**

Class B: 0.20% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.

Class I: 0.20% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.

Class F: 0.06% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter.

**Other costs and fees**

In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

**TAXATION SYSTEM**

**Taxation of the Company**

No duties or taxes payable to Luxembourg, except:

- a one-off fixed registration duty payable upon incorporation and
- a subscription tax of 0.05% for Class B Shares and of 0.01%

for Class I and F Shares per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax)

**Taxation of Shareholders**

Dividend or redemption payments in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.

Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

**SALE OF SHARES**

**Subscription, redemption and conversion**

Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a valuation day will be processed on the basis of the net asset value of the valuation day after applying the fees provided for in the prospectus. Subscriptions and redemptions must be paid up no later than two Business Days following the applicable valuation day.

**Share type/class**

The Shares are capitalisation Shares (B, I and F classes).

Shares are issued in dematerialised registered form.

Shares must be fully paid up and are issued with no par value. Fractions of Shares, up to one ten thousandth of a share, may be issued.

**Valuation Day**

Every Business Day in Luxembourg.

**Publication of the NAV**

The net asset value can be consulted at the registered office of the Company.

**CONTACTS**

**Subscriptions, redemptions and conversions**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tel: +352 2696 2030  
Fax: +352 2696 9747  
Contact: BP2S TA Call Centre

**Request for documentation**

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Fax: +352 2696 9747

The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.

**OVERVIEW OF THE SUB-FUND**

**Investment Manager** LA FRANCAISE DES PLACEMENTS, Paris  
**ISIN code** LU0970534219 (Class B Capitalisation)  
 LU0970534300 (Class I Capitalisation)

**Listed on Luxembourg stock exchange** YES

**INVESTMENT POLICY**

**Objectives of the Sub-Fund** The objective of the Sub-Fund is to deliver a performance, net of fees, equal to that of EONIA total return by seeking market opportunities on short-term maturities.

**Investment policy** The Sub-Fund will mainly invest in fixed or floating-rate European bonds close to maturity, Treasury bills, commercial papers, negotiable debt instruments, and certificates of deposit.

The Sub-Fund will be invested primarily in securities issued or guaranteed by entities having a rating of at least A-2 by Standard & Poors or P-2 by Moody's or be considered equivalent by the Investment Manager using similar credit criteria at the time of purchase. When the issuer is not rated, the rating condition shall be fulfilled by the issue. If an investment grade bond is downgraded to sub-investment grade, the relevant asset will not be sold unless, in the opinion of the Investment Manager, it is in the interest of Shareholders to do so. Such sub-investment grade assets may not exceed a total of 10% of the Sub-Fund's assets.

The Sub-Fund may also invest in unrated debt securities of comparable credit quality to those specified above.

The Sub-Fund may invest a portion of its assets in securities denominated in currencies other than the euro. This portion of assets will systematically be hedged against the foreign exchange risk. However, there may be a residual foreign exchange risk due to imperfect hedging.

The Sub-Fund shall only invest in financial instruments with a maximum term to maturity less than or equal to 2 years, provided that the rate is adjustable within a maximum period of 397 days. For floating-rate instruments, the revision rate should be based on a money market rate or a money market index.

The portfolio's WAM (Weighted Average Maturity) is less than or equal to 6 months.

The portfolio's WAL (Weighted Average Life) is less than or equal to 12 months.

The Sub-Fund can also invest up to 10% of its net assets in shares or units of Money market UCITS and/or other UCIs.

The Sub-Fund may not invest in Mortgage or Asset-Backed Securities.

The Sub-Fund may invest in Credit Notes in accordance with article 41.1 of the 2010 Law.

The Sub-Fund may hold liquid assets on an ancillary basis. The Sub-Fund may, with the aim of investing its liquid assets, invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities

<p><b>Sensitivity range</b></p> <p><b>Efficient portfolio management techniques</b></p>	<p>for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.</p> <p>Between 0 and 0.5</p> <p>The Sub-Fund may enter into temporary repurchase transactions and reverse repurchase transactions (also known as “repos”). The purpose of these operations, limited to the achievement of the management objective, will be to manage the cash flow or potentially to obtain leverage.</p> <p>All assets received in the context of efficient portfolio management techniques should be considered as collateral and should comply with the following criteria:</p> <ul style="list-style-type: none"> <li>• Any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing</li> <li>• Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral</li> <li>• Collateral received should be of high quality</li> <li>• Collateral received by the Sub-Fund should be issued by an entity that is independent from the counterparty</li> <li>• Collateral should be sufficiently diversified in terms of country, markets and issuers</li> <li>• Non-cash collateral received should not be sold, re-invested or pledged</li> <li>• Cash collateral received should only be: <ul style="list-style-type: none"> <li>* placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive,</li> <li>* invested in high-quality government bonds,</li> <li>* used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Sub-Fund is able to recall at any time the full amount of cash on accrued basis,</li> <li>* invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.</li> </ul> </li> </ul>
<p><b>Use of derivatives</b></p>	<p>The Sub-Fund may, within the limits laid down in the prospectus, invest in derivatives traded with firm or conditional term, when their underlying asset has a direct or correlated financial relationship with an asset held in the portfolio, either with the objective of hedging or increasing the exposure of the portfolio, without seeking overexposure.</p> <p>The Sub-Fund will preferably use regulated markets but reserves the right to conclude OTC contracts when they are better suited to the management objective or offer lower trading costs.</p> <p>The Sub-Fund reserves the right to trade on all European and international markets.</p>
<p><b>Reference currency</b></p>	<p>The use of derivatives is limited to 100% of the Sub-Fund’s net assets.</p> <p>EUR</p>
<p><b>Risk profile</b></p>	<p><i>Risk of capital loss:</i> as the Sub-Fund’s capital is not guaranteed, the subscriber may lose all or part of his initial investment.</p> <p><i>Interest-rate risk:</i> the Sub-Fund is subject to interest-rate risk. The interest-rate risk is the risk that the value of the Sub-Fund’s investment may decrease if interest rates rise.</p> <p>The Sub-Fund may be exposed to short term negative yields in adverse market conditions.</p> <p>Thus, when interest rates rise, the net asset value of the Sub-Fund may fall.</p> <p><i>Exchange risk:</i> the Sub-Fund may invest in transferable securities</p>



denominated in currencies other than the reference currency. If a currency falls against the euro, the net asset value may fall. There is a residual foreign exchange risk due to imperfect hedging.

*Credit risk relating to issuers of debt securities:* these risks may stem from an unexpected default risk or a downgrade in the rating of an issuer of a debt security. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Sub-Fund to fall.

*Discretionary risk:* the discretionary management style applied to the Sub-Fund is based on the selection of securities and on expectations regarding the markets of the Sub-Fund's assets. There is a risk that the Sub-Fund may not be invested at all times in the best-performing securities. The Sub-Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the Sub-Fund may have a negative performance.

*Counterparty risk:* the Sub-Fund may enter into financial derivative transactions and into repurchase transactions and other contracts that entail a credit exposure to certain counterparties. To the extent that a counterparty defaults on its obligation, the Sub-Fund may experience a decline in the value of its portfolio.

**Risk management method**

Commitment approach

**Investor profile**

Investment horizon: 3 to 6 months

The Sub-Fund is intended for investors seeking money-market exposure.

The reasonable amount to invest in this Sub-Fund depends on your personal financial situation. To determine this, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour a prudent investment. You are also strongly advised to diversify your investments so as not to expose them solely to the risks of this Sub-Fund.

**SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

**Subscription fees**

Class B and I: Maximum of 3% of the NAV applicable per share.

**Redemption fee**

0%

**Conversion fee**

0%

**COSTS PAYABLE BY THE SUB-FUND**

**Management fee**

Class B: Maximum 0.30% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Class I: maximum 0.12% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

**Performance fee**

None

**Operating costs, including the Management Company fee**

0.09% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 100,000 p.a.

**Other costs and fees**

In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

**TAXATION SYSTEM**

**Taxation of the Company**

No duties or taxes payable to Luxembourg, except:

- a one-off fixed registration duty payable upon incorporation

and

- a subscription tax of 0.01% for Class B Shares and of 0.01% for Class I Shares per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax).

**Taxation of Shareholders**

Dividend or redemption payments in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.

Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

**SALE OF SHARES**

**Subscription, redemption and conversion**

Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a valuation day will be processed on the basis of the net asset value of the valuation day after applying the fees provided for in the prospectus. Subscriptions and redemptions must be paid up on the date of calculation of the net asset value.

**Share type/Class**

The Shares are capitalisation Shares (B, I classes).

Shares are issued in dematerialised registered form.

Shares must be fully paid up and are issued with no par value. Fractions of Shares, up to one ten thousandth of a share, may be issued.

**Valuation Day**

Every Business Day in Luxembourg.

**Publication of the NAV**

The net asset value can be consulted at the registered office of the Company.

**CONTACTS**

**Subscriptions, redemptions and conversions**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tel: +352 2696 2030  
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Contact: BP2S TA Call Centre

**Request for documentation**

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The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.

**OVERVIEW OF THE SUB-FUND**

**Investment Manager** LA FRANCAISE DES PLACEMENTS, Paris  
**ISIN code** LU1012601354 Class R USD - Capitalisation  
 LU1012601941 Class D USD - Distribution  
 LU1043188942 Class I USD – Capitalisation

**Listed on Luxembourg stock exchange** Yes

**INVESTMENT POLICY**

**Objectives of the Sub-Fund** The objective of the Sub-Fund is to outperform (net of fees) the US Treasury Note 2.625% 15/11/2020 [US912828PC88] maturing in 2020 over the recommended investment period of 7 years from the launch date of the Sub-Fund until 31 December 2020.

The Sub-Fund is a feeder fund of LFP Rendement Global 2020, as further described below (the « Master-Fund ») and will at all times invest at least 85% of its assets in the Master-Fund.

The Sub-Fund may invest up to 15% of its assets in :

- ancillary liquid assets
- derivative instruments for hedging purposes only

The Sub-Fund will invest in the F Share Class of the Master-Fund.

**Management objective of the Master-Fund**

The objective of the Master-Fund F share class is to outperform (net of fees) the US Treasury Note 2.625% 15/11/2020 [US912828PC88] over the recommended investment period of 7 years from the launch date of the Master-Fund until 31 December 2020.

The profitability of the Master-Fund comes from the value of the accrued coupons of the bonds in the portfolio and the variations in capital due to the fluctuation in interest rates.

**The management objective of the Master-Fund is based on the realisation of market assumptions set by its management company. It is not a guarantee of the Master-Fund’s return or performance.**

The performance of the Sub-Fund and of the Master-Fund will not be equal due to, in particular, costs and expenses incurred by the Sub-Fund, the reference currency of the Sub-Fund differing from that of the Master-Fund and the potential investments in derivatives by the Sub-Fund.

**Benchmark indicator of the Master-Fund**

The Master-Fund is not linked to a benchmark. The average time to maturity of the bond portfolio is around 7 years from the date it was launched. The average time to maturity drops each year to reach that of a monetary investment in 2020. The Master-Fund is exposed to credit risk.

For information purposes only, the Master-Fund’s unitholder can refer to the performance of the US Treasury Note 2.625% 15/11/2020 [US912828PC88].

For information purposes: average actuarial yield as at 27 September 2013: 2.015%.

US Treasury Notes are long term fixed income securities issued by the US Treasury. US T-Notes maturity ranges from 10 to 30 years.

**Benchmark indicator of**

The Sub-Fund is not linked to a benchmark. However, for information purposes only, the Shareholder may refer to

<b>the Sub-Fund</b>	<p>the performance of the US Treasury Note 2.625% 15/11/2020 [US912828PC88].</p>
<b>General information about the Master Fund</b>	<p>The Master-Fund is a mutual fund (« FCP ») incorporated in France. It was established on 28 September 2013 and is authorized and regulated by the “Autorité des marchés financiers » (the « AMF ») as a UCITS.</p> <p>The management company of the Master-Fund is La Française des Placements, a simplified stock company incorporated under the French law, authorised on 1<sup>st</sup> July 1997 and regulated by the AMF as a management company (ref. number GP 97-76). The registered office of La Française des Placements is 173, boulevard Haussmann, 75008 Paris (France).</p> <p>The Master-Fund’s prospectus and financial statements are made available to the unitholders on the website of La Française des Placements <a href="http://www.lafrancaise-am.com">www.lafrancaise-am.com</a> or at its registered office. They are also available at the registered office of the Management Company.</p> <p>Any information relating to the Master-Fund may be obtained from La Française des Placements by contacting the Marketing Department by telephone +33(0)1 44 56 10 00 or by e-mail: <a href="mailto:contact-valeursmobilières@lafrancaise-am.com">contact-valeursmobilières@lafrancaise-am.com</a>.</p> <p>The Master-Fund and the Sub-Fund will have taken appropriate measures to coordinate the frequency and timing of NAV calculation and publication in order to avoid market timing in their units/Shares, as the case may be, preventing arbitrage opportunities.</p> <p>The Master-Fund and the Sub-Fund have entered into an agreement providing for the Sub-Fund’s access to information and documents about the Master-Fund.</p>
<b>Modified duration range</b>	Between 6 and 0 (decreasing over time).
<b>Investment policy of the Master Fund</b>	<p>To achieve the investment objective, the Master-Fund is invested in interest rate products: fixed or floating-rate bonds, convertible bonds, debt securities and money market instruments (Negotiable debt securities, Treasury bills, Treasury notes, commercial papers, certificates of deposit).</p> <p>The investment strategy involves the discretionary management of a portfolio of bonds issued by private or public entities, maturing on or before 31 December 2020.</p> <p>The strategy is not limited to bond carrying; the management company of the Master-Fund may use arbitrage in the event of new market opportunities or an increased risk of default by one of the issuers in the portfolio.</p> <p>During the subscription period, the portfolio management will be active in order to manage overall exposure by means of risk management.</p> <p>The management of the Master-Fund is mainly based on the management team’s in-depth knowledge of the selected companies’ balance sheets and the fundamentals of sovereign debt.</p> <p>The portfolio is invested up to 100% in bonds and other negotiable debt securities with the following characteristics:</p> <ul style="list-style-type: none"> <li>- issued by public or private-sector bodies,</li> <li>- investment grade: rating above or equal to BBB- (Standard &amp; Poor’s) or Baa3 (Moody’s) [0-100%], high yield (speculative): rating lower than BBB- or Baa3 [0-100%], no rating [0-100%],</li> <li>- all economic sectors,</li> <li>- OECD countries (all zones): [0-100%], non-OECD countries (emerging countries) [0-30%].</li> </ul>

Investment in convertible bonds is limited to maximum 30% of net assets.

There is an indirect equity risk due to the exposure to convertible bonds; the Master-Fund may be exposed to equities of all market caps and all economic sectors up to maximum 10% of the net assets.

The Master-Fund will invest in securities denominated in euros and/or US dollars and/or pounds sterling. In so far as the securities are not denominated in euros, the Master-Fund will systematically hedge the exchange risk. There may however be a residual currency exchange risk due to imperfect hedging.

The selection of securities is based on a bottom-up approach and focuses on the financial situation, debt structure and cash flow statements of issuers to avoid default situations. Moreover, issuers with high repayment rates and junior subordinated issues are preferred.

The Master-Fund may also invest up to 10% in shares or units of UCITS and/or other UCIs. The Master-Fund may invest in UCITS of the Management Company or a related company.

On an exceptional and temporary basis in the event of a significant number of redemption requests, the Master-Fund may borrow cash up to a limit of 10% of its net assets.

The Master-Fund will preferably use derivative instruments traded on regulated markets but reserves the right to enter into OTC contracts where these contracts are better suited to the investment objective or offer lower trading costs.

The Master-Fund reserves the right to trade on all European and international futures markets.

The Master-Fund may hedge and/or expose the portfolio via derivatives instruments such as futures, forwards, options, rate swaps, currency swaps, foreign exchange forwards, Credit Default Swaps (CDS on indices or CDS on single underlying asset options), Non Deliverable Forward. The Master-Fund may mainly intervene on interest rate and/or currency futures markets in order to hedge and/or expose the portfolio to interest rate and credit risk, equities and to hedge exchange rate risk.

The Master-Fund may trade in any futures or options as long as their underlying assets have a direct or correlated financial relationship with a portfolio asset, used for both hedging and exposure of the portfolio.

OTC transaction counterparties will be first-class financial entities domiciled in OECD Member States.

These counterparties do not have discretionary decision-making powers over the management of the assets underlying the derivative financial instruments.

The securities received as collateral will be government bonds and/or cash.

The Master-Fund may invest in securities with embedded derivatives (such as convertible bonds, warrants, EMTN) in order to hedge and/or expose the portfolio to interest rates (indices), equity and credit risk.

The Master-Fund reserves the right to make deposits of up to 10% in order to manage its cash flow.

The Master-Fund reserves the right to temporarily borrow cash up to a limit of 10% of its net assets.

Taking into account the investment strategy implemented, the Master-Fund's risk profile is strongly tied to the selection of speculative securities which may represent up to 100% of the assets and therefore include default risk. The Master-Fund's risk profile varies over time; the exposure to different risk factors gradually decreases as the investment period approaches its maturity.

As the Master-Fund approaches maturity and depending on the

prevailing market conditions, its management company shall opt either to continue the investment strategy, merge with another UCITS or liquidate the Master-Fund, subject to the AMF's approval.

Master Fund Subscription Period: The Master Fund shall accept no subscription after 30 September 2014 at 11:00 a.m. (the "Master Fund Subscription Period"). Consequently, as a feeder fund of the Master-Fund, no subscriptions will be accepted in the Sub-Fund after 29 September 2014 at 16:00 p.m..

**Reference currency of the Sub-Fund**

USD

**Risk profile of the Sub-Fund / Master-Fund**

As a feeder fund of the Master-Fund, the Sub-Fund will be subject to the same risks incurred at the level of the Master-Fund as described below:

*Risk of capital loss:* Investors are advised that their capital is not guaranteed and may therefore not be returned to them.

*Discretionary risk:* The discretionary management style applied to the Master-Fund is based on the selection of securities and interest rate market expectations. There is a risk that the Master-Fund may not be invested at all times in the best-performing securities. The Master-Fund's performance may therefore be lower than the investment objective. In addition, the net asset value of the Master-Fund may have a negative performance.

*Interest-rate risk:* The Master-Fund is subject to interest-rate risk on European and international markets. The interest rate risk is the risk that the value of the Master-Fund's investments decreases if interest rates rise. Thus, when interest rates rise, the net asset value of the Master-Fund may fall.

*Credit risk relating to issuers of debt securities:* These risks may arise from a downgrading of the credit rating of an issuer of debt securities, which could decrease the Net Asset Value.

*Default risk relating to issuers of debt securities:* The default risk is the risk related to solvency of the entity which issued the securities. This risk is even greater should the Master-Fund invest in speculative or unrated securities which could lead to an increased level of risk of the net asset value of the Master-Fund decreasing and a loss of capital.

*Risk associated with investments in (speculative) high-yield securities:* This Master-Fund should be considered speculative. It is aimed specifically at investors who are aware of the risks inherent to investing in securities with a low or non-existent rating. These securities are classed as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The value of the Master-Fund may therefore be lower when the value of these securities in the portfolio falls.

*Risk arising from investing in non-OECD countries (emerging countries):* The Master-Fund may be exposed up to 30% in non-OECD countries. Market risk is amplified by any investment in non-OECD countries where upward and downward market movements may be stronger and more sudden than on major international markets.

Investing in non-OECD countries involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of Master-Fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on the

major international markets. In addition, investing on these markets entails risks due to the restrictions imposed on foreign investments, counterparties, the higher market volatility, the delay in settlements/deliveries as well as the limited liquidity of some lines contained in the Master-Fund's portfolio. The net asset value of the Master-Fund may fall as a consequence.

*Counterparty risk:* This is linked to the signature of financial derivatives traded on OTC markets: this is the risk that a counterparty may default in payment. Thus, the default of a counterparty may lead to a decline in the Net Asset Value.

*Risk associated with holding convertible bonds:* The Master-Fund may be exposed up to 30% in convertible bonds. The value of convertible bonds depends to some extent on the evolution of the prices of their underlying equities. Changes in the underlying equities may lead to a fall in the Master-Fund's net asset value.

Exposure to equity risk shall be limited to maximum 10% of the net assets.

*Exchange risk:* The Master-Fund may invest in transferable securities denominated in currencies other than the reference currency and will always hedge the exchange risk. There may however be a residual currency exchange risk due to imperfect hedging. The net asset value of the Master-Fund may fall as a consequence.

The reference currency of the Sub-Fund and of the Master-Fund is different: the reference currency of the Sub-Fund is USD whereas the base currency of the Master-Fund is EUR.

#### **Risk management method of the Master-Fund**

##### *Approach using the VaR method*

The Master-Fund uses a risk management process which makes it possible to evaluate the exposure of the Master-Fund to market, liquidity and counterparty risk, as well as to all other forms of risk which are relevant, including operational risk.

##### *Calculation of overall exposure*

Within the context of the risk management procedure, the Master-Fund's overall exposure is measured and checked in accordance with the absolute value-at-risk (VaR) method.

In financial mathematics and in financial risk management, the value at risk is a measure predominantly used for risk of loss on a particular portfolio of financial assets.

The VaR is calculated with a unilateral confidence interval at 99% and for a retention period of 20 days.

The Master-Fund's VaR is limited to an absolute VaR calculated on the basis of the its net asset value and does not exceed a maximum VaR limit determined by the Management Company, while taking into account the Master-Fund's investment policy and risk profile. The maximum limit is set at 20%.

The Master-Fund may use derivatives to generate overexposure and thus expose the level of its net assets. Depending on the direction of its transactions, the effect of decreases or increases in the derivative's underlying assets may be magnified, leading to a larger decrease or increase in the net asset value of the Master-Fund.

The average leverage of the sub-fund, under normal market conditions, calculated as the sum of the notionals of the financial derivative instruments used, may not exceed 100% of the Master Fund's net asset value.,

This disclosed expected level of leverage is not intended to be an additional exposure limit for the Master-Fund.

#### **Risk Management method of the Sub-Fund :**

Commitment approach

**Investor profile**

Investment horizon: until 31 December 2020

The Sub-Fund is aimed at investors seeking to invest in bonds with a minimum investment horizon up until 31 December 2020.

**Subscribers are informed that their main goal is to keep their investment up until 31 December 2020 in order to benefit from the best conditions regarding actuarial yield offered by the Sub-Fund.**

The reasonable amount to invest in this Sub-Fund depends on the investor's personal financial situation. To determine this, investors should take into account their personal assets and current requirements, and also their willingness to take risks or their wish to favour a prudent investment. Investors are also strongly advised to diversify their investments so as not to expose them solely to the risks of this Sub-Fund.

**SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

<b>Subscription fees</b>	Class R, D and I: Maximum of 4% of the NAV applicable per share.
<b>Redemption fee</b>	0%
<b>Conversion fee</b>	0%

**COSTS PAYABLE BY THE SUB-FUND**

<b>Management fee</b>	Class R: Maximum 1.10% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter. Class D: maximum 1.10% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter. Class I (capitalisation or distribution): maximum 0.55% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.
<b>Performance fee</b>	None
<b>Indirect fees (subscription, redemption and management fees)</b>	No fees on subscription and redemptions Management fees : 0,05% of the Master-Fund Share Class
<b>Operating costs, including the Management Company fee</b>	0,20% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter.
<b>Other costs and fees</b>	In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

**TAXATION SYSTEM**

<b>Taxation of the Company</b>	No duties or taxes payable to Luxembourg, except: <ul style="list-style-type: none"> <li>- a one-off fixed registration duty payable upon incorporation and</li> <li>- a subscription tax of 0.05% for Class R and D Shares per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax).</li> </ul>
<b>Taxation of Shareholders</b>	Dividend or redemption payments in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, Investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made



available by the paying agent.

Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

## **SALE OF SHARES**

### **Subscription, redemption and conversion**

Subscription, redemption and conversion orders received in Luxembourg prior to 16:00. p.m on the day preceding the Valuation Day will be processed on the basis of the Net Asset Value of the Valuation Day after applying the fees provided for in the Prospectus. Subscriptions and redemptions must be paid up no later than three Business Days following the applicable Valuation Day.

**The Sub-Fund will be closed to all Investors as of 29 September 2014 at 16:00 p.m.** From this date, only subscriptions preceded by a redemption on the same day for the same number of Shares, for the same Net Asset Value and by the same Shareholder may be executed.

No minimum initial subscription amount is applicable for the R and D Shares classes.

### **Share type/Class**

The R Shares are capitalisation Shares and the D Shares are distribution Shares.

A minimum initial subscription amount is applicable for the following Classes of Shares:

Institutional Shares class (capitalisation or distribution): USD 100,000 Shares are issued in dematerialised registered form.

Shares must be fully paid up and are issued with no par value. Fractions of Shares, up to one thousandth of a share, may be issued.

### **Initial subscription price**

The Institutional Share classes (capitalisation or distribution) issue Shares at an initial price of USD 1000,- per Share.

### **Valuation Day**

Every Business Day in Luxembourg and in Paris.

### **Net asset value of the Master-Fund:**

**In the interest of Shareholders, during the subscription period up until 30 September 2014, the Master-Fund will be valued at the ask price; beyond this period ending on 30 September 2014, the Master-Fund will be valued at the bid price.**

### **Publication of the NAV**

The Net Asset Value can be consulted at the registered office of the Company.

### **Initial subscription price**

LU1012601354 Class R – Capitalisation - USD : USD 100,-  
LU1012601941 Class D – Distribution - USD : USD 100,-  
LU1043188942 Class I USD – Capitalisation: USD 1000,-

## **CONTACTS**

### **Subscriptions, redemptions and conversions**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tel: +352 2696 2030  
Fax: +352 2696 9747  
Contact: BP2S TA Call Centre

**Request for  
documentation**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tel: +352 2696 2030  
Fax: +352 2696 9747

The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.



### **Benchmark indicator of the Master-Fund**

The Master-Fund is not linked to a benchmark. The average time to maturity of the bond portfolio is around 8 years from the date it was launched. The average time to maturity drops each year to reach that of a monetary investment in 2022. The Master-Fund is exposed to credit risk.

For information purposes only, the Master-Fund's unitholder can refer to the performance of the OAT 2.25% October 2022 [FR0011337880]. For information purposes, average actuarial yield as at 17 June 2014: 1.43%.

OAT are long-term fixed income securities issued by France. OAT maturity ranges from 7 to 30 years.

### **Benchmark indicator of the Sub-Fund**

The Sub-Fund is not linked to a benchmark.

However, for information purposes only, the Shareholder may refer to the performance of:

- The Bund 1.5% September 2022 [DE0001135499] for EUR-denominated Shares. For information purposes, average actuarial yield as at 17 June 2014: 1.09%. Bunds are the fixed-rate or inflation-linked debt securities issued by the German Finance Agency maturing in 10 to 30 years and redeemed at maturity.
- The US-Treasury 1.625% November 2022 [US912828TY62] for USD-denominated Shares. For information purposes, average actuarial yield as at 17 juin 2014: 2.50%. US Treasury Notes are the fixed-rate debt securities issued by the US Treasury maturing in 2 to 10 years and redeemed at maturity.
- The Swedish bond 3.5% June 2022 [SE0003784461] for SEK-denominated Shares. For information purposes, average actuarial yield as at 17 juin 2014: 1.62%. The Swedish Government Bonds are the fixed-rate debt securities issued by the Swedish National Debt Office maturing in 2 to 10 years and redeemed at maturity.

### **General information about the Master-Fund**

The Master-Fund is a mutual fund (« **FCP** ») incorporated in France. It was established on September the 17<sup>th</sup>, 2014 and is authorized and regulated by the *Autorité des marchés financiers* (the « **AMF** ») as a UCITS.

The management company of the Master-Fund is La Française des Placements, a simplified stock company incorporated under French law, authorised on 1<sup>st</sup> July 1997 and regulated by the AMF as a management company (ref. number GP 97-76). The registered office of La Française des Placements is 173, boulevard Haussmann, 75008 Paris (France).

The Master-Fund's prospectus and financial statements are made available to the unitholders on the website of La Française des Placements [www.lafrancaise-am.com](http://www.lafrancaise-am.com) or at its registered office. They are also available at the registered office of the Management Company.

Any information relating to the Master-Fund may be obtained from La Française des Placements by contacting the Marketing Department by telephone +33(0)1 44 56 10 00 or by e-mail: [contact-valeursmobilières@lafrancaise-am.com](mailto:contact-valeursmobilières@lafrancaise-am.com).

The Master-Fund and the Sub-Fund will have taken appropriate measures to coordinate the frequency and timing of NAV calculation and publication in order to avoid market timing in their units/Shares, as the case may be, preventing arbitrage opportunities.

The Master-Fund and the Sub-Fund have entered into an agreement providing for the Sub-Fund's access to information and documents

about the Master-Fund. Such agreement will be made available to Shareholders free of charge upon request.

**Modified duration range**  
**Investment policy of the**  
**Master-Fund**

Between 8 and 0 (decreasing over time).

The investment strategy involves the discretionary management of a portfolio of bonds issued by private or public entities, maturing on or before 31 December 2022.

The strategy is not limited to bond carrying; the management company of the Master-Fund may use arbitrage in the event of new market opportunities or an increased risk of default by one of the issuers in the portfolio.

During the subscription period, the portfolio management will be active in order to manage overall exposure by means of risk management.

The management of the Master-Fund is mainly based on the management team's in-depth knowledge of the selected companies' balance sheets and the fundamentals of sovereign debt.

To achieve the investment objective, the Master-Fund is invested in interest rate products: fixed or floating-rate bonds, convertible bonds, debt securities and money market instruments (Negotiable debt securities, treasury bills, treasury notes, commercial papers, certificates of deposit) of all economic sectors.

The portfolio is invested in entities from:

- public and/or private-sector of OECD countries [0-100%].
- public sector of non-OECD countries [0-100%].
- private sector of non-OECD countries [0-50%].

The allocation between private and public debt is not predetermined and will be decided regarding the market opportunities.

The Master-Fund will be invested up to 100% in: investment grade rated issues [rating above or equal to BBB- (Standard & Poor's) or Baa3 (Moody's)]; high yield (speculative): rating lower than BBB- or Baa3 [0-100%].

When the issue is not rated, the issuer's rating shall be used. No investments shall be made in issues where the issuer is not rated.

The management company of the Master-Fund will not rely solely on agency ratings but will also conduct its own credit analysis to determine in which securities to invest. When considering an investment, it will undertake an analysis in accordance with its investment process.

This analysis is based, in particular, on the financial situation of the company, its strategy, its growth prospects as well as the growth prospects of its business line and inherent regulatory risk.

Investment in convertible bonds is limited to maximum 30% of net assets.

There is an indirect equity risk due to the exposure to convertible bonds; the Master-Fund may be exposed to equities of all market caps and all economic sectors up to maximum 10% of the net assets.

The Master-Fund will invest in securities denominated in euros and/or US dollars and/or pounds sterling. In so far as the securities are not denominated in euros, the Master-Fund will systematically hedge the exchange risk. There may however be a residual currency exchange risk due to imperfect hedging.

The selection of securities is based on an approach focusing on the

financial situation, debt structure and cash flow statements of issuers to avoid default situations. Moreover, issuers with high repayment rates and senior subordinated issues are preferred.

The Master-Fund may also invest up to 10% in shares or units of UCITS and/or other UCIs. The Master-Fund may invest in UCITS managed by the Management Company or a related company.

Taking into account the investment strategy implemented, the Master-Fund's risk profile is strongly tied to the selection of speculative securities which may represent up to 100% of its net assets and therefore include default risk. The Master-Fund's risk profile varies over time; the exposure to different risk factors gradually decreases as the investment period approaches its maturity.

On an exceptional and temporary basis in the event of a significant number of redemption requests, the Master-Fund may borrow cash up to a limit of 10% of its net assets.

The Master-Fund reserves the right to make deposits of up to 10% in order to manage its cash flow.

The Master-Fund will preferably use derivative instruments traded on regulated markets but reserves the right to enter into OTC contracts where these contracts are better suited to the investment objective or offer lower trading costs. The Master-Fund reserves the right to trade on all European and international futures markets.

The Master-Fund may use derivatives instruments such as futures, forwards, options, rate swaps, currency swaps, foreign exchange forwards, credit default swaps (CDS on single underlying asset options), non-deliverable forwards.

The Master-Fund may mainly intervene for hedging and/or exposure purposes on interest rate and/or credit derivative markets and for hedging purposes on currency derivative markets.

The Master-Fund may trade in any futures or options as long as their underlying assets have a direct or correlated financial relationship with a portfolio asset, used for both hedging and exposure of the portfolio.

OTC transaction counterparties will be first-class financial entities domiciled in OECD Member States.

These counterparties do not have discretionary decision-making powers over the management of the assets underlying the derivative financial instruments.

The securities received as collateral will be government bonds and/or cash.

The Master-Fund may invest in securities with embedded derivatives (such as convertible bonds, warrants, EMTN) in order to hedge and/or expose the portfolio to interest rates (indices), equity and credit risk.

The Master Fund overall derivative exposure will not exceed 100% of its net assets.

As the Master-Fund approaches maturity and depending on the prevailing market conditions, its management company shall opt either to continue the investment strategy, merge with another UCITS or liquidate the Master-Fund, subject to the AMF's approval.

**Master Fund Subscription Period:** The Master-Fund shall accept no subscription after 30 September 2016 at 11:00 a.m. (the "**Master Fund Subscription Period**"). Consequently, as a feeder fund of the Master-Fund, no subscriptions will be accepted in the Sub-Fund after 29

September 2016 at 4:00 p.m.

**Fee structure of the Master-Fund**

**Performance fee:** None

**Transaction fees:**

- Shares: 0.40% (with a minimum of EUR 120)
- Convertible obligations < 5 years: 0.06%
- Convertible obligations > 5 years: 0.24%
- Other obligations: 0.024% (with a minimum of EUR 100)
- Monetary instruments: 0.012% (with a minimum of EUR 100)
- Swaps: EUR 300
- Foreign exchange forwards: EUR 150
- Spot foreign exchange: EUR 50
- UCITS: EUR 15
- Futures: EUR 6 / Options: EUR 2.5

**Reference currency of the Sub-Fund**

EUR

**Risk profile of the Sub-Fund / Master-Fund**

As a feeder fund of the Master-Fund, the Sub-Fund will be subject to the same risks incurred at the level of the Master-Fund as described below:

*Risk of capital loss:* Investors are advised that their capital is not guaranteed and may therefore not be returned to them.

*Discretionary risk:* The discretionary management style applied to the Master-Fund is based on the selection of securities and interest rate market expectations. There is a risk that the Master-Fund may not be invested at all times in the best-performing securities. The Master-Fund's performance may therefore be lower than the investment objective. In addition, the net asset value of the Master-Fund may have a negative performance.

*Interest-rate risk:* The Master-Fund is subject to interest-rate risk on European and international markets. The interest rate risk is the risk that the value of the Master-Fund's investments decreases if interest rates rise. Thus, when interest rates rise, the net asset value of the Master-Fund may fall.

*Credit risk relating to issuers of debt securities:* These risks may arise from a downgrading of the credit rating of an issuer of debt securities, which could decrease the Net Asset Value.

*Default risk relating to issuers of debt securities:* The default risk is the risk related to solvency of the entity which issued the securities. This risk is even greater should the Master-Fund invest in speculative or unrated securities which could lead to an increased level of risk of the net asset value of the Master-Fund decreasing and a loss of capital.

*Risk associated with investments in (speculative) high-yield securities:* This Master-Fund should be considered speculative. It is aimed specifically at investors who are aware of the risks inherent to investing in securities with a low or non-existent rating. These securities are classed as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times

at the best price. The value of the Master-Fund may therefore be lower when the value of these securities in the portfolio falls.

*Risk arising from investing in non-OECD countries (emerging countries):* The Master-Fund may be exposed up to 30% in non-OECD countries. Market risk is amplified by any investment in non-OECD countries where upward and downward market movements may be stronger and more sudden than on major international markets.

Investing in non-OECD countries involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of the Master-Fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on the major international markets. In addition, investing on these markets entails risks due to the restrictions imposed on foreign investments, counterparties, the higher market volatility, the delay in settlements/deliveries as well as the limited liquidity of some lines contained in the Master-Fund's portfolio. The net asset value of the Master-Fund may fall as a consequence.

*Counterparty risk:* This is linked to the execution of contracts relating to financial derivatives traded on OTC markets: this is the risk that a counterparty may default in payment. Thus, the default of a counterparty may lead to a decline in the Net Asset Value.

*Risk associated with holding convertible bonds:* The Master-Fund may be exposed up to 30% in convertible bonds. The value of convertible bonds depends to some extent on the evolution of the prices of their underlying equities. Changes in the underlying equities may lead to a fall in the Master-Fund's net asset value.

Exposure to equity risk shall be limited to maximum 10% of the Master-Fund's net assets.

*Exchange risk:* The Master-Fund may invest in transferable securities denominated in currencies other than the reference currency and will always hedge the exchange risk. There may however be a residual currency exchange risk due to imperfect hedging. The net asset value of the Master-Fund may fall as a consequence.

**Risk management method of the Master-Fund**

Commitment approach

**Risk Management method of the Sub-Fund**

Commitment approach

**Investor profile**

Investment horizon: > 8 years

The Sub-Fund's investment policy is suitable for investors seeking to invest in bonds with a minimum investment horizon up until 31 December 2022.

**Subscribers are advised to maintain their investment up until 31 December 2022 in order to benefit from the best conditions regarding actuarial yield offered by the Sub-Fund.**

The reasonable amount to invest in this Sub-Fund depends on the investor's personal financial situation. To determine this, investors should take into account their personal assets and current requirements, and also their willingness to take risks or their wish to favour a prudent investment. Investors are also strongly advised to diversify their investments so as not to expose them solely to the risks of this Sub-Fund.



## **SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

<b>Subscription fees</b>	Class R, D, T and I: Maximum of 3% of the NAV applicable per share.
<b>Redemption fee</b>	0%
<b>Conversion fee</b>	0%

## **COSTS PAYABLE BY THE SUB-FUND**

<b>Management fee</b>	<p>Class R: Maximum 0.95% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>Class D: maximum 0.95% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>Class T: maximum 0.75% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>Class I: maximum 0.55% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p>
<b>Performance fee</b>	None
<b>Indirect fees (subscription, redemption and management fees)</b>	<p>No fees on subscriptions and redemptions</p> <p>Management fees : 0,05% of the Master-Fund F unit class</p>
<b>Operating costs, including the Management Company fee</b>	0,20% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter.
<b>Other costs and fees</b>	In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

## **TAXATION SYSTEM**

<b>Taxation of the Company</b>	<p>No duties or taxes payable to Luxembourg, except:</p> <ul style="list-style-type: none"><li>- a one-off fixed registration duty payable upon incorporation and</li><li>- a subscription tax of 0.05% for Class R and D Shares and 0.01% for Class I per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax).</li></ul>
<b>Taxation of Shareholders</b>	<p>Dividend or redemption payments in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.</p> <p>Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.</p>

## **SALE OF SHARES**

<b>Subscription, redemption and conversion</b>	Subscription, redemption and conversion orders received in Luxembourg prior to 4:00. p.m on the day preceding the Valuation Day will be processed on the basis of the Net Asset Value of the Valuation Day after applying the fees provided for in the Prospectus.
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Subscriptions and redemptions must be paid up no later than two Business Days following the applicable Valuation Day.

**The Sub-Fund will be closed to all investors as of 29 September 2016 at 4:00 p.m.** From this date, only subscriptions preceded by a redemption on the same day for the same number of Shares, for the same Net Asset Value and by the same Shareholder may be executed.

No minimum initial subscription amount is applicable for the R, T and D Shares classes.

Minimum initial subscription amount for I USD shares classes : USD 100,000

Minimum initial subscription amount for I SEK shares classes : SEK 1,000,000

The minimum initial subscription amount related to the I share classes will not apply to the management company or any entity within the Group La Française, their minimum subscription allowed will be 1 share.

**Share type/Class**

The D Shares and T Shares are distribution Shares.

The R Shares and I Shares are capitalisation Shares.

Class D EUR and Class T EUR are unhedged.

Class D USD, Class R USD and class Class I USD, denominated in a currency different from the Sub-Fund's reference currency, will be hedged against foreign exchange risk by means of derivative instruments. There may however be a residual currency exchange risk due to imperfect hedging.

Class D SEK, Class R SEK and Class I SEK, denominated in a currency different from the sub-Fund's reference currency, will be hedged against foreign exchange risk by means of derivative instruments. There may however be a residual currency exchange risk due to imperfect hedging.

Shares are issued in dematerialised registered form.

Shares must be fully paid up and are issued with no par value. Fractions of Shares, up to one thousandth of a share, may be issued.

**Valuation Day**

Every Business Day in Luxembourg and in Paris.

**Net asset value of the Master-Fund:**

**In the interest of Shareholders, during the Master-Fund Subscription Period up until 30 September 2016, the Master-Fund will be valued at the ask price; beyond this period ending on 30 September 2016, the Master-Fund will be valued at the bid price.**

**Publication of the NAV**

The Net Asset Value can be consulted at the registered office of the Company.

**Initial subscription price**

LU1114238576 Class D EUR – Distribution : 100 €

LU1114238659 Class T EUR – Distribution : 100 €

LU1114238733 Class D USD Hedged– Distribution: 100 \$

LU1114238816 Class R USD Hedged – Capitalisation: 100 \$

LU1114238907 Class I USD Hedged – Capitalisation: 1000 \$

LU1114239038 Class D SEK Hedged – Distribution: 100 SEK

LU1114239111 Class R SEK Hedged – Capitalisation: 100 SEK

LU1114239202 Class I SEK Hedged – Capitalisation: 1000 SEK

**Initial subscription period** From Monday 10<sup>th</sup> November 2014 until Friday 14<sup>th</sup> November 2014 (included).

**CONTACTS**

**Subscriptions,  
redemptions and  
conversions**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tel: +352 2696 2030  
Fax: +352 2696 9747  
Contact: BP2S TA Call Centre

**Request for  
documentation**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tel: +352 2696 2030  
Fax: +352 2696 9747

The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.

**OVERVIEW OF THE SUB-FUND**

**Investment Manager** LA FRANÇAISE DES PLACEMENTS, Paris  
**ISIN code** LU1119873195 Class R EUR - Capitalisation  
 LU1119873351 Class I EUR - Capitalisation

**Listed on Luxembourg stock exchange** Yes

**INVESTMENT POLICY**

**Objectives of the Sub-Fund** The objective of the Sub-Fund is to outperform (net of fees) the capitalised 1 month Euribor index + 3.50% over the recommended investment period of 2 years.  
 The Sub-Fund aims for a maximum target volatility of 10% under normal market conditions.  
 The Sub-Fund is a feeder fund of LFP Allocation, as further described below (the « Master-Fund ») and will at all times invest at least 85% of its assets in the Master-Fund.  
 The Sub-Fund may invest up to 15% of its assets in ancillary liquid assets.  
 The Sub-Fund will invest in the F unit class of the Master-Fund.

**Management objective of the Master-Fund** The objective of the Master-Fund F unit class is to outperform (net of fees) the capitalised 1 month Euribor index + 3.50% over the recommended investment period of 2 years.  
 The Master-Fund aims for a maximum target volatility of 10% under normal market conditions.  
 The performance of the Sub-Fund and of the Master-Fund will not be equal due to, in particular, costs and expenses incurred by the Sub-Fund.

**Benchmark indicator of the Master-Fund** The Master-Fund is not linked to a benchmark. For information purposes only, the Master-Fund's unitholders may refer to the performance of the capitalised 1 month Euribor.  
 The Euribor index is the European monetary market rate. It is equal to the arithmetic average of the rates offered on the European banking market for a set maturity (between 1 week and 12 months). It is published by the European Central Bank using listings supplied daily by 64 European banks.

**Benchmark indicator of the Sub-Fund** The Sub-Fund is not linked to a benchmark.  
 However, for information purposes only, the Shareholder may refer to the performance of the capitalised 1 month Euribor.

**General information about the Master Fund** The Master-Fund is a mutual fund (« FCP ») incorporated in France. It was established on 31 July 2003 and is authorized and regulated by the « Autorité des marchés financiers » (the « AMF ») as a UCITS.  
 The management company of the Master-Fund is La Française des Placements, a simplified stock company incorporated under French law, authorised on 1<sup>st</sup> July 1997 and regulated by the AMF as a management company (ref. number GP 97-76). The registered office

of La Française des Placements is 173, boulevard Haussmann, 75008 Paris (France).

The Master-Fund's prospectus and financial statements are made available to the unitholders on the website of La Française des Placements at [www.lafrancaise-am.com](http://www.lafrancaise-am.com) or at its registered office. They are also available at the registered office of the Management Company.

Any information relating to the Master-Fund may be obtained from La Française des Placements by contacting the Marketing Department by telephone +33(0)1 44 56 10 00 or by e-mail: [contact-valeursmobilières@lafrancaise-am.com](mailto:contact-valeursmobilières@lafrancaise-am.com).

The Master-Fund and the Sub-Fund will have taken appropriate measures to coordinate the frequency and timing of NAV calculation and publication in order to avoid market timing in their units/Shares, as the case may be, preventing arbitrage opportunities.

The Master-Fund and the Sub-Fund have entered into an agreement providing for the Sub-Fund's access to information and documents about the Master-Fund. Such agreement will be made available to Shareholders free of charge upon request.

### **Investment policy of the Master-Fund**

The Master-Fund aims for a long term performance through a discretionary allocation between different classes of assets (equities, fixed income, currencies) and geographical areas (mainly in OECD countries and up to 20% maximum in non-OECD countries, including certain non-OECD countries which may be qualified as emerging countries).

The Master-Fund's strategy is based on "Tactical Allocation" management and is reflected in the different asset classes and geographical regions mentioned above, by the following strategies:

- long positions and/or short positions on underlying markets
- long positions and/or short positions on the volatility of underlying markets
- arbitrage positions between different underlying markets and types of underlying instruments.

This management is implemented as the opportunity arises, between asset classes, using the following processes:

- 1) identifying investment strategies based on the relative value of financial asset prices compared to the growth of economic aggregates;
- 2) choosing positions which offer the best return/risk pairing within each investment strategy;
- 3) allocating risk between different investment strategies and positions based on market value.

Over time, the exposure of the portfolio may vary significantly between different asset classes and investment strategies. To illustrate this idea, here are two "extreme" examples of situations which the manager may encounter as part of their fund management:

- If the management process fails to generate any purchase or sale signal, the portfolio can be invested up to 100% in monetary investments at a given time.
- If the management process only identifies a single investment strategy bearing, for example, on European equity index futures, the portfolio risk may be concentrated at a given time on this sole strategy (in addition to monetary investments).

However, under normal conditions, the Master-Fund aims for 3 to 5 active strategies in the portfolio. These may take the form of long or short directional positions, or arbitrage positions, where the levels of commitment by asset class or on the relative weighting of a strategy in relation to the others cannot be pre-determined and where directional positions may not be stable over time.

With regard to the set of strategies, the Master-Fund is correlated to

the financial markets. However, this correlation is low when each benchmark financial market of asset classes is considered separately. In order to ensure the management objective, exposure ranges and sensitivity to the various markets have been pre-determined. Exposure ranges have been calculated to meet the limitation of the maximum Master-Fund's volatility (maximum 10% under normal market conditions).

The investment strategies will be mainly "top/down", stemming from macroeconomic analyses made by LA FRANÇAISE DES PLACEMENTS. They will be selected based on the following elements:

- Research by LA FRANÇAISE DES PLACEMENTS management teams on equities, fixed income, currencies and/or research received from investment banks working with LA FRANÇAISE DES PLACEMENTS
- Macro-economic and financial studies carried out by external providers

The risk allocation between the various markets and strategies will be managed dynamically.

#### 1. Equity products

The allocation covers all sectors of activity and all geographical regions with an emphasis on the United States, Europe and Japan.

These investments will be made solely via futures, options or, up to a limit of 10% via UCITS established under French law or the laws of another EU Member State, holding a "Shares" classification.

The strategy will be used as the opportunity arises, and the net exposure of the Master-Fund to equity markets will be between -60% and +60%.

The positions, assessed at the discretion of the management company of the Master-Fund, are based both on the analysis of different macroeconomic indicators and on the analysis of market indicators, including:

- broad market indicators, including:
  - growth,
  - inflation,
  - external commerce,
  - public accounts; and,
- market indicators specific to the financial markets, such as:
  - o capital flows
  - o growth in company profits
  - o the valuation of the different markets
  - o the technical analysis of the markets and of the various risk indices.

This analysis will be enhanced by external analyses and financial publications.

These short, medium or long term positions will express upward and downward trends in the selected indices.

The management company of the Master-Fund may also take arbitrage positions using futures or options on the indices in order to benefit from opportunities between the various markets.

#### 2. Fixed income products

The Master-Fund may be exposed to public bond markets, mainly on United States, European and Japanese markets.

These investments will be made via futures, options on bonds, indices and/or contracts on fixed rate, floating rate or index-linked bonds.

The modified duration of the portfolio ranges between -10 and +10.

The positions, assessed at the discretion of the manager of the Master-Fund, are based both on the analysis of different macroeconomic indicators and on the analysis of market indicators, such as:

- broad market indicators, including:
  - growth,
  - inflation,
  - external commerce,
  - public accounts; and,
- market indicators specific to the financial markets, such as:
  - o capital flows
  - o the valuation of the different markets
  - o a technical analysis of the markets and of the various risk indices
  - o an analysis of monetary policy forecasts

This analysis will also be enhanced by external analyses and financial publications.

These short, medium or long term positions will express upward and downward trends in the fixed income markets.

The manager of the Master-Fund may take arbitrage positions between the various points on the yield curve and intra-zone positions in order to benefit from opportunities on the selected bond markets.

These arbitrage positions will reflect opportunities detected between the various maturities on yield curves and among various countries with regard to the indicators given above. They will be implemented by futures and options on the relevant fixed rate bonds.

To manage its liquid assets, the Master-Fund may invest up to 100% of its net assets in debt instruments, except for commercial papers and short-term notes.

These investments shall be made in "investment grade" signatures (greater than or equal to BBB-), where the manager reserves the option to invest in lower signatures based on market opportunities, within a maximum limit of 10% of the net assets.

The allocation between private and public debt is not determined in advance and will be based on market opportunities.

The leverage effect shall not exceed the limits set out in section IV "Investment Rules" of the Prospectus

### 3. Credit products

The Master-Fund may act on the credit market through the use of liquid derivative instruments, CDS (credit default swap) in indices such as the Markit iTraxx Europe and Markit iTraxx Europe Hivol indices.

These indices are based on "investment grade" credit (rating higher than or equal to BBB- on the Standard & Poor's rating scale, or Baa3 on the Moody's scale) or speculative credit (rating lower than BBB-) on European, United States and Japan markets, with no maturity restrictions.

These transactions, coming in the form of purchases or sales, shall be made for the purposes of exposure and/or hedging.

Modified duration range: +5 / -5

The leverage effect shall not exceed 200%.

### 4. Currency products

The Master-Fund may take directional and relative value positions mainly in the following currencies: USD (United States), EUR (eurozone countries), JPY (Japan), GBP (Great Britain), AUD (Australia), CHF (Switzerland), CAD (Canada).

The instruments used can be swaps, futures, options or NDFs (non deliverable forwards: forward foreign exchange transactions).

The Master-Fund's exposure to foreign currencies may represent up to 100% of the Master-Fund's assets.

### 5. Volatility

In order to respect the maximum 10% volatility objective of the

portfolio, the Master-Fund may take directional and relative value positions on the implicit volatility of equity, fixed income and exchange rate markets detailed above. The strategies can be broken down into two categories:

- Directional strategies: these aim at exposing the portfolio to the volatility of a given market, when purchasing or selling positions. The resulting net “Vega” will be positive or negative.
- Relative value strategies: these aim at exploiting differences in the level of volatility from one market to another, independently of the general direction of these markets, thanks to buy or sell positions taken simultaneously. The resulting net Vega for a "relative value" strategy will be close to 0. These investments are made through futures on implicit volatility and on options markets.

The Master-Fund can invest in implicit volatilities in 3 asset classes (equities, fixed income, currency) across a Vega range between -0.5 and +0.5.

The volatility strategy does not play a substantial role as a driver for performance within the Master-Fund’s strategy. Exposure to volatility may not exceed 5% of the Master-Fund's maximum risk budget.

The Master-Fund will preferably invest in derivative instruments traded on French or foreign regulated markets but reserves the right to enter into OTC contracts where these contracts are better suited to the investment objective or offer lower trading costs.

The manager of the Master-Fund may thus take positions in order to gain exposure and/or hedge the portfolio using derivatives on the equities markets (futures, options), on fixed income markets (rate swaps, futures rates and options), and on currency markets (forex swaps, forward exchange contracts, spot, futures and options).

The Master-Fund may also trade futures, options and swaps. Each derivative instrument addresses a specific hedging, arbitrage or exposure strategy to (i) hedge the entire portfolio or certain classes of assets held within it against equity market risks, interest rate risks or currency risks, (ii) synthetically rebuild specific assets, or (iii) increase the Master-Fund's exposure to risks in the equity market, interest rate or currency, in order to achieve the management objective.

In addition, the Master-Fund may enter into temporary purchase transactions and reverse repurchase transactions (also known as “repos”) in order to (i) ensure the investment of the cash available (reverse repo), (ii) optimise the performance of the portfolio (securities lending), (iii) establish an arbitrage position designed to profit from a widening rate spread.

Investors in eurozone countries are exposed to currency risks.

The Master-Fund may trade in futures, options, CDS, swaps on major indices of equity, fixed income, credit and foreign exchange markets.

Efficient portfolio management techniques:

OTC transaction counterparties will be first-class financial entities domiciled in OECD Member States.

These counterparties do not have discretionary decision-making powers over the management of the assets underlying the derivative financial instruments.



The securities received as collateral may be:

- Cash
- Securities issued by OECD Member States
- Monetary UCITS and/or UCIs

Non-cash collateral received should not be sold, re-invested or pledged.

In the context of efficient portfolio management techniques, the Master-Fund will receive no non-cash collateral.

Cash collateral received should only be:

- Placed on deposit with entities whose headquarters are located in OECD Member State or other countries subject to similar prudential rules;
- Invested in high-quality government bonds;
- Invested in short-term money market funds as defined in the *ESMA Guidelines on a Common Definition of European Money Markets Funds*.

The Master-Fund may also invest up to 10% in shares or units of UCITS and/or other UCIs. The Master-Fund may invest in UCITS managed by the management company or a related company.

Embedded derivatives : none

The Master-Fund reserves the right to make deposits of up to 10% in order to manage its cash flow.

The Master-Fund reserves the right to temporarily borrow cash up to a limit of 10% of its net assets.

These transactions may be entered into with companies linked to the the Investment Manager.

**Fee structure of the Master-Fund**

**Performance fee:** Up to 20% maximum of the positive difference between the performance of the Master-Fund and the performance of the capitalised 1-month Euribor index + 3.50%

**Transaction fees:**

- Shares: 0.40% (with a minimum of EUR 120)
- Convertible obligations < 5 years: 0.06%
- Convertible obligations > 5 years: 0.24%
- Other obligations: 0.024% (with a minimum of EUR 100)
- Monetary instruments: 0.012% (with a minimum of EUR 100)
- Swaps: EUR 300 / Foreign exchange forwards: EUR 150
- Spot foreign exchange: EUR 50
- UCIs: EUR 15
- Futures: EUR 6 / Options: EUR 2.5

**Reference currency**

EUR

**Risk profile of the Sub-Fund / Master-Fund**

As a feeder fund of the Master-Fund, the Sub-Fund will be subject to the same risks incurred at the level of the Master-Fund as described below:

*Risk of capital loss:* Investors are informed that their capital is not guaranteed and may therefore not be returned to them.

*Discretionary risk:* The discretionary management style applied to the Master-Fund is based on the selection of securities and interest rate market expectations. There is a risk that the Master-Fund may not be invested at all times in the best-performing securities or markets. The Master-Fund's performance may therefore be lower than the investment objective. In addition, the net asset value of the Master-

Fund may have a negative performance.

*Equity market risk:* The Master-Fund is exposed to the equity markets. Variations in share prices could have a negative impact on the net asset value of the Master-Fund: a movement in the price of the shares in the opposite direction to the positions taken could bring about a fall in the net asset value. The Master-Fund will therefore be subject to both the rises and falls of the equities markets in line with the positions taken.

The Master-Fund's exposure to the equities markets is between -60% and +60% of its assets.

*Interest-rate risk:* The Master-Fund is subject to interest-rate risk on French and foreign markets. Variations in interest rates could have a negative impact on the net asset value of the Master-Fund: a movement in the interest rate in the opposite direction to the positions taken could bring about a fall in the net asset value. The Master-Fund will therefore be subject to both rises and falls in interest rates in line with the positions taken. The modified duration of the portfolio ranges between -10 and +10.

If the Master-Fund's modified duration is positive and interest rates increase, then the net asset value will fall. If the modified duration is negative and interest rates fall, then the net asset value will fall.

*Foreign exchange risk:* The Master-Fund is subject to foreign exchange risk as it may invest in transferable securities denominated in currencies other than the reference currency. This is the risk of a fall in the investment currencies compared with the portfolio's reference currency, the euro. Depending on the direction of the Master-Fund's transactions, the fall (in the case of purchases) or the rise (in the case of sales) of a currency compared with the euro may bring about a fall in the net asset value.

The Master-Fund's exposure to foreign currencies may represent up to 100% of its assets.

*Risk arising from arbitrage transactions:* Arbitrage is a technique which consists of benefiting from the price differences anticipated between markets and/or sectors and/or currencies and/or instruments. In the event of unfavourable trends in these arbitrages (rise in selling transactions and/or fall in buying transactions), the valuation of the strategy declines and the net asset value of the Master-Fund may fall significantly.

*Volatility risk:* Volatility risk is the risk of a fall in the net asset value caused by a rise or fall in the volatility which is decorrelated from the performances of traditional paper securities markets. In case of an adverse movement in the volatility on the strategies implemented, the net asset value will suffer a fall.

If the Master-Fund is buying and the implicit volatility falls, then the net asset value of the Master-Fund will fall.

If the Master-Fund is selling and the implicit volatility increases, then the net asset value of the Master-Fund will fall.

*Risk arising from investing in non-OECD countries (emerging countries):* The Master-Fund may be exposed up to 20% in non-OECD countries. Market risk is amplified by any investment in non-OECD countries where upward and downward market movements may be stronger and more sudden than on major international markets.

Investing in non-OECD countries involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of Master-Fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on the major international markets. In addition, investing on these markets entails risks due to the restrictions imposed on foreign investments, counterparties, the higher market volatility, the delay in settlements/deliveries as well as the limited liquidity of some lines contained in the Master-Fund's portfolio. The net asset value of the

Master-Fund may fall as a consequence.

*Risk arising from overexposure* : The Master-Fund may use financial futures instruments (derivatives) to generate overexposure and thus expose the Master-Fund beyond the level of its net assets. Depending on the direction of the Master-Fund's transactions, the effect of the fall (in the case of purchase of exposure) or of the rise of the underlying of the derivative (in the case of sale of exposure) may be amplified and therefore increase the fall of the net asset value of the Master-Fund.

*Default risk relating to issuers of debt securities*: Credit risk may arise from a deterioration of the credit rating or the defaulting of an issuer of debt securities. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Master-Fund to fall. When investing in bonds there is a direct or indirect risk arising from the possible presence of securities of lower quality, known as high-yield securities. These high yield securities are classed as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The value of the Master-Fund's units may therefore decrease if the value of these securities in the portfolio falls.

*Counterparty risk*: This is linked to the signature of financial derivatives traded on OTC markets: this is the risk that a counterparty may default in payment. Thus, the default of a counterparty may lead to a decline in the Net Asset Value.

*Risk of potential conflicts of interest*: The Master-Fund may engage in temporary securities purchase and sale transactions whose counterparty is a related company.

### **Risk management method of the Master-Fund**

#### *Approach using the VaR method*

The Master-Fund uses a risk management process which makes it possible to evaluate the exposure of the Master-Fund to market, liquidity and counterparty risk, as well as to all other forms of risk which are relevant, including operational risk.

#### *Calculation of global exposure*

Within the context of the risk management procedure, the Master-Fund's overall exposure is measured and checked in accordance with the absolute value-at-risk (VaR) method.

In financial mathematics and in financial risk management, the VaR is a measure predominantly used for risk of loss on a particular portfolio of financial assets.

The VaR is calculated with a unilateral confidence interval at 99% and for a retention period of 20 days.

The Master-Fund's VaR is limited to an absolute VaR calculated on the basis of the net asset value and does not exceed a maximum VaR limit determined by the management company, while taking into account the Master-Fund's investment policy and risk profile. The maximum limit is set at 20%.

The Master-Fund may use derivatives to generate overexposure and thus expose the level of its net assets. Depending on the direction of its transactions, the effect of decreases or increases in the derivative's underlying assets may be magnified, leading to a larger decrease or increase in the net asset value of the Master-Fund.

The derivatives commitment approach is the method used to determine its rate of leverage. The expected leverage rate may not exceed 400% of the Master-Fund's net asset value. However, this level may be higher under exceptional market circumstances.

The leverage is the sum of the exposure calculated with the commitment approach without the use of netting or hedging. This disclosed expected level of leverage is not intended to be an additional

exposure limit for the Master-Fund.

**Risk Management  
method of the  
Sub-Fund**

Commitment approach

**Investor profile**

Investment horizon: 2 years

The Sub-Fund is aimed at investors seeking a dynamic management with an exposure to non-OECD countries (20% maximum – certain non-OECD countries may be qualified as emerging countries) and to speculative securities.

The reasonable amount to invest in this Sub-Fund depends on the investor's personal financial situation. To determine this, investors should take into account their personal assets and current requirements, and also their willingness to take risks or their wish to favour a prudent investment. Investors are also strongly advised to diversify their investments so as not to expose them solely to the risks of this Sub-Fund.

**SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

**Subscription fees**

Class R and I: Maximum of 4% of the NAV applicable per share.

**Redemption fee**

0%

**Conversion fee**

0%

**COSTS PAYABLE BY THE SUB-FUND**

**Management fee**

LU1119873195 Class R EUR - Capitalisation: up to 1,70% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

LU1119873351 Class I EUR - Capitalisation: up to 1,14% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

**Performance fee**

None

**Indirect fees (subscription,  
redemption and  
management fees)**

No fees on subscriptions and redemptions

Management fees: 0,05% of the Master-Fund F unit class

**Operating costs, including  
the Management  
Company fee**

0,20% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 30.000 p.a.

**Other costs and fees**

In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

**TAXATION SYSTEM**

**Taxation of the Company**

No duties or taxes payable to Luxembourg, except:

- a one-off fixed registration duty payable upon incorporation and
- a subscription tax of 0.05% for Class R Shares and of 0.01% for I Shares per annum (exemption of net assets invested in Luxembourg UCIs already subject to the subscription tax).

**Taxation of Shareholders**

Dividend or redemption payments in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.

Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

## **SALE OF SHARES**

**Subscription, redemption and conversion**

Subscription, redemption and conversion orders received in Luxembourg prior to 4.00 p.m. on the day preceding the Valuation Day will be processed on the basis of the Net Asset Value of the Valuation Day after applying the fees provided for in the Prospectus. Subscriptions and redemptions must be paid up no later than two Business Days following the applicable Valuation Day.

Minimum initial subscription amount :

LU1119873195 Class R EUR - Capitalisation – none

LU1119873351 Class I EUR - Capitalisation – EUR 150.000

**Share type/Class**

The Shares are capitalisation Shares (R and I Classes)  
Shares are issued in dematerialised registered form  
Shares must be fully paid up and are issued with no par value.  
Fractions of Shares, up to one thousandth of a share, may be issued.

**Valuation Day**

Every Business Day in Luxembourg and in Paris

**Publication of the NAV**

The Net Asset Value can be consulted at the registered office of the Company.

**Initial subscription price**

LU1119873195 Class R EUR - Capitalisation – EUR 100  
LU1119873351 Class I EUR - Capitalisation – EUR 1 000

**Initial subscription period**

From Monday 1<sup>st</sup> December 2014 until Friday 5<sup>th</sup> December 2014 (included).

## **CONTACTS**

**Subscriptions, redemptions and conversions**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tel: +352 2696 2030  
Fax: +352 2696 9747  
Contact: BP2S TA Call Centre

**Request for documentation**

BNP Paribas Securities Services

33, rue de Gasperich  
L-5826 Hesperange  
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Fax: +352 2696 9747

The Prospectus and the KIID, as well as the annual and semi-annual reports, may be obtained free of charge from the registered office of the Company.

**SUB-FUND: LA FRANCAISE AM FUND – LFP FORUM SECURITIES GLOBAL INCOME REAL ESTATE**

**OVERVIEW OF THE SUB-FUND**

<b>Investment Manager</b>	FORUM SECURITIES (UK) LIMITED, London
<b>ISIN code</b>	LU1013051393 Class R Euro – Distribution LU1013051559 Class R Euro – Capitalisation LU1013051716 Class R USD – Distribution LU1013051989 Class R USD – Capitalisation LU1132342533 Class R USD Hedged – Distribution LU1132342616 Class R USD Hedged – Capitalisation LU1013052102 Class I Euro - Distribution LU1013052367 Class I Euro - Capitalisation LU1013052524 Class I USD - Distribution LU1013052870 Class I USD - Capitalisation LU1132342707 Class I USD Hedged – Distribution LU1132342889 Class I USD Hedged – Capitalisation LU1013053092 Class LatAm A USD - Distribution LU1013053258 Class LatAm C USD – Capitalisation LU1132342962 Class LatAm A USD Hedged – Distribution LU1132343002 Class LatAm C USD Hedged – Capitalisation
<b>Listed on Luxembourg stock exchange</b>	Yes

**INVESTMENT POLICY**

<b>Objectives of the Sub-Fund</b>	<p>The objective of the Sub-Fund is to achieve high-dividend income and capital appreciation via investments in equity securities of closed-ended REITs<sup>1</sup> and other real estate companies -in developed and emerging markets. These investments are supported by strong fundamental analysis of return and risk and selected from an independent universe assembled by the Investment Manager of about of about 700 global real estate companies.</p> <p>It is intended to achieve an outperformance of the dividend yield offered by the benchmark (as indicated below) on annual basis.</p>
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<b>Investment policy</b>	<p>The Sub-Fund concentrates its investments in a portfolio of equity investments in issuers that are primarily engaged in or related to the real estate industry globally, including developed and emerging markets. An issuer is primarily engaged to the real estate industry if it derives at least 50% of its gross revenues or net profits from the ownership, development, construction, financing, management or sale of commercial, industrial or residential real estate or interests therein or has 50% of its assets in real estate or real estate interests. Real estate industry companies may include real estate investment trusts (“REITs”), tax transparent real estate companies or real estate operating companies whose businesses and services are related to the real estate industry. The Sub-Fund primarily buys common stock (minimum 60% exposure) but can also invest in preferred stock (maximum 10 %) or debt securities (maximum 10%) of issuers in the real estate industry, subject to risk diversification requirements. The</p>
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<sup>1</sup> In compliance with the provisions of article 41 (1) of the 2010 Law.

Sub-Fund uses, as a reference, the FTSE EPRA/NAREIT Developed Total Return index (used for reference only, given that the Sub-Fund is not benchmark-aware or managed towards a certain tracking error). The Bloomberg ticker for the benchmark is RNGL Index in EUR).

The Sub-Fund may invest in the following geographical regions:

- Asia/Pacific;
- Americas; and
- Europe, Middle East and Africa.

The sectorial diversification in any one sector shall be decided by the Investment Manager from time to time, in the best interest of the Sub-Fund and its Shareholders. The information with regards to the sectorial diversification shall be available at the registered office of the Company.

The Sub-Fund may invest no more than 10% in the money market instruments of any single issuer, bank certificates of deposit and bankers' acceptances, provided that it may invest up to 30% in investment grade Government securities. Moreover, the Sub-Fund may acquire no more than (i) 10% of the non-voting shares of the same issuer; (ii) 10% of the debt securities of the same issuer; and (iii) 10% of the money market instrument of any single issuer.

The Sub-Fund can also invest up to 10% of its net assets in shares or units of UCITS and/or other UCIs. However, the Sub-Fund may acquire no more than (i) 15% of the shares/units of an Exchange-Traded Fund, and (ii) 25% of the shares/units of any other type of UCITS or UCI.

The Sub-Fund may hold liquid assets on an ancillary basis. The Sub-Fund may, with the aim of investing its liquid assets, invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.

#### **Use of derivatives**

The Sub-Fund may, within the limits laid down in the prospectus, use techniques and instruments of financial futures markets for the purposes of proper portfolio management or hedging, given that these techniques and instruments will only be used to the extent that they do not negatively affect the integrity of the Sub-Fund's investment policy. The Sub-Fund may hedge positions in foreign currencies, however Share Classes remain unhedged. The positions in foreign currencies will be hedged through FX forwards.

Direct and indirect operational costs/fees payable to BNP Paribas Securities Services, Luxembourg Branch arising from efficient portfolio management techniques that may be deducted from the revenue delivered to the Sub-Fund are agreed between the Company and BNP Paribas Securities Services, Luxembourg Branch and are available to investors at the registered office of the Company and of the Management Company upon request. They are also disclosed in the annual and semi-annual report.

These costs and fees shall not include hidden revenue.

#### **Reference currency**

EUR

#### **Risk profile**

*Real Estate Related Securities Risk* — The main risk of real estate related securities is that the value of the underlying real estate may go down. Many factors may affect real estate values. These factors include both the general and local economies, vacancy rates, tenant bankruptcies, the ability to re-lease space under expiring leases on attractive terms, the amount of new construction in a particular area, the laws and regulations (including zoning, environmental and tax laws) affecting real estate and the costs of owning, maintaining and



improving real estate. The availability of mortgage financing and changes in interest rates also affect real estate values. If the Sub-Fund's real estate related investments own real estate assets which are concentrated in one geographic area or in one property type, the Sub-Fund will be particularly subject to the risks associated with that area or property type. Many issuers of real estate related securities are highly leveraged, which increases the risk to holders of such securities. The value of the securities the Sub-Fund buys will not necessarily track the value of the underlying investments of the issuers of such securities.

*Investments in small and mid caps:* Companies with small or mid-size market capitalizations will normally have more limited product lines, markets and financial resources and will be dependent upon a more limited management group than larger capitalized companies. In addition, it is more difficult to get information on smaller companies, which tend to be less well known, have shorter operating histories, do not have significant ownership by large investors and are followed by relatively few securities analysts.

*Liquidity Risk*—the risk that certain securities may be difficult or impossible to sell at the time that the seller would like or at the price that the seller believes the security is currently worth.

*Exchange risk:* the Sub-Fund may invest in transferable securities denominated in currencies other than the reference currency. If a currency falls against the euro, the net asset value may fall. There is a residual foreign exchange risk due to imperfect hedging. In connection with such exchange risk hedging, the Sub-Fund may employ hedging techniques designed to reduce the risks of adverse movements in currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Sub-Fund may benefit from the use of these hedging mechanisms, unanticipated changes in currency exchange rates may result in a poorer overall performance for the Sub-Fund than if it had not entered into such hedging transactions.

*Counterparty risk:* the Sub-Fund may enter into financial derivative transactions and into repurchase transactions and other contracts that entail a credit exposure to certain counterparties. To the extent that a counterparty defaults on its obligation, the Sub-Fund may experience a decline in the value of its portfolio.

*Conflicts of interest:* the conflicts of interest that may arise from BNP Paribas Securities Services, Luxembourg Branch providing services in the context of efficient portfolio management techniques are described in the general part of this Prospectus under Chapter III. Investment Policies, 4. Risk Warnings, Section B. Conflicts of Interest, sub-section Interested Dealings.

*Credit risk relating to issuers of debt securities:* these risks may stem from an unexpected default risk or a downgrade in the rating of an issuer of a debt security. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Sub-Fund to fall.

*Discretionary risk:* the discretionary management style applied to the Sub-Fund is based on the selection of securities and on expectations regarding the markets of the Sub-Fund's assets. There is a risk that the Sub-Fund may not be invested at all times in the best-performing securities. The Sub-Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the Sub-

Fund may have a negative performance.

*Risk of capital loss:* as the Sub-Fund's capital is not guaranteed, the subscriber may lose all or part of his initial investment.

*Interest-rate risk:* the Sub-Fund is subject to interest-rate risk. The interest-rate risk is the risk that the value of the Sub-Fund's investment may decrease if interest rates rise.

The Sub-Fund may be exposed to short term negative yields in adverse market conditions.

Thus, when interest rates rise, the Net Asset Value of the Sub-Fund may fall.

*Non-Diversification Risk:* The Sub-Fund is a non-diversified fund in terms of asset class but not in terms of diversification of risk per investments. Because the Sub-Fund may invest in securities in the same asset class, it may be more exposed to the risks associated with and developments affecting such individual asset class.

**Risk management method**

The Investment Manager deploys ex-ante and ex-post risk assessment. The Sub-Fund will use the commitment approach.

The commitment approach is generally calculated by converting the derivative contract into the equivalent position in the underlying asset embedded in that derivative, based on the market value of the underlying. Purchased and sold financial derivative instruments may be netted in accordance to the CESR's guidelines 10/788 in order to reduce global exposure. Beyond these netting rules and after application of hedging rules, it is not allowed to have a negative commitment on a financial derivative instrument to reduce overall exposure and as such, risk-exposure numbers will always be positive or zero.

**Leverage effect**

Subject to discretion of the portfolio manager, up to the maximum permitted under applicable law and regulations, provided that the intended maximum shall range around 100%.

The Sub-Fund may use derivatives to generate overexposure and thus expose the Sub-Fund beyond the level of its net assets. Depending on the direction of the Sub-Fund's transactions, the effect of decreases or increases in the derivative's underlying assets may be magnified, leading to a larger decrease or increase in the net asset value of the Sub-Fund.

**Investor profile**

Investment horizon: > 5 years

The Sub-Fund's investment policy is suitable for investors seeking global liquid real estate securities exposure, with both dividend yield and capital appreciation components.

The reasonable amount to invest in this Sub-Fund depends on each Investor's personal financial situation. To determine this, each Investor should take into account its personal assets and current requirements, and also its willingness to take risks or its wish to favour a prudent investment. Investors are also strongly advised to diversify their investments so as not to expose them solely to the risks of this Sub-Fund.

**SUBSCRIPTION, REDEMPTION AND CONVERSION FEES**

<b>Subscription fees</b>	up to 5,00%.
<b>Redemption fee</b>	0%
<b>Conversion fee</b>	0%

## **COSTS PAYABLE BY THE SUB-FUND**

### **Management fee**

Retail Share classes:

LU1013051393 Class R Euro Distribution

LU1013051559 Class R Euro – Capitalisation

LU1013051716 Class R USD - Distribution

LU1013051989 Class R USD – Capitalisation

LU1132342533 Class R USD Hedged – Distribution

LU1132342616 Class R USD Hedged – Capitalisation

Up to 2.00% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

Institutional Share classes:

LU1013052102 Class I Euro - Distribution

LU1013052367 Class I Euro - Capitalisation

LU1013052524 Class I USD - Distribution

LU1013052870 Class I USD – Capitalisation

LU1132342707 Class I USD Hedged- Distribution

LU1132342889 Class I USD Hedged – Capitalisation

Up to 1.30% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

LU1013053092 Class LatAm A – Distribution

LU1013053258 Class LatAm C – Capitalisation

LU1132342962 Class LatAm A USD Hedged – Distribution

LU1132343002 Class LatAm C USD Hedged – Capitalisation

Up to 2.00% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.

### **Operating costs, including the Management Company fee**

up to 0,45%

### **Other costs and fees**

In addition, all other expenses will be borne by the Company. Details of these costs are outlined in Article 31 of the Articles of Incorporation.

## **TAXATION SYSTEM**

### **Taxation of the Company**

No duties or taxes payable to Luxembourg, except:

- a one-off fixed registration duty payable upon incorporation and
- a subscription tax of 0.05% for the Retail Share classes, as well as a subscription tax of 0.01% for the Institutional Share classes per annum (exemption of net assets invested in UCIs already subject to the subscription tax).

### **Taxation of Shareholders**

Payments of dividends or of redemptions in favour of the Shareholders may be subject to a withholding tax in accordance with the provisions of Council Directive 2003/48/EC of 3 June 2003 on

taxation of savings income in the form of interest payments. If such payments are subject to withholding tax, investors have the option of not paying the tax if they submit a certificate of exemption or an authorisation for exchange of information, in accordance with the options made available by the paying agent.

Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

## **SALE OF SHARES**

### **Subscription, redemption and conversion**

Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a Business Day in Luxembourg prior to a Valuation Day will be treated on the basis of the net asset value of the Valuation Day after applying the fees provided for in the prospectus. Subscriptions and redemptions must be paid up no later than three Business Days following the applicable Valuation Day.

### **Share type/Class**

The Shares are either capitalisation or income distributing Shares, as indicated above.

A minimum initial subscription amount is applicable for the following Classes of Shares:

Institutional Shares class: EUR 1,000,000

Retail Share class: none

Shares are issued in dematerialised registered form.

Shares must be fully paid up and are issued with no par value. Fractions of Shares, up to one ten thousandth of a Share, may be issued.

### **Valuation Day**

Every Business Day in Luxembourg.

### **Publication of the NAV**

The Net Asset Value can be consulted at the registered office of the Company.

### **Initial subscription price**

Both Institutional and Retail Share classes issue Shares at an initial price of EUR 100,- per Share.

## **CONTACTS**

### **Subscriptions, redemptions and conversions**

BNP Paribas Securities Services  
33, rue de Gasperich  
L-5826 Hesperange  
Tél : +352 2696 2030  
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