

# **CARMIGNAC COURT TERME**

**Coordinated French mutual fund (FCP)**

**Prospectus**

December 2011

# DETAILED MEMORANDUM

## 1. GENERAL CHARACTERISTICS

### 1.1 STRUCTURE OF THE FUND

#### ○ Name

CARMIGNAC COURT TERME

#### ○ Legal form and Member State in which the Fund was established

French mutual fund (*Fonds Commun de Placement – FCP*) established in France in compliance with European standards (Directive 85/611/EEC, amended by Directive 2001/107/EC).

#### ○ Creation date and intended lifetime

The Fund was approved by the Commission des Opérations de Bourse (COB), the French Stock Exchange Commission, on 12 January 1989. It was launched on 26 January 1989 for a period of 99 years (ninety nine years).

#### ○ Fund overview

Initial net asset value	Sub-funds	ISIN code	Dividend policy	Base currency	Target subscribers	Minimum subscription amount	Minimum subsequent subscription
EUR 1524.49	No	FR0010149161	Accumulation	Euro	All investors	1 unit	0.100 unit

#### ○ Address at which the latest annual and semi-annual reports can be obtained

The latest annual and semi-annual reports shall be sent to unitholders within one week upon written request to:

CARMIGNAC GESTION, 24, place Vendôme, 75001 PARIS

The prospectus is available on the website: [www.carmignac.com](http://www.carmignac.com)

Contact: Communications department

Tel: 33 (0)1.42.86.53.35

Fax: 33 (0)1.42.86.52.10

The AMF website ([www.amf-France.org](http://www.amf-France.org)) contains additional information on the list of regulatory documents and all the provisions relating to investor protection.

### 1.2 DIRECTORY

#### ○ Management company

Carmignac Gestion, *société anonyme* (public limited company), 24 place Vendôme, 75001 Paris

Approved by the COB on 13 March 1997 under number GP 97-08.

#### ○ Custodian

CACEIS BANK FRANCE, a *société anonyme* (public limited company) with a Board of Directors.

A credit institution approved by the CECEI, 1-3 Place Valhubert, 75013 PARIS.

#### ○ Centralisation of subscription and redemption requests

CACEIS BANK FRANCE, a *société anonyme* (public limited company) with a Board of Directors.

A credit institution approved by the CECEI, 1-3 Place Valhubert, 75013 PARIS.

#### ○ Institutions responsible for ensuring compliance with the centralisation cut-off time

CACEIS Bank, 1-3 Place Valhubert, 75013 Paris and CARMIGNAC GESTION, *société anonyme*, 24 place Vendôme, 75001 PARIS

#### ○ Registrar

CACEIS BANK FRANCE, a *société anonyme* (public limited company) with a Board of Directors.

A credit institution approved by the CECEI, 1-3 Place Valhubert, 75013 PARIS.

#### ○ Statutory auditors

Cabinet Patrice VIZZAVONA, 64, boulevard Maurice Barrès, 92200 Neuilly sur Seine

Authorised signatory: Mr Patrice VIZZAVONA

KPMG AUDIT, 1 Cours Valmy, 92923 PARIS La Défense Cedex

- **Promoter(s)**

Carmignac Gestion, *société anonyme* (public limited company), 24 place Vendôme, 75001 Paris

- **Accounting delegated to:**

CACEIS Fund Administration, *société anonyme* (public limited company), 1-3 Place Valhubert, 75013 Paris

## 2. MANAGEMENT AND ADMINISTRATION PROCEDURES

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### 2.1 GENERAL CHARACTERISTICS

- **Characteristics of the units and shares**

ISIN code: FR0010149161

Each unitholder has a co-ownership right in and to the assets of the Fund proportional to the number of units they hold.

CACEIS BANK FRANCE assumes the role of custodian. The administration of units is carried out by Euroclear France.

Specific characteristics of an FCP: no voting rights are attributed to the ownership of units; all decisions are taken by the Management Company. Unitholders may subscribe and redeem thousandths of units.

Units are issued in bearer form.

- **Year-end**

The accounting year ends on the date of the last net asset value of the month of December.

- **Applicable tax regime**

Note: Investors are reminded that the information that follows only constitutes a general overview of the French tax regime applicable to investments in a French accumulation fund according to current French legislation. Investors are therefore advised to assess their personal situation with their usual tax advisor.

At Fund level

Due to their co-ownership structure, FCPs are not subject to corporation tax in France; they therefore enjoy a certain level of transparency. Therefore, income received and earned by the Fund in the course of its investment activities is not taxable at this level.

Abroad (in the investment countries of the Fund), gains realised on the sale of foreign transferable securities and foreign income received by the Fund in connection with its investment activities may in some cases be taxable (generally in the form of withholding tax). Foreign taxes may, in limited cases, be reduced or waived if any tax treaties apply.

At unitholder level:

- Unitholders resident in France

Gains or losses realised by the FCP, income distributed by the FCP as well as gains or losses recorded by the unitholder are subject to the applicable tax regime.

- Unitholders resident outside France

Subject to tax treaties, taxes imposed in article 150-0 A of the Code Général des Impôts (CGI), the French General Tax Code, do not apply to gains realised at the time of the redemption or sale of units of the Fund by persons who are not resident in France for tax purposes within the meaning of article 4 B of the CGI, or whose registered office is located outside France, provided that these persons have not directly or indirectly held more than 25% of the units at any time in the five years prior to the redemption or sale of their units (CGI, article 244a C).

Unitholders resident outside France shall be subject to the provisions of the tax legislation in force in their countries of residence.

### 2.2 SPECIFIC PROVISIONS

#### 2.2.1 Classification

Short-term money market

#### 2.2.2 Investment objective

The investment objective is to preserve the capital and provide the same return as the capitalised EONIA, less actual management fees.

#### 2.2.3 Performance indicator

The performance indicator is the capitalised EONIA.

The EONIA index (Euro OverNight Index Average) is the average overnight rate in the eurozone. It is published by the European Central Bank and represents the risk-free rate of the eurozone.

The capitalised EONIA index expresses the daily performance of an investment with interest reinvested each day.

## 2.2.4 Investment strategy

### - Strategies used

The FCP will invest in high-quality money market instruments (commercial paper, certificates of deposit, euro commercial paper, treasury bills and other transferable securities) with a maturity of less than three months.

A money market instrument is considered to have high credit quality if it has been awarded a short-term rating above or equal to A2, P2 or F2 by the agencies S&P, Moody's or Fitch. If the instrument does not have a rating, the Management Company will determine an equivalent quality rating using an internal process.

The management style is based exclusively on the selection of money market instruments without restriction in terms of allocation criteria such as the type of issuer or coupon (fixed vs. variable).

The selection criteria for bonds is therefore based on the issuing companies' fundamentals, their ratings and the evaluation of quantitative factors such as the yield premium they offer compared to treasury bills.

The strategy consists in selecting the most attractive part of the euro yield curve.

The choice of maturity depends on the manager's expectations regarding the evolution of key interest rates set by the European Central Bank.

The portfolio will be managed within a modified duration range of between 0 and 0.5.

Carnignac Court Terme may use deposits and cash borrowings to optimise the management of cash within the Fund.

The Fund may enter into securities repurchase agreements (*pension*) on a limited basis in order to optimise its income.

### - Description of the asset classes

#### Equities

None

#### Debt securities and money market instruments

The portfolio is invested exclusively in eurozone fixed rate bonds, transferable debt securities, floating rate notes and inflation-linked bonds.

As the Fund is managed on a discretionary basis, no asset allocation constraints shall apply.

The issuers of the commercial paper held by the Fund shall be rated at least A2 by Standard & Poor's, P2 by Moody's and F2 by Fitch.

In terms of credit risk, the weighted average life of the financial instruments is shorter or equal to 120 days.

In terms of interest rate risk, the weighted average maturity of the portfolio is limited to 60 days.

#### UCITS and investment funds

The Fund may invest up to 10% of its net assets in short-term money market UCITS or UCITS with an equivalent classification.

The Fund shall invest in the following assets subject to the regulatory limits:

- French or foreign funds that comply with the European Directive (coordinated);
- where applicable, French funds that do not comply with the European Directive and are classified by the *Autorité des Marchés Financiers* (AMF), the French Financial Markets Authority, as short-term money market funds.

#### Trackers or exchange traded funds (ETF)

None

#### Securities with embedded derivatives

None

#### Deposits and cash

The FCP may use deposits in order to optimise its cash management and to manage the various subscription or redemption settlement dates of the underlying UCITS. Up to 20% of its assets may be invested in deposits with the same credit institution. This type of operation shall be carried out on an exceptional basis.

The FCP may hold cash on an ancillary basis, in particular in order to meet its redemption obligations in relation to investors.

#### Cash borrowings

The FCP may borrow cash on a limited basis in order to optimise its cash management and to manage the various subscription or redemption settlement dates of the underlying UCITS. These transactions shall be carried out within the regulatory limits.

#### Temporary purchase and sale of securities

The FCP may carry out temporary purchases of securities in order to optimise its income.

Any temporary purchases or sales of securities shall be carried out under market conditions. Additional information can be found under the heading "Fees and expenses".

Within the scope of the applicable regulations and up to the limit of 100% of the portfolio's net assets, the manager may carry out

repurchase and reverse repurchase agreements for cash management purposes and in order to maximise income.

## 2.2.5 Risk profile

The Fund shall invest in financial instruments and, where applicable, UCITS selected by the Management Company. These financial instruments and UCITS shall be subject to the evolution and fluctuations of the market.

The risk factors described below are not exhaustive. It is up to each investor to analyse the risk associated with such an investment and to form his/her own opinion independent of CARMIGNAC GESTION, where necessary seeking the opinion of any advisors specialised in such matters in order to ensure that this investment is appropriate in relation to his/her financial situation.

**Risk associated with discretionary management:** discretionary management is based on the expected evolution of the financial markets. The FCP's performance will depend on the companies selected by the Management Company. There is a risk that the Management Company may not invest in the best performing companies.

**Interest rate risk:** the Fund is exposed to interest rate risk. Interest rate risk results in a decline in the net asset value in the event of a rise in interest rates.

**Credit risk:** Credit risk is the risk that the issuer may default. Should the quality of issuers decline, for example in the event of a downgrade in their rating by the financial rating agencies, the value of the bonds may drop.

The net asset value of the Fund may decrease.

**Risk of capital loss:** the portfolio is managed on a discretionary basis and does not guarantee or protect the capital invested. Capital loss occurs when a unit is sold at a lower price than that paid at the time of purchase.

## 2.2.6 Target investors

The FCP is open to all investors and more specifically to investors seeking short-term returns on low-risk investments.

Units of this Fund have not been registered in accordance with the US Securities Act of 1933. They may therefore not be offered or sold, either directly or indirectly, in the United States or on behalf of or for the benefit of a US person, as defined in Regulation S.

Investors include institutions (including associations, pension funds, paid leave funds and all non-profit organisations), legal entities and natural persons. The Fund's investment policy meets the needs of certain company treasurers, institutions subject to tax and high net worth individuals.

The recommended investment period is at least one day.

The appropriate amount to invest in this fund depends on the personal situation of the investor. To determine this amount, the investor's assets, current and future financial requirements and degree of risk aversion must all be taken into account. Investors are also advised to sufficiently diversify their investments to avoid being exposed to the risks of this Fund only.

## 2.2.7 Allocation of income

Accumulation fund: Dividends are recorded on an accruals basis.

## 2.2.8 Characteristics of the units

The units are denominated in euro. Thousandths of units may be issued.

## 2.2.9 Frequency of distributions

No dividends are distributed for an accumulation FCP.

## 2.2.10 Subscription and redemption procedures

### Date and frequency of the net asset value

- Daily.
- The calendar used to determine the days on which the net asset value is published is the legal calendar of public holidays within the meaning of article L.133-1 of the Code de Travail, the French Labour Code.

### Initial net asset value

The initial net asset value is EUR 1,524.49.

## Terms and conditions of subscriptions and redemptions

Subscription and redemption requests are centralised on each NAV calculation and publication day (D) before 18:00, and are executed on the next business day on the basis of the net asset value calculated using the closing price of D and published on D+1.

Subscription and redemption requests received by Carmignac Gestion before 18:00 are precentralised by Carmignac Gestion and executed under the same conditions as above.

Subscriptions and redemptions resulting from a request transmitted after the cut-off time mentioned in the prospectus (late trading) are prohibited. Subscription and redemption requests received after 18:00 shall be treated as if they were received on the following NAV calculation and publication day.

## Institutions responsible for ensuring compliance with the centralisation cut-off time indicated in the paragraph above:

CACEIS Bank France, 1-3 place Valhubert, 75013 Paris and CARMIGNAC GESTION, 24, place Vendôme, 75001 Paris

Investors are reminded that requests transmitted to promoters other than the institutions indicated above must take into consideration the fact that the cut-

off time for the centralisation of requests applies to said promoters vis-à-vis CACEIS Bank France. Consequently, such promoters may apply their own cut-off time, which may be earlier than the cut-off time indicated above, in order to take into account the time required to transmit requests to CACEIS Bank France.

## Place and means of publication of the net asset value

Carmignac Gestion, Address: 24, place Vendôme, 75001 Paris.

The net asset value announced at 15:00 each day shall be used for the calculation of the subscriptions and redemptions received before 18:00 on the previous day.

The net asset value is available 24 hours per day on the following number, +33 (0)1 42 61 62 00, and is displayed at the offices of Carmignac Gestion and on the Carmignac Gestion website: [www.carmignac.com](http://www.carmignac.com)

## 2.2.11 Fees and expenses

### Subscription and redemption fees

Subscription fees increase the subscription price paid by the investor, while redemption fees decrease the redemption price. The fees charged by the FCP serve to offset the costs incurred by the FCP to invest and disinvest investors' monies. Fees not paid to the FCP are attributed to the Management Company, the Fund promoter, etc.

Expenses payable by the investor, deducted at the time of subscriptions and redemptions	Basis	Rate
Maximum subscription fee payable to third parties	net asset value × number of units	Maximum 1%
Subscription fee payable to the Fund	net asset value × number of units	None
Redemption fee payable to third parties	net asset value × number of units	None
Redemption fee payable to the Fund	net asset value × number of units	None

### Management and administration fees

These fees cover all the costs invoiced directly to the FCP, except transaction costs. Transaction costs include intermediary fees (brokerage, stock market taxes, etc.) as well as transaction fees, if any, that may be charged by the custodian and the Management Company in particular. The following fees may be charged in addition to the management and administration fees:

- performance fees. These reward the Management Company if the FCP exceeds its objectives. They are therefore charged to the FCP;
- transaction fees charged to the FCP;
- a portion of the income from temporary purchases or sales of securities.

Fees charged to the Fund	Basis	Rate
Management and administration fees, inclusive of tax (including all charges (other than transactions costs), performance fees and fees related to investments in UCITS or investment funds)	Net assets	Maximum 1.25% inclusive of tax
Performance fees	Net assets	None

## Calculation and distribution of the proceeds of temporary purchases and sales of securities

Repurchase agreements are carried out under the market conditions applicable at the time of the transaction. Carmignac Gestion does not receive any fees in relation to these transactions.

### Payments in kind

Carmignac Gestion does not receive payments in kind for its own account or on behalf of third parties as defined in the General Regulation of the *Autorité des Marchés Financiers*, formerly the *Commission des Opérations de Bourse*. For further information, please refer to the Fund's annual report.

## 2.2.12 Choice of intermediaries

Carmignac Gestion uses a multi-criteria approach in order to select intermediaries that guarantee the best execution of stock market orders.

The criteria applied are both quantitative and qualitative and depend on the markets for which the intermediaries provide services, in terms of both geographical area and instruments.

The analysis criteria include, inter alia, the availability and proactivity of the intermediary representatives, the financial situation of the intermediaries, their speed, the quality of the processing and execution of orders and intermediary costs.

## 3. COMMERCIAL INFORMATION

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### 3.1 Place and means of publication of the net asset value

Carmignac Gestion, 24 place Vendôme, 75001 Paris.

The net asset value announced at 15:00 each day shall be used for the calculation of the subscriptions and redemptions received before 18:00 on the previous day. The net asset value is available 24 hours per day on the following number, +33 (0)1 42 61 62 00, and is displayed at the offices of Carmignac Gestion and on the Carmignac Gestion website: [www.carmignac.com](http://www.carmignac.com)

### 3.2 Publication of information about the Fund

The latest annual and semi-annual reports shall be sent to unitholders within one week upon written request to: CARMIGNAC GESTION, 24, place Vendôme, 75001 PARIS

The full prospectus is available on the website [www.carmignac.com](http://www.carmignac.com)

Contact: Communications department

Tel: 33 (0)1.42.86.53.35

Fax: 33 (0)1.42.86.52.10

## 4. INVESTMENT RULES

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### 4.1 Regulatory ratios

The FCP shall respect the regulatory limits applicable to standard coordinated French UCITS.

### 4.2 Calculating overall risk

Overall risk is calculated using the commitment method.

## 5. VALUATION AND ACCOUNTING RULES FOR THE ASSETS

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The annual accounts for the 12-month financial year ended on the day of the last net asset value of the year are presented in accordance with the provisions laid down in Accounting Regulatory Committee (CRC) regulation no. 2003-02 of 2 October 2003 with regard to the accounting guidelines applicable to UCITS.

### 5.1 Main changes introduced by the new chart of accounts for UCITS

The presentation of financial instruments on the balance sheet, previously influenced by risk diversification ratios, has been substituted by presentation according to type of instrument.

Off-balance sheet positions are shown according to their economic features.

Swap transactions are henceforth shown at their nominal value.

The notes provide the reader with further information on the types of risk arising both from holdings in financial instruments and from the implementation of the management strategy described in the prospectus or the simplified prospectus.

The accounting currency is the euro.

### 5.2 Methods used for the valuation of balance sheet items and futures and options

#### ○ Investments in securities

Securities purchased are recorded at their acquisition price excluding fees, and securities sold are recorded at their sale price excluding fees.

Securities, futures and options held in the portfolio denominated in other currencies are converted into the accounting currency on the basis of the exchange rate provided in Paris on the valuation day (ASFFI price provided at 13:00, with the exception of the US\$ which is sourced from REUTERS at 15:00 GMT on the MGTX page). The portfolio is valued according to the following methods:

#### ○ French securities

- on the spot market, deferred settlement system: on the basis of the latest price.
- on the OTC market: on the basis of the latest price available.

French government bonds are valued on the basis of the mid price of a contributor (a primary dealer selected by the French Treasury), supplied by an information server. This price is subject to a reliability check by means of a comparison with the prices of several other primary dealers.

#### ○ Foreign securities

- listed and registered in Paris: on the basis of the latest price.
- not listed and not registered in Paris:
  - on the basis of the latest price available for those in Europe,
  - on the basis of the latest price available for the other securities.

Transferable securities whose prices have not been determined on the valuation day, or whose prices have been adjusted, are valued under the

responsibility of the Management Company at their foreseeable sale prices.

- **UCITS are valued at the latest redemption price or the latest net asset value available.**

They are valued at the latest redemption price or the latest net asset value available.

- **Money market instruments and synthetic assets composed of a money market instrument backed by one or more interest rate and/or currency swaps (“asset swaps”)**

For those traded in large volumes and which have a residual maturity greater than 3 months: at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.).

For those not traded in large volumes and which have a residual maturity greater than 3 months: at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) for equivalent money market instruments whose price shall be incremented or decreased, where applicable, by a differential representing the issuer’s specific characteristics and by applying an actuarial method.

For those with a residual maturity of 3 months or less: on a straight-line basis.

In the case of a debt security valued at the market price whose residual maturity falls below or is equal to 3 months, the last rate used shall be frozen until the final repayment date, unless the security’s modified duration requires valuation at the market price (see the previous paragraph).

- **Temporary purchases and sales of securities according to the conditions provided for in the contract.**

These transactions are valued according to the conditions provided for in the agreement.

Certain fixed income transactions whose maturity is greater than three months may be valued at the market price.

- **Futures and options transactions**

Forward purchases and sales of currencies are valued in consideration of the amortisation of any positive or negative balance carried forward.

### 5.3 Off-balance sheet transactions

- Transactions on regulated markets

- **Futures** : these transactions are valued according to the markets on the basis of the settlement price. The commitment is calculated as follows: price of futures contract x nominal value of contract x quantities.

- **Options**: these contracts are valued according to the markets on the basis of the opening price or the settlement price. The commitment is equal to the conversion of the option into the underlying equivalent. It is calculated as follows: delta x quantity x ratio or nominal value of the contract x price of the underlying equivalent.

- Transactions on over-the-counter markets

- **Interest rate transactions**: valuation at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) and, if necessary, by applying an actuarial method.

- **Interest rate swap transactions:**

For those with a residual maturity greater than 3 months: valuation at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) and by applying an actuarial method.

- **Backed or non-backed transactions:**

- Fixed rate/Variable rate: nominal value of the contract

- Variable rate/Fixed rate: nominal value of the contract

- For those with a residual maturity of 3 months or less: valuation on a straight-line basis.

- In the case of an interest rate swap transaction valued at the market price whose residual maturity is less than or equal to 3 months, the last rate used shall be frozen until the final repayment date, except in the case of modified duration requiring valuation at the market price (see the previous paragraph).

The commitment is calculated as follows:

- Backed transactions: nominal value of the contract

- Non-backed transactions: nominal value of the contract

- **Other transactions on over-the-counter markets**

- Interest rate, foreign exchange or credit transactions: valuation at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) and, if necessary, by applying an actuarial method.

- The commitment is shown as follows: nominal value of the contract.

### 5.4 Method used to record interest and income from fixed income securities

Income is recorded on an accruals basis.

### 5.5 Calculation of management and performance fees

The fixed management fees are capped at 1.25% inclusive of tax of the daily average of the assets under management. They are recorded for each net asset value. The calculation is carried out *pro rata temporis* on the basis of the assets under management.

### 5.6 Dividend policy

No dividends are distributed for an accumulation FCP.

### 5.7 Accounting currency

The FCP’s financial statements are recorded in euro.

# MANAGEMENT REGULATIONS OF THE FCP CARMIGNAC COURT TERME

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## TITLE 1: ASSETS AND UNITS

### ARTICLE 1 – CO-OWNERSHIP UNITS

The co-owners' rights are represented by units, with each unit corresponding to the same fraction of the Fund's assets. Each unitholder has a co-ownership right in and to the assets of the Fund proportional to the number of units they hold.

The duration of the Fund is 99 years from its creation, except in the cases of early dissolution or extension provided for in these Regulations (see article 11).

The characteristics of the various classes of units and their eligibility requirements are described in the FCP's prospectus.

The different classes of units may:

- benefit from different dividend policies; (distribution or accumulation);
- be denominated in different currencies;
- be charged different management fees;
- be charged different subscription and redemption fees;
- have a different par value.

The units may be merged or divided.

The Board of Directors of the Management Company may decide that the units shall be sub-divided into tenths, hundredths, thousandths or ten thousandths, with such subdivisions being referred to as fractions of units.

The provisions of the regulations governing the issue and redemption of units shall apply to fractions of units, whose value shall always be proportionate to that of the units they represent. Unless otherwise provided, all other provisions of the regulations relating to units shall apply to fractions of units without any need to make a specific provision to that end.

Lastly, the Management Company's Supervisory Board may decide, at its own discretion, to sub-divide the units by issuing new units which shall be allocated to unitholders in exchange for their existing units.

### ARTICLE 2 - MINIMUM AMOUNT OF ASSETS

Units may not be redeemed if the Fund's assets fall below EUR 300,000. In such a case, and unless the value of the assets recovers above this amount in the interim period, the Management Company shall take the necessary measures to merge or dissolve the Fund within a period of thirty days.

### ARTICLE 3 - ISSUE AND REDEMPTION OF UNITS

Units are issued each time a subscription request is received on the basis of their net asset value plus a subscription fee, where applicable.

Subscriptions and redemptions are executed under the conditions and according to the procedures defined in the prospectus.

Units of the Fund may be admitted to an official stock exchange listing in accordance with the regulations in force.

Subscriptions must be fully paid up on the day the net asset value is determined. Subscriptions may be made in cash and/or by a contribution in kind in the form of transferable securities. The Management Company is entitled to refuse any securities offered and, for that purpose, must announce its decision within seven days of the date on which the securities were tendered. If they are accepted, the securities tendered are valued according to the rules laid down in article 4, and the subscription is based on the first net asset value following acceptance of the securities concerned.

Redemptions shall be made solely in cash, except in the event of the liquidation of the Fund if unitholders have stated that they agree to be repaid in securities. The redemption price is paid by the custodian within five days of the valuation day of the units.

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

With the exception of a succession or an inter vivos gift, the sale or transfer of units between unitholders, or unitholders and third parties, is treated as a redemption followed by a subscription; if this involves a third party, the sale or transfer amount must, where applicable, be supplemented by the beneficiary in order to at least reach the minimum subscription amount stipulated by the prospectus.

Pursuant to article L.214-30 of the French monetary and financial code, the Management Company may temporarily suspend the redemption of units or the issue of new units by the Fund when exceptional circumstances and the interests of the unitholders so require.

If the net assets of the Fund have fallen below the minimum threshold set by the regulations, no redemptions may be carried out.

A minimum subscription may be applied according to the procedures set out in the prospectus.

### ARTICLE 4 - CALCULATION OF THE NET ASSET VALUE

The net asset value is calculated in accordance with the valuation rules specified in the detailed memorandum of the prospectus.

Contributions in kind may comprise only stocks, securities, or contracts admissible as assets of UCITS, and are valued according to valuation rules governing the calculation of the net asset value.

## **TITLE 2: MANAGEMENT OF THE FUND**

### **ARTICLE 5 - THE MANAGEMENT COMPANY**

The Fund is managed by the Management Company in accordance with the Fund's investment objectives.

The Management Company shall act in all circumstances on behalf of the unitholders and has the exclusive right to exercise the voting rights attached to the securities held in the Fund.

### **ARTICLE 5A – OPERATING RULES**

The instruments and deposits in which the Fund's assets may be invested, as well as the investment rules, are described in the detailed memorandum of the prospectus.

### **ARTICLE 6 - THE CUSTODIAN**

The custodian is responsible for the custody of the assets held in the Fund, for processing the orders received from the Management Company in relation to the purchase and sale of securities as well as those relating to the exercise of subscription and allotment rights attached to the securities held in the Fund. It is responsible for all collections and payments.

The custodian must ensure that decisions taken by the Management Company are lawful. Where applicable, it must take any protective measures it deems necessary. In the event of a dispute with the Management Company, it shall inform the AMF.

### **ARTICLE 7 – THE STATUTORY AUDITOR**

A statutory auditor has been appointed by the Supervisory Board of the Management Company for a term of six financial years with the approval of the AMF.

The statutory auditor carries out the checks and audits established by law and, in particular, certifies whenever necessary the accuracy and consistency of the financial statements and of the accounting information contained in the management report.

The statutory auditor's mandate may be renewed.

The statutory auditor shall inform the AMF and the Management Company of the Fund of any irregularities and misstatements observed during the course of his work.

Assets will be valued and exchange ratios will be determined for the purpose of any conversion, merger or split under the statutory auditor's supervision.

The statutory auditor shall review all contributions in kind and, as part of his responsibilities, shall establish a report on his valuation and his remuneration.

The statutory auditor shall certify the accuracy of the composition of the assets and other information before any publication.

The statutory auditor's fees are determined by mutual agreement between the statutory auditor and the Board of Directors of the Management Company on the basis of an agenda indicating all duties deemed necessary.

In the event of a liquidation, the statutory auditor shall value the amount of the assets and establish a report on the terms and conditions of such liquidation. The statutory auditor certifies positions serving as the basis for the payment of interim dividends. The statutory auditor's fees are included in the management fees.

### **ARTICLE 8 - THE FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT**

At the end of each financial year, the Management Company prepares the financial statements and a report on the management of the Fund during the last financial year.

The list of assets and liabilities is certified by the custodian and all of the above documents are reviewed by the statutory auditor.

The Management Company shall make these documents available to unitholders within four months of the financial year-end and shall notify them of the amount of income attributable to them: these documents shall be sent by post if expressly requested by the unitholders, or made available to them at the offices of the Management Company.

## **TITLE 3: DISTRIBUTION POLICY**

### **ARTICLE 9 - DISTRIBUTABLE INCOME**

The net income for the financial year is equal to the amount of interest, arrears, dividends, premiums and prizes, directors' fees as well as all proceeds generated by the securities held in the portfolio of the Fund, plus income generated by temporary cash holdings, less management fees and borrowing costs.

Distributable income is equal to the net income for the financial year plus retained earnings, plus or minus the balance of the income equalisation accounts for the last financial year.

The Management Company decides on the allocation of net income.

Net gains/losses are attributed to each class of units in proportion to their share in the total net assets.

Holders of A and E units will be subject to the accumulation policy, i.e. the reinvestment of all income generated.

## **TITLE 4: MERGER – SPLIT – DISSOLUTION – LIQUIDATION**

### **ARTICLE 10 - MERGER - SPLIT**

The Management Company may either merge all or part of the assets of the Fund with another UCITS under its management or with a UCITS managed by another company, or split the Fund into two or more mutual funds under its management.

Such mergers or splits may only be carried out one month after unitholders have been notified. Such mergers or splits give rise to the issue of a new certificate indicating the number of units held by each unitholder.

#### **ARTICLE 11 - DISSOLUTION - EXTENSION**

If the assets of the Fund remain below the amount set in article 2 above for thirty days, the Management Company shall inform the AMF and shall dissolve the Fund, except in the event of a merger with another fund.

The Management Company may dissolve the Fund before term. It shall inform the unitholders of its decision, after which no further subscription or redemption requests shall be accepted.

The Management Company shall also dissolve the Fund if a request is made for the redemption of all of the units, if the custodian's appointment is terminated and no other custodian has been appointed, or upon expiry of the Fund's term, unless such term is extended.

The Management Company shall inform the AMF by post of the dissolution date and procedure. Lastly, it shall send the AMF the statutory auditor's report.

The Fund's extension may be decided by the Management Company subject to the agreement of the custodian. Its decision must be taken at least three months before the expiry of the Fund's term and must be notified to the unitholders and the AMF.

#### **ARTICLE 12 - LIQUIDATION**

In the event of dissolution, the custodian or, where applicable, the Management Company, is responsible for carrying out the liquidation. To this end, they shall be granted the broadest powers to realise assets, pay off any creditors and allocate the available balance among the unitholders in the form of cash or securities.

The statutory auditor and the custodian shall continue to carry out their functions until the end of the liquidation.

### **TITLE 5: DISPUTES**

#### **ARTICLE 13 – JURISDICTION – ADDRESS FOR SERVICE**

All disputes relating to the Fund that may arise during the term of the Fund or during its liquidation, either among the unitholders or between the unitholders and the Management Company or the custodian, shall be submitted to the courts having jurisdiction.