

# SYCOMORE SELECTION CREDIT



Prospectus

01/10/2022

UCITS under European Directive 2009/65/EC

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# 1. GENERAL CHARACTERISTICS

## 1.1 UCITS features

French Fonds Commun de Placement (FCP)

## 1.2 Name

Sycomore Sélection Credit.

## 1.3 Legal form and Member State in which the UCITS was created

Investment fund in the form of a French Fonds Commun de Placement, governed by French law.

## 1.4 Inception date and expected term

The Fund was created on 1 September 2012 for a duration of 99 years from that date.

## 1.5 Fund overview

Unit Class	ISIN Code	Allocation of distributable sums	Base of Currency	Target investors	Subscription fee	Operational and management charges
I	FR0011288489	Accumulation	EUR	'Eligible counterparty' subscribers within the meaning of Directive 2004/39/EC, 'Professional investor' subscribers within the meaning of section I of annex II of Directive 2014/65/EC, and open to all types of institutional investors, where appropriate in the framework of discretionary portfolio management and/or investment advice on an independent basis under Directive 2014/65/EC, for which providers of these services are not allowed to accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by the management company or by the Fund marketing agent (' <i>clean share</i> ' units).	7% Maximum rate	0.60% Maximum per annum including taxes
ID	FR0011288505	Distribution	EUR	'Eligible counterparty' subscribers within the meaning of Directive 2004/39/EC, 'professional investor' subscribers within the meaning of section I of annex II of Directive 2014/65/EC, and all subscribers within the framework of discretionary management services or investment advice on an independent basis within the meaning of Directive 2014/65/EC, for which the suppliers of such services are not allowed to accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by the management company or by the Fund marketing agent (' <i>clean share</i> ' units).	7% Maximum rate	0.60% Maximum per annum including taxes
R	FR0011288513	Accumulation	EUR	All	3% Maximum rate	1.20% Maximum per annum including taxes
R USD	FR0012950574	Accumulation	USD	All	3% Maximum rate	1.20% Maximum per annum including taxes
X	FR0011288539	Accumulation	EUR	All investors, especially UCITS managed by SYCOMORE AM or by its subsidiaries	10% maximum rate	0.60% Maximum per annum including taxes

Unit Class	Minimum subscription
I	None
ID	None
R	None
R USD	None
X	None

#### 1.6 The latest annual report and interim statement can be obtained as follows:

The latest annual and interim reports will be sent within one week upon written request by a unit holder to:

Sycomore Asset Management, SA  
14, avenue Hoche  
75008 Paris, France  
Tel: +33 (0)1 44 40 16 00  
Email: [info@sycomore-am.com](mailto:info@sycomore-am.com)

Additional information may be obtained if necessary from the investor relations service.

## 2. STAKEHOLDERS

### 2.1 Management Company

Sycomore Asset Management, SA. Approved by the AMF as a French Portfolio Management Company (Société de Gestion de Portefeuille) under no. GP 01-030 with registered office located at 14, Avenue Hoche, 75008 Paris, France.

### 2.2 Depositary and custodian

BNP Paribas SA. Establishment approved by the French Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution) whose registered office is located at 16, Boulevard des Italiens, 75009 Paris, France, and whose postal address is at 9, Rue du Débarcadère, 93500 Pantin, France, registered with the Paris Trade and Companies Register under number 662 042 449.

#### Description of the Depositary's responsibilities and of the potential conflicts of interest:

The depositary exercises three types of responsibilities, respectively the control of the legality of decisions taken by the management company (as defined in Article 22.3 of the UCITS V Directive), the monitoring of cash flow for the UCITS (as defined in Article 22.4 of said Directive) and the safekeeping of assets of the UCITS (as defined in Article 22.5 of said Directive).

The primary objective of the Depositary is to protect the interests of unitholders/investors in the UCITS, which shall always take precedence over its own commercial interests.

Potential conflicts of interest may be identified, particularly in the case where the management company also has a commercial relationship with BNP Paribas SA in addition to its appointment as Depositary (which may be the case when BNP Paribas SA calculates, by delegation from the management company, the net asset value of the UCITS whose depositary is BNP Paribas SA).

In order to manage such situations, the Depositary has set up and maintains a policy for the management of conflicts of interest. The objectives of such a policy are:

- Identifying and analysing potential situations of conflicts of interest;
- Recording, managing and monitoring the conflict of interest situations either by:
  - using the permanent measures implemented in order to manage conflicts of interest, such as the segregation of duties, the split between the functional and hierarchical reporting lines, the monitoring of internal insider lists, and dedicated IT environments
  - Implementing on a case-by-case basis
- Appropriate preventive measures, such as the creation of ad hoc monitoring, new "Chinese walls", or checking that

transactions are processed in an appropriate way and/or informing the relevant clients

- Or refusing to manage the activities that could give rise to conflicts of interest.

#### Description of potential duties delegated by the Depositary, list of delegates and sub-delegates and identification of the conflicts of interest that may result from such delegation.

The UCITS Depositary, BNP Paribas SA, is responsible for the safekeeping of the assets (as defined in article 22.5 of the aforementioned directive). In order to offer services related to the safekeeping of the assets in a large number of countries, enabling the UCITS to achieve their investment objectives, BNP Paribas SA has appointed sub-custodians in countries where BNP Paribas SA has no local presence. These entities are listed on the following website: <http://securities.bnpparibas.com/solutions/asset-fund-services/depositary-bank-and-trustee-serv.html>. The process of appointing and supervising the sub-custodians follows the highest standards of quality, including managing potential conflicts of interest that may arise in the context of such appointments.

The most recent information regarding the previous points is available to investors upon request.

### 2.3 Subscription and redemption order centralising agent

BNP Paribas SA. Establishment approved by the French Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution) whose registered office is located at 16, Boulevard des Italiens, 75009 Paris, France, and whose postal address is at 9, Rue du Débarcadère, 93500 Pantin, France, registered with the Paris Trade and Companies Register under number 662 042 449.

### 2.4 Fund unit registrar

BNP Paribas SA. Establishment approved by the French Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution) whose registered office is located at 16, Boulevard des Italiens, 75009 Paris, France, and whose postal address is at 9, Rue du Débarcadère, 93500 Pantin, France, registered with the Paris Trade and Companies Register under number 662 042 449.

### 2.5 Statutory Auditor

PricewaterhouseCoopers Audit, represented by Frédéric Sellam, 63 rue de Villiers, 92200 Neuilly-sur-Seine, France.

## 2.6 Marketing Agents

Sycomore Asset Management and its subsidiaries. The list of marketing agents is not exhaustive mainly due to the fact that the UCITS is listed on Euroclear. Therefore some marketing agents may not be mandated by, or known to the management company.

## 2.7 Delegated fund accountant

BNP Paribas SA. Establishment approved by the French Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution) whose registered office is located at 16, Boulevard des Italiens, 75009 Paris, France, and whose postal address is at 9, Rue du Débarcadère, 93500 Pantin,

France, registered with the Paris Trade and Companies Register under number 662 042 449.

## 2.8 Institution responsible for receiving and transmitting orders from the management company

Sycomore Market Solutions, SA. An investment company authorised by the French Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution, ACPR), whose registered office is located at 14, Avenue Hoche, 75008 Paris, France. Sycomore Market Solutions may receive orders initiated by the management company on behalf of the Fund to ensure the transmission of such orders to market intermediaries and counterparties with the primary mission of seeking the best possible execution of such orders.

## 3. OPERATING AND MANAGEMENT PROCEDURES

### 3.1 General features

#### 3.1.1. Unit Class characteristics

Nature of the rights attached to the units: the various units represent rights in ownership, i.e. each unit holder has a joint ownership right over the Fund's assets in proportion to the number of units held.

Securities administration: the various units are listed on Euroclear France. Fund unit administration is provided by BNP Paribas SA, with its registered office at 16, Boulevard des Italiens, 75009 Paris, France, postal address: 9 Rue du Débarcadère, 93500 Pantin, France, registered with the Paris Trade and Companies Register under number 662 042 449.

Voting rights: no voting rights are attached to the units as decisions are made by the management company.

Form of units: bearer.

Subdivision of units: Fund units are decimalised in ten-thousandths (e.g. 100.0000). Subscription and redemption orders may be expressed in number of units (whole numbers or decimal fractions) or in cash value.

#### 3.1.2. Accounting year-end

Financial year closing date: last trading day in December (1st financial year: 31 December 2013).

#### 3.1.3. Tax regime

The Fund is not taxable per se. However, unit holders may be taxed upon the sale of their units. The tax regime governing capital gains or losses by the Fund, whether unrealised or realised, depends on the tax provisions applying to the specific case of each investor and his/her tax domicile and/or the Fund's investment jurisdiction. Investors who are unsure of their tax situation should seek advice from an advisor or a financial professional.

French personal equity savings plan eligibility (PEA): the Fund is not eligible for the PEA.

#### 3.1.4. Information on SRI certification

The Fund has a French SRI label and/or a foreign equivalent.

### 3.2 Specific provisions

#### 3.2.1. ISIN Codes

Unit Class	ISIN Code
I	FR0011288489
ID	FR0011288505
R	FR0011288513
R USD	FR0012950574
X	FR0011288539

#### 3.2.2. Classification

Bonds and other debt securities denominated in Euros.

UCITS of UCITS: No.

#### 3.2.3. Investment objective

The aim is to outperform the Barclays Capital Euro Corporate ex-Financials Bond Index (coupons reinvested) over a minimum investment period of five (5) years, within a modified duration range of 0 to +5 and according to a socially responsible investment process.

Measured over a period of several years, we aim to beat the performance of the benchmark Net Environmental Contribution (NEC) and the workforce growth indicator in order to select companies that are environmentally sustainable and/or that contribute to employment. This objective complies with the provisions of article 9 of the SFDR (Regulation 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector).

#### 3.2.4. Benchmark

The benchmark index of the Fund is the Barclays Capital Euro Corporate ex-Financials Bond Index (coupons reinvested).

This index consists of Euro-denominated corporate bonds rated investment grade by the Fitch Ratings, Moodys and/or Standard & Poors agencies, issued in the Eurobond markets and domestic markets in the Eurozone by issuers from the industry or utilities sectors. It includes only bonds with a residual maturity of at least one year and which have a minimum outstanding of €300 million.

The administrator of the Bloomberg Barclays Capital Euro Corporate Ex-Financial Bond benchmark index is Bloomberg Index Service Limited and is listed in the register of administrators and benchmark indices maintained by ESMA. Additional information about this index is available at: <http://www.barcap.com>.

In accordance with Regulation (EU) 2016/1011 of the European Parliament and the Council of 8 June, Sycomore Asset Management has a procedure for monitoring benchmark indices used to describe the measures to be implemented in case of substantial changes to an index or withdrawal from this index.

#### 3.2.5. Investment strategy

Description of strategies used:

The investment strategy aims to continually expose the portfolio to between 60% and 100% (with a maximum of 20% to public issuers and equivalent) to Euro-denominated bonds (including convertible bonds) and other debt or money market securities issued by public or private issuers. In addition, the net assets



may be exposed up to 40% to fixed income derivative instruments listed on international regulated markets or traded over the counter (including Credit Default Swaps) to adjust the sensitivity of the portfolio without allowing any overexposure. Indirect exposure to equities, gained through convertible bonds will be limited to 10% of net assets.

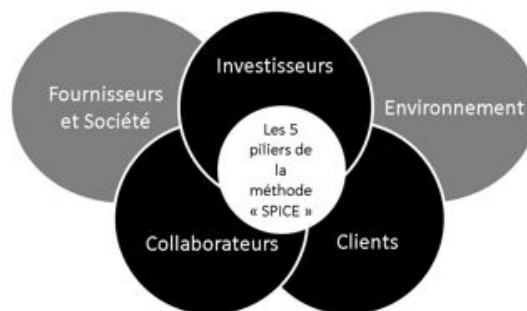
The management team will select securities issued by companies of all capitalisation sizes that are included in its global process of fundamental analysis, or securities issued by public entities (and equivalent), with any or no rating. The portfolio can therefore be up to 100% exposed to the credit risk of small- or mid-cap companies (below one (1) billion euros). There is also no restriction as per the sector-based split except for a 10% cap in securities issued by the financial sector.

Depending on the portfolio's rate of exposure to the asset classes listed above, between 0% and 40% of the portfolio may be exposed to a selection of money market securities denominated in euros issued by public and similar or private issuers that have their registered office in an OECD-member country, and are rated at least A-3 by Standard & Poors or an equivalent rating agency (Moody's and Fitch Ratings).

Furthermore, up to 20% of the Fund's assets may be exposed to bonds and other debt securities or money market instruments denominated in a currency other than the euro, for which the currency risk will be limited to 10% by the arrangement of foreign currency hedges; while up to 25% of the assets may be exposed to bonds and other debt securities or money market instruments denominated in euros but issued by public or private issuers based outside the Eurozone (including issuers in emerging markets).

Range of interest rate sensitivity	Geographical area of securities issuers
Min 0	Eurozone: 75% min / 100% max
Max 5	World (including emerging markets): 0% min / 25% max

ESG (Environment, Social, Governance) analysis is an element that is fully integrated into the fundamental analysis of companies in our investment universe, conducted according to our proprietary analysis and rating methodology, 'SPICE'. 'SPICE' is the English acronym for our methodology used for global, financial and non-financial analysis, presented in the diagram below (Suppliers & Society, People, Investors, Clients, Environment). It aims in particular to understand the distribution of value created by a company among all its stakeholders (investors, environment, clients, employees, suppliers and civil society), in our conviction that equitable sharing of value among stakeholders is an important factor in the development of a company.



As an example, the following criteria are used for non-financial analysis:

- \* Society & Suppliers: societal contribution of activities, good corporate citizenship (ethics, respect for human rights, responsible handling of tax issues, etc.), proper control of the subcontracting chain and balance of supplier relationships, etc.
- \* People: employees - development at work, training, health and safety, absenteeism, turnover, company culture and values, restructuring management, evaluation of the labour climate, pay equity, diversity, etc.
- \* Investors: strength of the business model, competitive positioning, growth levers, governance, strategy, consideration of the interests of the different stakeholders of the company, quality of financial communication, etc.
- \* Clients: market positioning, distribution methods, client relations, digitalisation, digital rights and protection of personal data, product safety, etc.
- \* Environment: level of integration of environmental challenges in the managers' vision, strategy, and corporate culture, environmental performance of sites and operations, transition risk assessment, exposure to medium- and long-term physical environmental risks, etc.

The evaluation of the transition risk is based on a specific proprietary metric called 'NEC', the acronym for 'Net Environmental Contribution'. A company's NEC calculation aims to determine the contribution of its activities to the ecological transition, based on a rating scale of -100% to +100% determined by the more or less negative or positive impact of activities on the environment. It follows an approach integrating Life Cycle Analysis upstream (supply chain) and downstream (use of products and services). Further information on the methodology can be obtained from: <https://nec-initiative.org/>

Our SPICE methodology also contributes to the Sustainable Development Goals (SDGs) defined by the United Nations. Within the People pillar, our approach to measuring human capital in a company refers explicitly to SDG numbers 3, 4, 5, 8, and 10 on social issues such as health, lifelong learning, gender equality, full employment, decent work and reducing inequalities. Within the Society & Suppliers pillar, societal contribution assessment is based on the analysis of the positive and negative contributions of the business activities under 4 pillars (access

and inclusion, health and security, economic and human progress and employment) defined according to societal SDGs. Within the Environment pillar, the Net Environmental Contribution ('NEC') evaluation analyses the positive and negative impacts of companies and their products and services on 5 issues (climate, biodiversity, water, waste/resources and air quality) directly related to Environmental SDG numbers 2, 6, 7, 9, 11, 12, 13, 14, and 15. The Fund also undertakes to report annually on the exposure of companies in the portfolio to the SDGs.

The application of this methodology leads to the allocation of a SPICE rating between 1 and 5 (5 being the highest). This rating impacts the risk premium of the companies and therefore their price target goal resulting from valuations carried out by our analyst-manager team. The SPICE analysis always concerns at least 90% of the Fund's net assets (excluding cash). Moreover, the Fund's investment universe is constructed on the basis of specific criteria that come from SPICE. Issuers must therefore successfully pass two successive filters to be included in the Fund's eligible investment universe:

◆ A primary ESG risk exclusion filter: its objective is to exclude any company presenting risks in terms of sustainable development. The identified risks include insufficient non-financial practices and performance that are likely to negatively impact competitiveness for companies. A company is thus excluded if (i) it is involved in activities identified in our exclusion policy for their controversial social or environmental impacts, or (ii) if it obtained a SPICE rating of 2/5 or less.

◆ A filter for selecting the main ESG opportunities: its objective is to promote companies with sustainable development opportunities divided into five subsets:

1. Companies with an Environment rating equal to or above 2/5 within the Environment pillar of our SPICE methodology.
2. Companies with a Happy@Work Environment rating of 2/5 or higher in the People pillar of our SPICE methodology.
3. Companies with a reputation risk and responsible marketing rating greater than or equal to 2/5 within the Client pillar of our SPICE methodology.
4. Companies with a Disclosure and accounting risk rating equal to or above 2/5 within the Investor pillar of our SPICE methodology.
5. Companies with a Bond holder risk rating greater than or equal to 2/5 within the Investor pillar of our SPICE methodology.

The Fund's eligible investment universe is thus reduced by 20% compared to the initial universe, i.e. bonds and other debt securities denominated in euros and that have been the subject of an effective ESG analysis by Sycomore AM.

In addition, the Management Company will focus on monitoring the following relevant ESG indicators:

- NEC
- Workforce growth over 3 years

The selection of the ESG indicators above aims to achieve a better performance than the sub fund's benchmark.

The investments underlying this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities.

Our methodology combines the following socially responsible investment approaches in a systematic way:

✓ Environmental, social and governance (ESG) integration  
ESG analysis is systematically included in the process of analysis and management.

✓ Exclusion

As part of our Socially Responsible Investment approach, the SRI exclusion policy is an additional tool which ensures that no investment is carried out in activities that have an actual negative impact on society or the environment. For example, the following are excluded: Coal companies (extraction and energy production), tobacco, weapons or companies that carry out activities that violate one of the principles of the United Nations Global Compact. The rate of selectivity within the investment universe is at least 20%. More detailed information is available in our SRI Exclusion Policy available on our website [www.sycomore-am.com](http://www.sycomore-am.com).

✓ Shareholder engagement

The commitment is to encourage companies to improve their environmental, social and governance (ESG) practices over the long term, through constructive and structured dialogue and long-term monitoring. This commitment is based on the conviction that good ESG practices are capable of promoting sustainable business performance and creating value for our clients. This commitment is realised through draft resolutions, and more generally through dialogue with issuers. As in the Best-effort approach the issuers selected may not be the best issuers in terms of ESG. More detailed information is available in our Engagement Policy available on our website [www.sycomore-am.com](http://www.sycomore-am.com).

✓ Best in universe

This approach aims to select and weight the best issuers in the investment universe and could lead to excluding certain sectors in which there is insufficient contribution to sustainability is not enough, compared to issuers in other sectors represented in the investment universe.

✓ Best effort

This approach allows investment in companies demonstrating visible efforts in terms of sustainable development, though they

are not yet among the best companies in the investment universe in terms of ESG.

The net assets may be exposed to UCITS classified as "cash" or "short-term money market", or to UCITS that implement a strategy aiming for money market return, or to diversified UCITS implementing a strategy of absolute performance with neutral exposure to fixed income or equity markets, within a global limit of 10%, and it may also use term deposits within a 10% limit, with credit institutions rated at least BBB by the aforementioned rating agencies.

The investor's attention is drawn to the fact that the Fund provides no direct exposure to securitisation vehicles. Indirect exposure to securitisation vehicles is possible through the UCITS classified as "cash" or "short-term money market", although such vehicles cannot be the principal strategy of the UCITS subscribed to on behalf of the Fund.

#### Asset classes and financial futures in the portfolio:

The following instruments are likely to be included in the Fund's net assets:

#### **French and international bonds and debt securities**

The Fund's portfolio may include up to 100% bonds and other euro-denominated debt securities issued by private issuers, and up to 20% by public issuers or equivalent, of all ratings or without any rating. There is also no restriction as per the sector-based split except for a 10% cap in securities issued by the financial sector.

Outside the Eurozone, the following instruments may also be eligible for the Fund's net assets:

- bonds and other debt securities or money market instruments denominated in a currency other than the euro, within the limit of 20% of the assets; the currency risk is limited to 10% through foreign exchange hedges;
- bonds and other debt securities or money market instruments denominated in euros, but issued by public or private issuers based outside the Eurozone (including emerging market issuers), within the limit of 25% of the net assets.

Through the selection process, the management team will maintain the global portfolio's sensitivity between 0 and +5.

#### **Equities**

None.

#### **Units or shares of UCITS**

The Fund may hold up to 10% of its net assets in the form of shares or units in the following UCITS or investment funds:

- European UCITS, including French UCITS-compliant funds investing less than 10% of assets in UCITS or investment funds;

- French funds that are non-UCITS-compliant which respect the four criteria of Article R. 214-13 of the French Monetary and Financial Code.

Those UCITS may be classified as "cash" or "short-term money market", or they may be UCITS implementing a strategy aiming for money market return, or diversified UCITS implementing a strategy of absolute performance with neutral exposure to fixed income or equity markets.

The Fund may invest in UCITS marketed or managed by Sycomore Asset Management or one of its subsidiaries, within the aforementioned limits.

#### **Derivatives**

The Fund participates in regulated or organised French or foreign markets, or in over-the-counter transactions. The Fund may use interest rate and currency futures and options as well as forward foreign exchange contracts and Credit Default Swaps (CDS). These instruments may expose or hedge the portfolio vis-à-vis the interest rate risk, credit risk and currency risk (which is limited to 10% of the net assets), without allowing any overexposure. CDSs, which may be linked to a single issuer or to a bond index, may however only be used for hedging purposes. These instruments should not account for more than 40% of the Fund's net assets.

The commitment of the Fund on the futures markets by using financial derivative instruments is limited to its asset size, this liability being assessed through the commitment method.

#### **Securities with embedded derivatives**

The Fund deals in financial instruments with embedded equity derivatives.

Those instruments are bond-type securities with a conversion or subscription right including convertible bonds, bonds redeemable into new or existing shares and equity-warrant bonds. They can represent up to 100% of the Fund's net assets, the indirect exposure to equities, calculated in reference to the delta of the convertible bond, is limited to 10% of the Fund's net assets.

There are no plans to use Total Return Swaps in connection with the management of the Fund.

#### **Debt securities and money market instruments**

The Fund's net assets may include up to 40% transferable debt securities from public or private issuers, without any allocation constraints between these two categories. Those may be French Treasury Bonds (BTFs) or equivalent instruments issued by Member States of the OECD, negotiable certificates of deposit (NCDs) or commercial paper from private issuers headquartered in an OECD country and rated at a minimum of BBB or equivalent by the Standard & Poor's, Moody's and Fitch Ratings rating agencies. Negotiable debt securities shall have a residual maturity of less than three months.

### Use of deposits

The Fund may use term deposits up to an authorised limit of 10% of the net assets, with credit institutions rated at least BBB by the aforementioned rating agencies

### Cash loans

In the normal course of business, the Fund may on occasion find itself in debt and in that case may borrow cash, up to the limit of 10% of its net assets.

### Temporary acquisitions and sales of securities

There are no plans to use temporary acquisitions and sales of securities in connection with the management of the Fund.

### 3.2.6. Contracts constituting financial guarantees

The Fund does not receive any financial guarantees as part of the authorised transactions.

### 3.2.7. Risk profile

Risks incurred by the Fund:

- **The risk of loss of principal**, as the Fund's performance may not meet investment objectives or investor targets (which depend on their portfolio composition), the principal invested may not be entirely returned, the performance may be adversely affected by inflation.
- **Interest-rate risk and credit risk**, as the Fund may be exposed up to 100% to fixed income products, debt securities and money market instruments, directly or via other UCITS.

Interest rate risk:

- the risk that the rates decline when investments are made at a variable rate (lower rate of return);
- the risk that rates will rise in the case of fixed-rate investments, as the value of a fixed interest-rate product is inversely proportional to interest rate levels. The net asset value may decrease in the event of an adverse variation in interest rates.

Credit risk is the risk that the issuer of a debt security is no longer able to reimburse the debt, or that its rating is downgraded, which could then lead to a decrease in the Net Asset Value (NAV).

This Fund should be regarded partly as speculative and aimed specifically at investors who are aware of the risks inherent in investing in securities with a low or non-existent rating. Thus exposure to high yield investments, which may reach 100% of the net assets may trigger a fall in the NAV.

- **Risk incurred by convertible bond investments**, given that the Fund may be exposed up to 100% to convertible bonds. This is the risk that the Net Asset Value falls, affected adversely by one or more elements of a convertible bond valuation, namely: level of interest rates, changes in prices of

the underlying shares and changes in the price of the derivative instrument embedded in the convertible bond.

- **The risk incurred from discretionary management**, as the management team may, within the limits indicated, freely allocate Fund assets among the various asset classes, thus incurring the risk that the Fund may not be invested in the best-performing markets.
- **The liquidity risk**, due to the limited size and depth of the markets in which the Fund may deal its buy and sell orders. In this regard, investors should bear in mind that the small- and mid-cap market includes companies which, by reason of their specific nature, may involve risks for investors. This is the risk that some purchase or sale orders may not be fully executed on account of the limited quantity of securities available on the market. The securities of these issuers may also experience greater volatility than those issued by large caps and reduce the net asset value.
- **The equity risk**, given that the Fund may be indirectly exposed for up to 10% of its net assets to equity markets through convertible bond investments. This is the risk that equity markets fall, or that the value of one or more underlying shares to one or more convertible bonds decreases, negatively impacting the net asset value.
- **Currency risk**, as the Fund may be invested for up to 10% of its net assets in financial instruments listed in a currency other than the euro. It is the risk that the value of an investment currency diminishes compared to the Fund's benchmark currency, i.e. the euro.
- **Emerging market risk**, as the Fund may be invested up to 10% in fixed income securities, debt securities and money market instruments issued by issuers in emerging markets. This is the risk that the value of such investments may be affected by the economic and political uncertainties of these countries, given the fragility of their economic, financial and political structures. In the event of a fall in one or several of these markets, the NAV may fall.
- **Methodological risk associated with Socially Responsible Investment (SRI)**: SRI is a relatively new area; there is no framework or list of universally accepted factors to take into consideration to ensure sustainability of investments. In addition, the legal and regulatory framework governing this area is still being developed. The absence of common standards can lead to different approaches to set and achieve ESG (environmental, social and governance) objectives. ESG factors can vary according to investment themes, asset classes, investment philosophy and the subjective use of various ESG indicators governing the construction of portfolios. The selection and weights applied can, to some extent, be subjective or based on measures that may share the same name but which have different underlying

meanings. ESG information, whether from an external source and/or an internal source, are by nature and in many cases, based on qualitative assessment and judgement, in particular in the absence of well-defined market standards and because of multiple approaches to SRI. An element of subjectivity and discretion is therefore inherent in the interpretation and use of ESG data. It may therefore be difficult to compare strategies incorporating ESG criteria. Investors should note that the subjective value they may or may not attribute to certain types of ESG criteria may differ substantially from fund to fund. The application of ESG criteria to the investment process may exclude securities of certain issuers for non-financial reasons and, consequently, may cause the loss of certain market opportunities available to funds that do not use ESG or sustainability criteria. ESG information from third-party data providers may be incomplete, inaccurate or unavailable. Consequently, There is a risk that a security or an issuer may be misvalued, resulting in the incorrect inclusion or exclusion of a security. ESG data providers are private companies that provide ESG data on a variety of issuers. They may therefore change the valuation of issuers or instruments at their discretion. The ESG approach can change and develop over time, due to a refined decision-making process for investment to consider ESG factors and risks, and/or due to legal and regulatory changes.

- **Sustainability risk:** environmental, social or governance events that, if they occur, could have a material, actual or potential, negative impact on the value of the investment. However, the Fund's investment policy does not systematically or concomitantly include ESG criteria or measures to mitigate these risks.

### 3.2.8. *Guarantee or protection*

None.

### 3.2.9. *Target investors and target investor profile*

Unit Classes I and ID are referred to as 'clean share' units, and are specifically aimed at 'eligible counterparty' subscribers within the meaning of Directive 2004/39/EC, 'professional investor' subscribers within the meaning of section I of annex II of Directive 2014/65/EC, and all subscribers within the framework

of discretionary management services or investment advice on an independent basis within the meaning of Directive 2014/65/EC, for which the suppliers of such services are not allowed to accept and retain fees, commissions or any monetary and non-monetary benefits paid or provided by the management company or by the Fund marketing agent promoter of the Fund ('clean share' units)

Unit Class X has been more specifically designed for UCITS managed by Sycomore Asset Management or by its subsidiaries.

Other unit classes are aimed at all investors.

The Fund may be used within unit linked life insurance policies. It is particularly aimed at investors interested in a minimum investment period of five (5) years and who also wish to diversify their investments.

The reasonable amount to invest in this UCITS depends on your personal situation. In order to assess your financial situation, you must take into account your personal assets, your current needs and your needs over the next three years, as well as your willingness to take on risk or, conversely, to opt for a more prudent investment. You are also strongly advised to sufficiently diversify your investments so that they are not exposed solely to the risks incurred by this Fund.

The units in the Fund, which is a Foreign Public Fund within the meaning of Section 13 of the US Bank Holding Company Act, have not been registered or reported to the US authorities pursuant to the US Securities Act of 1933. Hence, they may not be offered or sold, directly or indirectly, in the United States or on behalf of or for the benefit of a "U.S. Person" within the meaning of the US Regulation (Regulation S).

### 3.2.10. *Income calculation and allocation*

Accumulation and/or distribution.

Distribution frequency: None for Unit Classes I, R, R USD, and X.

Annual distribution for Unit Class ID with the possibility of distributing a quarterly interim advance payment.



**3.2.11. Unit Class characteristics**

Unit Class	ISIN Code	Allocation of distributable sums	Base Currency	Target investors	Subscription fee	Operating and management charges
I	FR0011288489	Accumulation	EUR	'Eligible counterparty' subscribers within the meaning of Directive 2004/39/EC, 'professional investor' subscribers within the meaning of section I of annex II of Directive 2014/65/EC, and all subscribers within the framework of discretionary management services or investment advice on an independent basis within the meaning of Directive 2014/65/EC, for which the suppliers of such services are not allowed to accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by the management company or by the marketing agent of the Fund ('clean share' units).	7% Maximum rate	0.60% maximum per annum including taxes
ID	FR0011288505	Distribution	EUR	'Eligible counterparty' subscribers within the meaning of Directive 2004/39/EC, 'professional investor' subscribers within the meaning of section I of annex II of Directive 2014/65/EC, and all subscribers within the framework of discretionary management services or investment advice on an independent basis within the meaning of Directive 2014/65/EC, for which the suppliers of such services are not allowed to accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by the management company or by the marketing agent of the Fund ('clean share' units).	7% Maximum rate	0.60% Maximum per annum including taxes
R	FR0011288513	Accumulation	EUR	All	3% Maximum rate	1.20% Maximum per annum including taxes
R USD	FR0012950574	Accumulation	USD	All	3% Maximum rate	1.20% Maximum per annum including taxes
X	FR0011288539	Accumulation	EUR	All investors, especially mutual funds managed by SYCOMORE AM or by its subsidiaries	10% maximum rate	0.60% Maximum per annum including taxes

Unit Class	Minimum subscription
I	None
ID	None
R	None
R USD	None
X	None

### 3.2.12. Conditions for subscribing and redeeming shares

Subscription and redemption orders are centralised at BNP Paribas SA (Postal address: 9, Rue du Débarcadère, 93500 Pantin) at 12:00 pm on each NAV calculation day (D). These orders are then executed at an unknown price on the basis of the following business day NAV (D+1), which is calculated on D+2. The resulting payments are made on the second following business day (D+3).

In summary, subscription and redemption orders are executed in accordance with the table below, unless any specific deadline is agreed upon with your financial institution:

D: Day on which the net asset value is determined	D+1 business day	D+2 business days	D+3 business days
Centralisation of subscription and redemption orders before 12:00 pm (CET)	Execution of the centralisation of subscription and redemption orders	Publication of the Net Asset Value of D	Delivery of Subscriptions Settlement of Redemptions

Subscription orders may be expressed in cash value, in number of units (whole numbers or fractions). Each fund unit is divided in ten-thousandths, and redemption orders may be expressed in number of units (whole number or fraction).

Unit holders can switch from one unit class to another by passing a redemption order in the units of the unit class held, followed by a subscription order for units in another unit class. Investors should therefore be aware that switching from one unit class to another triggers the application of the tax regime governing capital gains or losses on financial instruments.

**NAV calculation date and frequency:** The net asset value is determined each day the Euronext markets are open, with the exception of legal holidays in France (D). This NAV is calculated on the following business day (D+1), based on the preceding day's closing prices (D).

A swing pricing mechanism has been set up by the Management Company as part of the Fund's valuation. For more information on the mechanism, please refer to the Asset valuation rules section.

**Place and methods of publication or communication of Net Asset Value:** The net asset value is available upon request from Sycomore Asset Management and on its website ([www.sycomore-am.com](http://www.sycomore-am.com)).

### 3.2.13. Fees and Charges

#### Entry and exit charges:

Entry and exit charges are either levied on the subscription price paid by the investor or deducted from the redemption price. Charges retained by the UCITS offset expenses borne by the UCITS for investment or divestment. Non-retained charges are attributed to the management company, the marketing agent, etc.

Charges borne by the investor at the time of subscriptions and redemptions	Basis	Rate				
		Unit Class I	Unit Class ID	Unit Class R	Unit Class R USD	Unit Class X
Subscription fee not due to the UCITS	Net Asset Value multiplied by the number of units subscribed	7% Maximum rate	7% Maximum rate	3% Maximum rate	3% Maximum rate	10% Maximum rate
Subscription fee due to the UCITS	Net Asset Value multiplied by the number of units subscribed	None				
Redemption fee not due to the UCITS	Net Asset Value multiplied by the number of units redeemed	None				
Redemption fee due to the UCITS	Net Asset Value multiplied by the number of units redeemed	None				

**Exemptions:** No fees will be charged for a redemption followed by a subscription for the same account on the same day, if the NAV and amount have the same values.

**Operating and management charges:** These charges include all the expenses invoiced directly to the UCITS, except for execution fees. Execution fees include intermediation charges (brokerage, stamp duty, etc.) and transfer commissions, if any, which may be collected by the depositary and the management company. The following may be payable in addition to the operating and management charges:

- performance fees. These reward the management company when the UCITS exceeds its objectives. They are therefore invoiced to the UCITS;
- transfer commissions invoiced to the UCITS.

For further details regarding fees charged to the UCITS, please refer to the key investor information document.

Fees charged to the UCITS	Basis	Rate				
		Unit Class I	Unit Class ID	Unit Class R	Unit Class R USD	Unit Class X
Financial investment management fee and external administration fees	Net assets	Maximum annual rate (including tax)				
		0.60%	0.60%	1.20%	1.20%	0.60%
Transfer commissions charged by the management company	Charge on each transaction	None				
Transfer commission collected by the depositary	Charge on each transaction	Maximum charge of €50, including tax.				
Performance fee	Net assets	10% including tax above Barclays Capital Euro Corporate ex-Financials Bond Index (dividends reinvested)				None

These fees shall be booked directly to the Fund's profit and loss account.

**Performance fee:** From 1 January 2022, the performance fee will be calculated as follows:

#### Calculation method

The outperformance generated by the Fund on a given date is understood to be the positive difference between the net assets before deduction of any performance fee from the Fund and the assets of a notional UCI, realising the performance of its benchmark index and recording the same pattern of subscriptions and redemptions as the actual Fund on the same date.

If this difference is negative, this amount represents an underperformance that will have to be offset in the following years before it can again be provisioned for the performance fee.

#### Offsetting underperformances and reference period

As specified in the ESMA guidelines for performance fees, 'the reference period is the period during which performance is measured and compared to the benchmark and at the end of which it is possible to reset the mechanism for offsetting past underperformance.'

This period is set at 5 years. This means that in excess of 5 consecutive years without crystallisation, unoffset underperformance older than 5 years will no longer be taken into account in the performance fee calculation.

#### Observation period

The first twelve-month observation period began on 1 January 2022.

At the end of each financial year, one of the following two cases may occur:

- The Fund underperformed over the observation period. In this case, no fee is charged and the observation period is extended by one year to a maximum of 5 years (reference period).
- The Fund outperformed over the observation period and over the financial year. In this case, the management company receives the provisioned fees (crystallisation), the calculation is reset and a new twelve-month observation period begins.

#### Provisioning

Each time the net asset value (NAV) is determined, the performance fee is subject to a provision (of 10% of the outperformance) when the Fund's net assets, before deducting a potential performance fee, are greater than those of an imaginary UCI over the observation period. In the event of underperformance, a write-back of the provision is carried out that is limited to the existing allocation.

In the event of redemptions during the period, the share of the constituted provision corresponding to the number of shares redeemed shall be definitively acquired and taken by the Manager.

#### Crystallisation

The crystallisation period, i.e. the frequency of any provisioned performance fee being payable to the management company, is twelve months.

The first crystallisation period will end on the last day of the financial year ending 31 December 2022.



**Selection of intermediaries:** Sycomore Asset Management has entrusted the trading of its orders to Sycomore Market Solutions. Sycomore Market Solutions receives orders initiated by the management company on behalf of the Fund and ensures their transmission to market intermediaries and counterparties with the main mission of seeking the best possible execution of these orders. Sycomore Market Solutions is an investment

company authorised by the French Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution, ACPR) to provide the order reception and transmission service on behalf of third parties.

Unit holders may refer to the annual management report for any further information.

## 4. COMMERCIAL INFORMATION

The settlement of distributable sums occurs, where applicable, within five months following the end of the Fund's financial year.

Subscription and redemption orders should be addressed to the delegated institution in charge of the centralisation.

Information concerning the UCITS is provided by Sycomore Asset Management to your financial intermediary, whose duty it is to pass this information on to their clients.

The management company's voting policy and the report setting out the conditions for the exercise of these voting rights are available and sent free of charge within one week upon written request from the investor to:

- Sycomore Asset Management, 14 avenue Hoche, 75008 Paris, France; - At the following address: [info@sycomore-am.com](mailto:info@sycomore-am.com).

The information on Environmental, Social and Governance (ESG) criteria taken into account by the UCITS is available on Sycomore Asset Management's Website ([www.sycomore-am.com](http://www.sycomore-am.com)).

Information on methods used to assess Environmental, Social and Governance (ESG) criteria included in the Fund's strategy is available on Sycomore Asset Management's website ([www.sycomore-am.com](http://www.sycomore-am.com)).

Furthermore, information concerning the Fund may be obtained directly via the Sycomore Asset Management website ([www.sycomore-am.com](http://www.sycomore-am.com)) or by calling our Investor Relations Department on +33 1 44.40.16.00.

The management company may send the UCI's portfolio composition to its investors within a period which may not be less than 48 hours after the publication of the net asset value, solely for the purpose of calculating the regulatory requirements related to Directive 2009/138/EC (Solvency 2). Each investor wishing to use this information must have procedures in place to manage this sensitive information prior to the transmission of the portfolio composition, which is to be used solely for calculating prudential requirements.

## 5. INVESTMENT REGULATION

The Fund complies with the investment regulations for UCITS governed by Directive 2009/65/EC investing up to 10% of their assets in units or shares of UCITS, it also complies with the General Regulation of the AMF regarding Eurozone equity UCITS.

## 6. OVERALL RISK

The Fund's overall risk reflects the additional risk incurred by the use of derivatives, based on the commitment calculation method.

## 7. ASSET VALUATION PRINCIPLES

### 7.1 Asset valuation rules

Financial instruments and securities traded on French or foreign regulated markets are valued at market price.

However, the following instruments are valued in accordance with the following specific methods:

- Financial instruments which are not traded on regulated markets are valued by the management company at their likely trading value.

- Units or shares in UCITS are valued at the most recently published NAV.
- Negotiable debt securities and similar instruments which are not actively traded are valued using an actuarial method. The value retained is that of equivalent issued securities, which are adjusted, where applicable, on the basis of a credit spread reflecting the creditworthiness of the security issuer. However, negotiable debt securities with a residual lifespan not exceeding three months may be valued using the straight-line method in the absence of any specific modified duration. The application of these principles is set by the management

company. These are detailed in the notes to the annual financial statements.

- Transactions involving financial futures or options traded on French or foreign organised markets are valued at market price in accordance with methods laid down by the management company. They are set out in the notes to the annual financial statements.
- Over-the-counter futures, options or swap transactions authorised by the regulations applicable to UCITS, are valued at their market price or at an estimated value in accordance with methods laid down by the management company, as defined in the notes to the annual financial statements.

Financial instruments for which no price has been established on the valuation day, or the price of which has been adjusted, are valued at their likely trading value under the management company's liability. These valuations and relative supporting data are made available to the Statutory Auditor during inspections and audits.

The accounting currency is the euro.

## 7.2 Net asset value adjustment method related to swing pricing with trigger threshold:

Sycomore Asset Management has decided to set up a swing pricing mechanism to protect the UCITS and its long-term investors from the impacts of large inflows or outflows.

If, on a NAV calculation date, the total net subscription / redemption orders from investors on all Fund unit classes exceeds a pre-established threshold, determined on the basis of objective criteria by the management company as a percentage of the Fund's net assets, the NAV may be adjusted upwards or downwards to take account of the adjustment costs attributable respectively to the net subscription / redemption orders. The NAV of each unit class is calculated separately but any adjustment has, as a percentage, an identical impact on all the NAVs of the Fund's unit classes. The cost and trigger parameters are determined by the management company and reviewed periodically, at least every quarter. These costs are estimated by the management company based on transaction costs, bid/offer spreads and eventual taxes that may be applicable to the Fund.

As this adjustment is related to the net balance of subscriptions / redemptions in the Fund, it is not possible to predict with certainty if swing pricing will be applied at any given time in the future. Consequently, it is also not possible to predict with certainty the frequency at which the management company shall make such adjustments. Investors should note that volatility of the Fund's NAV may not reflect solely that of the securities held in the portfolio due to the application of swing pricing.

As the punctual effect of swing pricing on the net asset value is not related to management, the performance fees are calculated before application of this method.

The policy for determining the mechanisms of Swing Pricing is available on our website, [www.sycomore-am.com](http://www.sycomore-am.com), or upon request from the management company. Swing pricing is at the discretion of the management company in accordance with Sycomore Asset Management's Swing Pricing Policy.

## 7.3 Alternative assessment procedures in case the financial data is unavailable

Please note that the administrative and accounting management of the fund is delegated to BNP Paribas SA, which is in charge of valuing the fund's financial assets.

Nevertheless, Sycomore Asset Management also has at its disposal an estimated valuation of the fund's financial assets on a real-time basis, sourced from various available financial data suppliers (Reuters, Bloomberg, market counterparties, etc.).

In the event that the delegated administrative and accounting agent is unable to value the Fund's assets, it will still therefore be possible to provide it with the requisite information for the purpose of such a valuation, in which case the Statutory Auditor will be promptly informed.

## 7.4 Accounting method

The accounting method selected to record income from financial instruments is the coupon-received principle.

The accounting method selected to record execution fees is exclusive of fees.

# 8. REMUNERATION POLICY

In accordance with the regulation resulting from Directives 2011/65/EC (AIFM) and 2014/91/EC (UCITS V), Sycomore AM established a Remuneration policy. Its objectives are to promote alignment of interests between investors, the management company and its staff, as well as sound and efficient risk management of managed portfolios and of the management company, taking into account the nature, scope and complexity of Sycomore AM's activities. In particular, it relies on the allocation of sufficiently high fixed remuneration and bonuses whose procedures for allocation and payment promote the alignment of long-term interests.

Details of this remuneration policy are available on our website, [www.sycomore-am.com](http://www.sycomore-am.com). A paper copy can also be made available free of charge upon request.

## TERMS AND CONDITIONS

### ASSETS AND UNITS

#### **Article 1 - Fund units**

The rights of co-owners are expressed in units, each unit representing an equivalent fraction of the assets of the Fund. Each unit holder owns joint ownership rights over the assets of the fund in proportion to the number of units owned.

The duration of the fund is 99 years from 1 September 2012, except in the cases of early dissolution or extension provided for in these terms and conditions.

The characteristics of the various categories of units, and the terms and conditions of their acquisition, are set forth in the key investor information document and the prospectus of the Fund.

The various categories of units may:

- benefit from different income distribution methods; (distribution or accumulation)
- be denominated in different currencies;
- incur different management fees;
- bear different entry and exit charges;
- have a different nominal value.

Units may be consolidated or split.

The Board of Directors of the asset management company may elect to split units into ten-thousandths, referred to as fractional units.

Provisions herein governing the issue and redemption of units are applicable to fractional units, the value of which shall always be proportional to the value of the proportion they represent. All other provisions herein governing units apply to fractional units without need for further specification, unless otherwise stated.

Finally, the board of directors of the management company may unilaterally elect to split units by creating new units issued to unit holders in exchange for existing units.

#### **Article 2 - Minimum assets**

Units may not be redeemed if the Fund's (or a sub-fund's) assets fall below  300,000; when the assets remain below this amount for a period of thirty days, the management company shall make the necessary provisions to liquidate the UCITS concerned, or to carry out one of the operations mentioned in article 411-16 of the AMF's General Regulation (transfer of the UCITS).

#### **Article 3 - Issue and redemption of units**

The units can be issued at any time at the request of unit holders on the basis of their Net Asset Value plus, if applicable, any subscription fees. Redemptions and subscriptions shall be carried out in accordance with the conditions and procedures

defined in the prospectus. The Fund's units may be listed for trading in accordance with applicable regulations.

Unit subscriptions must be paid in full on the NAV calculation date. They may be made in cash and/or by a contribution in kind in the form of transferable securities. The management company has the right to refuse the proposed securities and has a period of seven days from the date of filing to inform the subscriber of their decision. If it accepts the securities, they shall be valued on the basis of the rules laid down in Article 4, and the subscription shall be made on the basis of the first net asset value calculated following acceptance of the securities involved.

Redemptions shall be paid out exclusively in cash, unless the Fund is liquidated and unit holders have given their consent to repayment in securities. Payment is made by the registrar and transfer agent within a maximum of five days following unit valuation.

This period may however be extended up to a maximum of 30 days in exceptional circumstances if the repayment requires the prior divestment of assets held in the Fund. Except in case of inheritance or inter-vivos estate distribution, the disposal or transfer of units between unit holders, or from unit holders to a third party, is equivalent to a redemption followed by a subscription; if this involves a third party, the disposal or transfer amount must, if relevant, be completed by the beneficiary in order to attain at least the minimum subscription required by the prospectus.

Pursuant to Article L. 214-8-7 of the French Monetary and Financial Code, the redemption by the Fund of its units, as well as the issue of new units, may be provisionally suspended, by the management company, under exceptional circumstances and if unit holders' best interests so require. If the value of the Fund's (or, if applicable, of a sub-fund's) assets falls below the minimum threshold set by the regulations, no redemptions may be carried out (in respect of the sub-fund in question, as the case may be).

Minimum subscription requirements may be imposed, as set out in the prospectus.

In application of paragraph three of Article L. 214-8-7 of the French Monetary and Financial Code, the Fund may stop issuing units in objective situations leading to the closure of subscriptions, such as a maximum number of units issued, a maximum amount of assets reached or the expiry of a fixed subscription period. These objective circumstances are defined in the full prospectus of the UCITS.

The trigger of this tool will be communicated by any means to existing unit holders relating to its activation, as well as to the threshold and objective situation that led to the decision to partially or completely close. In the case of a partial closure, this communication by any means will explicitly specify the terms and conditions under which existing unit holders may continue to subscribe during the duration of this partial closure. Unit holders are also informed by any means of the decision of the UCITS or the management company either to end the total or partial closure of subscriptions (when falling below the trigger level) or not to end them (in the event of a change of threshold or a change in the objective situation that led to the implementation of this tool). A change in the objective situation invoked or to the trigger level of the tool must always be made in the interests of the unit holders. Information by any means shall specify the exact reasons for these changes.

#### **Article 4 - Calculation of the Net Asset Value**

The Net Asset Value is calculated in accordance with the valuation rules set out in the Prospectus.

Contributions in kind shall comprise only securities, shares or contracts permissible as UCITS assets, and these shall be valued in accordance with the valuation principles applied to the NAV calculation.

### **FUND OPERATION**

#### **Article 5 - The Management Company**

The fund is managed by the management company in accordance with the policy defined for the Fund.

In all circumstances, the management company shall act on behalf of the unit holders 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 that are eligible to form part of the Fund's assets and the investment rules are described in the prospectus.

##### **Article 5b – Listing on a regulated market and/or a multilateral trading facility**

Fund units may be listed on a regulated market and/or a multilateral trading facility in accordance with applicable regulations. In case the Fund whose shares are admitted to trading on a regulated market has an index-based management objective, the Fund will have in place a system to ensure that the price of its units does not significantly vary from its net asset value.

#### **Article 6 – Depositary**

The custodian performs the tasks entrusted to it by the legal and regulatory provisions in force as well as those entrusted to it contractually.

The depositary is responsible for ensuring that legal decisions made by the management company comply with the necessary regulations. It must, where required, take any precautionary

measures it deems necessary. In the event of a dispute with the management company, it informs the French financial markets authority (Autorit  des March s Financiers, AMF).

#### **Article 7 - Statutory auditor**

A statutory auditor is appointed by the governing body of the management company for a term of six financial years, with the approval of the AMF. The statutory auditor certifies the accuracy and consistency of the financial statements. The appointment of the statutory auditor may be renewed.

The statutory auditor is required to notify the AMF as soon as possible of any fact or decision relating to the UCITS of which they become aware in the course of their audit that may:

- Constitute a breach of the laws or regulations applicable to this UCITS that could have a significant impact on its financial situation, results or assets,
- Undermine the conditions or continuity of its business,
- Entail the issuing of reservations or the refusal to certify the financial statements.

Asset valuation and the determination of exchange terms pertaining to conversions, mergers or split transactions are carried out under the supervision of the statutory auditor. The statutory auditor shall determine the value of any contribution in kind under their own responsibility. The statutory auditor monitors the accuracy of the composition of assets and other items prior to publication. The statutory auditor's fees shall be set by mutual agreement between the statutory auditor and the Board of Directors of the management company, on the basis of a work schedule setting out the checks deemed necessary. The statutory auditor shall certify positions serving as the basis for any interim distribution. The statutory auditor's fees are included in the management fees.

#### **Article 8 – The financial statements and management report**

At the closing of each financial year, the management company prepares the financial statements and a report on the fund's management during that year. The management company prepares a statement of the Fund's assets and liabilities, at least once every half-year and under the supervision of the depositary.

The management company shall make these documents available to unit holders within four months of the end of the financial year and inform them of the amount of income attributable to them: These documents are either sent by mail at the express request of the unit holders, or made available to them by the management company.

## TERMS AND CONDITIONS OF ALLOCATION OF DISTRIBUTABLE SUMS

### **Article 9 – Terms and conditions of appropriation of income and distributable sums**

Net income for the financial year shall be equal to total interests, arrears, dividends, premiums and bonuses, attendance fees and any other income relating to securities constituting the Fund portfolio, plus income from short-term liquidities, minus management charges and borrowing costs.

Distributable amounts shall be equal to the net income for the financial year plus items carried forwards, plus or minus the balance of accrued income relating to the elapsed financial year. The management company shall decide on the appropriation of income.

Where applicable, the Fund may choose one of the following options for each unit class:

- full accumulation: distributable amounts are fully reinvested, with the exception of those that must be distributed pursuant to legal provisions;
- distribution only: distributable amounts are fully distributed, subject to rounding; interim distribution is permitted;
- in the case of Funds that wish to preserve discretion to reinvest and/or distribute. The management company shall decide each year on the appropriation of income. The possibility of interim distribution should be provided for.

## MERGER – SPLIT – DISSOLUTION – LIQUIDATION

### **Article 10 - Merger & De-merger**

The management company may either transfer, in full or in part the assets included in the fund to another UCITS that it manages, or split the fund into two or more other funds for which it will provide management.

A merger or split may not be carried out until one month has elapsed after notice of the transaction has been given to unit holders. A merger or split gives rise to the issuance of a certificate specifying the new number of units held by each unit holder.

### **Article 11 - Dissolution & extension**

If the Fund assets remain below the amount specified in Article 2 for a period of thirty days, the management company shall wind-up the Fund and inform the French financial markets authority (Autorité des Marchés Financiers, AMF), unless it is merged with another investment fund.

The management company may wind-up the Fund before term. It shall inform unit holders of its decision and subscription or redemption orders shall no longer be accepted as of that date.

The management company shall also wind-up the Fund if it receives redemption orders for all of its units, if the depositary ceases to perform its duties where no other depositary has been designated, and upon the expiry of the Fund's term unless it has been extended.

The management company shall inform the French financial markets authority (Autorité des Marchés Financiers, AMF) in writing of the scheduled date and selected winding-up procedure. It shall then send the French financial markets authority (Autorité des Marchés Financiers, AMF) the statutory auditor's report.

Extension of a fund may be decided by the management company in agreement with the depositary. Its decision must be taken at least 3 months prior to expiry of the Fund's term, and both unit holders and the French financial markets authority (Autorité des Marchés Financiers, AMF) must be informed at the same time.

If the agreement concluded between the depositary and the management company is terminated by either party, the management company shall wind-up the Fund within a maximum period of three months upon reception of the termination notice by the party being notified. This is unless another depositary has been designated by the management company and authorised by the French financial markets authority (Autorité des Marchés Financiers, AMF) within this period.

### **Article 12 - Liquidation**

If the fund is wound-up, the management company shall be responsible for the liquidation process. The liquidation process may be entrusted to the depositary subject to its consent. The management company or, where applicable, the depositary shall be vested with the broadest powers to dispose of assets, pay any creditors and distribute the remaining balance between unit holders in cash or securities.

The statutory auditor and the depositary shall continue in their respective capacities until the liquidation process is complete.

## DISPUTES

### **Article 13 - Competent courts & Choice of jurisdiction**

All disputes related to the Fund that may arise during the term in which it operates, or during its liquidation, either between the unit holders or between the unit holders and the management company or the depositary, are subject to the jurisdiction of the competent courts.