UCITS

under Directive 2009/65/EC

PROSPECTUS
La Française Sub Debt
Mutual Fund

1. General information

1.1 Legal form of the UCITS

Name:
La Française Sub Debt

Legal form and Member State in which the UCITS has been set up:
Fonds Commun de Placement [mutual fund] under French law

Launch date and scheduled duration:
20/10/2008 - 99 years

Date of approval by the French Financial Markets Authority:
20/11/2009

Summary of the management offer

Type of unit	*ISIN code*	*Initial net asset value*	*Sub-funds*	*Allocation of income*	*Allocation of gains and losses:*	*Denomination currency*	*Target investors*	*Minimum initial investment value*
D units	FR0010969311	EUR 1,000	No	Distribution	Capitalisation	EUR	All subscribers, and more particularly intended for professional clients within the meaning of the Markets in Financial Instruments Directive (MiFID)	EUR 100,000
R units	FR0011766401	EUR 100	No	Capitalisation	Capitalisation	EUR	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MIF2 or Reception and Transmission of Orders (RTO) with services	EUR 50,000
RC USD H units	FR0013251196	USD 100	No	Capitalisation	Capitalisation	USD	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MIF2 or Reception and Transmission of Orders (RTO) with services	USD 50,000
T C EUR units	FR0013289063	EUR 100	No	Capitalisation	Capitalisation	EUR	All subscribers without payment of retrocession fees to distributors	EUR 50,000
IC CHF H units	FR0013017985	CHF 1,000	No	Capitalisation	Capitalisation	CHF	All subscribers, and more particularly intended for professional clients within the meaning of the Markets in Financial Instruments Directive (MiFID)	CHF 100,000
T C USD H units	FR0013289055	USD 100	No	Capitalisation	Capitalisation	USD	All subscribers without payment of retrocession fees to distributors	USD 50,000
C units	FR0010674978	EUR 1,000	No	Capitalisation	Capitalisation	EUR	All subscribers, and more particularly intended for professional clients within the meaning of the Markets in Financial Instruments Directive (MiFID)	EUR 100,000
E units	FR0011036144	EUR 1,000	No	Capitalisation	Capitalisation	EUR	All investors, particularly foreign investors	EUR 50,000
S units	FR0013289071	EUR 1,000	No	Capitalisation	Capitalisation	EUR	Large institutional investors	EUR 50,000,000

The minimum initial subscription value does not apply to the Management Company or the entities of the La Française Group.

Location where the latest annual report and the latest interim report may be obtained:
The latest annual reports and the breakdown of assets will be sent within eight working days, upon written request by the unitholder to:

LA FRANÇAISE ASSET MANAGEMENT
Marketing Department
128, boulevard Raspail
75006 Paris
Tel. +33 (0) 1 44 56 10 00
E-mail: contact-valeursmobilieres@lafrancaise-group.com

For further information, please contact the Marketing Department of the Management Company by e-mail at: contact-valeursmobilieres@lafrancaise-group.com.

1.2 Participants

Management company:
LA FRANÇAISE ASSET MANAGEMENT
Simplified joint stock company, registered in the Paris Trade and Companies Register under number 314 024 019
Management company approved by the French Financial Markets Authority on 1 July 1997, under number GP 97-76,
Registered office: 128, boulevard Raspail, 75006 PARIS

Depositary and registrar:

Identity of the UCITS Depositary
The Depositary of the UCITS is BNP Paribas Securities Services SCA, a subsidiary of the BNP PARIBAS SA group located at 9, rue du Débarcadère, 93500 PANTIN (the "Depositary"). BNP PARIBAS SECURITIES SERVICES, a partnership limited by shares, registered in the Trade and Companies Register under number 552 108 011, is an institution approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the French Financial Markets Authority (Autorité des Marchés Financiers – AMF), whose registered office is located at 3, rue d'Antin, 75002 Paris, France.

Description of the responsibilities of the Depositary and potential conflicts of interest
The Depositary carries out three types of responsibilities: checking the legality of the decisions of the Management Company (as defined in Article 22(3) of the UCITS V Directive), monitoring the UCITS cash flow (as defined in Article 22(4)) and holding UCITS assets (as defined in Article 22(5)).
The main objective of the Depositary is to protect the interests of unitholders/investors in the UCITS. This will always take precedence over commercial interests.
Potential conflicts of interest may be identified, especially in the case where the Management Company has a commercial relationship with BNP Paribas Securities Services SCA alongside its appointment as Depositary (which may be the case where BNP Paribas Securities Services, by delegation from the Management Company, calculates the net asset value of the UCITS while BNP Paribas Securities Services is the Depositary or where a group connection exists between the Management Company and the Depositary).
In order to manage situations such as this, the Depositary has implemented and regularly updates a conflict of interest management policy, with the aim of:
- identifying and analysing potential conflicts of interest;
- recording, managing and monitoring conflicts of interest:
    - o based on the permanent measures put in place in order to manage conflicts of interest, such as the distribution of tasks, the separation of hierarchical and operational lines, the monitoring of internal lists of insiders and dedicated IT environments;
    - o on a case-by-case basis:
        - - by implementing appropriate preventive measures such as the creation of an ad hoc monitoring list and new Chinese walls, or by verifying that transactions are properly processed and/or by keeping the relevant clients informed; or
        - - by refusing to manage activities which could lead to conflicts of interest.

Description of any safekeeping functions delegated by the Depositary, list of delegates and sub-delegates and identification of conflicts of interest likely to result in such a delegation
The UCITS Depositary, BNP Paribas Securities Services SCA, is responsible for the safekeeping of assets (as defined in Article 22(5) of Directive 2009/65/EC, as amended by Directive 2014/91/EU). In order to offer services linked to the safekeeping of assets in a large number of countries, enabling the UCITS to achieve its investment objectives, BNP Paribas Securities Services SCA has appointed sub-depositaries in countries where BNP Paribas Securities Services SCA 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 appointment and monitoring process for sub-depositaries adheres to the highest quality standards, including the management of potential conflicts of interest which may arise as a result of these appointments.
Up-to-date information relating to the above points will be sent to investors upon request.

Statutory auditor:
PricewaterhouseCoopers Audit represented by Frédéric SELLAM
63, rue de Villiers
92200 Neuilly-sur-Seine

Marketers:
LA FRANCAISE AM FINANCE SERVICES
Customer service
128, boulevard Raspail, 75006 PARIS

Delegates:

Appointed Account Manager
BNP PARIBAS SECURITIES SERVICES, SCA
With its registered office at 3, rue d'Antin, 75002 PARIS
With its postal address at Grands Moulins de Pantin, 9, rue du Débarcadère, 93500 Pantin

Advisers:
None

Centralising agent:
LA FRANÇAISE ASSET MANAGEMENT
Simplified joint stock company, registered in the Paris Trade and Companies Register under number 314 024 019
Management company approved by the French Financial Markets Authority on 1 July 1997, under number GP 97-76,
Registered office: 128, boulevard Raspail, 75006 PARIS

Appointed establishment responsible for subscription and redemption orders:
LA FRANCAISE AM FINANCE SERVICES
Customer service
128, boulevard Raspail, 75006 PARIS

2. Terms of operation and management

2.1 General information

Unit features:
- Nature of right attached to each unit category: each unitholder has the right of co-ownership in Fund assets in proportion to the number of units held.
- Liabilities managed by BNP Paribas Securities Services.
- Units admitted to EUROCLEAR France.
- Voting rights: the units do not carry any voting rights; decisions are taken by the Management Company.
- Form of units: bearer units.
- Decimalisation: each unit can be divided into hundred thousandths (C, D, R,I C CHF H, S and T C EUR units) and thousandths (E et RC USD H and T C USD H units)

Closing date:

- End of accounting period: Last trading day in December. From the financial year starting on 1 January 2018, the fund will close on the final Stock market day of June.
- Closing date of the 1st financial year: 31 December 2009

Tax system:

Please note: Depending on your tax system, any capital gains and income associated with holding units in the UCITS could be subject to taxation. If the unitholder is uncertain about his tax situation, he must consult the UCITS marketer or his financial adviser for more information.

The Fund is not subject to corporation tax. However, unitholders are liable to tax on distributions and capital gains. As such, the tax system applied to the amounts distributed by the UCITS or to the capital gains and losses either realised or unrealised by the UCITS depends on the particular circumstances of the investor. In the event of uncertainty about their tax situation, investors should contact an advisor or professional.

2.2 Specific provisions

ISIN code:

D units	FR0010969311
R units	FR0011766401
RC USD H units	FR0013251196
T C EUR units	FR0013289063
IC CHF H units	FR0013017985
T C USD H units	FR0013289055
C units	FR0010674978
E units	FR0011036144
S units	FR0013289071

Classification:

Bonds and other debt securities denominated in euro

Management objective:

The Fund's objective is to achieve an annualised performance of more than 7% over a recommended investment horizon of more than 10 years through exposure, in particular, to subordinated debt securities with a specific risk profile different from that of conventional bonds.

Notice

The AMF reminds potential investors that the objective of an annualised performance of more than 7% indicated in the section “Management objective” is based on the realisation of market assumptions determined by the Management Company and is not, in any circumstance, a guarantee of Fund yield or performance.

Benchmark index:

Due to its management objective and the discretionary strategy adopted, an appropriate benchmark for the Fund cannot be given.

However, for guidance, the performance of the Fund may be compared to that of the “Markit Iboxx Euro Financials Subordinated” index.

The “Markit Iboxx Euro Financials Subordinated” index reflects the performance of subordinated debts denominated in euros from issuers in the financial sector (banking and insurance).

Further information on the index is available at http://indices.markit.com/

Investment strategy:

1- Strategy used

The Fund is permanently exposed to one or more European Union interest rate markets and combines, on a discretionary basis, directional and non-directional strategies, focusing on nominal interest rates, yield curves and credit.

The allocation is defined according to the performance potential and the level of risk of each strategy. All securities in the investment universe are denominated in euros.

Investment universe:

The fund's investment universe includes bonds and negotiable debt securities (private debt) issued or guaranteed by European Union Member States (public debt), Switzerland, the United Kingdom and Norway, European Union, Swiss, United Kingdom and Norwegian non-government bonds (private debt) denominated in euros, convertible bonds and money market instruments.

This investment universe notably includes the different categories of subordinated debt.

"CoCos" are more speculative and carry a higher default risk than a traditional bond, but these Contingent Convertibles will be sought after in the management of the fund given their high yield. This remuneration compensates for the fact that these securities can be converted into equity (shares) or may be subject to capital loss if the contingency clauses of the financial institution concerned are triggered (crossing of a capital threshold predefined in the prospectus of a subordinated bond issue).

The allocation between private and public debt is not determined in advance and will be based on market opportunities.

The Fund may invest without reference to specific credit rating criteria. The Management Company shall not exclusively or systematically use ratings and will carry out a credit analysis at the time of investment.

The sensitivity range for interest rates in which the mutual fund is managed	0 +10
Geographic area of the issuers of securities to which the mutual fund is exposed	European Union, Switzerland, United Kingdom and Norway: up to 100%
Level of exchange risk supported by the mutual fund	none

The Fund may invest up to 10% of its assets in units or shares of UCITS under French or foreign law. These UCITS may be managed by the Management Company or an associated company, as applicable. They will be used to manage cash flow and/or to achieve the management objective.

The fund may use Total Return Swaps (TRS) up to a limit of 25% maximum of the net assets. The expected proportion of assets under management that shall be subject to TRS may be 10% of assets. The assets underlying the TRSs may be credit indices.

The Fund may invest in financial futures traded on French and foreign regulated markets or OTC.

In this context, the manager may take positions to hedge and/or expose the portfolio to interest rate and/or equity risks (exposure to equity risk shall not exceed 10% of the net assets), through futures, options and/or swaps and single name CDS and/or on indexes only to hedge the portfolio.
The overall exposure of the portfolio shall be limited to a maximum of 300% of the net assets.

The Fund may also engage in transactions for the temporary purchase and sale of securities in order to (i) ensure the investment of the liquid assets available (e.g. reverse repurchase transactions), (ii) optimise the performance of the portfolio (e.g. securities lending).

Investors in eurozone countries are not exposed to exchange risk.

2 - Assets used (excluding embedded derivatives)

a) Equities:

As the portfolio contains convertible bonds, the Fund may temporarily hold equities obtained by conversion or exchange.
The equities resulting from these conversions are to be sold as soon as possible taking into account the most favourable market conditions.

Exposure to equity risk shall not exceed 10% of the net assets.

b) Debt securities and money market instruments:

The Fund may invest in an unlimited number of debt securities and money market instruments denominated in euros, issued by EU Member States, government, public or semi-public agencies, and industrial, commercial and financial companies.
The main features of the proposed investments are:
• Private debt: up to 100% of assets;
• Public debt: up to 100% of assets;
• Maximum credit risk level: none;
• Existence of rating criteria: none;
• Legal nature of the instruments used: bonds, negotiable debt securities, subordinated debts.
• Sensitivity: from 0 to +10
• Other characteristics: none

Bonds and subordinated debt securities in euros:

The Fund's investment universe also concerns the different categories of subordinated debt.

c) Units or shares of UCITS:

The Fund may invest up to 10% of its assets in units or shares of UCITS under French or foreign law. These UCITS may be managed by the Management Company or an associated company, as applicable.

3- Derivative instruments

The Fund may invest in financial futures or options, traded on French and foreign regulated markets or OTC.
Each derivative instrument addresses a specific hedging or exposure strategy as explained below:
- Futures. Futures may be used to:
(i) hedge the entire portfolio or certain classes of assets held in the portfolio against interest rate and/or equity risks;
(Ii) increase the Fund's exposure to interest rate and/or equity risk (equity exposure is limited to 10% of the net assets);

- Options. Options may be used to optimise the position envisaged in futures, so as to alter the profile of the expected result:
(i) hedge the entire portfolio or certain classes of assets held in the portfolio against interest rate and/or equity risks;
(ii) increase the Fund's exposure to interest rate and/or equity risk (equity exposure is limited to 10% of the net assets);
- Swaps, caps and floors. These transactions can be used to:
(i) hedge the entire portfolio or certain classes of assets held in the portfolio against interest rate risks;
(ii) synthetically rebuild specific assets.
- Single-name CDS or CDS on indexes may be used to ensure that the portfolio or certain asset classes held in the portfolio are hedged against market credit risk.
-Total Return Swap (TRS).

4 - Securities with embedded derivatives (warrants, EMTN, subscription certificates ...):

The Fund may invest in securities with embedded derivatives:
- convertible bonds.

Management of financial guarantees relating to transactions on over-the-counter derivative financial instruments:
OTC transaction counterparties will be counterparties such as credit institutions, authorised by the Management Company and domiciled in OECD Member States.
These counterparties do not have discretionary decision-making powers over the management of the assets underlying the derivative financial instruments.
These transactions can be entered into with companies linked to the Management Company's Group.

These transactions may give rise to the guarantee deposit:
- of cash,
- of securities issued by OECD Member States,
- of other monetary UCITS/AIF units or shares.

The mutual fund shall not receive securities as collateral as part of the management of financial guarantees relating to transactions on over-the-counter derivative financial instruments and effective portfolio management techniques.

Financial guarantees received in cash may be:
- placed in deposit with a credit institution whose registered offices are located in an OECD Member State or in another country with equivalent prudential rules,
- invested in high-quality government bonds,
- invested in short-term money market funds as defined in the guidelines on a common definition of European money market funds.

5 - Deposits: on an ancillary basis, as part of the cash-flow management.

6 - Cash borrowings: the Fund is not intended to be a cash borrower; however, it may temporarily perform cash borrowing operations with up to 10% of its assets.

7 - Temporary securities purchase transactions: yes

• **Nature of activities**: Transactions for the temporary purchase or sale of securities shall be carried out in accordance with the Monetary and Financial Code. They shall be carried out within the framework of cash flow management and/or the optimisation of UCI income. In no circumstances shall these strategies aim to create or result in the creation of a leverage effect.
• **Nature of transactions used**: These transactions shall consist of securities loans and borrowings and repurchase and reverse repurchase transactions of interest rate or credit products of OECD Member States. The instruments subject to transactions of this nature shall be bonds - financial instruments and other negotiable debt securities issued by public and/private entities and rated

"investment grade" (rating higher than or equal to BBB- according to Standard&Poors or Baa3 according to Moody's) and/or speculative (rating lower than BBB- or Baa3).

• **Envisaged level of use**:

Transactions for the temporary sale of securities (securities lending, reverse repurchase transactions) may be carried out up to an amount equivalent to 50% maximum of UCI assets, while the transactions for the temporary purchase of securities (securities borrowing, repurchase agreements) may be carried out up to an amount equivalent to 10% maximum of UCI assets.

The expected proportion of assets under management that shall be subject to such transactions may be 25% of assets.

8. Information relating to financial guarantees (temporary acquisitions and sale of securities and/or OTC derivatives for the total return swaps (TRS)):

• **Financial guarantees management:**

Within the framework of transactions negotiated on OTC markets for the temporary purchase or sale of securities and/or OTC derivatives, the UCI may receive cash in its reference currency as collateral. Guarantees are held by the Depositary of the UCI.

• **Reinvestment policy and guarantees received**:

Financial guarantees received in cash are reinvested in accordance with the rules in effect. Financial guarantees received must be able to be fully enforced by the UCI at any time and without consulting or obtaining the approval of the counterparty.

Financial guarantees received in cash may be:

- placed in deposit;
- invested in high-quality government bonds;
- invested in short-term money market funds. Securities received as collateral cannot be sold, reinvested or used as a guarantee deposit.

• **Selection of counterparties**:

The Management Company follows a specific selection process for financial intermediaries, also used for intermediaries designated for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS). These intermediaries are selected based on their research quality, the cash assets that they offer, and their speed and reliability with regard to the execution and processing quality of orders.

At the end of this rigorous and regulated process, subject to a grade, the counterparties selected for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS) are credit institutions authorised by the Management Company which have their registered office in a Member State of the European Union.

• **Remuneration**:

No remuneration is due to the Depositary (within the framework of his capacity as Depositary) or to the Management Company for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS).

All income from these transactions is paid in full to the UCI.

The costs/fees relating to transactions for the temporary purchase and sale of securities and/or total return swaps (TRS) are not invoiced to the Fund. These costs/fees are fully undertaken by the Management Company.

Moreover, the Management Company does not take any commission in kind for these transactions.

• **Risks**:

There is no correlation policy to the extent that guarantees received in cash in the reference currency of the UCI do not present an exchange risk or valuation risk due to fluctuating financial markets. Therefore, there is no haircut policy applied to the guarantee received.

The risks relating to these types of transactions are described in the section "risk profile of the prospectus".

The audit teams in charge of the Fund shall respect all the limits described in the investment strategy and/or under the heading "Forecasted level of use". The policy for financial guarantees in cash does not require a specific risk procedure in order to monitor collateral and associated haircuts.

Risk profile:

"Your money will be invested primarily in financial instruments selected by the Management Company. These instruments are subject to market changes and fluctuations."

The risks described below do not constitute an exhaustive list: investors should analyse the risks inherent to each investment and make their own decisions. Investors are exposed to the following risks through the mutual fund:

<u>Risk of capital loss:</u>

Investors should be aware that their capital is not guaranteed and may therefore not be returned to them.

Interest rate risk:

This is the risk that interest rate instruments will fall due to fluctuations in interest rates. In periods of high interest rates, the net asset value of the Fund may decrease significantly. The Fund's sensitivity to interest rate risk is measured on a scale between 0 and +10.

<u>Credit risk:</u>

This is the risk of a private issuer's credit rating falling or of the issuer defaulting. The value of the debt securities, including subordinated securities, in which the Fund is invested may decrease, resulting in a lower net asset value; also, investors are reminded that investing in securities with low or no credit ratings may result in an increased credit risk, which may significantly reduce the net asset value of the Fund.

Risk arising from techniques such as derivative products:

This is the risk of increased losses owing to the use of financial futures such as OTC financial agreements and/or futures contracts.

Counterparty risk:

Counterparty risk arises from entering into contracts in financial futures traded on over-the-counter markets, and from temporary purchases and sales of securities. This is the risk that a counterparty may default on payment. Thus, the default of a counterparty may lead to a decline in the net asset value.

Risk associated with holding convertible bonds:

The value of the convertible bonds depends on several factors: level of interest rate, credit, change of price of the underlying shares, change of price of the derivative integrated into the convertible bond. If the underlying shares of the convertible and equivalent bonds, directly held securities or the indexes to which the Fund is exposed decrease, the net asset value of the Fund can also decrease.

Risk related to contingent convertibles:

CoCos are hybrid securities, whose main objective is to enable recapitalisation of the issuing bank or financial institution, during a financial crisis. Indeed, these securities have loss-absorption mechanisms, as described in their issue prospectuses, that are activated generally when the issuer's equity ratio falls below a certain trigger threshold.

The trigger is primarily mechanical: it is generally based on the CET1 ("Common Equity Tier 1") accounting ratio, relative to risk-weighted assets. To offset the discrepancy between book values and the financial reality, there is a discretionary clause allowing the supervisor to invoke the loss absorption mechanism if s/he considers that the issuing institution is insolvent.

CoCos are therefore subject to specific risks, in particular subordination to specific triggering criteria (e.g. deterioration of the equity ratio), conversion into shares, loss of capital or non-payment of interest.

The use of subordinated bonds, particularly so-called Additional Tier 1 bonds, exposes the fund to the following risks:

- triggering of the contingency clauses: if an equity threshold is crossed, these bonds are either exchanged for shares or undergo a capital reduction, potentially to 0.
- cancellation of the coupon: Coupon payments on these types of instruments are entirely discretionary and may be cancelled by the issuer at any time, for any reason, and without time constraints.
- capital structure: unlike traditional, secured debt, investors in this type of instrument may incur a capital loss without prior bankruptcy of the company. Furthermore, the subordinated creditor will be repaid after ordinary creditors, but before shareholders.
- call for extension: These instruments are issued as perpetual instruments, callable at pre-set levels only with the approval of the competent authority
- valuation / performance: The attractive yield of these securities can be considered a complexity premium

Equity risk:

The Fund is exposed to equity markets. If the markets drop, the value of the portfolio will fall.

The Fund may invest in small and mid caps. The trading volume of these securities listed on the stock market is lighter, therefore upward and downward market movements are more pronounced and more sudden than for large caps. The net asset value of the Fund may therefore display the same behaviour.

Potential risk of a conflict of interest:

This risk relates to the completion of temporary purchases and sales of securities transactions, during which the mutual fund uses an entity as counterparty and/or financial intermediary that is linked to the group to which the mutual fund's Management Company belongs.

Target investors:

D units	All subscribers, and more particularly intended for professional clients within the meaning of the Markets in Financial Instruments Directive (MiFID)
R units	All subscribers, including investors subscribing via distributors providing an advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services
RC USD H units	All subscribers, including investors subscribing via distributors providing an advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services
T C EUR units	All subscribers without payment of retrocession fees to distributors
IC CHF H units	All subscribers, and more particularly intended for professional clients within the meaning of the Markets in Financial Instruments Directive (MiFID)
T C USD H units	All subscribers without payment of retrocession fees to distributors
C units	All subscribers, and more particularly intended for professional clients within the meaning of the Markets in Financial Instruments Directive (MiFID)
E units	All investors, particularly foreign investors
S units	Large institutional investors

The Fund is primarily intended for investors seeking an instrument to diversify their investments in interest rate markets.

How to subscribe to T units:
Subscriptions for T units (net units) are reserved:
- for investors subscribing through distributors or intermediaries:

  - subject to national legislation prohibiting all retrocession fees to distributors,
  - providing:
    - o independent advice within the meaning of the European MiFID II,
    - o individual portfolio management under mandate,

- fund of Funds

Any arbitrage of fund units towards T units will benefit from the MiFID2 tax exemption until 31/12/2017 (Directorate-General for Public Finance letter No 2016/00012908 of 16 March 2017, www.la-francaise.com), provided that subscriptions for T units are immediately preceded by a redemption in R and RC USD H units by the same holder for a product equal to the number of redeemed units and on the same net asset value date.

U.S. investors
Mutual fund units have not been and will not be registered under the U.S. Securities Act of 1933 (hereinafter the “Act of 1933”) or any other law applicable in a U.S. state. Units may also not be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) to any U.S. Person (hereinafter “U.S. Person”), as defined in the American Regulation “Regulation S” of the Act of 1933 as adopted by the Securities and Exchange Commission (“SEC”) unless (i) the units have been registered or (ii) an exemption applies (with the prior agreement of the Management Company’s governing body).
The mutual fund has not been and will not be registered under the U.S. Investment Company Act of 1940. Any re-sale or transfer of units in the United States of America or to a U.S. Person may be in breach of U.S. law and requires the written agreement of the Management Company of the mutual fund. Those wishing to acquire or purchase units will have to certify in writing that they are not U.S. Persons.

The appropriate amount to invest in the mutual fund depends on your personal financial situation. In order to determine this amount, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour prudent investment. You are also strongly advised to diversify your investments so that they are not exposed solely to the risks of this mutual fund.

Recommended investment period:
This Fund might not be suitable for investors who intend to withdraw their contribution within 10 years.

Methods of determining and allocating distributable amounts:

D units	Distribution
R units	Capitalisation
RC USD H units	Capitalisation
T C EUR units	Capitalisation
IC CHF H units	Capitalisation
T C USD H units	Capitalisation
C units	Capitalisation
E units	Capitalisation
S units	Capitalisation

R, R C USD H, I C CHF H, C, E, S, T C EUR and T C USD H units: distributable amounts are fully capitalised.

D units: net income shall be distributed in full to the nearest rounded place. The Management Company does not intend to make prepayments; distribution is carried out on an annual basis.
The net realised capital gains shall be capitalised in full.

The distributable amounts are made up of:
1. Net income, which is equal to total interest payments, arrears, dividends, bonuses and lots, fees and all earnings from securities held in the Fund's portfolio, plus earnings from amounts held as liquid assets, minus management fees and borrowing costs, plus the amount carried forward and plus or minus the balance of prepayments and accrued income;
2. The realised capital gains, net of costs, minus the realised capital losses, net of costs, during the financial year, plus the similar net capital gains realised during the previous financial years which were not subject to distribution or capitalisation, minus or plus the balance of accrued capital gains.

Accounting currency:
EUR

Subscription and redemption terms:

Subscription orders denominated in value or hundred thousandths (C, D, R, I CHF H, S and TC EUR units) or thousandths (E and RC USD H, T C USD H units), received by La Française AM Finance Services are processed every trading day (D) at 11 a.m. (if the Exchange is open in Paris, or on the following trading day, excluding statutory public holidays in France) and are executed based on the next net asset value in 1.

Redemption orders denominated in hundred thousandths (C, D, R, I CHF H, S and TC EUR units) or thousandths (E and RC USD H, T C USD H units), received by La Française AM Finance Services are processed every trading day (D) at 11 a.m. (if the Exchange is open in Paris, or on the following trading day, excluding statutory public holidays in France) and are executed based on the next net asset value in 1.

Payments relating thereto are made on the second trading day following the processing date (D+2).

Minimum initial subscription value:

D units	EUR 100,000
R units	EUR 50,000
RC USD H units	USD 50,000
T C EUR units	EUR 50,000
IC CHF H units	CHF 100,000
T C USD H units	USD 50,000
C units	EUR 100,000
E units	EUR 50,000
S units	EUR 50,000,000

Minimum value for subsequent subscriptions:

D units	None
R units	None
RC USD H units	None
T C EUR units	None
IC CHF H units	None
T C USD H units	None
C units	None
E units	None
S units	None

Date and frequency of the net asset value:
The net asset value is calculated on each trading day of the Paris Stock Exchange, excluding legal holidays in France.

Initial net asset value:

D units	EUR 1,000
R units	EUR 100
RC USD H units	USD 100
T C EUR units	EUR 100
IC CHF H units	CHF 1,000
T C USD H units	USD 100
C units	EUR 1,000
E units	EUR 1,000
S units	EUR 1,000

Location where the net asset value is published:
the Management Company's premises and the website: www.la-francaise.com

Charges and fees:
Subscription and redemption fees:
Subscription fees are added to the subscription price paid by the investor and redemption fees are deducted from the redemption price. The fees received by the UCITS offset the charges it incurs in investing or divesting the assets entrusted to it. Fees that are not paid to it revert to the Management Company, marketer, etc.

Fees charged to the investor, levied at the time of subscription and redemption	Base	Rate/scale
Subscription fee not paid to the UCITS	Settlement value X Number of units	**D units:** 4.00% maximum **R units:** 4.00% maximum

		RC USD H units: 4.00% maximum **T C EUR units:** None **IC CHF H units:** 4.00% maximum **T C USD H units:** None **C units:** 4.00% maximum **E units:** 4.00% maximum **S units:** 4.00% maximum
Subscription fee paid to the UCITS	Settlement value X Number of units	**D units:** None **R units:** None **RC USD H units:** None **T C EUR units:** None **IC CHF H units:** None **T C USD H units:** None **C units:** None **E units:** None **S units:** None
Redemption fee not paid to the UCITS	Settlement value X Number of units	**D units:** None **R units:** None **RC USD H units:** None **T C EUR units:** None **IC CHF H units:** None **T C USD H units:** None **C units:** None **E units:** None **S units:** None
Redemption fee allocated to the UCITS	Settlement value X Number of units	**D units:** None **R units:** None **RC USD H units:** None **T C EUR units:** None **IC CHF H units:** None **T C USD H units:** None **C units:** None **E units:** None **S units:** None

Operating and management fees:
These fees cover all costs charged directly to the UCITS, apart from transaction costs. Transaction costs include intermediation costs (brokerage, stock exchange tax, etc.) and any turnover fees, charged notably by the Depositary and the Management Company.
In addition to operating and management fees, there may also be:
- outperformance fees. These are paid to the Management Company when the UCITS has exceeded its objectives. They are therefore charged to the UCITS;
- turnover fees charged to the UCITS.

	Costs billed to the UCITS	**Base**	**Rate/scale**
1	Financial management fees	Net assets	C / D / E / IC CHF H / S / T C EUR / T C USD H units: 0.60% maximum rate (incl. tax) R / RC USD H units: 1.20% maximum rate (incl. tax)
2	Administrative fees not paid to the Management Company	Net assets	None
3	Maximum indirect costs (commission and management fees)	Net assets	None
4	Turnover fees	Deducted from each transaction	**Equities**: 0.40% (with a minimum of EUR 120) **Convertible bonds <5 years:** 0.06% **Convertible bonds >5 years:** 0.24% **Other bonds:** 0.024% (with a minimum of EUR 100) **Monetary instruments**: 0.012% (with a minimum of EUR 100) **Swaps**: EUR 300 **Forward exchange**: EUR 150 **Spot exchange**: EUR 50 **UCI**: EUR 15

			Futures: EUR 6 **Options:** EUR 2.50
5	Outperformance fee	Net assets	**C, D, E, R, IC CHF H, RC USD H, T C EUR and T C USD H units**: 25% maximum (incl. tax) of the outperformance calculated by comparing the evolution of the assets of the UCITS to the assets of the benchmark UCITS achieving a return of exactly 7% per year and registering the same variations in subscriptions and redemptions as the real UCITS. As of 1 July 2017, the performance fee is capped at 2% of the average net assets* (*average net assets calculated since the start of the reference period of the performance fee and restated for variable management fees). **S units:** 25% maximum (incl. tax) of the outperformance calculated by comparing the evolution of the assets of the UCITS to the assets of the benchmark UCITS achieving a return of exactly 7% per year and registering the same variations in subscriptions and redemptions as the real UCITS. The fund's S units apply the High Water Mark principle.

Financial management fee rates include financial management fees and administrative fees not paid to the Management Company.
Soft commissions: none

(*) The outperformance is calculated by comparing the development of the Fund's assets with that of a benchmark fund with performance of exactly 7% a year and registering the same subscription and redemption variations as the actual Fund.

* A provision or, where applicable, a reversal of the provision in the event of underperformance is recognised for each net asset value calculation. The share of variable fees corresponding to redemptions reverts definitively to the Management Company.
The closing date for variable management fees is set at the last net asset value in June. The first reference period for calculating outperformance fees covers the period from 11 June 2009 until 30 June 2010; the following reference periods will run from 1 July to 30 June each year.
As of 1 July 2017, the performance fee is capped at 2% of the average net assets* (*average net assets calculated since the start of the reference period of the performance fee and restated for variable management fees).
The fund's S units apply the High Water Mark principle.
High Water Mark principle:
Definition of High Water Mark: Level of the original net asset value.
The reference period is extended by one additional year, up to a limit of 3 years, if the fund's performance is lower than that of the benchmark indicator at year end.
IC CHF H units: The closing date for variable management fees is set at the last net asset value in June. The first reference period will be from the launch date of the unit on 30 June 2019. Starting from 30 June 2019, this fee will be calculated over a 12-month period.
RC USD H units: The closing date for variable management fees is set at the last net asset value in June. The first reference period will be from the launch date of the unit on 30 June 2018. Starting from 30 June 2018, this fee will be calculated over a 12-month period.
T C USD H units: The closing date for variable management fees is set at the last net asset value in June. The first reference period will be from the launch date of the unit on 30 June 2019. Starting from 30 June 2019, this fee will be calculated over a 12-month period.
T C EUR units: The closing date for variable management fees is set at the last net asset value in June. The first reference period will be from the launch date of the unit on 30 June 2019. Starting from 30 June 2019, this fee will be calculated over a 12-month period.
S units: The closing date for variable management fees is set at the last net asset value in June. The first reference period will be from the launch date of the unit on 30 June 2019. Starting from 30 June 2019, this fee will be calculated over a 12-month period.

Other costs billed to the UCITS:
- contributions due to the UCITS management pursuant to Article L621-5-3 (II)(3)(d) of the French Monetary and Financial Code;
- taxes, duties, licence fees and government fees (relating to the UCITS), both extraordinary and non-recurring;
- extraordinary and non-recurring costs relating to debt recovery or a procedure for asserting a right (e.g. class action procedure).

<u>Choice of financial intermediaries:</u>
The financial intermediaries will be independently selected by the Management Company based on different criteria: the quality of the provider, research, execution, set prices, quality of the Back Office for clearing and settlement transactions. The Management Company is prohibited from placing its orders through a single intermediary.

For further information, unitholders may refer to the mutual fund's annual report.

3. Commercial information

1. The units of the Fund are distributed by La Française AM Finance Services.

2. Subscription/redemption orders are processed by La Française AM Finance Services.

3. Information about the 'La Française Sub Debt' mutual fund is available on the premises of the Management Company or on the website: www.la-francaise.com.

4. Information regarding consideration of ESG (environmental, social and quality of governance) criteria in the investment policy is available on the Management Company's website: www.la-francaise.com and stated in the annual report.
5. Communicating the composition of the portfolio: the Management Company may directly or indirectly communicate the breakdown of assets of the UCI to unitholders of the UCI having the status of professional investors, only for purposes associated with regulatory obligations as part of the calculation of shareholders' equity. This transmission, where applicable, shall be carried out within a period of no less than 48 hours following the publication of the net asset value.

4. Investment rules

The Fund shall comply with the investment rules set by the French Monetary and Financial Code.

5. Total risk method

Method used to calculate the overall risk: absolute VaR method. The Fund's VaR is limited by the Management Company and may not exceed 20% of the Fund's net assets with a confidence interval of 99% and a monitoring period not exceeding 20 working days.

The indicative leverage effect (total nominal value of the positions on the financial contracts used) may not exceed 300% of the Fund's assets. However, this level may be higher under exceptional market circumstances.

6. Valuation and accounting rules for the assets

The benchmark market price valuation is carried out in the manner determined by the Management Company.

VI-1 Rules for valuing assets
The net asset value is calculated according to the valuation rules stated below:
• Transferable securities traded on a regulated French or foreign market are valued at the price of the benchmark market using methods determined by the Management Company, based on the closing prices.
Transferable securities without a recorded price on the valuation day, or has been adjusted, will be valued by the Management Company at their probable trading value. These valuations and their supporting documentation will be made available to the statutory auditor during audits.
Foreign prices are converted into euros using the exchange rates on the valuation day.
• Negotiable debt securities maturing in more than three months
Negotiable debt securities involved in any significant transactions are valued at market price based on closing prices.
Otherwise, such securities will be valued using an actuarial method, using a benchmark rate plus a possible margin representing the intrinsic characteristics of the issuer.
• Negotiable debt securities maturing in less than three months
Negotiable debt securities with a residual maturity of less than three months are valued using a linear method.
However, if some securities are sensitive to market risks, this method must be excluded.
• UCITS units or shares are valued at the last known net asset value.
• Financial futures:
- Futures: French and European markets: closing price. Other foreign markets: in the absence of representative listing, most recent closing price.
- Off-balance-sheet commitments are calculated on the basis of par value, their price in the portfolio and, where applicable, the exchange rate;
- Commitments on options markets are calculated by converting the options to the equivalent underlying securities;
- Commitments on swaps are valued at their market value;
- Forward exchange contracts are valued using the forward exchange rates on the valuation date, taking into account the premium/discount.
- CDS: The valuation price of credit default swaps (CDS) comes from a contributor chosen by the Management Company.

• Contracts:
- Swaps with maturity of over three months: market value. When the time to maturity reaches three months, swaps are valued at the last rate up to maturity. If they are purchased with a maturity of less than three months, interest is calculated using a linear method.
- Any temporary securities purchase and sale transactions are valued according to the provisions of the contract. Some fixed-rate transactions with a time to maturity of more than three months may be valued at market price.
• Closed or conditional forward transactions or swaps entered into on over-the-counter markets and authorised by the regulations applicable to the UCITS are valued at their market value or an estimated value according to the procedures specified by the Management Company

The procedures for valuing assets are described in the notes to the annual accounts.

VI-2 Accounting method
The undertaking abides by the accounting rules laid down under the regulations in force and in particular the accounting rules applicable to UCITS.
All transferable securities in the portfolio are recorded at historic cost, excluding transaction costs. Income is recorded using the coupons received method.

Method for adjusting the net asset value relating to swing pricing with a trigger threshold

This mechanism aims to protect unitholders in the event of significant subscriptions or redemptions on the liabilities side of the Fund's balance sheet by applying an adjustment factor to unitholders who invest or redeem significant amounts of outstanding assets, which is likely to generate costs for unitholders in the event of inflows or outflows, which would otherwise affect all unitholders in the Fund.

Therefore, in the event that on the net asset value calculation day, the total net subscription/redemption orders of investors of all Fund units exceeds the pre-established threshold set by the Management Company and defined on the basis of objective criteria as a percentage of the net assets of the Fund, the net asset value may be adjusted upwards or downwards to take into account the readjustment costs arising from net subscription/redemption orders.

The cost parameters and threshold triggers are established by the Management Company and reviewed on a regular basis. The costs are estimated by the Management Company on the basis of transaction costs and the bid-ask spread.

It is not possible to forecast if the swing shall be applied at a given time in the future, or how often the Management Company shall carry out such adjustments.

Accordingly, such adjustments may not exceed 2% of the NAV. Investors shall be informed that the volatility of the NAV of the mutual fund shall not only reflect that of the securities held in the portfolio due to the application of swing pricing.

The swung net asset value is the only net NAV of the Fund and the only one communicated to unitholders of the Fund. However, if there are outperformance fees, these shall be calculated on the basis of the NAV before application of the adjustment mechanism.

7. Remuneration

In accordance with Directive 2009/65/EC and Article 314-85-2 of the General Regulations of the Financial Markets Authority, the Management Company has implemented a remuneration policy for categories of staff whose professional activities have significant repercussions on the risk profile of the Management Company or of the UCITS. These categories of staff include managers, members of the Board of Directors (including the senior management), risk takers, persons performing auditing tasks, persons in a position to influence employees, and all employees receiving a total remuneration who are in the same remuneration range as the risk takers and the senior management. The remuneration policy is compliant and encourages healthy and effective risk management, and does not encourage risk-taking which would be incompatible with the risk profiles of the Management Company, and do not hinder the obligation of the Management Company to act in the greater interests of the UCITS.
The La Française Group has established a remuneration committee at Group level. The remuneration committee is set up in accordance with the internal regulations and in accordance with the principles laid down in Directive 2009/65/EC and Directive 2011/61/EU. The remuneration policy of the Management Company is designed to promote good risk management and to discourage risk-taking which would exceed the tolerable level of risk, by taking into account the investment profiles of the funds under management and by implementing measures enabling any conflicts of interests to be avoided. The remuneration policy is reviewed annually.
The remuneration policy of the Management Company, detailing the way in which remuneration and benefits are calculated, is available free of charge from the registered office of the Management Company. A summary is available on the website: http://lfgrou.pe/MnDZx7

HEADING 1: ASSETS AND UNITS

Article 1: Co-ownership units

Co-ownership rights are expressed in units, with each unit corresponding to the same fraction of Fund assets. Each unitholder has a right of co-ownership to Fund assets in proportion to the number of units held.

The duration of the Fund shall be 99 years from its launch, except in the event of early dissolution or extension as provided for under these rules.

The units may be divided, regrouped or split into tenths, hundredths, thousandths, ten thousandths or hundred thousandths – fractional units – on the decision of the Management Company's Executive Board.

The features of the different unit categories and their access conditions are specified in the mutual fund prospectus.

The different classes of units may:
- use different income distribution procedures (distribution or capitalisation or carry forward);
- be denominated in different currencies;
- have different management fees;
- have different subscription and redemption fees;
- have a different nominal value;
- be systematically hedged against risk, in part or in full, as defined in the prospectus. This hedging is provided through financial instruments, minimising the impact of hedging on the other classes of units of the mutual fund;
- be confined to one or more marketing channels.

The provisions of these rules regulating the issue and redemption of units shall also apply to fractional units, the value of which is always proportional to that of the unit they represent. Unless otherwise stipulated, all other provisions of these rules relating to units also apply to fractional units, without it being necessary to state this explicitly.

The Executive Board of the Management Company may decide unilaterally to split units by creating new units to be allocated to the unitholders in exchange for the old units.

Article 2: Minimum assets

Units may not be redeemed if the assets fall below EUR 300,000; if the assets remain below this amount for a period of 30 days, the Management Company shall make the necessary provisions to liquidate the UCITS in question, or to carry out one of the operations mentioned in Article 411-16 of the General Regulations of the Financial Markets Authority (transfer of the UCITS).

Article 3: Issue and redemption of units

Units may be issued at any time at the request of the unitholders, based on their net asset value plus any subscription fees, where applicable.
Redemptions and subscriptions are carried out according to the terms and conditions set out in the prospectus.
Units of the mutual fund may be admitted to the official listing in accordance with the regulations in force.
Subscriptions must be fully paid-up on the date of calculation of the net asset value. They may be paid for in cash and/or through the contribution of transferable securities. The Management Company shall be entitled to reject securities offered to it, and to this end shall have a period of seven days from the date of receipt of the securities to announce its decision. If the securities are accepted, they are valued in accordance with the rules set out in Article 4 and the subscription is carried out on the basis of the net asset value immediately following acceptance of the securities concerned.
All redemptions are made exclusively in cash, except where the Fund is liquidated and where unitholders have expressed their consent to reimbursement in the form of securities. Redemptions are settled by the bookkeeper no later than five days after unit valuation.

Under exceptional circumstances, however, where reimbursement requires the prior disposal of assets held in the Fund, this period may be extended to a maximum of 30 days.
Except in the case of inheritance or inter vivos distribution, the disposal or transfer of units from one unitholder to another or to a third party is treated as a redemption followed by a subscription. In the case of a third party, the amount of the disposal or transfer must, if necessary, be made up by the beneficiary to the minimum subscription amount specified in the prospectus.
Pursuant to Article L214-8-7 of the French Monetary and Financial Code, both the redemption by the mutual fund of its units and the issue of new units may be suspended on a temporary basis by the Management Company where required by exceptional circumstances and where this is in the interests of the unitholders.
Where the net assets of the mutual fund fall below the amount set out in the regulations, no units may be redeemed.
Minimum subscription conditions may be set out in the prospectus.
The mutual fund may suspend the issue of units pursuant to the second paragraph of Article L214-8-7 of the French Monetary and Financial Code in objective situations leading to the suspension of subscriptions, such as a maximum number of units or shares being issued, a maximum amount of assets being achieved or the expiry of a specified subscription period. These objective situations are defined in the mutual fund prospectus.

The Management Company reserves the right to restrict or deny the direct or indirect holding of Fund units by any person or entity which is prohibited from holding the Fund units (hereinafter "Ineligible Person") as described below:
An Ineligible Person is:
- a U.S. Person as defined in SEC Regulation S of the Securities and Exchange Commission (SEC) (Part 230 – 17 CFR 230.903); or
- any other person who (a) is directly or indirectly in violation of the laws and regulations of any country or government institution, or (b) may, in the opinion of the Management Company of the mutual fund, cause damage to the mutual fund, which it would have otherwise not endured or suffered.
To this end, the Management Company of the mutual fund may:
(i) refuse to issue any units as soon as it becomes evident that such issuance will or may result in the aforementioned units being directly or indirectly held by or for an Ineligible Person;
(ii) demand, at any time, that a person or entity whose name appears on the register of unitholders provide any information, accompanied with a solemn declaration, which it deems necessary in order to establish whether the actual beneficiary of the relevant units is an Ineligible Person or not;
and
(iii) when it is apparent that a person or entity is (i) an Ineligible Person and, (ii) solely or jointly, the effective beneficiary of the units, proceed with the forced redemption of all the units held by a unitholder without delay and, at the latest, within five days.
The forced redemption will take place at the last known net asset value, minus, where applicable, the relevant fees, rights and commissions, which will be charged to the Ineligible Person within five days, during which time the actual beneficiary of the units may present his observations to the competent authority.
This power also covers any person (i) who is in direct or indirect violation of the laws and regulations of any country or government institution, or (ii) may, in the opinion of the Management Company of the mutual fund, cause damage to the mutual fund, which it would have otherwise not endured or suffered.

Article 4: Calculation of net asset value

The net asset value of the units is calculated pursuant to the valuation rules provided in the prospectus.
Contributions in kind may only consist of securities, transferable securities or contracts in which UCIs are authorised to invest; such contributions shall be valued pursuant to the valuation rules used to calculate the net asset value.

HEADING 2: OPERATION OF THE FUND

Article 5: The Management Company

The Fund is managed by the Management Company in accordance with the strategy defined for the Fund.
The Management Company shall act under all circumstances in the exclusive interests of the unitholders and may alone exercise the voting rights attached to the securities in the Fund.

Article 5a: Operating rules

The instruments and deposits in which the UCI may invest and the investment rules are specified in the prospectus.

Article 6: The Depositary

The Depositary carries out the assignments incumbent upon it in application of the applicable legislation and regulations, as well as those binding on it as applied by the Management Company. It must ensure the legality of decisions taken by the portfolio Management Company. Where necessary, it must take all the precautionary measures that it deems to be necessary. In the event of any dispute with the Management Company, it shall inform the AMF.

Article 7: Statutory auditor

A statutory auditor is appointed by the Executive Board of the Management Company for a period of six financial years, subject to the approval of the AMF.
It certifies the consistency and accuracy of the accounts.
The statutory auditor’s term of office may be renewed.
The statutory auditor is required to notify the AMF as quickly as possible of any fact or ruling regarding the UCITS of which it becomes aware over the course of its assignment, of a nature that:
1. constitutes a breach of the legislative or regulatory provisions applicable to this body and liable to have significant effects on the financial situation, the profits or the assets;
2. jeopardises the conditions or the continuity of its operation;
3. leads to the issuance of reserves or the refusal to certify the accounts.

The valuations of the assets and the calculation of the exchange parity in conversion, merger or demerger transactions shall be supervised by the statutory auditor.
It assesses all contributions in kind under its responsibility.
It monitors the composition of the assets and other elements prior to publication.
The statutory auditor's fees are fixed by mutual agreement between the statutory auditor and the Executive Board of the Management Company on the basis of a work schedule specifying the duties which are considered to be necessary.
It shall certify the situations on the basis of which interim distributions are made.
Its fees shall be covered by the management fees.

Article 8: Financial statements and management report

At the close of each financial year, the Management Company shall draw up summary documents and a report on the management of the Fund for the past financial year.
The Management Company shall draw up, at least semi-annually and under the supervision of the Depositary, the inventory of assets of the UCI.
The Management Company shall make these documents available to unitholders within four months of the end of the financial year, and will inform them of the income to which they are entitled: these documents shall be sent to unitholders by post at their express request or made available to them at the offices of the Management Company.

HEADING 3: PROCEDURES FOR ALLOCATING DISTRIBUTABLE AMOUNTS

Article 9: Procedures for allocating income and distributable amounts

The distributable amounts are made up of:
1) the net profit plus the amount carried forward, plus or minus the balance of prepayments and accrued income;
2) the realised capital gains, net of costs, minus the realised capital losses, net of costs, during the financial year, plus the similar net capital gains realised during the previous financial years which were not subject to distribution or capitalisation, minus or plus the balance of accrued capital gains.
The amounts stated in 1) and 2) may be distributed, in whole or in part, independently of each other.
Payment of the distributable amounts shall be carried out within five months of the end of the financial year.
The net income of the mutual fund is equal to total interest payments, arrears, premiums and bonuses, dividends, attendance fees and all earnings from securities held in the Fund's portfolio, plus earnings from amounts held as liquid assets, minus management fees and borrowing costs.
The Management Company shall decide how income will be distributed.
For each equity category, as applicable, the mutual fund may opt for one of the following formulae for each of the amounts detailed in 1) and 2):
Pure capitalisation: the amounts available for distribution are fully capitalised, with the exception of those that are subject to mandatory distribution by law;
Pure distribution: the amounts are fully distributed, to the nearest rounded figure.
For mutual funds seeking to maintain the freedom to capitalise and/or distribute and/or carry distributable amounts forward, the Management Company shall decide on the allocation of each of the amounts detailed in 1) and 2) each year.

As applicable, during the course of the financial year, the Management Company may decide to make one or more prepayments not exceeding the net income of each of the amounts detailed in 1) and 2); these prepayments are recorded at the date of the decision.
The exact methods for the allocation of income are detailed in the prospectus.

Article 10: Merger – Demerger

The Management Company may transfer all or part of the assets held in the Fund to another UCITS which it manages, or it may split the Fund into two or more other mutual funds which it will manage.
Unitholders must be notified before any such merger or demerger takes place. A new statement will then be issued showing the number of units held by each unitholder.

Article 11: Winding up – Extension

If the assets in the Fund remain below the amount laid down above in Article 2 for 30 days, the Management Company shall advise the AMF and dissolve the Fund, unless there is a merger operation with another mutual fund.
The Management Company may dissolve the Fund early; it shall inform the unitholders of its decision, and subscription or redemption orders will not be accepted after this date.
The Management Company shall also dissolve the Fund in the event of a redemption order for all of the units, or where the Depositary is relieved of its responsibilities and no other Depositary has been appointed, or on expiry of the term of the Fund, if not extended.
The Management Company shall inform the AMF by post of the date and of the procedure adopted for dissolution. Subsequently, the Management Company shall send the statutory auditor’s report to the AMF.
The Management Company, in agreement with the Depositary, may decide to extend a fund. Its decision must be taken at least three months prior to 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 Management Company shall act as liquidator, failing which a liquidator shall be appointed by the court at the request of any interested party. To this end, they are vested with the most extensive powers for liquidating assets, paying creditors and distributing the available balance to unitholders in cash or securities.
The statutory auditor and the Depositary shall continue to carry out their duties until the liquidation operations have been completed.

Article 13: Jurisdiction – Choice of domicile

Any disputes concerning the mutual fund arising during its existence or upon its liquidation, whether between unitholders, or between unitholders and the Management Company or the Depositary, shall be subject to the jurisdiction of the competent courts.