



LA FRANÇAISE

UCITS

in relation to Directive 2009/65/EC

# PROSPECTUS

## La Française Obligations Emergentes

Fonds Commun de Placement [mutual fund]

### 1. General information

#### 1.1 Legal form of the UCITS

**Name:**

La Française Obligations Emergentes

**Legal form and Member State in which the UCITS has been set up:**

Fonds Commun de Placement [mutual fund] under French law

**Feeder UCITS of:**

La Française LUX - Obligations Emergentes (SICAV pursuant to Luxembourg law)

**Date of creation and scheduled duration:**

24/12/2004 – 99 years

**Date of approval by the Financial Markets Authority:**

14/12/2004

**Summary of management offer:**

Type of unit	ISIN code	Initial net asset value of units:	Sub-funds	Allocation of amounts available for distribution	Denomination currency	Target subscribers	Minimum value of initial subscription
GP units	FR0010263194	EUR 1,000	No	Capitalisation	EUR	Reserved for subscribers transmitting their orders directly to La Française AM Gestion Privée	None
R units	FR0010225037	EUR 100	No	Capitalisation	EUR	All subscribers	None
I units	FR0010227546	EUR 1,000	No	Capitalisation	EUR	All investors, particularly institutional investors and large private investors	EUR 150,000
USD units	FR0011089994	USD 1,000	No	Capitalisation	USD	All investors, particularly institutional investors and large private investors	EUR 150,000

The minimum initial subscription 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 documents as well as the information documents related to the master UCITS, La Française LUX - Obligations Emergentes, a UCITS pursuant to Luxembourg law approved by the CSSF, will be sent out within eight working days following a simple written request from the unitholder submitted to:

LA FRANÇAISE ASSET MANAGEMENT  
Marketing Department

173 boulevard Haussmann  
75008 Paris  
Tel. +33 (0) 1 44 56 10 00  
E-mail : [contact-valeursmobilières@lafrancaise-group.com](mailto:contact-valeursmobilières@lafrancaise-group.com)

For further information, please contact the Marketing Department of the Management Company by e-mail at: [contact-valeursmobilières@lafrancaise-group.com](mailto:contact-valeursmobilières@lafrancaise-group.com).

## 1.2 Participants

### **Management company:**

LA FRANÇAISE ASSET MANAGEMENT

Simplified joint stock company, entered in the Paris Register of Trade and Companies under number 314 024 019

Management company approved by the Financial Markets Authority on 1 July 1997, under number GP 97-76,

Registered office: 173, boulevard Haussmann - 75008 PARIS

### **Custodian and registrar:**

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

BNP PARIBAS SECURITIES SERVICES (BP2S) is a credit institution accredited by the ACPR [French Prudential Supervisory Authority]. It is also the appointed issuing bookkeeper (liabilities of the UCI).

### **Auditor:**

PwC Sellam represented by Frédéric Sellam

2 rue de Vatimesnil

CS 60003

92532 LEVALLOIS-PERRET cedex

### **Marketers:**

LA FRANCAISE AM FINANCE SERVICES

Customer service

173, boulevard Haussmann – 75008 PARIS

Caisse Fédérale du Crédit Mutuel Nord Europe, Caisses du Crédit Mutuel Nord

4, Place Richebé - 59800 LILLE

Banque Coopérative et Mutuelle Nord Europe

173, boulevard Haussmann -75008 PARIS

### **Appointed representatives:**

#### **Appointed Account Manager**

BNP PARIBAS FUND SERVICES France, simplified joint-stock company

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, entered in the Paris Register of Trade and Companies under number 314 024 019

Management company approved by the Financial Markets Authority on 1 July 1997, under number GP 97-76,

Registered office: 173, boulevard Haussmann - 75008 PARIS

**Establishment responsible for subscription and redemption orders by delegation:**

LA FRANCAISE AM FINANCE SERVICES  
Customer service  
173, boulevard Haussmann – 75008 PARIS

## 2. Terms of Operation and management

### 2.1 General information

**Unit features:**

- Nature of right attached to each unit category: each unitholder has a right of co-ownership to fund assets in proportion to the number of units held.
- Liabilities managed by BNP Paribas Securities Services.
- Units issued with 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 I/R/GP units in hundred thousandths of units; USD units in thousandths of units

**Closing dates:**

- End of accounting period: last trading day in December
- Closing date of the 1st financial year: 31 December 2007

**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. We recommend that you consult with the marketer of the UCITS on this subject. Holders should contact an advisor.*

Within the framework of the applicable regulations on the feeder transformation date, this amendment does not have any tax impact.

### 2.2 Specific provisions

**ISIN code:**

GP units	FR0010263194
R units	FR0010225037
I units	FR0010227546
USD units	FR0011089994

**Classification:**

Bonds and other international debt securities

**Management objective:**

The objective of La Française Obligations Emergentes is to achieve the following, by way of its Luxembourg master, over the recommended investment term of three years:

For units in euro: performance greater than that of the JP Morgan Emerging Markets Bond Index Global Diversified \$ coupons included.

For units in USD: performance greater than that of the JP Morgan Emerging Markets Bond Index Global Diversified \$ coupons included.

The performance of the fund will be lower than that of its master, taking into account its own management fees.

**Benchmark index:**

- Units in EUR: I/R/GP

The JP Morgan Emerging Markets Bond Index Global Diversified \$ is representative of the emerging external debt markets, i.e. the bonds are issued in U.S. dollars, also called "hard currency" and not in the currency of the issuing country. The index covers some 40 countries in all emerging markets: Asia, Europe, Latin America, the Middle East and Africa. Issues must amount to at least \$500 million to be eligible for inclusion. To harmonise the representation of the different issuing countries, limits are placed on the weight of the countries with the largest debt stocks. The index is calculated with coupons included and denominated in U.S. dollars.

• Units in USD:

Index of units in EUR, impacted by the parity with USD. It is calculated by multiplying it by the performance of the EUR/USD.

The mutual fund is neither an index fund nor an index benchmark but, for post-hoc comparison purposes, the unitholder can refer to the benchmark index.

**Investment strategy:**

**1- Strategy used**

La Française Obligations Emergentes invests up to a maximum 100% by way of a master UCITS called La Française LUX – Obligations Emergentes (Class F) and in supplemental liquid assets.

**Assets used by the feeder fund:**

- a) **UCITS:** investment up to a maximum of 100% in the master UCITS La Française LUX – Obligations Emergentes (Class F)
- b) **Liquid assets:** on an ancillary basis

The master and feeder UCITS have concluded an agreement under which:

- The master UCITS shall transfer to the feeder fund all documents and information pertaining to it (in particular, instruments of incorporation, agreements with third parties, exposure to futures markets, risk monitoring procedure, non-compliance with regulations, etc.) as soon as possible.
- The master and feeder UCITSs shall coordinate their methods for net asset value calculation and shall inform one another of any suspension in subscription/redemption orders.
- The master and feeder UCITS shall keep one another up-to-date on any changes affecting the other party (e.g. decision for a merger or liquidation, change of custodian, etc.).

A copy of this agreement can be obtained by e-mailing a simple written request to the Product Marketing Department of the management company, at the following address: [contact-valeursmobilières@lafrancaise-group.com](mailto:contact-valeursmobilières@lafrancaise-group.com)

**Information on the investment policy and objectives of master UCITS La Française LUX – Obligations Emergentes**

**1- Strategy used**

*The objective of La Française LUX – Obligations Emergentes is to achieve, over the recommended investment term of three years, a return greater than that of the JP Morgan Emerging Markets Bond Index Global Diversified \$ coupons included.*

*The management of the sub-fund is based on dynamic investment management of bonds from emerging markets in Latin America, Central and Eastern Europe, Asia, Africa and the Middle East and, where appropriate, countries in the eurozone based on the following risks:*

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

*The respective allocation amongst the risk factors is based on an analysis of the global financial and economic environment and its impact on emerging market bonds. The management style is intended to guarantee that the sub-fund will outperform the benchmark index with a capacity to withstand periods of pressure related to credit risk premiums and/or interest rates.*

*The sub-fund will primarily invest in fixed-rate or variable-rate debt securities denominated in EUR and/or in other currencies with the following characteristics:*

- *Issuers from emerging countries located in Asia, Latin America, Central and Eastern Europe, Africa and the Middle East and from eurozone countries: up to 100%.*

*The portfolio will primarily be invested in securities issued or guaranteed by entities with a credit rating greater than or equal to B- from Standard & Poor's or B3 from Moody's or considered to be equivalent by the Manager based on similar solvency criteria at the time of purchase. If the issuer does not have a credit rating, then the rating condition must be met by the issue. The balance can be reinvested in matching securities of a lower rating and/or in unrated securities. The management company shall not exclusively or systematically rely on ratings, but rather shall conduct a credit analysis at the time of investment. The sub-fund can invest in securities denominated in currencies other than the euro. Up to 100% of the sub-fund's net assets can be exposed to foreign exchange risk.*

*The sub-fund cannot invest in mortgage-backed securities or in asset-backed securities (MBSs and ABSs).*

*The sub-fund can invest in Credit Notes in accordance with Article 41.1 of the Act of 2010.*

*Up to a maximum of 10% of the sub-fund's assets may be exposed to the equity market.*

*The duration of the portfolio is between 0 and 10 years.*

*The sub-fund can also invest up to 10% of its net assets in UCITS and/or AIF shares or units meeting the four criteria under Article R214-13 of the French Monetary and Financial Code.*

*The sub-fund may hold ancillary liquid assets. In order to place its liquid assets, the sub-fund may invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity, taking into account the associated financial instruments, does not exceed 12 months or 2) debt securities whose price is adjusted, taking into account the associated financial instruments, at least once a year.*

*The range of sensitivity is between 0 and 8.*

*The sub-fund may enact provisional repurchase and reverse repurchase transactions (also known as 'repos') in order to (i) guarantee investment of available liquid assets (reverse repurchase), (ii) optimise portfolio yield (securities lending), (iii) provide an arbitrage position intended to generate profits from an increase in the rate spread.*

*All assets received within the framework of effective portfolio management techniques must be considered a guarantee and meet the following criteria:*

- All guarantees received in any form other than cash must be extremely liquid and traded on a regulated market or in the MTFs (multilateral trading facilities) with transparent pricing.*
- The guarantees received shall be evaluated at least once a day and the assets exhibiting high rate volatility shall not be accepted by way of guarantee.*
- The guarantees received must be of high quality.*
- The guarantees received by the sub-fund must be issued by an entity that does not depend on the counterparty.*
- The guarantees must be adequately diversified in terms of countries, markets and issuers.*
- The guarantees provided in forms other than liquid assets shall not be sold, reinvested or pledged as surety.*
- It is only permitted for the guarantees received in the form of liquid assets to be:*
  - \* deposited with entities as per Article 50(f) of the UCITS Directive,*
  - \* invested in high quality government debt,*
  - \* used for reverse repurchase transactions provided they are concluded with credit institutions subject to prudential supervision and that the sub-fund is able to recover all of these liquid assets proportionately at any time,*
  - \* Invested in short-term money market funds, as defined in the Guidelines on a Common Definition of European Money Market Funds*

*Within the limits indicated in the prospectus, the sub-fund may invest in derivatives traded on regulated markets or in over-the-counter derivatives if these contracts are better adapted to the management objective or offer lower transaction costs. These instruments can include, but are not limited to, futures contracts, options, swaps, caps, floors or NDFs (non-deliverable forwards).*

*Each derivative has its own specific strategy for hedging, arbitrage or exposure in order to (i) hedge the entire portfolio or specific asset categories in it against interest rate risks, (ii) artificially recreate specific assets or (iii) increase sub-fund exposure to interest rate risks on the market.*

*The use of derivatives applies to all net assets in the sub-fund.*

#### **Risk profile:**

*"Your money will be mainly invested in financial instruments selected by the management company. These instruments are subject to market changes and fluctuations."*

La Française Obligations Emergentes risk profile is identical to that of its master La Française LUX - Obligations Emergentes.

#### **Information on the risk profile of the master UCITS La Française LUX – Obligations Emergentes:**

The net asset value of the sub-fund depends on the market value of the portfolio assets.

#### **Risk of capital loss:**

Investors are advised that their capital is not guaranteed and may therefore not be returned to them.

Discretionary risk:

The discretionary management style applied to the sub-fund is based on the selection of securities and forecasts regarding the asset markets in the portfolio. There is a risk that the sub-fund may not be invested in the best-performing securities at all times. The sub-fund's performance may therefore be lower than the management objective. The net asset value of the sub-fund may exhibit negative performance.

Interest rate risk:

The sub-fund is subject to interest rate risk. The interest rate risk is the risk that the value of the sub-fund's investment will decrease if the interest rate increases. Therefore, when interest rates increase, the net asset value of the sub-fund may decrease.

Credit risk relating to issuers of debt securities:

These risks may arise from a risk of unexpected bankruptcy or downgrading of an issuer of a debt security. If an issuer is downgraded, then the value of its assets will fall, which may result in a decrease in the net asset value of the sub-fund.

Credit risk associated to high-yield securities:

High-yielding bonds are considered to be highly speculative. Investment in these securities involves a substantial risk. They are particularly suited to investors aware of the risks inherent to investing in securities with a low credit rating or unrated securities. These securities are considered to be 'speculative' and involve a greater risk of default. They are more susceptible to severe and/or frequent fluctuations in their values and are not always liquid enough to be sold at any time or at the best rate. If an issuer goes bankrupt, the sub-fund may experience a decline in its portfolio value.

Counterparty risk:

The sub-fund may enact financial transactions on derivatives and transactions with right of redemption as well as other contracts involving exposure to credit risks related to specific counterparties. If a counterparty fails to meet its obligations, the sub-fund may experience a decline in its portfolio value.

Risk associated with investing in countries with emerging economies:

the Sub-fund may be exposed to emerging markets. Market risk will increase with any investment in an emerging country, where upward and downward market fluctuation may be more pronounced and more sudden than in the main international markets. Investing in emerging markets involves an increased risk, given the political and economic context of these markets, which could weigh on the value of sub-fund investments. The operating and monitoring conditions on these emerging markets may deviate from prevailing norms on the main international markets. This may result in a decrease in the net asset value of the sub-fund.

Equity market risk:

the risk associated with emerging markets may result in a decrease in the net asset value of the Sub-fund. This is limited to 10% of the net assets of the sub-fund.

Exchange-rate risk:

the Sub-fund can invest in securities denominated in several currencies other than the base currency in which the Sub-fund is denominated. Exchange rate fluctuations may cause a decrease in the value of the sub-fund's investments.

***Type of subscriber:***

GP units	Reserved for subscribers transmitting their orders directly to La Française AM Gestion Privée
R units	All subscribers
I units	All investors, particularly institutional investors and large private investors
USD units	All investors, particularly institutional investors and large private investors

The fund is primarily intended for investors seeking exposure for their bond investments on emerging markets.

US investors

Units have not been and will not be registered under the US Securities Act of 1933 (hereinafter the "Act of 1933") or any other law applicable in a US 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 US 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 Fund has not been and will not be registered under the US Investment Company Act of 1940. Any re-sale or transfer of units in the United States of America or to a US Person may be in breach of US law and requires the written agreement of the management company of the mutual fund. Those wishing to acquire or subscribe to units will have to certify in writing that they are not "US Persons".

The reasonable amount to invest in this fund depends on your personal financial situation. To determine this, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour prudent investment. It is also strongly recommended to diversify your investments.

**Recommended investment period:**

This fund may not suit investors who intend to withdraw their contribution within three years.

**Methods of determining and allocating amounts available for distribution:**

GP units	Capitalisation
R units	Capitalisation
I units	Capitalisation
USD units	Capitalisation

**Accounting currency:**

EUR

**Subscription and redemption terms:**

**I/R/GP units** Subscription orders (in value or hundred thousandths of units) and redemption orders (in hundred thousandths of units) are processed at La Française AM Finance Services on each net asset value calculation day at 9.15 a.m. (if the Stock Exchange is open in Paris, or the next trading day, except for public holidays in France and Luxembourg) and are executed on the basis of the next net asset value, calculated as J+1 (i.e. unknown at the time of execution).

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

Each unit can be divided into hundred thousandths.

**USD units:** Subscription orders (in value or thousandths of units) and redemption orders (in thousandths of units) are processed at La Française AM Finance Services on each net asset value calculation day at 9.15 a.m. (if the Stock Exchange is open in Paris, or the next trading day, except for public holidays in France and Luxembourg) and are executed on the basis of the next net asset value, calculated as J+1 (i.e. unknown at the time of execution).

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

Each unit can be divided into thousandths of units.

**Minimum value of initial subscription:**

GP units	None
R units	None
I units	EUR 150,000
USD units	EUR 150,000

**Minimum value of subsequent subscriptions:**

GP units	None
R units	None
I units	None
USD units	None

**Date and frequency of the net asset value:**

The net asset value is calculated and published on D+1 for each trading day in Paris, excluding legal public holidays in France and Luxembourg.

**Original net asset value:**

GP units	EUR 1,000
R units	EUR 100
I units	EUR 1,000
USD units	USD 1,000

**Location where the net asset value is published:**

premises of the management company and website: [www.lafrancaise-gam.com](http://www.lafrancaise-gam.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.*

Charges to be paid by the investor, deducted at the time of payment of subscriptions and redemptions	Base	Rate/scale	
Subscription fee not paid to the UCITS	Net asset value x number of units	<b>GP units</b>	4.00 % maximum
		<b>R units</b>	3.00 % maximum
		<b>I units</b>	3.00 % maximum
		<b>USD units</b>	3.00 % maximum
Subscription fee paid to the UCITS	Net asset value x number of units	<b>GP units</b>	None
		<b>R units</b>	None
		<b>I units</b>	None
		<b>USD units</b>	None
Redemption fee not paid to the UCITS	Net asset value x number of units	<b>GP units</b>	None
		<b>R units</b>	None
		<b>I units</b>	None
		<b>USD units</b>	None
Redemption fee paid to the UCITS	Net asset value x number of units	<b>GP units</b>	None
		<b>R units</b>	None
		<b>I units</b>	None
		<b>USD units</b>	None

*Operating and management fees:*

*These fees cover all costs charged directly to the UCITS, apart from transaction fees. Transaction costs include intermediation costs (brokerage, stock exchange tax, etc.) and any turnover fees, charged notably by the custodian and the management company.*

*In addition to operating and management charges, 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 are charged to the UCITS.*

Costs billed to the UCITS	Base	Rate/scale
Management fees paid to the management company and management fees not paid to the management company (auditors, custodian, distribution, etc.)	Net assets	<b>I, GP, USD units:</b> 1.25% maximum rate (incl. taxes) <b>R units:</b> 1.50% maximum rate (incl. taxes)
Maximum indirect costs (commission and management fees)	Net assets	0.10% a year calculated quarterly on the basis of the average net assets of the sub-fund over the quarter in question.
Turnover fees Service providers collecting turnover fees: - Management company	Deducted from each transaction	None
Outperformance fee	Net assets	<b>I, R and GP units (*):</b> The variable management fees shall represent no more than 25% (incl. tax) of the difference, if positive, between the performance of the fund and that of the JP Morgan Emerging Markets Bond Index Global Diversified \$ coupons included. These variable management fees are capped at 2.5% (incl. taxes) of the net assets. <b>USD units (**):</b> The variable management fees shall represent no more than 25% (incl. tax) of the difference, if positive, between the performance of the fund and that of the JP Morgan Emerging Markets Bond Index Global Diversified \$ coupons included, calculated in USD. These variable management fees are



		capped at 2.5% (incl. taxes) of the net assets.
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(\*) Units in EUR: starting from 1 February 2012, outperformance is calculated by comparing the growth in the fund's assets to the growth in the assets of the benchmark fund achieving returns identical to that of the JP Morgan Emerging Markets Bond Index Global Diversified \$ coupons included and with the same variations in subscriptions and redemptions as the actual fund. The first reference period shall be 14 months, from 1 February 2012 to 31 March 2013. Starting from 1 April 2013, this fee will be calculated over a 12-month period.

(\*\*) Units in USD: starting from 1 March 2012, outperformance is calculated by comparing the growth in the fund's assets to the growth in the assets of the benchmark fund achieving returns identical to that of the JP Morgan Emerging Markets Bond Index Global Diversified \$ coupons included and with the same variations in subscriptions and redemptions as the actual fund. The first reference period shall be 13 months, from 1 March 2012 to 31 March 2013. Starting from 1 April 2013, this fee will be calculated over a 12-month period.

A provision or, where applicable, a recovery of the provision in the event of underperformance is accounted 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 March. The fees shall be deducted annually, starting in March 2013.

#### Choice of intermediaries:

The 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 annual report of the mutual fund.

#### *Subscription and redemption fees of the master fund:*

<i>Charges to be paid by the investor, deducted at the time of payment of subscriptions and redemptions</i>	<i>Base</i>	<i>Rate/scale</i>
<i>Subscription fee not paid to the UCITS</i>	<i>Net asset value x number of units</i>	<b>Class F (C) EUR:</b> <i>None</i>
<i>Subscription fee paid to the UCITS</i>	<i>Net asset value x number of units</i>	<b>Class F (C) EUR:</b> <i>None</i>
<i>Redemption fee not paid to the UCITS</i>	<i>Net asset value x number of units</i>	<b>Class F (C) EUR:</b> <i>None</i>
<i>Redemption fee paid to the UCITS</i>	<i>Net asset value x number of units</i>	<b>Class F (C) EUR:</b> <i>None</i>

#### *Operating and management costs of the master fund:*

<b>Costs billed to the master UCITS</b>	<b>Base</b>	<b>Rate/scale</b>
<i>Management fees</i>	<i>Net assets</i>	<i>Class F 0% maximum rate (incl. taxes)</i>
<i>Other operating fees, including the management company commission and the subscription tax.</i>		<i>0.10% a year calculated quarterly on the basis of the average net assets of the sub-fund over the quarter in question.</i>
<i>Outperformance fee</i>	<i>Net assets</i>	<i>None</i>

### 3. Commercial information

1. The mutual fund units are distributed by La Française AM Finance Services, Caisse Fédérale du Crédit Mutuel Nord Europe, Caisses du Crédit Mutuel Nord, Banque Coopérative and Mutuelle Nord Europe.

2. Subscription/redemption requests are processed by La Française AM Finance Services, 173, boulevard Haussmann – 75008 PARIS

3. Information about the 'La Française Obligations Emergentes' mutual fund is available on the premises of the management company or online at: [www.lafrancaise-gam.com](http://www.lafrancaise-gam.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.lafrancaise-gam.com](http://www.lafrancaise-gam.com) and will be given in the annual report.

5. La Française Asset Management is the management company of the master and feeder funds. It has implemented internal information guidelines in order that the feeder fund complies with the regulatory obligations. These internal guidelines relate to, amongst others, the information necessary to draw up the fund regulatory reports, conflicts of interest, exchange of information on prospectus and the fund KIIDs following an amendment and certain procedures relating to subscription/redemption.

#### 4. Investment rules

Investment in UCITS in accordance with the European Directive	100%
Cash assets	On an ancillary basis
Cash borrowings	No more than 10%

The mutual fund is fully and permanently invested in units of the master: 'La Française LUX - Obligations Emergentes'. The units held by the portfolio are evaluated for the last known net asset value of the master UCITS: 'La Française LUX - Obligations Emergentes'.

#### 5. Total risk method

The fund applies the method of calculating commitment.

#### 6. Valuation and accounting rules for the assets

The mutual fund abides by the accounting rules laid down under the regulations in force and in particular the accounting rules applicable to UCIs.

All transferable securities included in the portfolio are entered at historic cost, excluding expenses.

On each net asset valuation date and balance sheet date, the portfolio is valued based on:

##### Transferable securities

UCIs: at the last known net asset value. Estimated net asset values are used for UCIs and foreign investment funds with a monthly valuation.

##### Method used to record interest

Interest on bonds and debt securities is recorded using the accrued interest method.

# MUTUAL FUND RULES

## La Française Obligations Emergentes

### SECURITY 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 or ten 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)
- be denominated in different currencies;
- have different management fees;
- have different subscription and redemption fees;
- have different par values;
- 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 300,000 euros; if the assets remain below this amount for a period of thirty 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 AMF General Regulation (transfer of the UCITS).

#### Article 3: Issue and redemption of units

Units may be issued at any time at the request of the holders, 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 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 up to a maximum of 30 days.

Except in the case of inheritance or inter vivos distribution, the 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 transfer must, if necessary, be made up by the beneficiary to the minimum subscription specified in the prospectus.

Pursuant to Article L. 214-8-7 of the 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 fund may stop issuing units pursuant to Article L. 214-8-7 second paragraph of the French Monetary and Financial Code in objective situations leading to the closure of subscriptions, such as a maximum number of units or equities being issued, a maximum amount of assets being achieved or the expiry of a determined subscription period. These objective situations are defined in the UCITS 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:

- a US 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 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 unit 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, right 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.

## **SECURITY 2: OPERATION OF THE FUND**

#### **Article 5: 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: Custodian

The custodian provides the missions 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 Financial Markets Authority.

The fund is a feeder UCITS, which means that the custodian has concluded an information exchange agreement with the custodian of the master UCITS (or where applicable, if it is also the custodian of the master UCITS, it has drawn up an adapted set of specifications).

## Article 7: The Auditor

An auditor is appointed by the Executive Board of the management company for a period of six financial years, subject to the approval of the Financial Markets Authority.

It certifies the consistency and accuracy of the accounts.

The auditor's term of office may be renewed.

The auditor is required to notify the Financial Markets Authority as quickly as possible regarding any fact or ruling regarding the UCITS of which he becomes aware over the course of his assignment, of a nature:

1. To constitute 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. To jeopardise the conditions or the continuity of its operation;
3. To lead to the issuance of reserves or the refusal to certify the accounts.

The valuations of the assets and the calculation of the exchange parities in conversion, merger or demerger transactions shall be supervised by the auditor.

It assesses all contributions in kind under its responsibility.

It monitors the composition of the assets and other elements prior to publication.

The auditor's fees are fixed by mutual agreement between the 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.

He shall certify the situations on the basis of which interim distributions are made.

His fees shall be covered by the management fees.

The fund is a feeder UCITS:

- The auditor has concluded an information exchange agreement with the master UCITS auditor.
- If the auditor is also the master UCITS auditor, then he or she will draw up an adapted work programme.

## 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 custodian, 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.

## SECURITY 3: DISTRIBUTABLE AMOUNTS ALLOCATION PROCEDURES

### Article 9: Procedures for allocating income and amounts available for distribution

The distributable amounts are made up of:

- 1) The net profit plus the amount carried forward, plus or minus the balance of the prepayment account of income;
- 2) The capital gains made, net of costs, minus the capital losses made, net of costs, during the financial year, plus the similar net capital gains made during the previous financial years which were not subject to distribution or capitalisation and minus or plus the balance of the net capital gains of the pre-payment account.

The amounts stated in 1) and 2) may be distributed, in whole or in part, independently of each other.

The payment of the distributable amounts shall be performed within a maximum period of 5 months following the end of the financial year.

The net income of the fund is equal to total interest payments, arrears, premiums, bonuses and lots, dividends, fees and all earnings from securities held in the fund portfolio, plus earnings from sums 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 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 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 distribute one or more interim amounts, not exceeding the net income of each of the amounts detailed in 1) and 2), entered to account as 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 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 thirty days, the management company shall advise the Financial Markets Authority 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 applications for subscriptions or redemptions will not be accepted after this date.

The management company shall also dissolve the fund in the event of a redemption application for all of the units, or where the custodian is relieved of its responsibilities and no other custodian has been appointed, or on expiry of the term of the fund, if not extended.

The management company shall inform the Financial Markets Authority by post of the date and of the procedure adopted for dissolution. Subsequently, the management company shall send the auditor's report to the Financial Markets Authority.

The management company, in agreement with the custodian, 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 Financial Markets Authority.

### **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 auditor and the custodian shall continue to carry out their duties until the liquidation operations have been completed.

### **Article 13: Jurisdiction – Choice of domicile**

Any disputes concerning the fund arising during its existence or upon its liquidation, whether between unitholders, or between unitholders and the management company or custodian, shall be subject to the jurisdiction of the competent courts.