



LA FRANÇAISE

UCITS

in relation to Directive 2009/65/EC

# PROSPECTUS

## La Française Rendement Global 2018

Fonds Commun de Placement [mutual fund]

### 1. General information

#### 1.1 Legal form of the UCITS

**Name:**

La Française Rendement Global 2018

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

Fonds Commun de Placement [mutual fund] under French law

**Date of creation and scheduled duration:**

14/01/2013 – 99 years

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

18/12/2012

**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
E units	FR0011453893	EUR 1,000	No	Capitalisation	EUR	All subscribers, particularly investors residing in Spain	EUR 100,000
I units	FR0011370998	EUR 1,000	No	Capitalisation	EUR	All subscribers, particularly institutional investors	EUR 100,000
D units	FR0011370980	EUR 100	No	Distribution	EUR	All subscribers	None
R units	FR0011370972	EUR 100	No	Capitalisation	EUR	All subscribers	None

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 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

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:**

DELOITTE et Associés

185 avenue Charles de Gaulle, 92524 NEUILLY SUR SEINE cedex

Represented by Mr Jean-Marc LECAT

### **Marketers:**

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

LA FRANCAISE AM FINANCE SERVICES

Customer service

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 thousandths of a unit

#### **Closing dates:**

- End of accounting period: last trading day in December
- Closing date of the 1st financial year: 31 December 2013

#### **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.*

### 2.2 Specific provisions

#### **ISIN code:**

E units	FR0011453893
I units	FR0011370998
D units	FR0011370980
R units	FR0011370972

#### **Classification:**

Bonds and other international debt securities

#### **Management objective:**

The objective of the fund is to outperform (net of fees) bonds issued by the French Government denominated in euros maturing in 2018, over the recommended investment period of 6 years from the launch date of the fund until 31 December 2018.

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

**The management objective of the fund is based on the realisation of market assumptions set by the management company. It is not a guarantee of fund return or performance.**

#### **Benchmark indicator:**

The fund is not linked to a benchmark. The average time to maturity of the bond portfolio is around six years from the date it was launched. The average time to maturity drops each year to reach that of a monetary investment in 2018.

The mutual fund is neither an index nor an index benchmark and is exposed to credit risk but, for post-hoc comparison purposes, the unitholder can refer to the performance of OAT 4.25% October 2018 [FR0010670737].

For information purposes: Average actuarial yield as at 11.12.2012: 0.93%.

The OAT (Fungible Treasury Bond) is the instrument which has been used since 1985 by the French state for borrowing over periods ranging from 7 to 30 years, whether fixed rate or indexed rate, with a "bullet" repayment.

#### **Investment strategy:**

##### **1- Strategy used**

Range of sensitivity: between 6 and 0 (decreasing over time).

To achieve the management objective, the fund is invested in exchange rate products: fixed or floating rate bonds, convertible bonds, debt securities and money market instruments (Treasury bills, Treasury notes, certificates of deposit).

The investment strategy involves the discretionary management of a portfolio of bonds issued by private or public bodies, maturing on or before 31 December 2018.

The strategy is not limited to bond carrying, the management company may use arbitrage, in the event of new market opportunities or an increased risk of defaulting by one of the issuers in the portfolio.

During the marketing period, the portfolio management will be active in order to manage overall exposure by means of risk management.

The management of the fund is mainly based on the management team's in-depth knowledge of the selected companies' balance sheets and the fundamentals of sovereign debt.

The portfolio is invested up to 100% in bonds and other negotiable debt securities with the following characteristics:

- issued by public- or private-sector bodies,
- investment grade: rating higher or equal to BBB- (Standard&Poor's) or Baa3 (Moody's) or equivalent depending on the analysis of the management company [0-100%], High Yield (speculative): rating lower than BBB- or Baa3 or equivalent depending on the analysis of the management company [0-100%], no rating [0-100%]. The management company shall not exclusively or systematically rely on ratings, but rather shall conduct a credit analysis at the time of investment.
- all economic sectors,  
OECD countries (all zones): [0-100%], non-OECD countries (emerging countries) [0-30%]

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

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

The selection of securities is based on a bottom-up approach and focuses on the financial situation, debt structure and cash flow statements of issuers to avoid default situations. Moreover, issuers with high repayment rates and junior subordinated issues are preferred.

The sensitivity range for interest rates in which the mutual fund is managed	From 6 to 0 (decreasing over time)
Geographic area of the issuers of securities to which the mutual fund is exposed	OECD countries (all zones): 0 - 100%
Security denomination currencies in which the mutual fund is invested	EUR & USD: 0 - 100% of net assets
Level of exchange-rate risk supported by the mutual fund	Residual due to imperfect hedging

The mutual fund may also invest up to a limit of 10% in the units or shares of the UCITS governed by French or foreign law and/or in UCIs meeting the 4 criteria of Article R214-13 of the Monetary and Financial Code.

On an exceptional and temporary basis, and in the event of a significant number of redemption requests, the manager may borrow cash up to a limit of 10% of its net assets.

The mutual fund will preferably use derivative instruments on organised futures markets, it reserves the right to enter into OTC contracts where these are better suited to the management objective or offer lower trading costs.

The fund reserves the right to trade on all European and international futures markets.

The manager may hedge and/or expose the portfolio via financial futures instruments such as futures, forwards, options, rate swaps, currency swaps, forward foreign exchange, Credit Default Swaps (CDS on indices or CDS on single underlying asset options), Non Deliverable Forward. The mutual fund may mainly intervene on interest rate and/or currency futures markets in order to hedge and/or expose the portfolio to interest rate and credit risk, and to hedge exchange rate risk.

Taking into account the investment strategy implemented, the fund's risk profile is strongly tied to the selection of speculative securities which may represent up to 100% of the assets and therefore including default risk. The fund's risk profile varies over time; the exposure to different risk factors gradually decreases as the investment period approaches its maturity.

As the fund approaches maturity and depending on the prevailing market conditions, the management company shall opt either to continue the investment strategy, merge with another UCITS or liquidate the fund, subject to the AMF's approval.

## **2 - Assets (excluding embedded derivatives)**

In order to achieve its management objective, the fund will use different types of assets:

a. Debt securities and money market instruments

- i. Negotiable debt securities: yes
- ii. Bonds: yes
- iii. Treasury bills: yes
- iv. Commercial paper: yes
- v. Certificates of deposit: yes

with the following characteristics:

- all economic sectors
- the selected securities shall be invested in the public and/or private sector.

b. Equities:

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

c. UCI:

The fund may invest up to a limit of 10% in the units or shares of the UCITS governed by French or foreign law and/or in UCIs meeting the 4 criteria of Article R214-13 of the Monetary and Financial Code.

The fund may invest in UCI of the management company or a related company.

**3 - *Derivative instruments***

The mutual fund may trade in any futures or options as long as their underlying funds have a direct or correlated financial relationship with a portfolio asset, used for both hedging and exposure of the portfolio.

**Nature of the markets used:**

- regulated: yes
- organised: yes
- OTC: yes

**Risks to which the manager seeks exposure:**

- equities: yes
- interest rates: yes
- exchange rates: yes
- credit: yes
- indices: yes (rate)

**Nature of activities:**

- hedging: yes
- exposure: yes
- arbitrage: no
- other: no

**Nature of the instruments used:**

- futures: yes
- options: yes
- swaps: yes
- forward exchange: yes
- credit derivatives: yes, CDS

**4 - *Securities with embedded derivatives***

- Convertible bonds
- Warrants
- EMTN

**5 - *Deposits***

the fund reserves the right to make deposits of up to 10% in order to manage its cash flow.

**6- *Cash borrowings***

The fund reserves the right to temporarily borrow cash up to a limit of 10% of its net assets.

## **7- Temporary securities purchase and sale transactions**

The mutual fund may perform repo and reverse repo transactions, within regulatory limits, as part of its cash management. These transactions are not intended to produce any leverage.

### **Management of financial guarantees relating to transactions on over-the-counter derivative financial instruments and to effective portfolio management techniques:**

OTC transaction counterparties will be first-class banking establishment counterparties 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 performed 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
- other monetary UCITS/AIF units or shares

The 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 to effective portfolio management techniques:

Financial guarantees received in cash must only 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 monetary mutual funds as defined in the guidelines for a shared definition of European monetary mutual funds

Additional information regarding these transactions is given in the "Charges and Fees" section.

### **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."*

#### 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 fund is based on the selection of securities and market expectations. There is a risk that the fund may not be invested at all times in the best-performing securities. The fund's performance may therefore be lower than the management objective. In addition, the net asset value of the fund may have a negative performance.

#### Interest-rate risk:

The mutual fund is subject to interest rate risk on European and international markets. The interest rate risk is the risk that the value of the fund's investments decreases if interest rates rise. Thus, when interest rates rise, the net asset value of the fund may fall.

#### Credit risk relating to issuers of debt securities:

Risk may arise from a downgrading of the credit rating or default of the issuer of the debt security or failure of the issuer to honour his commitments with regard to the instruments issued. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the fund to fall.

As part of a bond investment, there is a direct or indirect risk relating to the possible presence of so-called lesser quality 'high-yield' or speculative bonds. These securities are classed as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The value of the FCP unit may therefore decrease if the value of these securities in the portfolio falls.

#### Default risk relating to issuers of debt securities:

The default risk is the risk related to solvency of the entity which issued the securities. This risk is even greater should the fund invest in speculative or unrated securities which could lead to an increased level of risk of the net asset value of the fund decreasing and a loss of capital.

Risk associated with investments in (speculative) high-yield securities:

This fund should be considered speculative. It is aimed specifically at investors who are aware of the risks inherent to investing in securities with a low or non-existent rating.

These securities are classed as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The value of the fund unit may therefore be lower when the value of these securities in the portfolio falls.

Risk arising from investing in non-OECD countries (emerging countries):

The fund may be exposed up to 30% in non-OECD countries. Market risk is amplified by any investment in non-OECD countries where upward and downward market movements may be stronger and more sudden than on major international markets.

Investing in non-OECD countries involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of the fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on the major international markets. In addition, investing on these markets entails risks due to the restrictions imposed on foreign investments, counterparties, the higher market volatility, the delay in settlements/deliveries as well as the limited liquidity of some lines contained in the mutual fund's portfolio. The net asset value of the fund may fall as a consequence.

Counterparty risk:

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

Risk associated with holding convertible bonds:

The fund may be exposed up to 30% in convertible bonds. The value of convertible bonds depends to some extent on the evolution of the prices of their underlying equities. Changes in the underlying equities may lead to a fall in the fund's net asset value.

Exposure to equity risk shall be limited to maximum 10% of the net assets.

Exchange-rate risk:

The mutual fund may invest in transferable securities denominated in currencies other than the reference currency.

The manager will always hedge the exchange risk. There may however be a residual currency exchange risk due to imperfect hedging. The net asset value of the fund may fall as a consequence.

Potential risk of a conflict of interests

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

***Type of subscriber:***

E units	All subscribers, particularly investors residing in Spain
I units	All subscribers, particularly institutional investors
D units	All subscribers
R units	All subscribers

The fund is aimed at investors seeking to invest in bonds with a minimum investment horizon up until 31 December 2018.

**Subscribers are informed that their main goal is to conserve their investment up until 31 December 2018 in order to benefit from the best conditions regarding actuarial yield offered by the fund.**

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:**

until 31 December 2018. This fund may not suit investors who intend to withdraw their contribution before 31 December 2018.

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

E units	Capitalisation
I units	Capitalisation
D units	Distribution
R units	Capitalisation

Distribution units: the management company does not intend to pay instalments; the distribution will be carried out on an annual basis.

**Accounting currency:**

EUR

**Subscription and redemption terms:**

Subscription orders (in value or thousandths of units) and redemption orders (in thousandths of units) are processed by La Française AM Finance Services on each net asset value calculation day at 11.00 a.m. (if the Stock Exchange is open in Paris, or the next trading day, except for public holidays in France) and are executed on the basis of the next net asset value (i.e. unknown at the time of execution).

Payments relating thereto are made on the second trading day following the centralisation date.

Each unit can be divided into thousandths.

**Subscription to the fund will close on 30 September 2013 at 11 a.m.** From this date, only subscriptions preceded by a redemption on the same day for the same number of units, for the same net asset value and by the same unitholder may be executed. In the event of a sharp decline in the immediate yield of the securities in the portfolio, the subscription period may be closed. A notice announcing the early closure of the subscription period shall be published on the management company's Internet site: [www.lafrancaise-gam.com](http://www.lafrancaise-gam.com).

**Minimum value of initial subscription:**

E units	EUR 100,000
I units	EUR 100,000
D units	None
R units	None

**Minimum value of subsequent subscriptions:**

E units	None
I units	None
D units	None
R 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.

**In the interest of unitholders, during the marketing period up until 30 September 2013, the fund will be valued at the asking price; beyond this period ending on 30 September 2013, the fund will be valued at the bid price.**

**Original net asset value:**

E units	EUR 1,000
I units	EUR 1,000
D units	EUR 100
R units	EUR 100

**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>E units</b> <b>I units</b> <b>D units</b> <b>R units</b>	3.00 % maximum 3.00 % maximum 3.00 % maximum 3.00 % maximum
Subscription fee paid to the UCITS	Net asset value x number of units	<b>E units</b> <b>I units</b> <b>D units</b> <b>R units</b>	None None None None
Redemption fee not paid to the UCITS	Net asset value x number of units	<b>E units</b>   <b>I units</b> <b>D units</b> <b>R units</b>	Redemption fee not paid to the fund: 1.20% from 01/10/2013 to 31/03/2014 inclusive; 0.90% of 01/04/2014 to 30/09/2014 inclusive; 0.60% to 01/10/2014 to 31/03/2015 inclusive; 0.30% from 01/04/2015 to 30/09/2015 inclusive; none as from 01/10/2015   None None None
Redemption fee paid to the UCITS	Net asset value x number of units	<b>E units</b> <b>I units</b> <b>D units</b> <b>R units</b>	None None None 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>R &amp; D &amp; E units:</b> 1.20% including taxes Maximum rate <b>I units:</b> 0.60% including taxes Maximum rate
Turnover fees Service providers collecting turnover fees: - Management company	Deducted from each transaction	<b>Equities:</b> 0.40% (with a minimum of €120) <b>Convertible bonds &lt; 5 years:</b> 0.06% <b>Convertible bonds &gt; 5 years:</b> 0.24% <b>Other bonds:</b> 0.024% (with a minimum of €100) <b>Monetary instruments :</b> 0.012% (with a minimum of €100) <b>Swaps:</b> €300 <b>Forward exchange:</b> €150 <b>Spot exchange:</b> €50 <b>UCI:</b> €15 <b>Futures:</b> €6 <b>Options:</b> €2.5
Outperformance fee	Net assets	None

Transactions for the temporary purchase and sale of securities:

The remuneration received on the temporary acquisitions and sales of securities and for any equivalent transaction under foreign law shall be fully acquired by the fund.

The transaction costs/fees relating to the temporary acquisitions and sales of securities are not invoiced to the fund. These costs/fees are fully undertaken by the management company.

#### 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.

### **3. Commercial information**

1. The distribution of units is carried out by Caisse Fédérale du Crédit Mutuel Nord Europe, Caisses du Crédit Mutuel Nord, Banque Coopérative et Mutuelle Nord Europe, and LA FRANCAISE AM FINANCE SERVICES.

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

3. Information on "La Française Rendement Global 2018" mutual fund is available at the premises of the management company or on the website: [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.

### **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 (sum of the nominals of the positions on the financial contracts used) may not exceed 100% of the fund's assets. However, this level may be higher in exceptional market circumstances.

### **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**

Listed securities: at market value – excluding accrued coupons on bonds - closing price. Foreign prices are converted to euros using the closing exchange rates on the valuation day. Transferable securities whose price has not been noted on the valuation day are valued at the last officially published rate or at their probable trading value, under the responsibility of the Management Company.

- UCIs: at the last known net asset value.

- Negotiable debt securities and swaps maturing in more than three months are revalued at market value. When the time to maturity becomes equal to three months, negotiable debt securities are valued at the last rate up to maturity. If they are purchased with less than three months' maturity, interest is calculated using a linear method.

Any temporary securities purchase and sale transactions will be 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.

#### **Financial futures instruments**

French and European markets: fixing value at closing on valuation days. American market: fixing value at closing on the previous day. Asian market: closing market prices.

Market commitments on conditional futures are converted 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.

#### **Method used to record interest**

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

# MUTUAL FUND RULES

## La Française Rendement Global 2018

### 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 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 Financial Markets Authority.

## 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.

## 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 3 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.