

CM-CIC CONVERTIBLES EURO

PROSPECTUS

UCITS under European Directive 2009/65/EC

I. GENERAL CHARACTERISTICS

I-1 Form of the UCITS

► **Name:** CM-CIC CONVERTIBLES EURO

► **Legal form and Member State in which the UCITS was created:**

French mutual fund - FCP (*Fonds Commun de Placement*)

► **Inception date and expected term:** The UCITS was approved on 04/12/2018 and created on 28/05/2019, for a period of 99 years.

► **Fund overview:**

ISIN Code	Allocation of distributable sums	Currency	Initial net asset value	Target investors	Minimum initial subscription amount*
Unit Class S: FR0013384591	Total Accumulation	Euro	€15.624	Subscription of this share is reserved for investors subscribing via distributors or intermediaries providing an individual securities portfolio management service under mandate.	1 unit
Unit Class RC: FR0013384609	Total Accumulation	Euro	€14.308	All subscribers, and more specifically retail clients.	1 unit
Unit Class IC: FR0013384617	Total Accumulation	Euro	€10.06	All subscribers, and more specifically institutional investors	10,000 units

* With the exception of UCIs managed by the portfolio management company.

► **Indication of where to obtain:** the FCP regulations, if they are not appended, the latest annual report, the latest interim statement, the last net asset value of the UCITS and, where appropriate, the information on its past performance:

The latest annual reports and the details of the fund's assets will be sent within 8 business days upon written request by a unitholder to:

CM-CIC Asset Management
Marketing and Communications Department
4, rue Gaillon - 75002 PARIS

I-2 Stakeholders

► **Management Company:** CM-CIC ASSET MANAGEMENT - 4, rue Gaillon - 75002 PARIS. A French "Société Anonyme" approved by the Commission des Opérations de Bourse (now the Autorité des Marchés Financiers - AMF) under number GP 97-138.

The portfolio management company manages the UCITS' assets in the best interest of the unitholders. In accordance with the regulations in force, it has the financial, technical and human resources in line with its activity.

► **Custodian and Registrar:**

BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM) - 4, rue Frédéric Guillaume RAIFFEISEN - 67000 STRASBOURG

The custodian is in charge of safekeeping of assets, monitoring the regularity of the management company decisions, monitoring cash flows and handling the securities administration by delegation of the portfolio management company. The custodian delegates the custody of assets to be held abroad to local sub-registrar.

For the UCITS, BFCM acts as custodian and registrar of the assets in the portfolio and is in charge of centralising subscription and redemption orders by delegation. BFCM is also the registrar and transfer agent for the UCITS.

- a) Missions:
- 1.. Asset safekeeping
 - i. Custody
 - ii. Record keeping of assets
 2. Supervision of compliance of decisions made by the UCI or its portfolio management company
 3. Monitoring of cash flows
 4. Fund unit administration by delegation
 - i. Centralisation of unit/share subscription and redemption orders
 - ii. Account issue

Potential conflicts of interest: the policy on conflicts of interest is available on the following internet site:

<http://www.bfcm.creditmutuel.fr/>

A free hard copy is available upon request to: BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

- b) Delegated safekeeping duties: BFCM

The list of delegates and sub-delegates is available on the following site: <http://www.bfcm.creditmutuel.fr/>

A free hard copy is available upon request to: BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

- c) Updated information is available to investors upon request from: BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

► **Institution responsible for centralising subscription/redemption orders and maintaining records of units or shares by delegation (the liability side of the fund's balance sheet):**

BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

The custodian is also responsible for managing the liabilities by delegation from the portfolio management company, in particular centralising subscription and redemption orders as well as maintaining unit records.

► **Statutory Auditors:** MAZARS - 61 rue Henri Regnault - 92075 PARIS LA DÉFENSE

The statutory auditor certifies the accuracy and consistency of the UCITS' financial statements. It audits the composition of net assets as well as financial and accounting information before they are published.

► **Promoters:** Banques et Caisses de Crédit Mutuel Alliance Fédérale and related entities.

► **Advisers:** None.

II OPERATION AND MANAGEMENT

II-1 General characteristics:

► **Unit characteristics:**

- ISIN Code Unit Class S: **FR0013384591**
- ISIN Code Unit Class RC: **FR0013384609**
- ISIN Code: Unit Class IC: **FR0013384617**

• **Nature of the rights attached to the units:**

Each unitholder has a co-ownership right to the assets of the UCITS proportional to the number of units held.

• **Entry in a register:** The rights of the unitholders will be represented by a book entry in their name with the intermediary of their choice for bearer fund units, with the issuer, and if they so wish, with the intermediary of their choice for registered fund units.

• **Securities administration:**

Securities administration is provided by the custodian. It is specified that the administration of units is carried out by Euroclear France.

• **Voting rights:**

As this is a mutual fund, no voting rights are attached to the units, the decisions are taken by the portfolio management company; information on the operating procedures of the mutual fund is provided to the unitholders, as the case may be, either individually, by the press, by means of periodic documents, or by any other means.

• **Form of units:** Bearer.

• **Decimalisation:** The quantity of units is expressed in thousandths.

► **Closing Date:** last Paris Stock Market trading day in December.

Closing date of the first financial year: last Paris Stock Market trading day in December 2019.

► **Information about the tax regime:**

The UCITS does not pay corporation tax and a tax transparency arrangement applies to unitholders. Depending on your tax regime, any capital gains and income associated with holding units of the UCITS may be subject to taxation.

Investors who are unsure of their tax situation should seek advice from a tax advisor.

II-2 Special provisions

- ISIN Code Unit Class S: **FR0013384591**
- ISIN Code Unit Class RC: **FR0013384609**

• ISIN Code Unit Class IC: **FR0013384617**

► **Fund of Funds:** up to 10% of the net assets

► **Investment objective:**

This UCITS' investment objective is to seek to outperform, net of fees, the EXANE ECI ZONE EURO benchmark index over the recommended investment period.

The UCITS portfolio composition may differ significantly from the benchmark.

► **Benchmark:** EXANE ECI ZONE EURO (EZCIEZCI).

EXANE ECI ZONE EURO is an index representative of the composition and liquidity of the market for convertible bonds in the Eurozone, coupons reinvested. By construction, the EXANE ECI ZONE EURO index consists of bonds that are convertible or exchangeable into euro zone equities, denominated in euros. Additional information on the index is available on the administrator's website: www.exane.com.

The index is applied at closing prices and is denominated in euros, coupons reinvested.

As at the date of the latest update of this prospectus, the EXANE ECI ZONE EURO benchmark administrator is not yet entered on the register of directors and benchmark indices maintained by ESMA.

In accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the portfolio management company has a procedure for monitoring the benchmarks used describing the measures to be implemented in case of substantial changes made to an index or the cessation of provision of that index.

► **Investment strategy:**

1 – Strategies used:

The UCITS' investment objective is to maximise the value of and income from your investment. The UCITS is actively managed and invests in negotiable debt securities (bonds or convertible or exchangeable notes), in warrants (financial contracts under which the UCITS can purchase shares at a later date and generally at a fixed price) and in other financial instruments which can be converted into shares issued by companies based in Europe or in other developed countries worldwide.

The UCITS will purchase transferable debt securities denominated in euros, but may also purchase debt securities denominated in currencies other than the euro.

For the selection and monitoring of fixed income securities, the portfolio management company does not exclusively or systematically rely on the ratings issued by rating agencies. It prefers its own credit analysis which serves as the basis for management decisions taken in the interests of unitholders.

It complies with the following ranges of net exposure by asset class:

From 0% to 50% invested in equity markets, of all geographical areas (including emerging markets), of all market capitalisations, and from all sectors.

From 50% to 100% in convertible or exchangeable bonds, issued by the public or private sector, in all geographical areas (including emerging markets), in all rating categories, as assessed by the portfolio management company or by the rating agencies, or unrated, of which:

- From 0% to 10% in convertible or exchangeable bonds from issuers outside the eurozone.

From 0% to 50% in sovereign debt instruments, public or private securities, in all geographical areas (including emerging markets), in all rating categories, as assessed by the portfolio management company or by the rating agencies, or unrated.

From 0% to 10% exposure to currency risk.

2 - Assets (excluding embedded derivatives):

The fund may invest in:

- **Equities:** They are selected based on their stock market valuation (P/E), earnings publications and sector positioning, with no specific geographical allocation.

- **Debt securities and money market instruments:**

The fund is permitted to invest in:

- bonds of any nature;
- negotiable debt securities;
- profit participation certificates;
- subordinated notes;
- securities equivalent to the above securities, issued outside of the French regulation framework.

- units or shares of UCITS, AIFs and investment funds:

The UCITS can invest over 10% of its net assets in French or non-French UCITS, and up to 10% in French retail investment funds (FIVG) meeting the conditions specified in article R. 214-13 of the French Monetary and Financial Code.

These collective investments may be managed by the portfolio management company or related companies.

3- Financial derivative instruments:

Nature of the markets used:

- Regulated Markets
- Organised markets
- Over-the-counter markets

Risks to which the portfolio manager seeks exposure:

- Equity risk: hedging
- Interest rate risk: hedging
- Credit risk: hedging
- Currency risk: hedging

The portfolio manager may use derivatives within the limit of the net assets and in accordance with the exposures to the different types of risk set out in the KIID and in the Prospectus, and without causing an overexposure of the portfolio.

Type of instruments used:

- futures;
- options;
- swaps;
- forward foreign exchange contracts;
- As the case may be, credit derivatives: Credit Default Swaps (CDS).

It does not use total return swaps (TRS).

4- Securities with embedded derivatives:

Risks to which the portfolio manager seeks exposure:

- Equity risk: hedging and/or exposure
- Interest rate risk: hedging and/or exposure
- Currency risk: hedging and/or exposure
- Credit risk: hedging and/or exposure

The portfolio manager may use securities with embedded derivatives within the limit of the net assets, in accordance with exposures to the different types of risk set out in the KIID and in the Prospectus, without causing an overexposure of the portfolio

Type of instruments used:

- convertible bonds,
- warrants,
-
- listed certificates

Strategy for the use of embedded derivatives to achieve the investment objective:

The portfolio manager may use securities with embedded derivatives in the event that such securities offer an alternative to other financial instruments or if such securities do not have any equivalent on other financial markets.

5- Deposits:

Within the regulatory limits, the UCITS may make deposits, with one or more credit institutions.

6- Cash borrowings:

Cash borrowings may not exceed 10% of the net assets and are used, on a temporary basis, to provide liquidity to unitholders wishing to redeem their units without penalising the overall management of the assets.

7- Temporary purchase and sale of securities:

None

► Contracts constituting financial guarantees:

Within the scope of the OTC derivative transactions and temporary purchases/sales of securities, the UCITS may receive financial assets considered as collateral with the objective of reducing its counterparty risk exposure.

The financial guarantees received shall primarily take the form of cash or financial securities for OTC financial derivatives transactions, and cash and eligible government bonds, in the case of temporary purchases/sales of securities.

The guarantees are given in the form of cash or bonds issued or guaranteed by Member States of the OECD or by their local authorities or by supranational institutions and undertakings of a community, regional or worldwide nature.

Any financial collateral received shall comply with the following principles:

- Liquidity: Securities provided as financial collateral must be highly liquid and quickly tradable on a regulated market at a transparent price.
- Transferability: financial guarantees are transferable at any time.
- Valuation: the financial guarantees received are subject to a daily valuation at the market price or according to a pricing model. A prudent haircut policy will be applied on securities according to their volatility or credit quality.
- Issuer credit quality: Financial guarantees are of high credit quality according to the portfolio management company analysis.
- Placement of collateral received in cash: Those are either invested in deposits with eligible entities or invested in high quality government bonds (rating complying with 'short-term monetary' UCITS/AIF criteria), either invested in 'short-term monetary' UCITS/AIFs or used for reverse repurchase agreements with a credit institution.

- Correlation: collateral is issued by an entity independent of the counterparty.
- Diversification: Exposure to a given issuer does not exceed 20% of net assets.
- Safe-keeping: collateral received shall be held by the Custodian or an agent or third party under its control, or by a third-party custodian which is subject to prudential supervision and which has no connection with the provider of the financial guarantees.
- Prohibition of re-use: Financial guarantees other than cash may not be sold, re-invested or pledged as collateral.

► **Risk profile:**

Your money will be invested primarily in financial instruments selected by the portfolio management company. These instruments will be subject to market fluctuations and uncertainties.

The risks to which the unitholder is exposed are as follows:

- **Risk of capital loss:** A capital loss occurs when a unit is sold at a lower price than that paid at the time of purchase. The UCITS shall not benefit from any guarantee or capital protection. The capital initially invested is subject to the fluctuations of the market and may therefore, in the event of unfavourable stock market developments, not be returned in full.

- **Equity market risk:** Equity markets may experience significant fluctuations depending on expectations about the evolution of the global economy and corporate results. The net asset value may decrease if equity markets fall.

- **Risk linked to small capitalisation equities:** Because of their specific characteristics, these equities may involve risks for investors and may, in particular, generate a liquidity risk because of their limited market size. The net asset value may therefore fall faster and more sharply.

- **Emerging markets investment risk:** Investors are reminded that the operating and supervision conditions of the emerging markets may deviate from the standards prevailing on the large international markets. The net asset value may therefore fall faster and more sharply.

- **Currency risk:** Adverse developments in the Euro against other currencies could have a negative impact and result in a fall in the net asset value.

- **Convertible bond risk:** The value of convertible bonds depends on several factors: Level of interest rates, changes in the price of the underlying shares, changes in the price of the embedded derivative integrated in the convertible bond. These various factors may result in a fall in the net asset value

- **Interest rate risk:** In the event of an increase in interest rates, the value of fixed income instruments may decrease, and may cause a decrease in net asset value.

- **Credit risk:** In the event of a deterioration in the quality of issuers or if the issuer is unable to meet its commitments at maturity, the value of such securities may fall, thereby causing the net asset value to fall.

- **Risk linked to investment in speculative (high-yield) securities:** Securities that are considered 'speculative', measured according to an analysis by the portfolio management company or rating agencies, present an increased risk of default, and are likely to undergo variations of valuation that are more marked and/or more frequent, which could lead to a fall in the net asset value.

- **Counterparty risk:** Counterparty risk arises from all OTC operations entered into with the same counterparty. Counterparty risk measures the risk of loss in the event of a counterparty defaulting on its contractual obligations before the definitive settlement of the transaction via a final financial flow. In this case, the net asset value may fall..

- **Risk linked to the impact of techniques such as the use of derivatives:** The use of derivatives may lead to a decrease in net asset value over short periods and generate significant fluctuations of the net asset value in the event of exposure contrary to market developments.

► **Guarantee or protection:** None

► **Target investors and target investor profile:**

Unit Class S: Subscription of this unit is reserved for investors subscribing via distributors or intermediaries providing an individual securities portfolio management service under mandate.

Unit Class RC: All investors, aimed more specifically at retail clients.

Unit Class IC: All investors, and more specifically institutional investors.

This UCITS is aimed more particularly at investors who wish to invest in a fund that mainly comprises fixed income products

The reasonable amount to invest in this UCITS depends on the individual circumstances of each investor; to determine it, investors must take into account their personal assets, current needs and investment period, but also their desire to take risks or prefer a prudent investment. It is also strongly recommended that investments be sufficiently diversified so as not to expose them solely to the risks of a single UCITS.

The UCITS has not been registered with the US Internal Revenue Service under the US Securities Act of 1933. Consequently, units/shares of the UCITS may not be offered, sold or held, directly or indirectly, on behalf of or for the benefit of a 'U.S. Person', as

defined in US regulations and in particular SEC Regulation S (Part 230 - 17 CFR 230.903), available at <http://www.sec.gov/about/laws/secrulesregs.htm>

► **Recommended investment period:** over 5 years.

► **Calculation and allocation of distributable amounts:**

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

Distributable amounts consist of:

1° Net income plus retained earnings plus or minus the balance of the income equalisation account of the last financial year;

2° Realised capital gains net of expenses, minus realised capital losses, net of expenses, recognised during the financial year, plus net capital gains of a similar nature recognised during previous financial years and which have not been distributed or accumulated and minus or plus the balance of capital gains equalisation account.

Capitalisation (Units Classes 'IC', 'S', and 'RC')

The distributable amounts are fully accumulated each year.

	<i>Total Accumulation</i>	<i>Partial accumulation</i>	<i>Total distribution</i>	<i>Partial distribution</i>	<i>Total deferral</i>	<i>Partial deferral</i>
<i>Net income</i>	X					
<i>Net realised gains or losses</i>	X					

► **Unit characteristics:**

The subscription of a unit class may be reserved for a category of investors according to objective criteria described in this section, such as the original net asset value of the unit and the minimum initial subscription amount.

The 'IC' unit class is according to the procedures defined in the prospectus open to all investors, and specifically to institutional investors.

The 'RC' unit class is based on the procedures defined in the prospectus, which is available to all investors, and specifically to retail clients.

The 'S' unit class is according to the terms defined in the prospectus reserved for investors subscribing via distributors or intermediaries providing an individual securities portfolio management service under mandate.

Initial net asset value per unit of the 'S' unit class: **€15.624**

Initial net asset value per unit of the 'RC' unit class: **€14.308**

Initial net asset value per unit of the 'IC' unit class: **€10.06**

The quantity of units is expressed in thousandths.

Minimum initial subscription amount for 'RC' and 'S' unit classes: One unit with the exception of UCIs managed by the portfolio management company.

Minimum initial subscription amount for 'IC' unit class: 10,000 units with the exception of UCIs managed by the portfolio management company.

Minimum subsequent subscription and redemption amount: one thousandth of a unit.

► **Subscription and redemption procedures:**

The institution appointed to receive subscriptions and redemptions is the custodian: Banque Fédérative du Crédit Mutuel (BFCM)

Subscriptions may be made by a contribution of securities.

Subscription and redemption orders are centralised each business day at 12 noon (D) CET:

- Orders received before 12 noon (CET) are executed based on the net asset value of the day (D).
- Orders received after 12 noon (CET) are executed based on the net asset value of the following day (D+1).

Instructions are executed in accordance with the table below:

D	D	<u>D</u> : NAV calculation date	D+1 business day	D+2 business days	D+2 business days
Centralisation before 12:00 noon of subscription orders ¹	Centralisation before 12.00 noon of redemption orders ¹	Execution of the order no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

¹Except where specific time limits have been agreed with your financial institution.

► **NAV calculation date and frequency:**

Calculated on the basis of the closing price each business day with the exception of days when the Paris stock exchange is closed (as per Euronext SA calendar)

► **Place and methods of publication or communication of Net Asset Value:** At the portfolio management company's offices. It is available from the portfolio management company the business day after the calculation day.

► **Fees and expenses:**

Entry and exit charges

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

Fees are to be paid by investors upon subscription or redemption	Basis	Rate		
		Unit Class S:	Unit Class RC:	Unit Class IC:
Subscription commission not paid to the UCITS	Net asset value × number of units	2%	2%	2%
Subscription commission paid to the UCITS	Net asset value × number of units	None		
Redemption commission not paid to the UCITS	Net asset value × number of units	None		
Redemption commission paid to the UCITS	Net asset value × number of units	None		

Operational and management charges

These fees include all the expenses invoiced directly to the UCITS, except for transaction costs. Transaction costs include intermediary fees (brokerage fees, etc.) and transaction fee, if applicable, which may be levied in particular by the custodian and the portfolio management company.

The following may be payable in addition to the ongoing charges:

- Performance fees. These reward the portfolio management company when the UCITS exceeds its objectives. They are therefore invoiced to the UCITS.,
- Transfer commissions invoiced to the UCITS..

	Fees charged to the UCITS	Basis	Rate		
1	Financial management and administration fees external to the portfolio management company	Net assets	Unit Class S: Maximum 1% inclusive of tax	Unit Class RC: Maximum 1.50% inclusive of tax	Unit Class IC: Maximum 0.70% inclusive of tax
2	Transaction fees Portfolio management company: 100%	Levy on each transaction	None		
3	Performance fee	Net assets	None		

Selection of intermediaries:

The selection and evaluation of intermediaries shall be subject to controlled procedures.

Any new relationship is examined, approved by an ad hoc committee before being validated by the Management.

The evaluation occurs at least annually and takes into account several criteria primarily related to the quality of execution (execution price, processing time, orderly settlement of transactions, etc.) and the relevance of the research services (financial, technical and economic analyses, appropriateness of the recommendations, etc.).

III - COMMERCIAL INFORMATION

All information concerning the UCITS is available from the portfolio management company.

The voting policy document ('Politique de vote') and the report reflecting the conditions under which voting rights have been exercised are available on the website www.cmcic-am.fr or sent to any unitholder who would request it from the portfolio management company.

- Portfolio Management Company:
CM-CIC Asset Management
Marketing and Communications Department
4, rue Gaillon - 75002 PARIS.

Events affecting the UCITS are subject in some cases to the provision of information via Euroclear France and/or information via various media in accordance with the regulations in force and in accordance with the commercial policy.

Procedures for the management of conflicts of interest are in place to prevent and manage them in the exclusive interests of the unitholders.

► **ESG criteria**

Information on the inclusion of environmental, social and governance (ESG) criteria may be found on the website, www.cmcic-am.fr, and in the annual report of the fund.

IV - INVESTMENT RULES

In accordance with the provisions of the French Monetary and Financial Code, the rules for composition of assets and the risk diversification rules applicable to this UCITS must be respected at all times. If an overshooting of these limits occurs independently of the management company or following the exercise of a subscription right, the portfolio management company shall have the priority objective of regularising this situation as soon as possible, while taking into account the interests of the unitholder of the UCITS.

V – OVERALL RISK

The overall risk on financial contracts is calculated using the commitment method.

VI - ASSET VALUATION AND ACCOUNTING RULES

REVENUE ACCOUNTING:

The UCITS shall book its income on the basis of the **collected** coupon method.

ACCOUNTING FOR PORTFOLIO INFLOWS AND OUTFLOWS:

Position inflows and outflows in the portfolio shall be accounted without trading costs.

VALUATION METHODS:

At each valuation, the assets of the UCITS are valued according to the following principles:

Listed stocks and equivalent securities (French and foreign securities):

The valuation is based on the stock market price.

The market price used depends on the market on which the instrument is listed:

European stock exchanges:

Closing price on the valuation day.

Asian stock exchanges:

Closing price on the valuation day.

Australian stock exchanges:

Closing price on the valuation day.

North American stock exchanges:

Closing price on the valuation day.

South American stock exchanges:

Closing price on the valuation day.

In the event that no price is available for a security, the closing price of the previous day is used.

Bonds and equivalent debt instruments (French and foreign securities) and EMTN:

The valuation is based on the stock market price:

The market price used depends on the market on which the instrument is listed:

European stock exchanges:

Closing price on the valuation day.

Asian stock exchanges:

Closing price on the valuation day.

Australian stock exchanges:

Closing price on the valuation day.

North American stock exchanges:

Closing price on the valuation day.

South American stock exchanges:

Closing price on the valuation day.

In the event that no price is available for a security, the closing price of the previous day is used.

In the case of an unrealistic valuation, the portfolio manager must make an estimate more in line with the actual market parameters. According to available sources, the valuation may be performed through different methods such as:

- the valuation received from a contributor,
- a valuation average of several contributors,

- a price calculated by an actuarial method from a spread (credit or other) and a yield curve,
- etc.

Units/Shares of UCITS, AIFs or investment funds: Valuation based on the last known net asset value.

Units of securitisation entities: Valuation at last closing price for securitisation institutions listed on European markets.

Temporary purchases of securities:

Repurchase agreements:	Contractual valuation. No repurchase agreements with a term exceeding 3 months
Optional repurchase agreement:	Contractual valuation, as the repurchase of the securities by the seller is envisaged with sufficient certainty.
Securities lending/borrowing:	Valuation of the borrowed securities and the corresponding repayment debt at the market value of said securities.

Temporary sales of securities:

Securities sold under repurchase agreements:	Securities sold under repurchase agreements are valued at market price, representative debt of the securities sold under repurchase agreements are kept at the contractual value.
Securities lending:	Lent securities are valued at the stock market price of the underlying asset. The securities should be recovered by the UCITS at the end of the loan agreement.

Unlisted securities:

Use of valuation methods that are based on the net asset value and the performance, taking into account the prices used in recent significant transactions.

Negotiable debt securities:

Negotiable debt securities which, at the time of acquisition, have a residual maturity of less than three months, should be valued linearly

Negotiable debt securities acquired with a residual maturity of more than three months, should be valued:

At their market value up to 3 months and one day before maturity.

The difference between the market value measured 3 months and 1 day before maturity and the redemption value is linearized over the last 3 months.

Exception: BTF/BTAN are valued at market price until maturity.

Selected Market value:

BTF/BTAN:

Yield-to-maturity rate or daily price as published by the Banque de France.

Other negotiable debt securities:

For negotiable debt securities subject to regular quotations: The rate of return or the price used are those which are recorded daily on the market.

For securities without regular listing: application of a proportional method using the rate of return on the reference rate curve adjusted for a margin representative of the issuer's intrinsic characteristics

Futures contracts:

The market prices used to value futures contracts are consistent with those of the underlying securities.

They vary according to the Futures Exchange:

Futures contracts listed on European exchanges: closing market price or clearing price of the day

Futures contracts listed on North American exchanges: closing market price or clearing price of the day

Options:

The market prices used shall follow the same principle as those governing the contracts or underlying securities:

Options listed on European exchanges: closing market price or clearing price of the day

Options listed on North American exchanges: closing market price or clearing price of the day

Swaps:

Swaps with a maturity of less than 3 months are valued linearly.

Swaps with a maturity of more than 3 months are valued at market price.

The valuation of index swaps is carried out at the price given by the counterparty, the portfolio management company independently conducts an audit of that valuation.

Where the swap agreement is backed by clearly identified securities (quality and duration), these two elements are assessed overall.

Forward foreign exchange contracts:

These are hedging transactions on securities held in the portfolio in a currency other than the UCITS' base currency, this hedge is performed through a loan in the same currency and for the same amount. Currency forward transactions are valued on the basis of the lending and borrowing yield curve of the currency.

VALUATION METHODS FOR OFF-BALANCE SHEET COMMITMENTS

Commitments on futures contracts are determined at market value. It is equal to the valuation price multiplied by the number of contracts and by the nominal, commitments on OTC swaps are shown at their nominal value or in the absence of nominal value, an equivalent amount.

Contingent liabilities are determined on the basis of the underlying equivalent of the option. This computation requires the multiplication of the number of options by a delta. The delta results from a mathematical model (Black-Scholes equation) whose parameters are: The value of the underlying, the term to maturity, the short-term interest rate, the exercise price of the option and the volatility of the underlying. The off-balance sheet reporting matches the economic aspect of the transaction, not the contractual aspect.

Dividend swaps against changes in performance are shown at their nominal value in the off-balance sheet reporting

Back-to-back or mortgage-backed swaps are recorded at nominal value in the off-balance sheet reporting.

Guarantees given or received:

Within the scope of the OTC derivative transactions and temporary purchases/sales of securities, the UCITS may receive financial assets considered as collateral with the objective of reducing its counterparty risk exposure.

The financial guarantees received shall primarily take the form of cash or financial securities for OTC financial derivatives transactions, and cash and eligible government bonds, in the case of temporary purchases/sales of securities.

The guarantees are given in the form of cash or bonds issued or guaranteed by Member States of the OECD or by their local authorities or by supranational institutions and undertakings of a community, regional or worldwide nature.

Any financial collateral received shall comply with the following principles:

- Liquidity: Securities provided as financial collateral must be highly liquid and quickly tradable on a regulated market at a transparent price.
- Transferability: financial guarantees are transferable at any time.
- Valuation: the financial guarantees received are subject to a daily valuation at the market price or according to a pricing model. A prudent haircut policy will be applied on securities according to their volatility or credit quality.
- Issuer credit quality: Financial guarantees are of high credit quality according to the portfolio management company analysis.
- Placement of collateral received in cash: Those are either invested in deposits with eligible entities or invested in high quality government bonds (rating complying with 'short-term monetary' UCITS/AIF criteria), either invested in 'short-term monetary' UCITS/AIFs or used for reverse repurchase agreements with a credit institution.
- Correlation: collateral is issued by an entity independent of the counterparty.
- Diversification: Exposure to a given issuer does not exceed 20% of net assets.
- Safe-keeping: collateral received shall be held by the Custodian or an agent or third party under its control, or by a third-party custodian which is subject to prudential supervision and which has no connection with the provider of the financial guarantees.
- Prohibition of re-use: Financial guarantees other than cash may not be sold, re-invested or pledged as collateral.

VII - REMUNERATION

Detailed information on the remuneration policy is available on the website www.cmcic-am.fr. A paper copy is available free of charge upon request to CM-CIC AM - Marketing and Communications Department - 4, rue Gaillon -75002 PARIS.

INFORMATION AIMED TO IRISH SHAREHOLDERS

Facilities Agent

Maples Fund Services (Ireland) Limited has been appointed to act as Facilities Agent (“the Agent”) for the Company and it has agreed to provide facilities at its offices at 32 Molesworth St, Dublin 2, D02 Y512, Ireland where:

- (a) a Shareholder may obtain information on prices and on how a redemption request can be made and how redemption proceeds will be paid; and
- (b) the following documents are available for inspection free of charge during normal business hours on weekdays (Saturdays, Sundays and public holidays excepted):
 - a) Articles of Incorporation of the Fund;
 - b) the material contracts referred to in the Prospectus;
 - c) the most recent annual reports of the Fund;
 - d) the Prospectus; and
 - e) the latest KIIDs.

In addition, the Agent will provide facilities for making payments to Shareholders.

Taxation

The Directors intend to conduct the affairs of the Fund so that it does not become resident in Ireland for taxation purposes. Accordingly, provided the Fund does not exercise a trade within Ireland or carry on a trade in Ireland through a branch or agency, the Fund will not be subject to Irish tax on its income and gains other than on certain Irish source income and gains.

Other Irish Shareholders

Subject to personal circumstances, Shareholders resident in Ireland for taxation purposes will be liable to Irish income tax or corporation tax in respect of any income distributions of the Fund (whether distributed or reinvested in new Shares).

The attention of individuals resident or ordinarily resident in Ireland for tax purposes is drawn to Chapter 1 of Part 33 of the Taxes Consolidation Act 1997 (as amended), which may render them liable to income tax in respect of undistributed income or profits of the Fund. These provisions are aimed at preventing the avoidance of income tax by individuals through a transaction resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad and may render them liable to income or corporation tax in respect of undistributed income or profits of the Fund on an annual basis.

The attention of persons resident or ordinarily resident in Ireland (and who, if they are individuals, are domiciled in Ireland) is drawn to the fact that the provisions of Chapter 4 (Section 590) of Part 19 of the Taxes Consolidation Act, 1997 (as amended) could be material to any person who holds 5% or more of the Shares in the Fund if, at the same time, the Fund is controlled in such a manner as to render it a company that would, were it to have been resident in Ireland, be a ‘close’ company for Irish taxation purposes. These provisions could, if applied, result in a person being treated, for the purposes of the Irish taxation of chargeable gains, as if part of any gain accruing to the Fund (such as on a disposal of its investments that constitute a chargeable gain for those purposes) had accrued to that person directly; that part being equal to the proportion of the assets of the Fund to which that person would be entitled to on the winding up of the Fund at the time when the chargeable gain accrued to the Fund.

The Shares in the Fund will constitute a ‘material interest’ in an offshore fund located in a qualifying location for the purposes of Chapter 4 (Sections 747B to 747E) of Part 27 of the Taxes Consolidation Act, 1997 (as amended). This Chapter provides that if an investor resident or ordinarily resident in Ireland for taxation purposes holds a ‘material interest’ in an offshore fund and that fund is located in a ‘qualifying location’ (including a Member State of the European Communities, a Member State of the European Economic Area or a member of the OECD with which Ireland has a double taxation treaty) then, dividends or other distributions and any gain (calculated without the benefit of indexation relief) accruing to the investor upon the disposal of the interest will currently be charged to tax at the rate of 41%. This rate will only apply if certain details relating to the disposal of and the receipt of income from such investment are included in the tax return(s) made on time by the investor.

Failure of a non-corporate investor to meet the necessary requirements under Chapter 4 will result in the income and gains arising from the investment being taxed at the investor’s marginal income tax rate currently up to 52% (inclusive of social insurance and universal social charges). Dividends or other distributions by the Fund to an investor that is a company that is resident in Ireland or any gain (calculated without the benefit of indexation relief) accruing to such investor upon the disposal of their interest in the Fund will be taxed at the rate of 25% where the payments are not taken into account in computing the profits or gains of a trade carried on by the company. Where any computation would produce a loss the gain shall be treated as nil and no loss shall be treated as occurring on such disposal. An Irish resident corporate investor whose shares are held in connection with a trade will be taxable on any income or gains as part of that trade.

Following legislative changes in the Finance Act 2006, the holding of shares at the end of a period of 8 years from acquisition (and thereafter on each 8 year anniversary) will constitute a deemed disposal and reacquisition at market value by the Shareholder of the relevant Shares. This shall apply to Shares acquired on or after 1 January 2001. The tax payable on the deemed disposal will be equivalent to that of a disposal of a ‘material interest’ in an offshore fund (i.e. the appropriate gain is subject to tax currently at the rate of 41%). To the extent that any tax arises on such a deemed disposal, such tax will be taken into account to ensure that any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant Shares does not exceed the tax that would have been payable had the deemed disposal not taken place.

The Finance Act 2007 introduced new provisions regarding the taxation of Irish Resident individuals or individuals Ordinarily Resident in Ireland who hold Shares in certain offshore funds. The new provisions introduce the concept of a personal portfolio investment

undertaking ("PPIU"). Essentially, an offshore fund will be considered a PPIU in relation to a specific investor where that investor has influence over the selection of some or all of the property held by the offshore fund, either directly or through persons acting on behalf of or connected with the investor. Any gain arising on a chargeable event in relation to an offshore fund which is a PPIU in respect of an individual will be taxed at the rate of 60%. Higher rate taxes may apply where the individual fails to meet the necessary filing requirements under Chapter 4 of Part 27 of The Taxes Consolidation Act, 1997. Specific exemptions apply where the property invested has been clearly identified in the offshore fund's marketing and promotional literature and the investment is widely marketed to the public.

Further restrictions may be required in the case of investments in land or unquoted shares deriving their value from land.

For the purposes of Irish taxation a conversion of Shares in the Fund from one class of Shares to another class of Shares will not constitute a disposal. The replacement Shares shall be treated as if they had been acquired at the same time for the same amount as the holding of Shares to which they relate. There are special rules relating to situations where additional consideration is paid in respect of the conversion of Shares, or if a Shareholder receives consideration other than the replacement Shares in a fund. Special rules may also apply when a fund operates equalisation arrangements.

Attention is drawn to the fact that the above rules may not be relevant to particular types of Shareholders (such as financial institutions), which may be subject to special rules. Investors should seek their own professional advice as to the tax consequences before investing in Shares in the Fund. Taxation law and practice, and the levels of taxation may change from time to time.