CM-CIC Asset Management
L'INVESTISSEMENT MUTUEL

CM-CIC CONVICTIONS EURO

PROSPECTUS

UCITS under European Directive 2009/65/EC

I. GENERAL CHARACTERISTICS

I-1 Form of the UCITS

▶ **Name**: **CM-CIC CONVICTIONS 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 RC: FR0013384963	Full accumulation	Euro	**€20.20**	All subscribers, and more specifically retail clients	1 unit
Unit Class S: FR0013384971	Full accumulation	Euro	**€23.752**	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 IC: FR0013384989	Full accumulation/	Euro	**€13.781**	All subscribers, and more specifically institutional investors	7,500 units

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

▶ **Indication of where to obtain the mutual fund 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

▶ **Portfolio 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 portfolio 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-custodians.

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 UCITS' balance sheet):**
Banque Fédérative du Crédit 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 RC: **FR0013384963**
- ISIN Code: Unit Class S: **FR0013384971**
- ISIN Code: Unit Class IC: **FR0013384989**
- **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 made 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 Exchange trading day in December.
Closing date of the first financial year: last Paris Stock Exchange 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.
The UCITS is eligible for French personal equity savings plans (PEA).
This UCITS is eligible for the legal tax allowance for the duration of the holding that can be applied to the net amount of the capital gain.
Investors who are unsure of their tax situation should seek advice from a tax advisor.

II-2 Special provisions
- ISIN Code Unit Class RC: **FR0013384963**
- ISIN Code Unit Class S: **FR0013384971**
- ISIN Code Unit Class IC: **FR0013384989**

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

▶ **Investment objective:**

This UCITS' investment objective is to seek an annual performance, net of fees, that exceeds that of its benchmark index, the EURO STOXX Net Return Index, over the recommended investment period.

The UCITS portfolio composition may differ significantly from the benchmark.

▶ **Benchmark index**: Euro STOXX Net Return (SXXT)

Euro STOXX Net Return is a benchmark index calculated as the weighted arithmetic average of a sample of large, medium and small capitalisation companies from 11 Eurozone countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain. The index is calculated and published by Stoxx Limited®. Additional information on the index is available on the administrator's website: www.stoxx.com.

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

As at the date of the latest update of this prospectus, the administrator, Stoxx Limited, of the EURO STOXX Net Return Index, is not yet entered on the register of directors and benchmark indices kept 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 increase the value of your investment by investing in equities denominated in euros. The UCITS is actively managed and invests in equities and convertible securities denominated in euros (financial products which can be converted to euros) issued by companies established in the Eurozone.
The UCITS invests at least 75% of its assets in equities issued by companies whose registered office is located in a European Union country. PEA (French personal equity saving scheme)-eligible securities represent at least 75% of the assets at all times.

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

From 60% to 100% invested in equity markets of all geographic areas (including emerging markets), of all market capitalisations, and from all sectors, of which:
- between 0% and 10% in non-EU equity markets
- from 0% to 10% in emerging equity markets;

From 0% to 10% invested in sovereign debt instruments issued by the public or private sector, in the Eurozone (excluding emerging markets), in all rating categories, as assessed by the portfolio management company or by the rating agencies, or unrated

From 0% to 100% exposure to currency risk.

2 - Assets (excluding embedded derivatives):
The UCITS 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 UCITS 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 up to 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 management by the portfolio management company or related companies.

3- Financial derivative instruments:

Nature of the markets used:
- Regulated markets
- Organised markets

Risks to which the portfolio manager seeks exposure:
- Equity risk: hedging and/or exposure
- Interest rate risk: hedging and/or exposure
- Credit risk: Hedging and/or exposure
- Currency risk: hedging and/or exposure

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;
- forward foreign exchange contracts;
- as the case may be, credit derivatives: Credit Default Swaps (CDS)

It does not use total return swaps (TRS).

Strategy for using derivatives to achieve the investment objective:

The use of forward financial instruments is carried out

- to make adjustments, particularly in the event of a significant flow of subscriptions and redemptions on the UCITS,

- in order to adapt to certain market conditions (significant market movements, better liquidity or efficiency of forward financial instruments, for example, etc.)

Counterparties:

No counterparty has any discretionary decision-making power on the composition and management of the portfolio or on the underlying asset of financial derivative instruments. Counterparty approval is not required for any portfolio transaction.

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 purchases and sales of securities:

None

▶ Contracts constituting financial guarantees:

None

▶ 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 bonds 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 derivative embedded 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 as well as the 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.

- 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.

- Liquidity risk: It is the risk that a financial market, when the volumes traded are low, or if there are tensions on such a market, might not be able to absorb the volume of transactions (purchase or sale) without significant impact on asset prices. The net asset value may therefore fall faster and more sharply.

▶ **Guarantee or protection:** None

▶ **Target investors and target investor profile**:
Unit Class RC: All investors, aimed more specifically at retail clients
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 IC: All investors, and more specifically institutional investors

This UCITS is aimed more particularly at investors who are looking for an exposure to the European Union equity markets under the PEA tax wrapper, which has a recommended minimum period of more than 5 years while accepting the risk of changes in the net asset value inherent in the equity market and the currency in question.

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 US 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.

Accumulation (Unit Classes RC, S, and IC):
The distributable amounts are fully accumulated each year.

	Full accumulation	*Partial accumulation*	*Total distribution*	*Partial distribution*	*Total deferred*	*Partial deferred*
Net income	***X***					
Net realised gains or losses	***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 'RC' unit class is according to the procedures defined in the prospectus for all subscribers, and more specifically intended for 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
The 'IC' unit class is according to the procedures defined in the prospectus for all subscribers, and more specifically for institutional investors

Initial net asset value per unit of the 'RC' unit class: €20.20.
Initial net asset value per unit of the 'S' unit class: €23.752.
Initial net asset value per unit of the 'IC' unit class: €13.781.

The quantity of units is expressed in thousandths.

Minimum initial subscription amount for the 'RC' and 'S' unit classes: One unit**,** with the exception of UCIs managed by the portfolio management **company.**
Minimum initial subscription amount for the 'IC' unit class: 7,500 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 CET (D):
- 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).

Orders are executed in accordance with the table below:

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

[1]Except 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 premises of the portfolio management company and the delegated financial manager.
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		
Subscription commission not paid to the UCITS	Net asset value × number of units	Unit Class S: 2%	Unit Class RC: 2%	Unit Class IC: 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 fees 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 RC: Maximum 2.25% inclusive of tax	Unit Class S: Maximum 1.50% inclusive of tax	Unit Class IC: Maximum 0.80% inclusive of tax
2	Transaction fees Portfolio management company: 100%	Levy on each transaction	Maximum 0.35%		
3	Performance fee	Net assets	Unit Class RC: 15% including tax of the outperformance above the **EURO STOXX Net Return** benchmark index	Unit Class S: None	Unit Class IC: None

Method of calculating the RC unit class performance fee:

(1) The performance fee is calculated in accordance with the indexed method. The supplement to which the performance fee rate of 15% inclusive of tax applies represents the difference between the assets of the UCITS before deduction of the performance fee provision and the value of a reference asset that has achieved a performance equal to that of the index (or, if applicable, that of the index) over the calculation period and registering the same variations related to subscriptions/redemptions as the UCITS.
(2) The allocation is accrued at the time of each net asset value calculation and balanced out at the end of the year. In the event of underperformance relative to the outperformance trigger threshold, a recovery is made in the amount of the existing provision.outperformance trigger threshold
(3) The performance fee on redemptions made during the year are definitively acquired by the portfolio management company.
(4) The performance fee is paid annually on the last NAV of the year, and thus the provision is reset to zero each year.
(5) It will be acquired for the first time by the portfolio management company on 31/12/2020.

Selection of intermediaries:
The selection and evaluation of intermediaries shall be subject to controlled procedures.
Any new relationship is examined and 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 portfolio 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 listing: 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 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: None

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 distributio ns 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.