



# Mandarine Opportunités

## *Prospectus*

March 2021



SRI fund

UCITS governed by French law covered by Directive 2009/65/EU – UCITS

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## I General characteristics

### I.1 Name

Mandarine Opportunités (hereinafter referred to as the **Fund** or the **UCITS**)

### I.2 Legal form and Member State in which the UCITS was established

Mutual fund (Fonds Commun de Placement) under French law.

### I.3 Creation date and intended duration

This Fund was created on 26 September 2008 for a period of 99 years.

### I.4 Overview of the management offer

	R units	F units	I units	M units
ISIN code	FR0010657122	FR0013140084	FR0010659797	FR0010659805
Allocation of the distributable sums	Capitalisation			
Currency denomination	EUR			
Target investors	All subscribers	All subscribers (2)	All subscribers in particular Institutional and equivalent investors	Institutions and similar
Minimum initial subscription	EUR 50	EUR 50	EUR 500,000 (1)	EUR 40,000,000 (1)
Minimum subsequent subscription	Ten thousandths of a unit			
Initial net asset value	EUR 500	EUR 500	EUR 5,000	EUR 50,000
Decimalisation	Yes, ten thousandth			

(1) except the Management Company, which only takes out one unit.

(2) For F units: units reserved for all investors and, in the context of subscription or distribution within the European Union, that are intended solely for:

(i) Financial intermediaries who are not authorised, in virtue of the regulations applicable to them, to receive and/or hold on to any commissions or non-monetary benefits; or

(ii) Subscribers subscribing through a portfolio management service provider on behalf of a third party (management mandate) and/or investment advice provided independently within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, within the European Union (Directive MIF2);

(iii) Subscribers subscribing in the context of investment advice not considered to be independent within the meaning of Directive MIF2 on the basis of a contract with their customer, and/or where such a distributor neither receives nor holds on to any commission or other non-monetary benefit under Directive MIF2.

### I.5 Indication of the place where the latest annual report and the latest interim report are available

The Fund's Prospectus, the annual and interim reports and the breakdown of assets are sent, within eight business days, free of charge upon written request to:

MANDARINE GESTION - 40 avenue Georges V, 75008 Paris

E-mail: [serviceclient@mandarine-gestion.com](mailto:serviceclient@mandarine-gestion.com)

The prospectus of the Fund, the annual and interim documents are available at [www.mandarine-gestion.com](http://www.mandarine-gestion.com).

### Dissemination of the portfolios.

The management company may be required to transmit all or part of the information concerning the breakdown of the UCITS portfolio to enable some of its investors, in particular institutional investors, to comply with their obligations derived notably from Directive 2009/138/EC "Solvency II") with respect to transparency ((*SCR - Solvency Capital Requirement*)).

The management company will ensure that each investor who is a recipient of this information has established procedures for managing sensitive information prior to the transmission of the breakdown of the portfolio so that such information is used only for calculating prudential requirements. These procedures must also prevent the practices of *market timing* or of *late trading*.

## I.6 Publication of sustainability information

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### **Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (known as the "Disclosure Regulation")**

As a player in the financial markets, the management company of the UCI is subject to Regulation 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (known as the "Disclosure Regulation").

This Regulation lays down harmonised rules for financial market participants relating to transparency with regard to the integration of sustainability risks (Article 6 thereof), the taking into account of negative impacts in terms of sustainability, the promotion of environmental or social characteristics in the investment process (Article 8 thereof) or sustainable investment objectives (Article 9 thereof).

Sustainable investment corresponds to an investment in an economic activity that contributes to an environmental objective, measured for example by means of key indicators in terms of efficient use of resources concerning the use of energy, renewable energies, raw materials, water and land, in terms of waste production and greenhouse gas emissions or in terms of effects on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment which contributes to the fight against inequalities or which promotes social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that these investments do not cause material prejudice to any of these objectives and that the companies in which the investments are made apply good governance practices – in particular with regard to sound management structures, employee relations, remuneration of competent staff and compliance with tax obligations.

Sustainability risk is defined as an environmental, social or governance event or situation which, if it occurs, could have a material adverse effect – actual or potential – on the value of the investment.

It should be noted that this risk can therefore be understood as a specific category of financial risk (measured by its potential negative impact on the portfolio's return).

Sustainability risk is primarily taken into account in the following way in the implementation of the portfolio management:

- Like any other risk with a potential burden on the portfolio's return, sustainability risk is taken into account by management prior to acquiring a security and throughout the investment. To do so, management particularly relies on the expertise of Mandarine Gestion's team of ESG analysts.
- A synthetic sustainability risk indicator (ISRD) has been developed and is used to measure the exposure of each portfolio to sustainability risk. Limits based on this indicator are applied to the Fund. If exceeded, adjustments to the portfolio may be required.
- The risk and ESG analysis teams draw up and maintain exclusion lists to prohibit the purchase of securities that pose a particularly high sustainability risk. In particular, issuers that are the subject of serious controversy may be placed under surveillance or banned for investment.

The Fund's exposure to sustainability risk is measured by a risk scale ranging from 1 to 5 (from negligible risk to severe risk), based on the level of the ISRD calculated for the Fund. At the date of publication hereof, the Fund has, according to the Management Company's analysis, exposure to level 2 sustainability risk corresponding to a low risk.

## II Participants

### II.1 Management Company

#### MANDARINE GESTION

Société Anonyme (public limited company) - 40, Avenue George V - 75008 PARIS

Portfolio management company approved by the Autorité des marchés financiers (AMF – Financial Markets Authority) on 28 February 2008 under no. GP-0800 0008.

### II.2 Depositary and Custodian

#### BNP PARIBAS SECURITIES SERVICES

Partnership limited by shares registered with the Registre du Commerce et des Sociétés (Trade and Companies Register) in Paris under No 552 108 011.

Registered office: 3, Rue d'Antin - 75002 PARIS

Postal address: Grands Moulins de Pantin 9, Rue du Débarcadère – 93761 PANTIN CEDEX

**BNP PARIBAS SECURITIES SERVICES**, a partnership limited by shares (société en commandite par actions), registered in the Trade and Companies Register under number 552 108 011, is an establishment approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and subject to the supervision of the Autorité des Marchés Financiers (AMF), whose registered office is at 3, rue d'Antin – 75002 Paris.

As part of the Fund's liabilities management, the subscription, redemption and issuer account holding processing functions are carried out by the depositary in connection with Euroclear France, through which the units are registered.

*Description of the responsibilities of the Depositary and potential conflicts of interest*

Directive 2009/65/EC, as amended by Directive 2014/91/EU, referred to as "UCITS 5", specifies the responsibilities of UCITS depositaries. It entered into force on 18 March 2016.

The Depositary has three types of responsibilities: monitoring the compliance of the decisions of the Management Company (as defined in Article 22.3 of the Directive), monitoring of cash flows of the UCITS (as defined in Article 22.4), and custody of the UCITS' assets (as defined in Article 22.5). All of these responsibilities are set out in a written contract between the Management Company, MANDARINE GESTION, and the depositary, BNP PARIBAS SECURITIES SERVICES.

The primary objective of the Depositary is to protect the interests of the unitholders/investors in the UCITS, which always prevail over commercial interests.

Potential conflicts of interest may be identified, in particular if the Management Company also maintains commercial relations with BNP Paribas Securities Services SCA in parallel to its appointment as Depositary (which may be the case if BNP Paribas Securities Services calculates, by delegation of the Management Company, the NAV of the UCITS for which BNP Paribas Securities Services is the Depositary, or when a group relationship exists between the Management Company and the Depositary).

To manage these situations, the Depositary has implemented and maintains a management policy for conflicts of interest with the following objectives:

- Identifying and analysing situations involving potential conflicts of interest
- Recording, managing and monitoring situations involving potential conflicts of interest:
  - based on permanent measures in place to manage conflicts of interest, such as segregation of duties, separation of hierarchical and functional lines, monitoring of internal insider lists, and dedicated IT environments;
  - by implementing on a case-by-case basis:
    - ✓ preventive and appropriate measures such as the creation of ad hoc watchlists, new Chinese walls, or verifying that transactions are properly processed and/or informing affected customers
    - ✓ or by refusing to manage activities that may give rise to conflicts of interest.

*Description of any custodial functions delegated by the Depositary, list of delegates and sub-delegates and identifying conflicts of interest likely to arise from such delegation*

The UCITS Depositary, BNP Paribas Securities Services SCA, is responsible for the custody of the assets (as defined in Article 22.5 of Directive 2009/65/EC, as amended by Directive 2014/91/EU). In order to provide services related to the safekeeping of assets in a large number of countries, enabling the UCITS to achieve their investment objectives, BNP Paribas Securities Services SCA has appointed sub-custodians in countries where BNP Paribas Securities SCA services would have no local presence. These entities are listed on the following website:

<http://securities.bnpparibas.com/solutions/asset-fund-services/depositary-bank-and-trustee-serv.html>

The process of appointment and supervision of the sub-custodians is carried out in accordance with the highest quality standards, including the management of potential conflicts of interest that may arise in connection with these appointments.

Up-to-date information on the above-mentioned points will be sent to the investor upon request.

Establishment in charge of holding the issue account: BNP Paribas Securities Services.

## II.3 Statutory auditor

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### **DELOITTE & ASSOCIÉS**

Represented by Olivier Galiene  
185 C, avenue Charles de Gaulle  
92200 Neuilly-sur-Seine

## II.4 Marketer

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### **MANDARINE GESTION**

40, Avenue George V - 75008 PARIS

The Fund is registered with Euroclear France and its units may be subscribed or redeemed through financial intermediaries who are not known to the management company.

## II.5 Centralising agent

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- Centralising agent for subscription and redemption orders by delegation of the Management Company:

### **BNP PARIBAS SECURITIES SERVICES**

Partnership limited by shares registered with the Registre du Commerce et des Sociétés (Trade and Companies Register) in Paris under No 552 108 011.

Registered office: 3, Rue d'Antin - 75002 PARIS

Postal address: Grands Moulins de Pantin 9, Rue du Débarcadère – 93761 PANTIN CEDEX

## II.6 Appointed representatives

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- Administrative management and accounting:

### **BNP PARIBAS SECURITIES SERVICES**

Partnership limited by shares registered with the Registre du Commerce et des Sociétés (Trade and Companies Register) in Paris under No 552 108 011.

Registered office: 3, Rue d'Antin - 75002 PARIS

Postal address: Grands Moulins de Pantin 9, Rue du Débarcadère – 93761 PANTIN CEDEX

The delegation agreement covers the accounting management, including accounting updates, the net asset value calculation, the preparation and presentation of the file required for the audit carried out by the statutory auditor, and the keeping of accounting records.

## III Operating and management procedures

### III.1 General characteristics

#### III.1.1 Features of the units or shares

- ISIN codes:
  - R units: FR0010657122
  - I units: FR0010659797
  - M units: FR0010659805
  - F units: FR0013140084
- Rights attached to the unit category: each unitholder has a right of co-ownership of the assets in proportion to the number of units held.
- Entry in a register or specification of the methods for managing liabilities by delegation of the Management Company: liabilities are managed by BNP PARIBAS SECURITIES SERVICES.
- The Fund is registered with Euroclear France.
- Voting rights: no voting rights are attached to units, as decisions are taken by the Management Company. However, information on changes in the operation of the Fund is provided to the unitholders either personally, through the press or by any other means in accordance with the regulations.
- Form of units: all units are in bearer form.
- Decimalisation of the units:
  - ✓ YES             NO
  - ✓ Number of decimal places:
    - tenths             hundredths     thousandths    ✓ ten thousandths

#### III.1.2 Closing date

Last trading day of December.

#### III.1.3 Information on the tax system

The Fund itself is not subject to taxation. However, unitholders may incur taxation on any revenue distributed by the Fund, where paid, or when selling its securities.

The tax system applicable to the amounts distributed by the Fund or any realised or unrealised capital gains or losses of the Fund depend on the tax provisions applicable to the investor's particular situation and their tax residency. Thus, certain revenue distributed in France by the Fund to non-residents is liable to withholding tax in this state.

Abroad (in the fund's investment countries), capital gains realised on the sale of foreign transferable securities and income from foreign sources earned by the fund as part of its management may, where applicable, be subject to taxation (usually in the form of a withholding tax). Taxation abroad may, in certain limited cases, be reduced or nullified in the event of applicable tax agreements.

With regards to unitholders of the Fund:

- Unitholders residing in France: Capital gains or losses realised by the Fund, revenue distributed by the Fund and capital gains or losses recorded by the unitholder are subject to current tax legislation.
- Unitholders residing outside of France: Subject to tax agreements, the taxation provided for in Article 150-0 A of the CGI is not applicable to capital gains earned on the redemption or sale of units of the Fund by persons not fiscally resident in France under Article 4 B of the CGI or whose registered office is located outside of France, on condition that such persons have not held, directly or indirectly, more than 25% of the units at any time during the five years preceding the redemption or sale of their units (CGI Article 244a C).

Unitholders residing outside France shall be subject to the provisions of tax legislation in effect in their own country of residence.

Investors benefiting from the Fund as part of a life insurance contract shall be subject to taxation applicable to life insurance contracts.

#### **Tax system in Germany:**

The Fund is classed as an "Aktienfonds" under German tax law (§ 2(6) InvStG); investment in "Kapitalbeteiligungen" ("equity participations") according to § 2(8) InvStG will continually exceed 50% of net assets.

**NB** : depending on your tax system, any capital gains and income associated with holding units in the Fund could be subject to taxation. We recommend that you consult your usual tax adviser for information on this matter.

- ✓ Eligible  DSK     Madelin  PERP  
for PEA    contract    law  
(equity  
savings  
plan)

### III.2 Special provisions

#### III.2.1 ISIN codes

- R units : FR0010657122
- I units : FR0010659797
- M units : FR0010659805
- F units : FR0013140084

### III.2.2 UCITS of UCITS or AIF:

Less than 10% of the net assets.

### III.2.3 Management objective

The Fund aims to achieve a performance, net of fees, that is higher than the **CAC All Tradable NR** index over the recommended investment period, by selecting, via an active “stock picking” strategy, French companies or companies listed in France that favourably meet certain ESG **criteria** (*best-in-universe approach*) and have an above-average growth profile, according to the Management Company’s analysis.

The Fund takes sustainability risks and ESG characteristics into account in its selection process. In this regard, the Fund promotes environmental or social characteristics within the meaning of Article 8 of the SFDR Regulation. The Fund is subject to a sustainability risk as defined in the risk profile of the prospectus.

### III.2.4 Benchmark index

The performances are compared to the performance of the **CAC All Tradable NR** (*hereinafter referred to as the “Index”*). This is the global benchmark for the French market. The benchmark index is denominated in euros.

Codes: ISIN: FR QS0011131883 Reuters: CACTN; Bloomberg: SBF250NT;

The performance of the CAC All Tradable NR benchmark includes dividends from the equities that comprise the Index.

For further information on the characteristics and breakdown of this Index, please consult the website of the EURONEXT Index producer (*hereinafter referred to as “Administrator”*) ([www.euronext.com](http://www.euronext.com)) by clicking on the following link: <https://www.euronext.com/fr/products/indices/QS0011131883-XPAP>

Information according to Q&A ESMA 34-43-362 “Actively Managed Fund”

The Fund is actively managed.

The Fund therefore does not aim to replicate the performance of the Index or its sector allocation in any form whatsoever. It makes investments based on criteria that may lead to significant deviations from the performance of this Index and its breakdown. Investments in companies are made on the basis of weightings that are not based on the relative weighting of each company in the Index.

#### **Information concerning the benchmark indicator used by the Fund carried out in accordance with the provisions of EU Regulation 2016/1011.**

Pursuant to Article 52 of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as indices or benchmarks relating to financial instruments or contracts or to measure the performance of investment funds and amending Directives 2008/45/EU and 2014/17/EU and EU Regulation No 596/2014 (*hereinafter referred to as the “Benchmark Regulation” or “BMR”*), as the Management Company uses benchmarks within the meaning of the BMR regulations, it is deemed to be a “User” of benchmarks:

- (i) to ensure that the benchmark indices it uses within the European Union are supplied by administrators that are legally authorised or registered with the European Union as benchmark index Administrators, including the Administrator (Article 29); or to ensure that those originating from third countries respect the principle of equivalence and the regulatory requirements (Article 30-33);
- (ii) to establish a suitable monitoring procedure for benchmark indices allowing it to substitute a new index in the event that one or more of the benchmark indices, including that of the index provided by the Administrator, that it uses should be substantially modified or cease to be published (Article 28).

On the date of the latest update to this Prospectus, which is the date appearing on the first page, the Administrator has obtained a registration under Article 34 and is therefore listed in the publication of administrators and publication of benchmarks maintained by ESMA (*hereinafter referred to as “Benchmark Register - List of EU benchmark administrators and third country benchmarks”*).

For information purposes, the ESMA website “**Benchmark Administrators**” (<https://www.esma.europa.eu/databases-library/registers-and-data>) contains, on the one hand, the list of “EU & EEA benchmark administrators”, in other words, and more specifically, the list of administrators located in the European Union who have been authorised or registered (Art. 34), the administrators meeting the conditions set out in Art. 30(1) of the same regulation, and on the other hand, the list of “third country benchmarks”, in other words the list of administrators located outside the European Union (Article 30(1)(c)).

#### **Information concerning the benchmark indicator used by the Fund carried out in accordance with the provisions of EU Regulation 2019/2088, the “Disclosure Regulation”**

The attention of unitholders is drawn to the fact that the Index was selected prior to the entry into force of the Disclosure Regulation; this Index does not take into account environmental, social or governance considerations.

## III.2.5 Investment strategy

### III.2.5.1. Strategy used

The Fund's investment strategy is to be dynamically exposed to the French equities markets.

To reconcile the quest for performance with the development of socially responsible practices, ESG criteria are considered according to a best-in-universe **approach**.

The best-in-universe **approach** is a type of **ESG selection** that consists in favouring, within the investment universe, issuers with the best ratings from a **non-financial point of view** independently of their **area of activity**.

The ESG process for the selection of securities is based on the collection of non-financial information about the securities in the Fund's investment universe.

Mandarine Gestion's ESG expertise unit attributes extra-financial scores to the securities. The extra-financial analysis results in a 5-step ESG score from A (best score) to E (worst score). The Fund's investment universe excludes issuers with the worst ESG score ("E" score), which thus makes it possible to establish a list of securities in which the Manager may invest.

The use of this selection process results in a 20% reduction in the ESG investable universe.

Extra-financial scores may go up or down over time. They are reviewed at most every 12 months. They may lead to investment or divestment decisions.

Under the law, companies involved in the production or distribution of anti-personnel mines and cluster munitions prohibited by the Ottawa and Oslo Conventions are also excluded.

The fund may invest up to a maximum of 10% in assets that have not been subject to ESG analysis.

The proportion of ESG-rated issuers in the Fund's portfolio (*excluding public debt and liquidity*) will be constantly higher than 90%.

The ESG investment strategy has the potential to create sector bias, in relation to both the investable universe and the Index.

#### • **ESG non-financial selection process:**

In order to select the Fund's eligible securities within the investment universe and thus reconcile the quest for performance with the development of socially responsible practices, the management team uses financial analysis combined with restrictive non-financial screening based on

**ESG criteria.** The ESG unit administers and updates ESG ratings in the Management Company's proprietary tool **Mandarine-ESG view®**.

In order to enable ESG integration, ESG analysis is based on the collection, cross-referencing and appropriation of qualitative and quantitative non-financial information from multiple sources to allow for original hedging:

- reporting and CSR reports of issuers, companies in fact have an obligation to publish a Non-Financial Performance Statement (*DPEF*). The DPEF is an authentic lever of strategic management of companies and is subject to verification by an independent third party;
- Meetings with issuers, management and stakeholders (*NGOs, unions, study reports, etc.*);
- the reports and analyses of brokers and non-financial score agencies.

Mandarine Gestion's ESG expertise unit then attributes non-financial scores to the issuers on:

- Environment (*environmental policy, carbon impact and emissions, energy mix, biodiversity policy, etc.*);
- Corporate governance (*composition and functioning of the Board and the Executive Committee, integration of acquisitions, organisation of succession, skills, diversity, responsible restructuring and social dialogue, reputation and ethical controversies etc.*);
- Customer-supplier relations (*quality, customer-centricity, quality of the offer and customer service controversies*);
- responsible purchasing policy, monitoring of the supply chain, social and environmental controversies, etc.);
- Civil society (*stakeholder management, collaboration with NGOs, social impact of the activity, local content, controversies, etc.*);
- Human rights (*human rights policy, formalised commitment, follow-up to UN and Ruggie principles, controversies, etc.*);
- Human resources (*turnover, accidentology, training and career monitoring, management and organisation model, diversity of the workforce, employee shareholding and involvement, etc.*).

#### • **Financial selection process**

The non-financial selection process is coupled with a financial analysis process geared towards the selection of growing companies, according to the Management Company's analysis. This analysis identifies three main types of company:

- established companies, which the management company considers to have some visibility of growth;
- companies in transition, for which the management company anticipates growth in profitability; and
- companies with potential, for which the management company anticipates a growth in turnover.

The financial analysis consists of applying active management carried out on the basis of an essentially *bottom-up* approach, enriched with top-down *adjustments* by the discretionary selection of companies which present a prospect of above-average profits either as a result of regular growth or as a result of its restructuring or its turnaround.

The bottom-up *approach* consists in studying the company's fundamentals. Therefore, the securities selection process will be implemented by analysing:

- the competitive positioning and competitive advantages of the company (positioning of the company in its sector, quality of the management teams and expertise of employees);
- the quality of the financial structure (study of traditional financial analysis ratios, dividend capacity, growth prospects, etc.);
- future prospects (organic growth, possibility of restructuring, potential for external growth, likely developments in ownership, etc.).

This analysis will allow the Fund Manager to adapt the portfolio composition to changes in the French equity markets.

The top-down *analysis* will supplement the active stock-picking by enabling adjustments. To this end, the fund manager will conduct an overall review of the benchmark market in order to benefit from sector-related and/or geographical opportunities by analysing:

- the general economic conditions, both nationally and internationally (changes in interest and/or commodity rates, etc.);
- a particular sector (concentration, new entrants, trend studies, buying behaviour, etc.);
- a company in the sector (positioning of the company in its sector, quality of the management teams and expertise of employees, etc.).

Based on these analyses, the fund manager may diversify into other asset classes (as described below) if they anticipate that the main driver of performance (equity markets) will not allow them to achieve their investment objective. He could decide to invest in the bond markets (directly or via UCITS or AIF up to a limit of 10% of the assets) or other markets through UCITS or AIF.

This type of management is discretionary and conviction-driven, allowing a high degree of autonomy in selecting investments from within the investable universe.

### III.2.5.2. In categories of assets and financial contracts in which the Fund intends to invest

#### III.2.5.2.1. In assets (excluding integrated derivatives)

The Fund's portfolio consists of the following categories of assets and financial instruments:

##### - Shares

At least 75% of the Fund's assets are invested in equities that are French and/or listed in France. The fund may invest in markets other than the French market up to a limit of 25%, including those qualified as emerging markets (max 10%).

The overall equity exposure will be between 60% and 105 % of the Fund's net assets.

Due to its eligibility for the PEA tax system, the Fund invests at least 75% of its net assets in PEA-eligible securities.

Opportunistic investments will be made at the discretion of the fund manager, without any constraints of sector or market capitalisation. Only the potential for appreciation will determine the selection and weighting of securities in the portfolio.

Besides the shares that constitute at least 75% of the Fund's assets, the following assets are likely to be included in the portfolio, up to a maximum of 25% of the net assets:

##### - Debt securities and money market instruments

As part of the cash management of the Fund, the fund manager may use bonds, convertible bonds, debt securities and money market instruments.

The distribution of private/public debt is not determined in advance, as it will be based on the market opportunities. Similarly, the Fund Manager will determine the duration and the sensitivity of bonds held in the portfolio based on the management objectives and market opportunities. These will be bonds and medium-term negotiable securities (*NEU MTN Negotiable European Medium Term Note*) and short-term marketable securities (*NEU CP Negotiable European Commercial Paper*) issued by an OECD country denominated in euros and non-governmental negotiable debt securities and bonds (private debt) of OECD countries denominated in euros. The debt securities used – for those that would be subject to a rating – shall have, if indicated, a Standard & Poor's rating of "investment grade", or an equivalent rating from another rating agency at the time of investment or their creditworthiness estimated by the Management Company must correspond to this level.

##### - UCITS, AIF, investment funds and trackers or Exchange Traded Funds (ETF)

In order to manage cash or access markets or specific management styles (sector-based or geographical etc.), the Fund may invest up to 10% of its net assets in UCITS or AIF. The Fund may invest in UCITS or AIF managed by

Mandarine Gestion.

Investments will be made within the regulatory limits in:

- French or foreign UCITS (UCITS);
- alternative investment funds (AIFs).

The Fund may invest in trackers, listed index-linked funds and Exchange Traded Funds on an ad-hoc basis.

### **III.2.5.2.2. Derivative instruments**

The Fund may invest in financial futures (traded on regulated and organised markets, in France and abroad and/or OTC) within the limits laid down by the regulations.

In this context, the Fund Manager may take positions to offset fluctuations in the market: Fund transactions may therefore consist of:

- measures for hedging the portfolio's equity risk or exposure of the portfolio to industrial sectors, shares, currencies or market indices through the use of instruments such as futures or options contracts.

Furthermore, transactions may be entered into on the OTC markets as part of treasury management or currency transactions.

The Fund may use up to a limit of 100% of the net assets on derivative instruments. The use of derivatives will account for a total exposure of 105% of the assets to the equity market. Total return swaps: The Fund will not use Total Return Swaps (TRS).

### **III.2.5.2.3. Embedded derivatives (warrants, credit linked notes, EMTNs, subscription warrants, etc.)**

Nature of instruments used: Essentially, warrants, subscription warrants, and any type of bonds to which a conversion or subscription right is attached. In particular, the Fund may invest in securities with exposure to shares (convertible bonds, exchangeable bonds or equity notes).

Strategy for using embedded derivatives to achieve the management objective: Transactions involving embedded derivatives are of the same nature as those for derivative instruments. The use of embedded derivatives is subject to their potential benefits in terms of cost/efficiency or liquidity. The Fund may use up to a limit of 25% of the net assets on embedded derivatives.

### **III.2.5.2.4. Deposits**

The Fund may make deposits with a maximum term of 12 months with one or more credit institutions. The aim of these deposits is to contribute to the cash holdings. Deposits

denominated in euros or other currencies which adhere to the four conditions of the Monetary and Financial Code can account for up to 25% of assets.

### **III.2.5.2.5. Cash loans**

In the course of normal business, the Fund may occasionally find itself in debt and may make use of cash loans in this case, up to a limit of 10% of its assets.

### **III.2.5.2.6. Temporary purchases and sales of securities**

Not applicable.

### **III.2.5.2.7. For contracts constituting financial guarantees**

Not applicable

## **III.2.5.3. Risk profile**

Your money will primarily be invested in financial instruments selected by the Management Company. These instruments will be exposed to market trends and risks. The list of risk factors set out below is not exhaustive.

The Fund is a UCITS and is mainly invested in the French market. As such, investors are primarily exposed to the following risks:

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

Investors should be aware that the performance of the Fund may not be in line with its objectives and, because the Fund is not capital protected or guaranteed, investors may not recover the full amount of their invested capital.

#### **Equity market risk:**

At least 75% of the Fund's net assets are invested on one or more equity markets that could experience substantial fluctuations. The equity risk involved corresponds to downturns in the equity markets. The Fund is exposed to equities, which means the net asset value may drop significantly. If the equity markets fall, the value of the portfolio may decline.

#### **Risks linked to investments in small and mid-cap securities:**

Given its management orientation, the Fund may be exposed to small and mid-cap securities, which may carry liquidity risk owing to their specific characteristics. Due to the restricted nature of the market, the performance of such securities is more pronounced and may rise or fall sharply. This may

result in an increase in the volatility of the net asset value. Investments in small-cap companies will represent only a minor portion of investments.

**Convertible bond risk:** Convertible bonds, which may be included in the composition of the Fund, may fluctuate depending on the evolution of the share price attached to them via the value of the conversion / exchange option. Investors are therefore reminded that this equity risk may result in a decrease in the Fund's net asset value.

**Interest rate risk:**

Given its management orientation, the Fund may be exposed to interest rate risk. Interest rate risk is represented by fluctuations in the yield curve. The interest rate markets move in the opposite direction of interest rates. This risk arises from the fact that, in general, the price of debt securities and bonds falls when interest rates rise.

**Credit risk:**

Credit risk is the risk that the issuer cannot meet its commitments. Credit risk is limited to debt securities and money-market instruments, which may not make up more than a maximum of 25% of the net assets. Investors are reminded that this risk may result in a decrease in the Fund's net asset value.

**Discretionary management risk:**

The discretionary management style applied by the Fund is based on the selection of securities and on the expectations of the different markets. There is a risk that the Fund may not be invested in the best-performing securities at all times.

As a result, the Fund's performance may be lower than the investment objective. Furthermore, the net asset value of the Fund may decline. Performance largely depends on the Fund Manager's ability to anticipate market movements.

To a lesser extent, they are also exposed to the following risks:

**Emerging markets risk:**

The market practices and monitoring measures in the emerging markets may deviate from the standards prevailing on the large international markets: information on certain securities may be incomplete and liquidity may be lower. The performance of these securities may therefore be volatile. If the securities of the emerging markets fall, the net asset value of the Fund may fall.

**Counterparty risk:**

The Fund is exposed to the counterparty risk that results from the use of financial futures. Contracts for these financial instruments may be concluded with one or more credit institution(s) that is/are not able to honour their commitments under these instruments. Investors are reminded that this risk may decrease the Fund's NAV.

**Exchange risk:**

This is the risk that fluctuations in foreign currencies could affect the value of securities held in the portfolio. The Fund may hold, either directly or via UCITS or AIF, securities denominated in a currency other than the Fund's designated currency. Therefore, fluctuations in exchange rates could result in a lower net asset value. The exchange risk may be hedged through derivatives.

**Sustainability risk:**

An environmental, social or governance event or situation which, if it occurs, could have a material adverse effect – actual or potential – on the value of the investment.

**Associated risks when taking into account sustainability risks:**

Currently, there is no universally recognised framework or list of factors to consider to ensure that investments are sustainable, and the legal and regulatory framework governing sustainable finance is still under development.

The application of ESG criteria to the investment process in the context of taking into account sustainability risks may exclude securities of certain issuers for non-financial reasons, which may involve passing over certain market opportunities available to other funds that do not use ESG or sustainability criteria.

The ESG information available, whether it comes from third-party data providers or the issuers themselves, may be incomplete, inaccurate, patchy, or unavailable, which can have a negative impact on a portfolio that relies on this data to assess the appropriate inclusion or exclusion of a security.

The sustainable finance approach will have to evolve and develop over time, both due to the refinement of investment decision-making processes aimed at taking ESG factors and risks into account, and due to legal and regulatory developments.

**Guarantee and protection:**

The Fund does not offer any guarantee or capital protection of any kind or type whatsoever. The Fund will thus monitor both upward and downward movements in the markets for the financial instruments used in the portfolio, which may result in it not returning the capital initially invested.

### III.2.5.4. Target investors and typical investor profile

- I and M units: in particular, institutional and similar clients.
- R units: all investors.
- F units: units reserved for all investors and, in the context of subscription or distribution within the European Union, that are intended solely for:
  - Financial intermediaries who are not authorised, in virtue of the regulations applicable to them, to receive and/or

- hold on to any commissions or non-monetary benefits; or
- Subscribers subscribing to portfolio management services for the account of third-parties (management by mandate) and/or independently provided investment consulting in the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments within the European Union (the MIF2 Directive);
- Distributors subscribing in the context of investment advice not considered to be independent within the meaning of Directive MIF2 on the basis of a contract with their customer, and/or where such a distributor neither receives nor holds on to any commission or other non-monetary benefit under Directive MIF2.

The Fund is open to any investor seeking a dynamic return who agrees to be exposed to significant equity risk. The appropriate amount to be invested in the Fund depends on each investor's personal situation. To determine this, investors must take into account their personal assets, their current and future needs, investment horizon, and also their willingness to take risks or opt instead for a more cautious investment. Investors are also strongly advised to diversify their investments in order to avoid exclusive exposure to the risks of this Fund.

Recommended investment period: over 5 years

**Special warning "U.S. Person" U.S. SEC Regulation S (Part 230 – 17 CFR 230.903):**

The fund's units have not been registered under the U.S. Securities Act of 1933. Consequently, they may not be offered or sold, directly or indirectly, on behalf of or for the benefit of a "U.S. person" as defined by the U.S. "Regulation S". The definition of "US person(s)" as defined by Regulation S of the SEC (Part 230 - 17 CFR 230.903) is available at the following address: <http://www.sec.gov/about/laws/secrulesregs.htm> or according to the Foreign Account Tax Compliance Act <http://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-FATCA>.

Any resale or transfer of units to the United States of America or to a "U.S. Person" can constitute a violation of U.S. law

and requires prior written consent from the mutual fund's management company. Any persons wishing to acquire or subscribe to the Units will have to certify in writing that they are not "U.S. Persons".

The mutual fund's management company has the authority to impose restrictions (i) on the ownership of Units for a "U.S. Person" and thus proceed with the compulsory redemption of the Units held, or (ii) on the transfer of Units to a "U.S. Person". This authority also extends to any person (a) who appears, directly or indirectly, to be in violation of the laws and regulations of any country or any government authority, or (b) who could, in the mutual fund's management company's opinion, cause the mutual fund to suffer damages that it would not otherwise have endured or suffered.

The offer of Units has not been authorised or rejected by the SEC, the specialised commission of a U.S. State or any other U.S. regulatory body, no more than the aforementioned authorities have delivered a verdict or sanctioned the merits of this offer, or the accuracy or adequate nature of the documents relating to this offer. Any assertion to this effect is against the law.

Any unitholder must inform the mutual fund immediately in the event that they become a "U.S. Person". Any unitholder who becomes a U.S. Person will no longer be authorised to acquire new Units and they may be requested to give up their Units at any time to the benefit of persons who do not have "U.S. Person" status. The mutual fund's management company reserves the right to proceed with the compulsory redemption of any Unit held, directly or indirectly, by a "U.S. Person", or, if the ownership of Units by any person whatsoever is against the law or the interests of the mutual fund.

### III.2.5.5. Methods of determining and allocating amounts available for distribution

Capitalisation.

- Net result: capitalisation
- Net capital gains: capitalisation

Accounting based on the coupons received method.

### III.2.5.6. Characteristics of the units or shares (currency denomination, division, etc.)

	R units	I units	F units	M units
ISIN code	FR0010657122	FR0010659797	FR0013140084	FR0010659805
Allocation of the distributable sums	Capitalisation			
Currency denomination	EUR			
Target investors	All subscribers	All subscribers, in particular institutional and equivalent investors	All subscribers (2)	Institutions and equivalent investors
Minimum initial subscription	EUR 50	EUR 500.000 (1)	EUR 50	EUR 40,000,000 (1)
Minimum subsequent subscription	Ten thousandth of a unit			
Initial net asset value	EUR 500	EUR 5,000	EUR 500	EUR 50,000
Decimalisation	Yes, ten thousandth			

(1) except the Management Company, which only takes out one unit.

(2) F units: shares reserved for all investors and, in the context of subscription or distribution within the European Union, that are intended solely for:

- (a) Financial intermediaries who are not authorised, in virtue of the regulations applicable to them, to receive and/or hold on to any commissions or non-monetary benefits; or
- (b) Subscribers subscribing to portfolio management services on behalf of third parties (management by mandate) and/or independently provided investment consulting within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments within the European Union (the MIF2 Directive);
- (c) Subscribers subscribing in the context of investment advice not considered to be independent within the meaning of Directive MIF2 on the basis of a contract with their customer, and/or where such a distributor neither receives nor holds on to any commission or other non-monetary benefit under Directive MIF2.

### III.2.5.7. Subscription and redemption methods

Subscription and redemption requests are centralised each valuation day until 1 p.m. Paris time (*cut-off time*) with the centralising agent and made on the basis of the next net asset value, i.e. at an unknown price. Payments relating thereto are made on the second trading day following the net asset value date.

Option of subscribing to or redeeming units of the Fund by amount and/or fractions of units (ten thousandths).

- **To the centralising agent:** (agent designated for processing subscriptions and redemptions):

BNP PARIBAS SECURITIES SERVICES

Registered office: 3, Rue d'Antin – 75002 PARIS.

Postal address: Grands Moulins 5, Rue du Débarcadère – 93731 PANTIN Cedex.

- **Pre-processing** : Transfer agent in Luxembourg (*hereinafter referred to as the Regional Transfer Agent*) :

BNP PARIBAS SECURITIES SERVICES - Luxembourg branch

Registered office: 60, Avenue J-F Kennedy L-1855 Luxembourg – Grand Duchy of Luxembourg.

Subscription requests sent to the *Regional Transfer Agent* must be pre-centralised two hours before the above-mentioned cut-off time.

Date and frequency of the net asset value calculation: daily. The net asset value is calculated on every trading day of the French financial markets (Euronext Paris S.A. official calendar).

The net asset value of the Fund is available on request from:

- MANDARINE GESTION – 40, Avenue George V – 75008 Paris;
- or at the following e-mail address: [serviceclient@mandarine-gestion.com](mailto:serviceclient@mandarine-gestion.com).

The net asset value is also available on the website: [www.mandarine-gestion.com](http://www.mandarine-gestion.com).

Investors wishing to subscribe to units and unitholders wishing to redeem units should contact their account holding institution regarding the cut-off time for processing their subscription or redemption request. The latter may be before the processing cut-off time mentioned above.

Investment and buy back transactions resulting from a request transmitted after the time mentioned in the prospectus (*late trading*) are prohibited.

Pursuant to Article L. 214-8-7 of the Monetary and Financial Code, both the redemption by the Fund of its units and the issue of new units may be suspended temporarily by the Management Company if required by exceptional circumstances and if this is in the interests of the unitholders.

• **Orders are executed in accordance with the table below:**

<i>D-1 (trading) Paris</i>	<i>D-1 (trading) Paris</i>	<i>D: day on which the NAV is established</i>	<i>Trading Ds</i>	<i>D+1 trading day</i>	<i>D+1 trading day</i>
<i>Processing before 1 p.m. for subscription orders<sup>1</sup></i>	<i>Centralisation before 13:00 for redemption orders<sup>1</sup></i>	<i>Execution of the order on D-1 at the latest</i>	<i>Publication of the net asset value</i>	<i>Payment of subscriptions</i>	<i>Payment of redemptions</i>

<sup>1</sup>Excluding any specific period agreed with your financial institution.

Pre-processing with the Regional Transfer Agent before 11 a.m. for subscription and redemption orders on trading days in Luxembourg and Paris, which is 2 hours before Processing

Time zone: CET (Central European Time) Standardised time UTC/GMT + 1 hour – CEST (Central European Summer Time) UTC/GMT +2

• **Terms of switching from one unit to another:**

The Fund offers several categories of units. However, switching from one unit category to another takes place by redeeming units held before subscribing to the new units desired. This transaction involves the sale of a costly security which may constitute a taxable capital gain.

• **Period between the processing date of a subscription or redemption order and the date on which payment is carried out:**

Where the cut-off time is respected, the delay between the processing date of the subscription or redemption order and the date of payment of this order by the depositary to the unitholder is 2 days.

When orders are transmitted beyond the centralisation cut-off time, for example at 2 p.m., they will be considered as having been processed on the following day.

If, during the aforementioned period, this process is broken up by one or more national holidays, the period shall be delayed by as many days.

### III.2.5.8. Fees and commissions

The subscription and redemption fees are added to the subscription price paid by the investor or are deducted from the redemption price. The fees paid to the Fund are used to offset the costs incurred by the Fund for investing or divesting assets. Unallocated fees are paid to the Management Company or marketers.

Fees charged to the investor levied on subscriptions and redemptions	Base	Rate/scale I & R units	Rate/scale M units	Rate/scale F units
Maximum subscription fee not paid to the Fund			2 % Maximum	
Subscription fee paid to the Fund	Net asset value X		None	
Redemption fee not paid to the Fund	Number of units	None	2% Maximum	None
Redemption fee paid to the Fund			None	

#### Operating and management fees

These fees cover all costs charged directly to the Fund, apart from transaction fees.

Transaction fees include intermediation fees (brokerage, stock market tax, etc.) and any turnover fees (see table below “fees charged to the Fund”).

In addition to operating and management fees, there may also be:

- outperformance fees. These are paid to the management company when the fund exceeds its objectives. They are therefore invoiced to the Fund.
- turnover fees charged to the Fund.

Fees invoiced to the Fund	Base	Rate/Scale I units	Rate/Scale R Units	Rate/Scale F units	Rate/Scale M units
1 Maximum financial management fees		0.90%	2.20 %	1.10 %	0.60 %
Maximum administrative fees external to the management company	Net assets	including all taxes	including all taxes	including all taxes	including all taxes
2 Maximum indirect fees (Commissions and management fees)	Net assets			- (*)	
3 Maximum turnover fees paid to the Management Company	Transaction amount	0 to 0.15% inclusive of all taxes on the gross amount of the trade			
Maximum turnover fees paid to the depositary/custodian (2)	Fixed fee per transaction	€0 to €115 including all taxes			
4 Outperformance fee (1)	Net assets	15% of any performance exceeding the CAC All Tradable NR			

(\*) UCITS of UCITS or AIF: less than 10%

(1) The outperformance fee is variable. The period for calculating the outperformance fee is the financial year of the Fund. For each calculation of the net asset value, the Fund's outperformance is defined as the positive difference between the Fund's net assets before taking into account any provisions for outperformance fees, and the net assets of a notional UCITS generating the benchmark performance and recording the same subscription and redemption pattern as the actual Fund.

For each calculation of the net asset value, the outperformance fee, set at 15% including all taxes of any performance higher than the **CAC All Tradable NR** – reinvested dividends index (ISIN code: QS0011131883), is subject to a provision or reversal of a provision limited to the existing allocation. Such a provision can only be implemented if, after taking into account any provisions for outperformance fees, the net asset value is higher than the net asset value at the beginning of the financial year. In the case

of redemptions, the share of the outperformance fee corresponding to the redeemed units is set by the Management Company. With the exception of redemptions, the outperformance fee is set by the Management Company at the closing date of each calculation period. Investors may obtain a description of the method used for calculating the outperformance fee from the Management Company.

(2) In exercising its duties, the Depositary acting in its capacity as custodian of the Fund uses a fixed or flat fee per transaction depending on the nature of the securities, markets and financial instruments traded. Any additional charges paid to an intermediary are passed on completely to the Fund and are recognised as turnover fees in addition to the fees charged by the Depositary and the Custodian.

The operating and management fees are charged directly to the Fund's profit and loss account when calculating each net asset value.

The fees stated below are outside the scope of the fees set out above:

- the contributions due for the Fund management in application of point d, paragraph 3, Section II of Article L621-5-3 of the Monetary and Financial Code;
- exceptional and non-recurring taxes, duties, charges and government rights (in relation with the Fund);
- exceptional and non-recurring costs for debt recovery (e.g.: *Lehman*, *Aberdeen tax*, etc. ) or a procedure for asserting a right (e.g. class action proceedings – “*class action*”).

The information relating to these costs is further described – *ex post* – in the annual report of the Fund.

Practice regarding the selection of entities that provide investment decision support services:

Mandarine Gestion has opted for a method for selecting intermediaries that provide support services for investment decisions, based on several criteria: Independent research must provide added value to the manager's investment decisions, consist of original ideas based on tested hypotheses demonstrate the intellectual rigour necessary to reach meaningful and coherent conclusions.

Practice regarding fees in kind/soft commission:

No intermediary or counterparty charges fees in kind/soft commission to the Fund Management Company.

Methods for calculating and distributing payments on temporary purchases and sales of securities:

Not applicable.

Short description of the procedure for selecting intermediaries:

Mandarine Gestion employs a multi-criteria approach to select intermediaries that guarantees the very best execution of stock market orders. The criteria are both quantitative and qualitative and depend on the markets in which the intermediaries provide services, both in terms of geographical area and instruments.

The analysis criteria include, in particular, the availability and proactivity of the intermediaries, as well as timeliness, processing and execution quality, and brokerage costs.

## IV Commercial information

Subscriptions and redemptions of fund units can be addressed to the

- **the processing agent:**

BNP PARIBAS SECURITIES SERVICES

Registered office: 3 Rue d'Antin – 75002 Paris.

Postal address: Grands Moulins de Pantin 5, Rue du Débarcadère – 93731 Pantin Cedex.

Subscriptions and redemptions are processed at 1 p.m., Paris time (*cut-off time*).

- **To the Regional Transfer Agent in Luxembourg (hereinafter referred to as the “Regional Transfer Agent”):**

BNP PARIBAS SECURITIES SERVICES - Luxembourg branch

Registered office: 60, Avenue J-F Kennedy L-1855 Luxembourg – Grand Duchy of Luxembourg.

Subscription requests sent to the *Regional Transfer Agent* must be pre-processed two hours before the processing time (*cut-off time*) mentioned above.

Unitholders are informed of changes affecting the Fund in the manner defined by the Financial Markets Authority: specific information or any other means (financial advice, interim documents etc.).

The full Prospectus of the Fund, the net asset value, the latest annual and interim reports, the report on the policy regarding the Management Company's voting rights, and the report on the conditions for exercising those voting rights are available free of charge within one week, upon written request of the investor, from:

- MANDARINE GESTION, 40, Avenue George V, 75008 Paris;

- or at the following e-mail address: [serviceclient@mandarine-gestion.com](mailto:serviceclient@mandarine-gestion.com).

Information on the inclusion of ESG criteria in the investment strategy is available on the management company's website at [www.mandarine-gestion.com](http://www.mandarine-gestion.com), as well as in the Fund's annual report.

### Information concerning the personal data protection policy

Regulation<sup>No.</sup> 2016/679, known as general data protection regulation (*hereinafter referred to as “RGPD” or “GDPR” General Data Protection Regulation*) is a regulation of the European Union which is the reference text for the protection of personal data. It strengthens and unifies the protection of data for individuals within the European Union.

The regulation has been transposed into French law by Law no. 2018-493 of 20 June 2018.

In this context, it should be noted that the Management Company may collect and process personal data in order to comply with its regulatory obligations with regard to the identification of its customers, in particular for the fight against fraud, money laundering, the financing of terrorism, and for compliance with regulations regarding international sanctions.

This personal data shall not be used for marketing purposes. Any transfer of personal data to a third party shall only take place upon written instruction from the Management Company if required by French or other European law, or upon written consent from the unitholder in question. Unitholders are informed that they have a right to access this personal data and may request its correction in case of error.

## V Investment rules

The Fund is subject to all investment rules and regulatory ratios applicable to UCITS investing less than 10% of their assets in units or shares of French and European UCITS/AIF. The main financial instruments and management techniques used by the fund are listed in the special provisions of the Prospectus. The Fund complies with the investment rules of European Directive 2009/65/EC, as amended.

## VI Global risk

The global risk is determined using the *commitment approach* – see: *CESR Guidelines (CESR/10-788)*.

## VII Rules for asset accounting and valuation

The asset valuation rules are based, in part, on the valuation methods used, and also on the practices specified in the notes of the financial statements and in the Prospectus. The Fund Management Company is responsible for establishing the valuation rules. The net asset value is calculated for each trading day in Paris and is dated the same day.

### VII.1 Asset valuation rules

The Fund has complied with the accounting rules laid down by the Accounting Regulatory Committee in Regulation No 2003-02 of 2 October 2003 on the UCITS accounting plan, as amended by Regulations No 2004-09 of 23 November 2004 and No 2005-07 of 3 November 2005.

The accounts relating to the securities portfolio are kept on an historical cost basis: incomings (purchases or subscriptions) and outgoings (sales or redemptions) are recognised on the basis of the purchase price, excluding any fees. Any outgoings generate a capital gain or a capital loss on the sale or redemption and also possibly a redemption premium.

Accrued coupons on negotiable debt securities are calculated on the net asset value date.

The Fund values its securities portfolio at the current value, based on the market value or, if there is no market, using financial methods. The incoming value - current value difference generates a capital gain or capital loss which is recorded under "portfolio valuation difference".

### Description of the methods used for valuing balance sheet items:

- **Transferable securities**

Stocks, bonds and similar securities are valued based on the closing price or, failing that, on the basis of the last known prices, converted into the accounting currency according to the exchange rate in Paris on the valuation date.

- **UCITS/AIF units or shares**

Target UCITS/AIF units or shares are valued at the last known net asset value on the actual date of calculation of the Fund's net asset value. Monthly valuation of the net asset value of target UCITS/AIF will be based on the last known net asset value (official or estimated) published on the actual date of calculation of the Fund's net asset value.

- **Negotiable debt securities (NDS)**

- NDS with a residual maturity of more than three months are valued at the market rates identified by managers at the time of publication of the interbank market rates by the EBF (*European Banking Federation*). The rate used in the absence of significant transactions is the Euribor for securities of less than one year, and the BTAN rate (published by the Primary Dealers (SVT) selected by the French Treasury) for securities over one year, plus (where applicable), a representative margin of the intrinsic characteristics of the issuer.
- Any NDS with a maturity at issue or purchase (or residual maturity) of less than three months are valued using a linear method to maturity at the issue or purchase rate or the last rate used for valuation at market rates.

**Notwithstanding the above rules, any securities whose listed prices do not reflect their probable trading value (insignificant transaction volumes, etc.) can be valued by the Management Company based on information provided by the market.**

**In the case of transferable securities for which the price has not been determined on the valuation day, the Management Company corrects their valuation based on any likely event-driven fluctuations.**

• **Deposits**

Deposits are valued at their asset value.

• **Foreign currency**

Reference currency of the Fund: Euro

Currencies are valued at the rates published by the ECB at 3 p.m. (Paris time) on the net asset value date.

**Description of off-balance sheet commitments:**

• **Transactions on regulated markets**

◦ **Futures:** these transactions are valued according to the markets, on the basis of the settlement price. The commitment is calculated as follows: price of futures contract x nominal value of contract x quantities.

◦ **Options** these transactions are valued according to the markets, on the basis of the initial price or settlement price. The commitment is equal to the conversion of the option into the underlying equivalent. It is calculated as follows: delta x quantity x amount or nominal value of the contract x underlying price.

• **OTC market transactions**

◦ **Interest rate transactions:** valued at market prices based on feeds sourced from a financial information platform (Bloomberg, Reuters, etc.) and, if necessary, by applying an actuarial method.

◦ **Exchange rate transactions:** transactions whose residual maturity is greater than three months are valued at market prices based on feeds sourced from a financial information platform (Bloomberg, Reuters, etc.) and by applying an actuarial method.

◦ **Backed or non-backed transactions:**

- Fixed rate/Variable rate: nominal value of the contract

- Variable rate/Fixed rate: nominal value of the contract

- Transactions with a residual maturity below or equal to 3 months are valued on a linear basis.

- In the case of an exchange rate transaction valued at market price with a maximum residual maturity below or equal to 3 months, the last rate used shall be frozen until the final repayment date, except in the case of special sensitivity requiring valuation at market prices (see previous paragraph).

The commitment is calculated as follows:

- Backed transactions: nominal value of the contract

- Non-backed transactions: nominal value of the contract

◦ **Other transactions on OTC markets**

- Interest rate, currency or credit transactions are valued at market prices based on feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) and, if necessary, by applying an actuarial method.

- The commitment is presented as follows: nominal value of the contract.

**Securities not traded on a regulated market**

Securities that are not traded on a regulated market are valued by the Management Company at their probable trading value.

## VII.2 Accounting method

- **Description of the accounting method for income on fixed income securities:**

Accrued coupons method.

- **Description of the method for calculating fixed management fees:**

Management fees are charged directly to the Fund's profit and loss account when calculating each net asset value.

- **Allocation of income for the units:**

In accordance with the provisions set out in the full Prospectus approved by the Financial Markets Authority, no distribution is made in the case of a capitalisation fund.

## VIII Remuneration

The Management Company's remuneration policy complies with the provisions of European Directive 2014/91/ EU ("UCITS V Directive") and related articles of the AMF General Regulation that apply to UCITS.

The remuneration policy promotes sound and efficient risk management and does not encourage risk taking that is incompatible with the risk profiles of the UCITS which it manages. The Management Company has implemented adequate measures able to prevent any conflict of interests.

The remuneration policy applies to all Management Company employees considered to have a material impact on the risk profile of the UCITS and identified each year as such via a process involving the General Management as well as the risk and compliance teams.

The Management Company staff hereby identified shall receive remuneration comprised equally of a fixed component and a variable component. This is subject to annual review and is based on individual and collective performance. The principles of the remuneration policy are reviewed on a regular basis and adapted according to regulatory changes. The remuneration policy is approved by the administrators of the Management Company.

Full details of the Management Company's remuneration policy are available on the Company's website: [www.mandarine-gestion.com](http://www.mandarine-gestion.com). A written copy of the policy is available free of charge upon request to the Management Company.

## IX Regulations

### SECTION I - 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 (or, where applicable, of sub-fund assets). Each unitholder has a right of co-ownership to Fund assets in proportion to the number of units held.

The term of the Fund is 99 years beginning on 26/09/2008, except in the event of early dissolution or extension provided for in these Regulations.

Categories of units: the features of the different unit categories and their access conditions are specified in the mutual fund's Prospectus.

The different categories of shares may:

- benefit from different income distribution methods (distribution or capitalisation);
- be denominated in different currencies;
- have different management fees;
- have different subscription and redemption fees;
- have a different nominal value;
- be systematically hedged against risk, in part or in full, as defined in the Prospectus. This hedging is achieved by means of financial instruments minimising the impact of hedging transactions on other categories of units of the UCITS;
- be confined to one or more marketing channels.

The Board of Directors of the Management Company may decide to split the units into tenths, hundredths, thousandths or ten thousandths, known as fractional units.

The provisions of the Regulations governing 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 Regulations relating to units shall also apply to fractional units, without it being necessary to state this explicitly.

Finally, the Board of Directors of the Management Company may, at its sole discretion, split the units by creating new units that are allocated to unitholders in exchange for old units.

#### ARTICLE 2 - MINIMUM AMOUNT OF ASSETS

Units may not be redeemed if the assets of the mutual fund (or the sub-fund) fall below 300,000 euros. If the assets remain below this amount for a period of thirty days, the Management Company shall take the necessary steps 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 unitholders, based on their net asset value plus any subscription fees, where applicable.

Redemptions and subscriptions are carried out according to the terms and conditions set out in the Prospectus.

Units of the Fund may be admitted for listing in accordance with the regulations in force.

Investments must be fully paid up on the date on which the net asset value is calculated. They may be paid for in cash and/or financial instruments. The Management Company shall be entitled to reject securities offered to it, and shall therefore 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 in question.

Redemptions may be made in cash and / or in kind. If the redemption in kind corresponds to a representative share of the assets in the portfolio, then only the written agreement signed by the outgoing holder need be obtained by the UCITS or the management company. Where the redemption in kind does not correspond to a representative share of the assets in the portfolio, all holders must serve their written agreement authorising the outgoing holder to redeem their shares for certain particular assets, as explicitly defined in the agreement.

By way of an exception to the above, where the fund is an ETF, redemptions on the primary market may, with the agreement of the asset management company and to uphold the interests of unitholders, be performed under the conditions set out in the prospectus or the fund rules. The assets are then delivered by the issuing account holder under

the conditions set out in the fund prospectus.

Generally, redeemed assets are valued in accordance with the rules set out in Article 4 and the redemption in kind is performed on the basis of the first net asset value immediately following acceptance of the securities in question.

Redemptions are paid by the issuing account holder within five days of valuation of the unit.

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 sale or transfer must, if necessary, be made up by the beneficiary to the minimum subscription amount 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 temporarily by the Management Company if required by exceptional circumstances and if this is in the interests of the unitholders.

When the Fund's net assets (or, where applicable, those of a sub-fund) are less than the amount fixed by the regulations, no units may be redeemed. Minimum subscription conditions may be set out in the Prospectus.

The Fund may cease issuing units in application of the third paragraph of Article L. 214-8-7 of the Monetary and Financial Code, temporarily or permanently, partially or totally, in objective situations resulting in the closure of subscriptions, such as a maximum number of units having been issued, a maximum amount of securities having been attained or the expiry of a pre-determined subscription period. The enactment of this device shall be subject to notification by all appropriate means to existing unitholders regarding its activation, as well as the threshold and objective situation that led to the decision of the partial or total closure. In the case of a partial closure, this notification by all appropriate means shall explicitly state the terms according to which existing unitholders may continue to subscribe for the duration of this partial closure. Unitholders shall also be notified by all appropriate means of the decision, by the Fund or by the Management Company, either to put an end to the total or partial closure of subscriptions (when dropping below the enactment threshold) or its continuance (in the event of a change of threshold or changes to the objective situation that led to the enactment of this device). A change to the aforementioned objective situation or the device enactment threshold must always be made in the interests of the unitholders. The notification by all appropriate means shall state the exact reasons for such changes.

The Management Company of the mutual fund may restrict or prevent (i) the ownership of units by any investor, physical or legal person who is forbidden from owning units in accordance with the prospectus, in the section "subscribers concerned" (hereinafter "Ineligible Person") and/or (ii) the recording in the register of the Fund's unitholders or in the transfer agent's register (the "Registers") of any intermediary who does not belong to one of the following categories ("Ineligible Intermediary"): active Non-Financial Foreign Entities (active NFFEs), U.S. Persons who are not determined U.S. Persons and financial institutions who are not non-participating financial institutions\*, and passive Non-Financial Foreign Entities\* (passive NFFEs).

The terms followed by an asterisk \* are defined by the Agreement between the government of the French Republic and the government of the United States of America with a view to improving compliance with tax obligations at international level and to implement the law on compliance with tax obligations for foreign accounts signed on 14 November 2013. The text of this Agreement is available (in French), at the date of writing these Regulations, at the following link: [http://www.economie.gouv.fr/files/usa\\_accord\\_fatca\\_14nov13.pdf](http://www.economie.gouv.fr/files/usa_accord_fatca_14nov13.pdf)

To this end, the Management Company can:

- (i) refuse to issue any unit once it appears that such an issuance would or could have resulted in the units being held by an Ineligible Person or that an Ineligible Intermediary be recorded in the Registers;
- (ii) at any time request that an intermediary whose name appears in the Registers of unitholders provide them with all information, accompanied by a sworn statement, that it considers necessary in order to determine if the beneficial owner of the units in question is an Ineligible Person or not;
- (iii) when it appears to them that beneficial owner of the units is an Ineligible Person or an Ineligible Intermediary is recorded in the Registers of Fund unitholders, proceed with the compulsory redemption of all units held by the Ineligible Person or all units held through the Ineligible Intermediary, after a period of 10 business days. The compulsory redemption will occur at the last known asset value, plus, if necessary, the applicable fees, duties and commissions, which will remain at the expense of the unitholders concerned by the redemption.

## ARTICLE 4 - CALCULATION OF THE NET ASSET VALUE

The net asset value of the units is calculated in accordance with the valuation rules set out in the Prospectus.

Contributions in kind may only consist of securities, stocks or contracts in which UCITS are authorised to invest; such contributions shall be valued pursuant to the valuation rules used to calculate the net asset value.

## SECTION II – FUND OPERATION

### ARTICLE 5 - THE MANAGEMENT COMPANY

The Fund is managed by the Management Company in accordance with the strategy defined for the Fund.

The Management Company shall act in all circumstances on behalf of the unitholders and can only exercise the voting rights attached to the securities in the Fund.

### ARTICLE 5A - OPERATING RULES

The instruments and deposits in which the UCITS may invest and the investment rules are specified in the Prospectus.

### ARTICLE 5B – ADMISSION TO TRADING ON A REGULATED MARKET AND/OR A MULTILATERAL TRADING FACILITY

Units may be admitted for trading on a regulated market and/or multilateral trading facility in accordance with the regulations in force. In the event that the mutual fund whose shares are admitted to trading on a regulated market has an index-based management objective, the fund must have a mechanism in place to ensure that the price of its shares does not differ appreciably from its net asset value.

### ARTICLE 6 - THE DEPOSITARY

The Depositary shall undertake the tasks entrusted to it by the laws and regulations in force and those that were contractually assigned to it. In the event of any dispute with the Management Company, it shall inform the Financial Markets Authority.

### ARTICLE 7 - THE STATUTORY AUDITOR

A statutory auditor is appointed for a period of six financial years, following approval by the Financial Markets Authority, the Management Company's governance body.

They certify the regularity and the veracity of the accounts. The statutory auditor's term of office may be renewed.

The auditor is responsible for reporting, as soon as possible, any fact or decision of which they are made aware as part of their role, concerning the collective investment undertaking for transferable securities, to the Financial Market Authority, of a nature:

1 To constitute a violation of legal or regulatory provisions applicable to this organism and likely to have significant effects on the financial situation, the results or the holdings;

2 To undermine the conditions or the continuity of its use;

3 To lead to the issuance of reserves or the refusal of account certification.

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

They shall assess any contribution or redemption in kind under their responsibility, except in the context of redemptions in kind for an ETF on the primary market.

They shall check the composition of the assets and other elements prior to publication.

The statutory auditor's fees are determined by mutual agreement between the statutory auditor and the Board of Directors or the Executive Board of the Management Company on the basis of a work schedule specifying the duties considered 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 (and, where applicable, on each sub-fund) for the past financial year.

The Management Company shall draw up the inventory of assets of the UCI at least twice a year and under the supervision of the Depositary.

The Management Company shall make these documents available to the unitholders within four months of the end of the financial year and shall inform them of the amount of income to which they are entitled: these documents are either sent by post at the express request of the unitholders, or made available at the Management Company.

## SECTION III – INCOME ALLOCATION PROCEDURES

## ARTICLE 9 – PROCEDURES FOR ALLOCATING INCOME AND AMOUNTS AVAILABLE FOR DISTRIBUTION

Net income for the financial year is equal to the total interest payments, arrears, dividends, bonuses and lots, fees and all earnings from securities held in the Fund (and/or each sub-fund) portfolio, plus earnings from sums held as liquid assets, minus management fees and borrowing costs.

Distributable income is equal to net income for the financial year plus the amount carried forward, plus or minus the balance of prepayments and accrued income for the financial year ended.

The Management Company decides on the allocation of income. It may opt for capitalisation and/or distribution.

For each category of unit, if any, the mutual fund may opt for one of the following formulas:

For all units:

- ✓ full capitalisation: the amounts available for distribution are fully capitalised, except those subject to mandatory distribution by law;
- X full distribution: the amounts are fully distributed, rounded to the nearest number; possibility of making interim distributions;
- X for mutual funds that wish to retain the freedom to capitalise and/or to distribute, the Management Company decides on the allocation of income each year. It provides for the possibility of making interim distributions.

The Management Company may decide, during the financial year, to make one or more interim distributions within the limit of the net revenues accounted at the date of the decision.

## SECTION IV - MERGERS - DEMERGERS - DISSOLUTION - LIQUIDATION

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### ARTICLE 10 - MERGERS - DEMERGERS

The Management Company may transfer all or part of the assets to another UCITS or it may split the Fund into two or more other mutual funds.

Unitholders must be given notice 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 - DISSOLUTION - EXTENSION

If the Fund's assets (or, where applicable, those of a sub-fund) remain below the amount laid down in Article 2 above for a period of thirty days, the Management Company shall inform the Financial Markets Authority and dissolve the Fund (or, where applicable, the sub-fund), unless there is a merger operation with another mutual fund.

The Management Company may dissolve the Fund (or, where applicable, the sub-fund) early. It shall inform the unitholders of its decision, and subscription and redemption requests will not be accepted after this date.

The Management Company shall also dissolve the Fund (or, where applicable, the sub-fund) in the event of a redemption request for all of the units, or where the Depositary is relieved of its responsibilities and no other Depositary has been appointed, or on expiry of the term of the Fund, if not extended.

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

The Management Company may decide to extend a fund in agreement with the Depositary. Its decision must be taken at least three months prior to expiry of the Fund's term and must be notified to the unitholders and the Financial Markets Authority.

## ARTICLE 12 - LIQUIDATION

In the event of dissolution, the Management Company or Depositary shall act as liquidator, failing which a liquidator shall be appointed by the court at the request of any interested party. To this end, they are vested with the most extensive powers for liquidating assets, paying creditors and distributing the available balance to unitholders in cash or securities.

The statutory auditor and the Depositary shall continue to perform their duties until the liquidation operations have been completed.

## SECTION V - DISPUTES

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### ARTICLE 13 - JURISDICTION - CHOICE OF DOMICILE

Any disputes concerning the Fund that may arise during the operation thereof, or upon its liquidation, whether between unitholders or between unitholders and the Management Company or Depositary, shall be subject to the jurisdiction of the competent courts.