HUGAU OBLI 1-3

Collective investment of foreign capital (UCITS)

Asset Manager

HUGAU GESTION

Custodian

Crédit Industriel et Commercial (CIC)

UCITS subject to Directive 2009/65/EC

PROSPECTUS

I. GENERAL CHARACTERISTICS

▶ **Denomination:** HUGAU OBLI 1-3
▶ **Legal form and Member State in which the UCITS was established:** mutual fund under French law
▶ **Date of creation and expected duration of existence:** UCITS approved on 29/04/2008 and created on 30/05/2008. - Expected service life: 99 years
▶ **Summary of management offer:**

Shares	ISIN Code	Subscribers concerned	Allocation of distributable sums	Currency of denomination	Initial net asset value	Minimum initial subscription amount
I	FR0010613521	All subscribers	Total capitalisation	Euro	€1,000 Each share is decimalised in thousandths.	1 share
R	FR0010827139	All subscribers	Total capitalisation	Euro	€1,000 Each share is decimalised in thousandths.	1 share
D	FR0012498038	All subscribers	Partial or total distribution of net income or capital gains	Euro	€1,000 Each share is decimalised in thousandths.	1 share

Indication of the place where the mutual fund regulations, the latest annual report and the latest periodical statement are available:
The latest regular and annual documents are sent within 8 working days upon simple written request from the holder to:
Hugau Gestion
Customer Service
60 rue Saint Lazare 75009 Paris, France
Email: info@hugau-gestion.com
Additional information can be obtained from your usual advisor.
The AMF website www.amf-france.org contains additional information about the list of documents

II. STAKEHOLDERS

▶ **Management company:** HUGAU GESTION - 60, rue Saint-Lazare - 75009 - PARIS. Portfolio Management Company approved by the AMF under number GP06 000008 on 27 June 2006.

▶ **Depositary and custodian:** Crédit Industriel et Commercial (CIC), 6 avenue de Provence, 75009 PARIS.

a) Assignments:
1. Custody of assets
i. Protection
ii. Record keeping of assets
2. Control of the regularity of the decisions of the UCITS or its management company
3. Monitoring of cash flow
4. Liability holding by delegation
i. Centralisation of unit/share subscription and redemption orders
ii. Charge of issuing account

Potential Conflicts of Interest: the Conflict of Interest Policy is available on the following website: https://www.cic-marketsolutions.com/
A paper copy is available free of charge on request from: CIC MARKET SOLUTIONS - Custodian Solutions - 6 avenue de Provence 75009 PARIS

b) Delegate of custodial duties: BFCM
The list of delegates and sub-delegates is available on the following website: https://www.cic-marketsolutions.com/
A paper copy is available free of charge on request from: CIC MARKET SOLUTIONS - Custodian Solutions - 6 avenue de Provence 75009 PARIS

c) Updated information will be made available to investors upon request to: CM CIC MARKET SOLUTIONS - Custodian Solutions - 6 avenue de Provence 75009 PARIS

▶ **Auditor:** Deloitte & Associates: 6 place de la Pyramide, 92908 Paris-La Défense cedex
▶ **Marketer:** Hugau Gestion
▶ **Delegate of administrative management and valuation:** CREDIT MUTUEL ASSET MANAGEMENT - 4, rue Gaillon - 75002 - PARIS.
▶ **Advisors**: none

III. OPERATING AND MANAGEMENT PROCEDURES

1. General features

▶ **Characteristics of the units:**

- **Nature of the right attached to the** unit class: Each unitholder has a right of co-ownership of the assets of the unit trust proportional to the number of units held;
- **Entries in a register**: The rights of the holders will be represented by a book entry in their name at the intermediary of their choice for bearer securities, at the issuer.
- **Liability holding**: The liability is held by the custodian CREDIT INDUSTRIEL ET COMMERCIAL (CIC). It is specified that the administration of the units is carried out by EUROCLEAR France.
- **Voting rights**: In the case of a mutual fund, no voting rights are attached to the units, decisions being taken by the management company; information on the mutual fund's operating procedures is given to the holders, as the case may be, either individually or through the press, or through periodical documents or by any other means in accordance with the AMF Instruction.
- **Form of the shares**: bearer.
- The shares are decimalised in thousandths. First subscription: one unit. Subsequent subscriptions and redemptions are possible from the first thousandth.

▶ **Closing Date**: last trading day of the month of December. The first financial year will be closed on the last trading day of December.

▶ **Indication about the tax system**: The UCITS as such is not subject to taxation. However, the holders may incur charges as a result of the income distributed by the UCITS, if any, or when they sell the securities of the UCITS. The tax regime applicable to amounts distributed by the UCITS or to unrealised or realised capital gains or losses by the UCITS depends on the tax provisions applicable to the investor's particular situation, tax residence and/or the jurisdiction of the UCITS investment.
If the investor is unsure of his tax situation, he should contact a consultant or a professional.
Certain income distributed by the UCITS to non-residents in France may incur withholding tax in that State.

2. Special provisions

▶ **ISIN Codes**: "I" FR0010613521 share - "R" FR0010827139 share - "D" FR0012498038 share

▶ **Classification:** Bonds and similar debt securities denominated in euros

▶ **Management objective:** The management objective of the fund is to outperform the BOAML 1-3Y Euro Govt index, which is composed of fixed-rate bonds with a maturity of between 1 and 3 years, issued in euros, taking into account the reinvestment of the coupons.

▶ **Benchmark indicator:**

The reference indicator is the ICE BOFAML 1-3 Year Euro Government Index, which consists of fixed-rate bonds with a maturity of between 1 and 3 years, issued in €, almost sovereign, taking into account the reinvestment of coupons. This index is representative of the performance, coupons reinvested, of Eurozone government bonds maturing between 1 and 3 years.
As the Fund is not managed on an indexed basis, this indicator is provided only as an a posteriori performance comparison. It does not restrictively define the fund's reference management universe.

The ICE administrator of the ICE BOFAML 1-3Y Euro Government Index is registered in the register of directors and benchmarks held by ESMA.

More information on this index is available at the following address: www.theice.com

The asset management company is able to replace the benchmark if one or more of the indices making up this benchmark change substantially or ceases to be provided.

In accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the asset management company has a procedure for monitoring the reference indices used, describing the measures to be implemented in the event of substantial changes to an index or cessation of supply of that index

▶ **Investment Strategy:**

Range of interest rate sensitivity within which the UCITS is managed	Between 0 and +3
Geographic area of the issuers to which the Fund is exposed and exposure ranges	Eurozone: 60% to 100% Other: 0% to 40%

The credit spread sensitivity range of your fund may deviate significantly from the interest rate sensitivity range specified above, in particular because of investments in the credit market.

1- Strategy used:

The fund promotes environmental or social and governance (ESG) criteria within Article 8 of Regulation (EU) 2019/2088 on sustainability reporting in the financial services sector (known as the "SFDR Regulation") as defined in its responsible investment policy. Pursuant to this regulation, the fund takes into account extra-financial criteria in its management, based on a non-significantly engaging approach according to AMF position-recommendation 2020-03. Additional information are provided in the appendix in accordance with Article 14 of Regulation (EU) 2022/1288 (SFDR).
Hugau Obli 1-3 fund does not yet include PAI "principal adverse impacts". This term refers to negative sustainability impacts or the most significant negative impacts of investment decisions on sustainability factors related to environmental, social and labour issues, respect for human rights and anti-corruption. The fund has not yet integrated the 14 sustainability indicators used to calculate the main negative impacts of its investment decisions, due to the lack of sufficient extra-financial data for 2024 and the insufficient level of maturity of the market to consider these indicators. However, Hugau Gestion integrates the sustainability indicators listed in Appendix II of this prospectus from its responsible investment policy in order to measure the achievement of each of the environmental, social or governance criteria.

The Fund is subject to sustainability risk as defined in the risk profile.

The strategy aims to outperform the benchmark index of government securities:
- exposing the portfolio up to 100% to the bond market issued by private and sovereign issuers ranked “investment grade” according to the scale of at least one of the major rating agencies. The fund reserves the right to invest in bonds issued by so-called “speculative” private and sovereign issuers up to a limit of 15% of the net assets for each issuer category; and
- by varying the overall sensitivity of the portfolio based on the manager’s expectations.

The management approach is essentially based on the manager’s analysis of the differences in pay between the different maturities (curve), between the different countries and between the different credit standards offered by corporate and public issuers. The choice of issuing countries will result from the macroeconomic analysis conducted by the manager. The choice of private bonds comes from financial and sectoral analyses carried out by the entire management team.
The choice of maturities results from the inflationary expectations of the manager and the desires stated by the central banks in the implementation of their monetary policy.

The selection criteria for issues therefore revolve around the knowledge of the fundamentals of the issuing company and the assessment of quantitative factors such as the additional remuneration in relation to government bonds.

Management is based on macroeconomic analysis, an anticipation of interest rates, a credit analysis, by selecting bonds of “high quality”.
The assessment of this credit quality is based on internal studies based primarily on a financial analysis of issuers, focused on debt and cash flow issues.

- **Management of interest rate risk exposure**: macro-economic analysis is used as the basis for developing an interest-rate scenario. By taking into account the valuation of interest-rate instruments, interest-rate risk is calibrated to determine the overall sensitivity of the fund;
- **Management of positions on the yield curve**: the market scenario resulting from the interest rate scenario is used to define the positions taken on the yield curve;
- **Management of exposure to inflation:** the market scenario resulting from the macroeconomic scenario gives us some indication of the portfolio’s desirable exposure to indexed securities;
- **Management of swap spread exposure:** our market scenario leads us, after analyzing the budget deficit outlook of the Eurozone member states, to define our exposure to the risk of changes in the interest rate swap curve. This risk mainly affects supranational issuers, secured bonds such as mortgage bonds and bank and industrial issuers;
- **Credit allocation**: it is used in opportunistic diversification and is limited by credit standards;
- **Selection of issuers and securities:** For credit, this is based on in-house research carried out by the credit analysis teams, and on third-party research. The fund's exposure to specific issuer or market systemic credit risk is determined by the manager.

Hugau Obli 1-3 does not include yet EU Taxonomy alignment, which is a classification system defined in regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities, due to the absence of sufficient published indicators from the companies concerned. Based on currently available transmitter data, the minimum percentage of investments aligned with the Taxonomy to which the Fund is committed is 0%.
The "do no harm" principle applies only to those investments underlying the financial product that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities.

2- Assets used (excluding derivatives)

- **Debt securities and money market instruments**

The physical portfolio is made up of fixed-rate, floating-rate, reviewable, index-linked or convertible bonds, participating securities, subordinated securities and money market instruments, within the authorized sensitivity range. The management company does not exclusively or mechanically use credit ratings issued by rating agencies, but may take them into account in its own analysis, based mainly on a financial analysis of the target companies, particularly with regard to debt and cash flow issues as defined in its credit analysis procedure.

The UCITS may be exposed up to 10% in assets denominated in currencies other than the Euro. These positions will then be systematically hedged against currency risk.

- **Stocks**

Nil

- **Shares or units of other UCITS or investment funds**

The UCITS may hold up to 10% of its net assets in units or shares of the following UCITS or investment funds:

☒ European UCITS open to non-professional customers
☒ European FIAs open to non-professional customers and meeting the conditions set by the Monetary and Financial Code

These collective investments can be managed by the asset management company or related companies and are selected on the basis of their management orientation, from their performance history.

3- Derivative financial instruments

Information about counterparties to OTC derivative contracts:

The selection of counterparties is made according to the procedure in force and is based on the principle of selectivity of the best market counterparties.
The manager may invest in the following derivative instruments:

- Nature of intervention contracts:
☒ Regulated;
☒ Organised;
☒ Over-the-counter.

- Risk on which the manager wishes to intervene:
☐ Equity
☒ Interest rate;
☒ Credit;
☒ Currency exchange;
☒ Volatility.

- Nature of interventions, all operations to be limited to the achievement of the management objective:
☒ Cover;
☒ Exposure;

- Type of instruments used:
☒ Futures;
☒ Options;
☒ Swaps;
☒ Forward currency exchange.

- Derivatives use strategy to achieve the management objective:
☒ General portfolio coverage, certain risks, securities, etc.;
☐ Reconstitution of a synthetic exposure to assets, to risks;
☒ Increased market exposure.

Futures contracts are used for buying and selling as inexpensive and liquid alternatives to live securities to adjust the overall exposure of the portfolio to the bond markets.

Currency swaps are used extensively to hedge the portfolio.

4- Securities including derivatives and strategy of use

Securities with embedded derivatives may not represent more than 10% of the net assets
- Risk on which the manager wishes to intervene:
☐ Shares;
☒ Rate;
☒ Credit;
☒ Currency exchange;
☒ Volatility.

- Nature of interventions, all operations to be limited to the achievement of the management objective:
☒ Cover;
☒ Exposure;

Instruments used :
☒ : EMTN , BMTN
☒ : Certificats ☒ : Callable bonds, Puttable (simple embedded derivatives); callable bonds or bonds with a put option (without any other complex optional features)
☒ : Convertible bonds, Contingent convertible bonds
☐: Credit Linked Notes

The Fund may invest up to 10% of its net assets in convertible bonds with insignificant sensitivity to equity risk, and up to 10% of its net assets in contingent convertible bonds.

5- Deposits:

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

6- Cash loans:

Cash borrowings may not represent more than 10% of net assets, and are used on a temporary basis to provide liquidity to holders wishing to redeem their units without penalizing overall asset management.

7- Acquisition and temporary transfer of securities:

- <u>Nature of operations used:</u>

☒ Selling and repurchase agreements by reference to the Monetary and Financial Code
☒ Loans and borrowings by reference to the Monetary and Financial Code

- <u>Nature of interventions, all operations to be limited to the achievement of the management objective:</u>

☒ Cash management
☐ Potential contribution to the leverage effect of the UCITS: to optimise its strategy, the fund may intermittently take positions generating leverage
☒ Optimisation of the income of the UCITS

Potential acquisitions or temporary sales of securities are carried out in accordance with the best interests of the UCITS, and must not cause it to deviate from its management objective or take additional risks.
They aim to optimise cash management and/or portfolio performance.
The UCITS ensures that it is able to recall any securities that have been lent (repo) or to recall the total amount in cash (reverse repo).
Remuneration on temporary purchases and sales of securities is paid exclusively to the UCITS.

The fund may use these transactions up to a limit of 100% of the net assets.
Temporary acquisitions and sales of securities do not create leverage effects.

Counterparties are rigorously selected from reputable market operators on the basis of criteria defined by the management company in its counterparty evaluation and selection procedure.

- <u>Information relating to the financial guarantees of the UCITS:</u>

As part of carrying out transactions on over-the-counter derivative financial instruments and the temporary acquisition/sale of securities, it may receive financial assets that are considered as collateral and are intended to reduce its exposure to counterparty risk.
Financial collateral received will mainly consist of cash for OTC derivative transactions, and cash and eligible government bonds for temporary purchases/sales of securities.
This guarantee is given in the form of cash or bonds issued or guaranteed by the OECD member states or by their local authorities or community, regional or global supranational institutions or bodies;

All financial guarantees received must comply with the following principles:

- Liquidity: Any financial guarantee in securities must be highly liquid and able to be traded rapidly on a regulated market at a transparent price.
- Transferability: Financial guarantees are transferable at any time.
- Valuation: Financial guarantees received are subject to daily valuation. A prudent discounting policy will be applied to securities that may display significant volatility, or according to credit quality.
- Credit quality of issuers: Financial guarantees are of high quality credit.

Guarantee investments received in cash: They are either invested in deposits with eligible entities or invested in high credit quality government bonds (rating which meets “short-term monetary” UCITS/FIA criteria) or invested in “short-term monetary” UCITS/FIAs, or used for repurchase transactions with a credit institution,

- Correlation: guarantees are issued by an entity independent of the counterparty.
- Diversification: Counterparty risk in over-the-counter transactions may not exceed 10% of net assets when the counterparty is one of the credit institutions as defined in the regulations in force, or 5% of its assets in other cases. Exposure to a given issuer does not exceed 20% of net assets.
- Protection: Financial guarantees received are invested with the Custodian or by one of its agents or third parties under its control or by any third party custodian subject to prudential supervision and who has no link with the provider of the financial guarantees.
- Prohibition of re-use: Non-cash financial guarantees may not be sold, reinvested or used as collateral.

▶ **Risk profile:**

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

No counterparty has any discretionary power over the composition and management of the portfolio, or over the underlying assets of derivative financial instruments. Counterparty approval is not required for any portfolio transactions.
Procedures for managing conflicts of interest have been put in place to prevent and manage them in the exclusive interest of unitholders.
The main risks to which the bearer is exposed through the UCITS are the following:

- The main risks related to classification are:

- **Rate risk:** in the event of a rise in interest rates, the value of instruments invested in fixed-rate instruments may fall, which could reduce the net asset value.

- **Risk of loss of capital:** The capital loss occurs when a unit is sold at a price lower than the purchase price. The UCITS does not benefit from any guarantee or protection of the capital. The capital initially invested is exposed to the vagaries of the market, and may therefore not be returned in full in the event of unfavorable market trends.

- The main specific risks related to management are:

- **Credit risk:** In case of a downgrade in issuer quality, or if the issuer is no longer able to meet its maturities, the value of these securities may fall, causing the net asset value to decline.

- **Risk related to investments in speculative securities**: Securities rated “speculative” in the management company’s or rating agency’s analysis are subject to greater increased risk of default, and are subject to greater and/or more frequent valuation changes, which may result in a decline the net asset value.

- **Risk linked to the impact of techniques such as derivatives**: The use of derivatives may lead to a significant decline over short periods of the asset value in the event of exposure in a direction contrary to market trends.

- Other risks:

- **Counterparty risk:** This risk arises from the conclusion of financial futures contracts and temporary purchases and sales of securities. It represents the risk of default by a market participant, preventing it from honoring its commitments to the UCITS (payment, redemption, non-delivery). The occurrence of any of these risks may have a negative impact on the UCITS' net asset value.

- **Operational risk:** The operational risk represents the risk of default or an error by one of the main players involved in the management process and/or valuation of the fund.

- **Liquidity risk:** in the particular case where the exchange volumes on the financial markets are very low, any purchase or sale transaction on the latter may cause significant market fluctuations.

- **Contingent convertible bond (CoCos) risk – incidental:** the risks here are related to the characteristics of these virtually perpetual securities: cancellation of the coupon, partial or total depreciation of the value of the security, conversion of the bond into shares, repayment of the principal and payment of coupons "subordinated" to those of other creditors with senior bonds, possibility of early repayment at predetermined levels or extension of repayment. These events may be triggered, in whole or in part, either by the issuer's financial ratios having reached a certain level, or by the issuer's discretionary and arbitrary decision, or after the approval of the competent supervisory authority. These instruments are innovative, but not yet proven. The market could therefore react in an unexpected way, at the risk of affecting the valuation and liquidity of the securities. The attractive yield offered by such securities compared to similarly rated debt may result from an underestimation of the risks and the ability of investors to withstand adverse events. The occurrence of any of these risks may result in a decrease in net asset value.

- **Sustainability Risk:** means an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment. The consideration of sustainability risk is articulated through the integration of ESG criteria into its research and investment system as described in the management company's responsible investment policy in order to reduce the potential impact on the value of the portfolio.

▶ Eligible subscribers and typical investor profile

It is aimed at underwriters seeking a performance linked to the Euro 1-3 bond market.

“I” share:	All subscribers
“R” share :	All subscribers
“D” share :	All subscribers

The amount that is reasonable to invest in this UCITS depends on the personal situation of each investor, taking into account personal assets, current needs and investment horizon, as well as the investor's willingness to take risks or to favour a cautious investment. We strongly recommend that you sufficiently diversify all your investments, so as not to expose them solely to the risks of a single UCITS.

The units of this fund may not be offered or sold directly or indirectly in the United States of America (including its territories and possessions) for the benefit of a “US Person” as defined by the US regulation “Regulation S” adopted by the Securities and Exchange Commission.

Minimum recommended investment period: more than 18 months.

▶ Methods of determining and allocating distributable sums:

Net income for the year is equal to the amount of interest, arrears, dividends, bonuses and lots, directors' fees and all income relating to the securities in the fund's portfolio, plus income from sums temporarily available, less management fees and borrowing costs.

Distributable income consist of:

1. Net income plus retained earnings plus or minus the balance of the income equalisation account;
2. realized capital gains, net of expenses, less realized capital losses, net of expenses, recorded during the year, plus net capital gains of the same type recorded in previous years which have not been distributed or capitalized, less or plus the balance of the capital gains adjustment account.

“I” and “R” shares: Total capitalisation.

Distributable sums are fully capitalised each year.

	Total capitalisation	*Partial capitalisation*	*Full distribution*	*Partial distribution*
Net result	***X***			
Net realised gains or losses	***X***			

“D” share: Partial or total distribution of net income or gains

The choice between the capitalisation or the annual distribution of the distributable sums belongs to the asset management company.

During the year, the portfolio management company may decide to distribute all or part of one or more interim distributions of net income booked at the date of the decision. The coupon is distributed within 5 months of the end of the financial year.

	Total capitalisation	*Partial capitalisation*	*Full distribution*	*Partial distribution*
Net result	***X***	***X***	***X***	***X***
Net realised gains or losses	***X***	***X***	***X***	***X***

▶ Characteristics of the shares:

Initial net asset value:

“I”, “R” and “D” shares: €1,000

Each share is decimalised in thousandths.

The quantity of securities is expressed in thousandths.

“I”, “R” et “D” shares:

Minimum initial subscription amount: one unit

Minimum amount of subsequent subscriptions and redemptions: one thousandth

Denominated currency of account: Euro

▶ Subscription and redemption conditions:

Dates and times of order centralisation:

D-1 calendar working day	*D-1 calendar working day*	*D : day of establishment of the NAV*	*D calendar working day*	*D+1 calendar working day*	*D+1 calendar working day*
Centralization before 11 o'clock of subscription orders	*Centralization before 11:00 of redemption orders*	*Execution of the order at the latest at D*	*Publication of the NAV*	*Subscriptions Settlement*	*Redemptions Settlement*

Subscription and redemption orders are centralized each business day at 11:00 am (D-1) and are executed on the next business day on the basis of the next net asset value calculated in D.
The payment is made on D + 1 (D being the day of establishment of the NAV).
If the day of centralization is a public holiday in France (within the meaning of Article L222-11 of the Labor Code) or the reference exchanges are open, the centralization of subscriptions / redemptions is made on the following working day.

▶ **Date and frequency of calculation of the net asset value:**
Daily, except on public holidays, even if the reference stock exchange(s) is/are open, and on days when the stock exchange is closed.
It is available from the management company and the custodian the next working day of the calculation day.

"GATES" REDEMPTION CAPPING MECHANISM

The financial manager will be able to implement the so-called "gates" mechanism, which makes it possible to spread the redemption requests of the holders of the mutual fund over several net asset values as soon as they exceed a certain level, determined in an objective manner. This exceptional mechanism will only be implemented in the **event of a sudden and unforeseeable liquidity crisis** on the financial markets and significant redemptions on the fund's liabilities.
In exceptional circumstances, and when the interests of unitholders so require, the Management Company has set up a system to cap redemptions at a threshold of 5% (redemptions net of subscriptions/last known net asset value).

However, this threshold does not systematically trigger Gates: if liquidity conditions allow it, the Management Company may decide to honor redemptions above this threshold. The maximum number of net asset values for which a cap on redemptions can be applied is fixed at 20 net asset values over 3 months. The estimated maximum capping time is 1 month.

Description of the actual calculation of the threshold in the case of capped redemptions :
The Gates threshold is compared to the ratio between:
- the difference noted, at a same centralization date, between the total amount of these redemptions, and the total amount of these subscriptions, calculated by multiplying the number of units by the last net asset value; and
- the net assets of the last net asset value of the mutual fund.
HUGAU OBLI 1-3 mutual fund has several unit categories, the threshold for triggering the procedure is the same for all unit categories of the mutual fund.

However, when redemption requests exceed the gates threshold, the mutual fund may decide to honor redemption requests in excess of the specified ceiling, thereby partially or fully executing orders that might otherwise be blocked.

Subscription and redemption transactions, for the same amount or for the same number of units on the basis of the same net asset value date, the same ISIN code, and for the same holder or beneficial owner (known as round-trip transactions) are not subject to the Gates.

Methods of informing unitholders :
In case of "gates" system activation, all UCITS unitholders will be informed by any means. UCITS unitholders whose orders have not been executed will be specifically informed as soon as possible.

Treatment of unexecuted orders :
Redemption orders will be executed in the same proportions for UCITS unitholders who have requested redemption since the last centralization date. Unexecuted orders will automatically be carried forward to the next net asset value and will not take precedence over new redemption orders placed for execution on the next net asset value. In any event, redemption orders that are not executed and automatically carried forward may not be revoked by UCITS unitholders.

By way of example, if total redemption requests for UCITS units on a given centralization date are 10%, whereas the triggering threshold is set at 5% of net assets, the UCITS may decide to honor redemption requests up to 7.5% of net assets (and therefore execute 75% of redemption requests instead of 50% if it strictly applied the 5% ceiling).

▶ Expenses and fees

Subscription and redemption fees

Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees received by the UCITS are used to offset the costs incurred by the UCITS in investing or disinvesting the assets entrusted to it. Unearned fees accrue to the portfolio management company.

Expenses to be borne by the investor, levied on subscriptions and redemptions	Base	Rate scale
Subscription fee not received by the UCITS	Net asset value × number of units	Nil
Subscription fee acquired by the UCITS	Net asset value × number of units	Nil
Redemption fee not acquired by the UCITS	Net asset value × number of units	Nil
Redemption fee acquired by the UCITS	Net asset value × number of units	Nil

Operating and management costs

These fees cover all the costs invoiced directly to the UCITS, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, etc.) and the transaction fee, if any, which may be charged by the custodian and the asset management company.

Operational and management costs may be added:
- outperformance fees. These compensate the portfolio management company if the UCITS has exceeded its objectives. They are therefore invoiced to the UCITS,
- transfer fees invoiced to the UCITS.
- costs related to the temporary acquisition and sale of securities.

Fees charged to the UCITS	Base	Rate scale
Financial management fees and administrative expenses external to the management company	Net assets	"I" and "D" shares: 0.50 % maximum incl. VAT "R" share: 1.00 % maximum incl. VAT .
Transfer fees: -Custodian: 10% of transfer fees -Management company: Balance (after deduction of the unit going to the Custodian either: €35 minimum incl. VAT and €60 maximum incl. VAT)	Deduction from each transaction	0.48% maximum incl. VAT
Out-performance fee	Net assets	Nil

Other fees charged to the fund:

Research-related expenses :
The management company carries out its own in-house research and has not opened a specific research account within the meaning of article 314-22 of the AMF's General Regulations. Any research costs incurred will be paid from the management company's own resources.

Selection of intermediaries:
The intermediaries selected appear on a list established and reviewed at least once a year by the management company Hugau Gestion. The intermediary selection procedure consists of examining, for each intermediary,

the area of intervention, the quality of the research, the quality of the backing and the quality of the service, and then assigning a mark according to the aforementioned criteria.

IV. COMMERCIAL INFORMATION

Dissemination of information concerning the UCITS:

The fund's prospectus and the latest periodicals, as well as other practical information, are available free of charge from the management company.

HUGAU GESTION – 60, rue Saint-Lazare – 75009 – PARIS

The net asset value of the UCITS is available upon request from the management company and on the website: www.hugau-gestion.com.

Holders are informed of the changes affecting the UCITS in accordance with the procedures defined by the Financial Market Authority: particular information or any other means (financial notice, periodic document, etc.).

Events affecting the UCITS are, in certain cases, subject to market information via Euroclear France and/or information via various media in accordance with the regulations in force and according to the commercial policy put in place.

Transfer of the composition of the UCITS portfolio:

The management company may transmit, directly or indirectly, the composition of the UCITS 'assets to UCITS investors having the status of professional investors under the control of the ACPR, the AMF or the European authorities for the sole purpose of calculating the regulatory requirements related to the Solvency II Directive. This transmission takes place, where applicable, within a period that cannot be less than 48 hours after the publication of the net asset value.

UCITS compliance with criteria relating to environmental, social and governance quality objectives (ESG):

The management company provides investors, on its website www.hugau-gestion.com and in the UCITS' annual report, with information on how ESG criteria are taken into account in the UCITS' investment policy.

V. INVESTMENT RULES

The UCITS complies with the investment rules laid down by the Monetary and Financial Code and applicable to its category.

VI. OVERALL RISK

The commitment calculation method is used to calculate overall risk on financial contracts.

VII. ASSET VALUATION AND ACCOUNTING RULES

General accounting conventions are applied in accordance with the principles of:
- a going concern
- consistent accounting methods from one year to the next
- independence of accounting periods.

Asset evaluation rules

The calculation of the net asset value of the unit is made taking into account the valuation rules specified below:

- The bonds are valued at market prices based on data provided by the various market participants.

- When the use of the market valuation is not possible or the market data are of insufficient quality, the bonds are valued at their probable trading value by reference to a model under the responsibility of the Asset Management Company.

- These evaluations and their justification are communicated to the External Auditor during his audits.

- Negotiable debt securities and similar are valued actuarially on the basis of a reference rate defined below, plus, where applicable, a difference representative of the intrinsic characteristics of the issuer:
    - TCN with a maturity of less than or equal to 1 year: Interbank rate offered in euros (Euribor)
    - TCN swapped: valued according to the OIS curve (Overnight Indexed Swaps)
    - TCNs with a maturity of more than three months (money market UCITS): valued using the Overnight Indexed Swaps (OIS) curve
    - TCN with a maturity of more than 1 year: Normalised Annual Interest Rate (BTAN) or near maturity OAT rate for the longest terms.

Negotiable debt securities with a residual life of less than or equal to 3 months may be valued using the straight-line method.

- Treasury bills are valued at the market rate, communicated daily by the specialists in Treasury Securities.

- UCITS units or shares are valued at the last known net asset value.

- Cash, deposits and financial instruments held in the portfolio and denominated in foreign currencies are converted into the accounting currency of the UCITS on the basis of exchange rates on the day of the valuation.

- Transferable securities covered by temporary purchase or sale agreements are valued in accordance with current regulations.

Securities received under repurchase agreements are recorded in the portfolio for their amounts stipulated in the contracts, plus interest receivable.
The securities sold under repurchase agreements are valued at the stock market price. The interest receivable and payable for repurchase transactions is calculated pro rata temporis. Debt representing securities sold under repurchase agreements is recorded in the seller's portfolio at the value fixed in the contract plus interest payable. At settlement, interest received and disbursed is recorded in receivables.

Securities lent are valued at the market price. Accrued interest is included in the market value of the securities lent.

- The fixed or conditional transactions concerning financial futures instruments traded on French or foreign organised markets are valued at market value in accordance with the terms and conditions established by the Management Company. Futures contracts are valued at the settlement price

- Futures transactions, whether fixed or conditional or exchange transactions entered into over-the-counter markets, authorised by the regulations applicable to UCITS, are valued at their market value or at a value estimated according to the terms and conditions determined by the Company Management. Interest rate and/or currency swap contracts are valued at their market value, based on the price calculated by discounting future cash flows (principal and interest), interest rates and/or interest rates or market currencies. This price is adjusted to the issuer's risk.

- The titles that are not traded on a regulated market are valued under the responsibility of the Management Company at their probable trading value. They are valuated using methods based on asset value and yield, taking into account the prices retained during recent significant transactions. Units or shares of investment funds are valued at the last known net asset value or, where appropriate, on the basis of estimates available under the control and responsibility of the Management Company.

Accounting method

The UCITS records its income using the redeemed coupon method.

The accounting of securities inflows and outflows in the UCITS portfolio is made excluding trading costs.

Revenues consist of:
- transferable securities income,
- dividends and interest received at the rate of the currency, for foreign securities,
- cash compensation in foreign currencies, lending revenue and repo transactions and other investments

The following are deducted from these revenues:
- management fees,
- financial expenses and charges on securities loans and borrowings and other investments.

Off-balance sheet commitments

Futures contracts are carried at their market value, off-balance sheet commitments, at the settlement price. Conditional forward transactions are translated into the underlying equivalent. OTC interest rate swap agreements are valued on the basis of the nominal amount plus or minus the corresponding estimation difference.

VIII. REMUNERATION

- The prospectus contains the elements mentioned in Article 411-113 of the AMF General Regulation in this case a summary of Hugau Gestion's remuneration policy.

- HUGAU Gestion has implemented a remuneration policy that is compatible and consistent with sound and effective risk management that enables the control of staff behaviour in terms of risk taking. This policy aims to avoid any risk of conflicts of interest so as not to harm the interests of customers in the short, medium and long term.

- Hugau Gestion's remuneration policy is adapted to the size of the company, its internal organisation and the nature, scope and complexity of its activities and its risk management system and its policy for the prevention of conflicts of interest.

- Hugau Gestion's remuneration policy is consistent with the economic strategy, objectives, values and interests of the Company and the UCITS it manages.

- Hugau Gestion's remuneration policy provides for a structured remuneration system with a sufficiently high fixed component and a specific variable remuneration for risk-takers in order to reward value creation over the long term. This variable remuneration is paid after annual appraisal incorporating qualitative and quantitative criteria to assess the performance of the operating unit over time. Half of the variable remuneration is paid in cash during the first half of the year following the year in which the performances are evaluated and measured. The payment of the other half of the variable remuneration is subject to a 3-year deferral period and is distributed in the form of financial instruments managed by Hugau Gestion and representative of its risk profile per third (3 thirds over 3 years). It is paid if the performance conditions of the index basket managed by Hugau Gestion are met, and of excessive risk-taking over the period. The variable remuneration is definitively acquired only if it is compatible with the financial situation of the company, there is no guaranteed variable remuneration.

- The remuneration policy of Hugau Gestion is established by the Remuneration Committee of Hugau Gestion, which reviews it annually and is placed under the control of the Company's Orientation and Supervisory Board and the general meeting of shareholders.

- The remuneration policy is available in its entirety on the website of Hugau Gestion at the following address: www.hugau-gestion.com. A paper copy is available free of charge.

UNIT TRUST

RULES

TITLE 1 - ASSETS AND SHARES

Article 1 - Shares of co-ownership

The co-owners’ rights are expressed in units, each unit corresponding to the same fraction of the assets of the UCITS. Each unitholder has a co-ownership right over the assets of the UCITS proportional to the number of units owned.
The duration of the UCITS is 99 years from the date of its incorporation except in the case of early dissolution or extension provided for in this Regulation.
The shares may be split by the management company in tenths, hundredths, thousandths and ten thousandths, referred to as fractional units.
The provisions of the regulations governing the issue and redemption of units are applicable to fractional units whose value will always be proportional to that of the share they represent. All other provisions of the regulation relating to units shall apply to fractions of units without the need to specify such units unless otherwise provided.
Finally, the management company may, on its own decisions, proceed to the division of the units by the creation of new units which are allocated to the holders in exchange for the old shares.

Article 2 - Minimum amount of assets

Units may not be redeemed if the UCITS assets fall below €300,000; where the asset remains below thirty days, the management company shall take the necessary steps to liquidate the relevant UCITS or any of the operations referred to in Article 411-16 of the General Regulation of the AMF (transfer of the UCITS).

Article 3 - Issue and redemption of units

Units are issued at any time at the request of the holders on the basis of their net asset value plus, if applicable, subscription fees.
Redemptions and subscriptions are made under the terms and conditions set out in the prospectus.
Units of UCITS may be listed for trading in accordance with applicable regulations.
Subscriptions must be fully paid up on the day of calculating the net asset value. They may be made in cash and/or by the use of financial instruments. The management company shall have the right to refuse the proposed securities and, for this purpose, shall have seven days from the date of their deposit to make known its decision. In the event of acceptance, the securities contributed are valued according to the rules set out in Article 4 and the subscription is made on the basis of the first net asset value following acceptance of the securities concerned.

Redemptions are made exclusively in cash, except in the event of liquidation of the fund when the unitholders have signified their agreement to be repaid in securities. They shall be settled by the custodian within a maximum period of five days following that of the valuation of the unit.
However, if, in exceptional circumstances, repayment requires the prior realisation of assets included in the UCITS, this period may be extended, but may not exceed 30 days.
Except in the case of inheritance or an inter vivos gift, the sale or transfer of units between unitholders or from unitholders to a third party is treated as a redemption followed by a subscription; in the case of a third party, the amount of the disposal or transfer must, where applicable, be completed by the beneficiary to at least the amount of the minimum subscription required by the prospectus.

Pursuant to Article L.214-8-7 of the Monetary and Financial Code, the redemption by the mutual fund of its units, such as the issuance of new shares, may be temporarily suspended by the management company, when exceptional circumstances so require and if the interests of the bearers so request.
If the net assets of the mutual fund are lower than the amount set by regulation, no redemption of the units may be carried out.

The UCITS may cease issuing units pursuant to the third paragraph of Article L. 214-8-7 of the Monetary and Financial Code, provisionally or definitively, partially or totally, in objective situations resulting in the closure of subscriptions such as a maximum number of units issued, a maximum amount of assets attained or the expiry of a given subscription period.

The triggering of this tool will be the subject of information by any means of the existing holders concerning its activation, as well as the threshold and the objective situation that led to the decision of partial or total closure.
In the case of a partial closure, this information by any means will specifically specify the terms upon which existing holders may continue to subscribe during the term of such partial closing.
Unitholders are also informed by any means of the decision of the UCITS or the asset management company to either terminate the total or partial closing of subscriptions (when passing under the triggering threshold), or not to put an end to it (in the event of a change of threshold or a change in the objective situation leading to the implementation of this tool). A change in the objective situation invoked or the triggering point of the tool must always be made in the interests of the unitholders. Information by any means specifies the exact reasons for these modifications.

"GATES" REDEMPTION CAPPING MECHANISM

The financial manager will be able to implement the so-called "gates" mechanism, which makes it possible to spread the redemption requests of the holders of the mutual fund over several net asset values as soon as they exceed a certain level, determined in an objective manner. This exceptional mechanism will only be implemented in the **event of a sudden and unforeseeable liquidity crisis** on the financial markets and significant redemptions on the fund's liabilities.
In the event of exceptional circumstances and when the interests of the unitholders so require, the Management Company has provided for the implementation of a mechanism to cap redemptions above the threshold of 5% (redemptions net of subscriptions/last known net assets).

However, this threshold does not systematically trigger the Gates: if liquidity conditions allow it, the Management Company may decide to honor redemptions above this threshold. The maximum number of net asset values for which a cap on redemptions can be applied is fixed at 20 net asset values over 3 months. The estimated maximum capping time is 1 month.

Description of the actual calculation of the threshold in case of a redemption cap:
The Gates threshold is compared to the ratio between:
- the difference noted, at a same centralization date, between the total amount of these redemptions, and the total amount of these subscriptions, calculated by multiplying the number of units by the last net asset value; and
- the net assets of the last net asset value of the mutual fund.
HUGAU OBLI 1-3 mutual fund has several unit categories, the threshold for triggering the procedure is the same for all unit categories of the mutual fund.
When redemption requests exceed the triggering threshold of the gates, the mutual fund may, however, decide to honor redemption requests beyond the ceiling provided for, and thus execute in part or in full the orders that might be blocked.
Subscription and redemption transactions, for the same amount or for the same number of units on the basis of the same net asset value date, the same ISIN code, and for the same holder or beneficial owner (known as round-trip transactions) are not subject to the Gates.

Methods of informing unitholders :
In case of "gates" system activation, all UCITS unitholders will be informed by any means. UCITS unitholders whose orders have not been executed will be specifically informed as soon as possible.

Treatment of unexecuted orders :
Redemption orders will be executed in the same proportions for UCITS unitholders who have requested redemption since the last centralization date. Unexecuted orders will automatically be carried forward to the next net asset value and will not take precedence over new redemption orders placed for execution on the next net asset value. In any event, redemption orders that are not executed and automatically carried forward may not be revoked by UCITS unitholders.

By way of example, if total redemption requests for UCITS units on a given centralization date are 10%, whereas the triggering threshold is set at 5% of net assets, the UCITS may decide to honor redemption requests up to 7.5% of net assets (and therefore execute 75% of redemption requests instead of 50% if it strictly applied the 5% ceiling).

Article 4 - Calculation of net asset value

The net asset value of the units is calculated taking into account the valuation rules in the prospectus.

TITLE 2 - FUNCTIONING OF THE UCITS

Article 5- The portfolio management company

The management of the UCITS is ensured by the asset management company in accordance with the orientation defined for the UCITS

The portfolio management company acts in all circumstances in the exclusive interest of the unitholders and can only exercise the voting rights attached to the securities included in the UCITS.

Article 5 bis - Rules of procedure

The instruments and deposits eligible for the UCITS assets as well as the investment rules are described in the prospectus.

Article 6 - The custodian

The Custodian performs the duties incumbent on it under the laws and regulations in force as well as those contractually entrusted to it by the asset management company. It must in particular ensure the regularity of the decisions of the asset management company. It must, if necessary, take any precautionary measures that it deems useful. In the event of a dispute with the management company, it shall inform the Financial Markets Authority (AMF).

Article 7 - The auditor

An auditor is appointed for six financial years, after approval by the AMF, by the management body of the asset management company
It certifies the regularity and fairness of the accounts.
It may be reappointed.

The statutory auditor is required to report as soon as possible to the AMF any fact or decision concerning the undertaking for collective investment in transferable securities of which he became aware in the performance of his duties:
1) that constitute a violation of the legislative or regulatory provisions applicable to this organisation and likely to have significant effects on the financial situation, the profit or the assets;
2) that undermine the conditions or the continuity of its exploitation;
3) that lead to the issuance of reserves or the refusal of certification of accounts.

The valuation of the assets and the determination of exchange parities in the processing, merger or demerger operations are carried out under the supervision of the auditor.
It assesses any contribution in kind under its responsibility.
It certifies the accuracy of the asset mix and other elements prior to publication.
The fees of the auditor shall be fixed by mutual agreement between the auditor and the board of directors or the management board of the management company in the light of a work programme specifying the due diligence considered necessary.
It certifies the situations that are the basis for the distribution of interim payments.
Its fees are included in the management fees.

Article 8 - The accounts and the management report

At the end of each financial year, the management company draws up the summary documents and draws up a report on the management of the UCITS during the financial year.
The portfolio management company establishes, at least semi-annually and under the control of the custodian, the inventory of the assets of the UCITS.

The management company will make these documents available to unitholders within four months of the end of the financial year, and will inform them of the income to which they are entitled: these documents will be sent to unitholders by post at their express request or made available to them at the offices of the management company.

TITLE 3 - TERMS AND CONDITIONS FOR ALLOCATION OF DISTRIBUTABLE AMOUNTS

Article 9 - Provisions for the assignment of distributable amounts

The distributable amounts for the year are equal to the amount of interest, arrears, dividends, premiums and prizes, attendance fees and all income relating to the securities comprising the fund’s portfolio plus the proceeds of the amounts currently available and minus management fees and borrowing costs.
Distributable sums consist of:
1. The net profit increased by the retained earnings and increased or decreased by the balance of the income adjustment account;

2. Realised capital gains, net of expenses, minus realised capital losses, net of expenses, recorded during the financial year, plus net capital gains of the same type recognised in previous financial years not distributed or capitalised and decreased or increased by the balance of the capital gains adjustment account.

Unit “I”: Capitalisation:
Distributable sums are fully capitalised.

Unit “D”: Partial or total distribution of net income or gains
The choice between the capitalisation or the annual distribution of the distributable sums belongs to the asset management company.

Portfolio management company may decide, during the year, implementing distribution or part of one or more instalments on net income recognised at the date of the decision. The coupon is distributed within 5 months after the end of the financial year.

TITLE 4 - MERGER - DEMERGER - DISSOLUTION - LIQUIDATION

Article 10 - Merger - Demerger

The portfolio management company may either contribute all or part of the assets included in the UCITS to another UCITS, or split the UCITS into two or more other UCITS.
Such merger or demerger may only be completed one month after the holders have been notified. They give rise to the issuance of a new certificate specifying the number of units held by each holder.

Article 11 - Dissolution - Extension

If the assets of the UCITS remain lower for 30 days than the amount set in Article 2 above, the asset management company shall inform the AMF and proceed, unless it is a merger with another unit trust, upon dissolution of the UCITS.
The management company may dissolve the fund in advance; it shall inform unitholders of its decision and, from that date, applications for subscription or redemption are no longer accepted.
The portfolio management company shall also dissolve the UCITS in the event of a request for the redemption of all the units, the termination of the function of the custodian, when no other custodian has been appointed, or on expiry of the duration of the UCITS, if this has not been extended.
The portfolio management company shall inform the AMF by post of the date and the procedure of dissolution adopted. Subsequently, it shall send the AMF the auditor’s report.
The extension of a UCITS may be decided by the asset management company in agreement with the custodian. Its decision must be taken at least 3 months before the expiry of the period foreseen for the UCITS and notified to the unitholders and the AMF.

Article 12 - Liquidation

In the event of dissolution, the asset management company or the custodian acts as liquidator; failing this, the liquidator shall be appointed in court at the request of any interested person. To this end, the management company is vested with the broadest powers to realise the assets, to pay the potential creditors and to distribute the available balance between the unitholders in cash or in securities.
The auditor and the custodian shall continue to perform their duties until the end of the liquidation operations.

TITLE 5 - DISPUTE

Article 13 - Jurisdiction - Address for service

Any disputes relating to the UCITS which may arise during the term of the UCITS or on its liquidation either between the holders of units or between them and the portfolio management company or the custodian shall be subject to the jurisdiction of the competent courts.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

ANNEX II

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: **Hugau Obli 1-3**
Legal entity identifier: **969500C76SWM1GG9TT10**

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

Hugau Obli 1-3 is a bond fund that invests mainly in bonds issued by private and sovereign issuers classified as "investment grade" and that have signed a good governance charter. The company analysis process therefore includes extra-financial criteria which aim to select companies whose so-called "ESG" criteria: "E" for Environment, "S" for Social and "G" for Governance reflect the pursuit of a sustainable growth objective as well as a contribution towards a better ecological transition.

The fund invests mainly in high quality corporate bonds selected after a credit analysis carried out internally by the management teams' team of independent analysts.

The criteria taken into account are primarily financial. There is no ESG filter upstream of the investment decision other than the immediate exclusion of companies in controversial sectors.
The controversial sector retained by Hugau Gestion is related to the arms industry, but only producing arms whose impact on civil society is direct and disproportionate and may be prolonged over time. This type of weaponry generally includes anti-personnel mines, cluster bombs and chemical and biological weapons.
The company then seeks out and invests in bonds issued by large listed companies that have put in place CSR reporting systems that show a willingness and sensitivity to ESG criteria.
After analyzing the company's credit and selecting the issuer from a purely credit point of view, the management team conducts an ESG analysis based on the elements contained in the extra-financial database or on publicly available external elements about the company, such as its annual report, which includes a CSR section. This analysis aims to identify the means implemented by the company and their evolution on the environmental, social and good governance axes, including the policy developed in terms of ecological, energy and environmental transition.
This approach is based on a Best-in-Class approach, which is a type of ESG (Environment, Social, Governance) selection that favors issuers with the best extra-financial ratings in their sector, while excluding the lowest-rated 20% of issuers based on our extra-financial database.
The company also benefits from a voting policy designed to encourage the companies in which we invest to improve their ESG practices and enable them to align themselves with more committed activities through our votes. As the Hugau Obli 1-3 fund is a bond fund essentially made up of instruments eligible for its category, the good governance practices of issuers are taken into account through the ESG criteria defined above.

Further information is available in our responsible investment policy.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Within the framework of its investment policy, Hugau Obli 1-3 not yet integrate the 14 sustainability indicators allowing the calculation of the main negative impacts of its investment decisions. It integrates the following sustainability indicators from its ESG policy in order to measure the achievement of each of the environmental or social characteristics it promotes:
- Eligible investments considered as aligned with the fund's environmental characteristics through selection of the best-rated issuers in their category, using a “Best in Class” approach that excludes the lowest-rated 20% of issuers in each business sector, without excluding any sector.
- Although not mandatory, issuer ratings are also monitored while issuer selection and credit assessment, and then in ESG Committee. Hugau Gestion prefers to invest in issuers with an ESG Risk rating of less than 30/100 to avoid any negative impact on the value of the investment.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund does not have a sustainable investment objective.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

How do the sustainable investments that the financial product intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes,

x No

What investment strategy does this financial product follow?

The fund uses a "Best-in-Class" approach to identify companies' environmental, social and governance performance and trends, without excluding any sector. The aim is to select the most virtuous companies in their activity sector.

Sustainalytics assesses 20 material ESG issues at sector and sub-sector level, and identifies the most advanced issuers on ESG issues for each sub-sector.

Each issuer has an ESG rating based on the Sustainalytics database, to ensure that it is properly classified as one of the 80% most virtuous issuers in its sector, before it is invested in the managed fund. The issuer is then rated and ranked comparing to its peers in the same sector. Issuers ranked in the bottom quintile are not eligible for investment.

Hugau Gestion also monitors issuers with an ESG Risk rating of less than 30/100, to avoid any negative impact on the value of the investment.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to select investments that respect Hugau Obli 1-3 fund ESG policy are the following:

-An approach of excluding sectors related to controversial weapons with reference to the United Nations treaties and the OECD guidelines in the first place;

- An extra-financial approach that aims to exclude companies without good governance charters and CSR policies;

-A “Best In Class” approach that excludes the 20% of issuers with the lowest ratings in their sector, without excluding any sector.

-Controversies are tracked by identifying the companies involved according to company's reputation, the frequency of incidents and the quality of incident management. Controversies are assessed on a 5-level scale: low, moderate, significant, high and severe. Severe is the highest level of ESG impacts risk.

The fund is regularly monitored and updated at quarterly ESG Committee meetings. In case of high or severe controversies that are likely to have an impact on the environment and society, or in our investments, the issuer will be disussed by the committee in order to decide whether to keep it or not.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

  The reduction for each investment sector represents 20%.

- ***What is the policy to assess good governance practices of the investee companies?***

Hugau Obli 1-3 invests mainly in high credit quality corporate bonds that have signed a good governance charter.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Each credit analysis carried out by debt issuer systematically includes the governance score. This score is calculated through our subscription to the ESG extra-financial analysis database.

The good governance criteria taken into account are :

- Composition and independence of the Board of Directors.

- Independent directors.

- Percentage of independent directors on the four committees of the Board of Directors: Audit Committee, Corporate Governance and Nominations Committee, Compensation Committee, Strategy, Development and Sustainable Development Committee.

- Rotation of directors every three years in accordance with the AFEP/MEDEF recommendation.

- Mixed composition of the Board of Directors (minimum 20% of women by 2024).

- Attendance at Board and Committee meetings.

- Compensation and benefits of any kind granted to corporate officers.

- Analysis of regulated agreements (e.g., top-hat pensions).

The consideration of these good governance criteria is also reflected in the implementation of our voting policy. Our voting policy applies to our equity-only funds with voting rights. The Hugau Obli 1-3 fund is a bond fund essentially made up of instruments eligible for its category. The good governance practices of issuers are taken into account through the ESG criteria defined above

What is the asset allocation planned for this financial product?

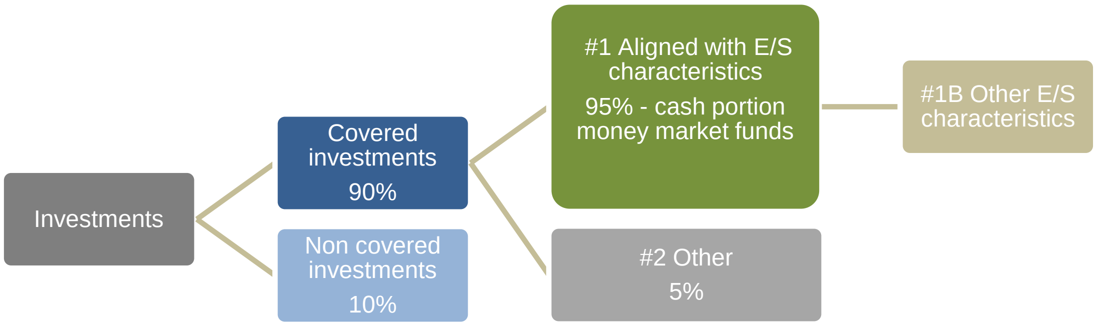
Asset allocation describes the share of investments in specific assets.

Hugau Obli 1-3 will first adopt a financial credit analysis approach in order to select issuers eligible for the category, and will then carry out an ESG analysis based on our ESG policy from elements contained in the external database or from publicly available external elements on the company, such as its annual report which includes a CSR section.

This analysis aims to identify the efforts and plans implemented by the company and their evolution on the environmental, social and good governance axes, including the policy developed in terms of ecological, energy and environmental transition.

The fund's ESG objective is to eliminate the 20% worst-rated issuers in their sector.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



Category #1 Aligned with E/S characteristics includes the covere investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

Category #2 Other includes the remaining covered investments of the financial product that are neither aligned with environmental or social characteristics nor qualified as sustainable investments.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Subcategory #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not considered as sustainable investments;

The investment universe taken into account for the calculation of alignment on E/S characteristics is based only on the coverage rate of the portfolio's issuers provided by our extra-financial data provider.

At least 90% of assets are subject to ESG analysis. Assets aligned with environmental and/or social characteristics (#1) will represent at least 95% of the financial product. The “#2 Other” category may include hedged securities that are not eligible for ESG screening.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Hugau Obli 1-3 does not invest in derivatives.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable: Hugau Obli 1-3 does not have an environmental objective.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

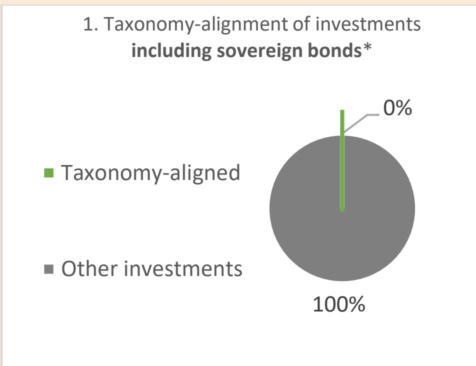
☐ Yes:

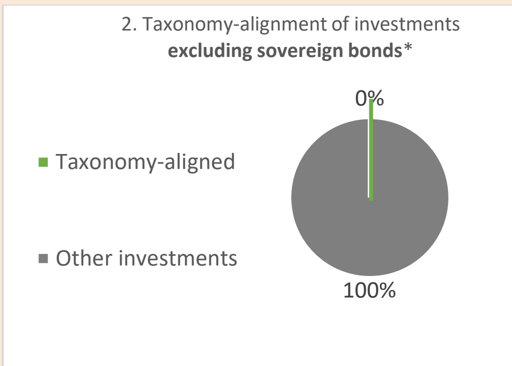
☐ In fossil gas ☐ In nuclear energy

✖ ☐ No

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentaly sustainable economic activities under the EU Taxonomy.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.*

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

In the absence of sufficient extra-financial data, Hugau Gestion is not yet in able to calculate the rate of alignment of assets with these activities according to the European taxonomy.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable

What is the minimum share of socially sustainable investments?

Not applicable

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Investments included in the "#2 Others" category correspond to the 5% derogatory ratio including covered issuers that do not meet the specific ESG criteria of the 20% exclusion defined in our responsible investment policy.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index has been designated to determine whether the fund is aligned with the environmental and social characteristics it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable

- ***How does the designated index differ from a relevant broad market index?***

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

Where can I find more product specific information online?

More product-specific information can be found on the website: www.hugau-gestion.com.