



# R CLUB

Mutual Fund

## Prospectus

Version dated on September 8<sup>th</sup>, 2017



# R CLUB

## I. General characteristics

### FORM OF THE UCITS:

Name	: R CLUB
Legal form	: Mutual Fund ( <i>Fonds Commun de Placement</i> ) – established in France
Creation date	: 28 December 2005
Expected life	: 99 years
Summary of the management proposal	:

Unit class	ISIN code	Allocation of amounts available for distribution	Currency of issue	Target subscribers	Minimum initial subscription amount*
C EUR	FR0010541557	Accumulation	EUR	All subscribers	2,500 euros Initial NAV: €409.03 (division of the net asset value by 5 on 17 December 2010)
C CHF H	FR0011845668	Accumulation	CHF **	All subscribers	2,500 Swiss francs Initial net asset value of one unit: 1,000 Swiss francs
D EUR	FR0010523191	Distribution	EUR	All subscribers	2,500 euros (division of the net asset value by 5 on 17 December 2010)
F EUR	FR0010537423	Accumulation	EUR	All subscribers and mainly intended to be distributed by partners of the management company or third-party management companies	one unit Initial NAV: €436.83 (division of the net asset value by 5 on 17 December 2010)
P EUR	FR0011845692	Accumulation	EUR	Units reserved for foreign marketing networks and those acting particularly under a mandate, and subject to the Management Company's prior approval	5,000 euros Initial net asset value of one unit: 1,000 euros
PB EUR	FR0012243954	Distribution	EUR	Units reserved for foreign marketing networks and those acting particularly under a mandate, and subject to the Management Company's prior approval	5,000 euros Initial net asset value of one unit: 1,000 euros
R EUR	FR0013111739	Accumulation	EUR	All subscribers, but intended especially for foreign marketing networks.	100 euros Initial NAV: 10 euros

\* The management company, or any other entity belonging to the same group, is exempt from the initial minimum subscription obligation.

\*\* Units in CHF are systematically hedged against the currency risk of the fund's reference currency.

Subsequent subscriptions may be done in units or fractional units, where applicable.

The mutual fund has seven unit classes: C EUR, C CHF H, D EUR, F EUR, P EUR, PB EUR, and R EUR units. These seven unit classes differ particularly from the point of view of their schemes for allocation of amounts available for distribution, their currency of issue, their management fees and subscription/redemption fees, their par value, their systematic hedging against currency risk, and the distribution network(s) for which they are intended.



These differences are explained by the fact that the C EUR, C CHF H, and D EUR units are primarily intended to be distributed directly to investors by the management company as well as to private customers of the Rothschild & Co Group, whereas the F EUR units are primarily intended to be distributed by partners of the management company or third-party management companies. In addition, the P EUR and PB EUR units are reserved for foreign marketing networks and those acting particularly under a mandate, and subject to the Management Company's prior approval. The R units are open to all subscribers but are intended especially for foreign marketing networks.

In addition, for each unit class, the management company reserves the right to not activate it and therefore to delay its commercial launch.

**Indication of where the most recent annual report and interim statement can be obtained:**

The latest annual and periodic reports will be sent to unit holders within eight days of receipt of a written request sent to:  
Rothschild Asset Management  
Service commercial  
29 avenue de Messine  
75008 Paris

The Key Investor Information Document (KIID) is also available at [www.rothschildgestion.com](http://www.rothschildgestion.com)

Additional explanations can be obtained from the management company's commercial department (tel: 01 40 74 40 84) or by e-mail at the following address: [clientserviceteam@rothschild.com](mailto:clientserviceteam@rothschild.com)

## ***II. Parties involved***

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**Management company:**

Rothschild Asset Management, portfolio management company approved by the French Financial Markets Authority (AMF) on 6 June 2017 under number GP-17000014  
Limited Partnership  
29 avenue de Messine – 75008 Paris

**Custodian, Registrar, and Institution responsible for unit record maintenance:**

Rothschild Martin Maurel  
Limited Partnership  
29, avenue de Messine  
75008 PARIS

A French credit institution approved by the ACPR (French prudential supervisory and resolution authority)

Description of the custodian's duties:

Rothschild Martin Maurel performs the duties defined by the applicable Regulations, namely:

- Safekeeping of the assets of the UCITS,
- Verification of the lawfulness of the management company's decisions,
- Monitoring of cash flows of UCITS.

The custodian is also responsible for managing the UCITS's liabilities, which includes centralising the UCITS's unit subscription and redemption orders, as well as managing the issue account and unit registers of the UCITS.

Supervision and management of conflicts of interest:

Rothschild Martin Maurel and the management company Rothschild Asset Management belong to the same Group, Rothschild & Co. In accordance with the applicable Regulations, they have put in place a policy and a procedure appropriate for their size, their organisation, and the nature of their activities in order to take reasonable measures intended to prevent conflicts of interests that could arise from this relationship.

Delegate(s):

The custodian has delegated the safekeeping of foreign financial securities to The Bank of New York Mellon SA/NV (Belgium).

The list of entities used by Bank of New York Mellon SA/NV (Belgium) in the delegation of safekeeping duties and the information relating to conflicts of interest likely to result from such delegations are available at [www.rothschild.com](http://www.rothschild.com) [<https://www.rothschild.com/fr/Informations-bancaires-Réclamation-Tarifs/>].

Updated information is made available to investors free of charge within eight working days on written request from the unitholder to the Custodian.

**Statutory Auditors:**

Ernst & Young et Autres  
Tour First  
TSA 14,444  
92037 Paris La Défense Cedex  
Signatory: Bernard Charrue



**Marketer:**

Rothschild Asset Management. Investors should be aware that all of the Fund's marketers are not necessarily mandated by the Management Company and that the Management Company is unable to establish the exhaustive list of the Fund's marketers because it changes continuously.

**Delegates:**

Rothschild Asset Management alone shall ensure the administrative and financial management of the mutual fund without delegation to third parties, with the exception of the accounting function, which is fully delegated to:

CACEIS Fund Administration

1-3, Place Valhubert

75013 Paris

**Advisers:** None

**Institution in charge of centralising subscription/redemption orders:** Rothschild Martin Maurel

### **III. Management and operations**

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#### **III. 1. GENERAL CHARACTERISTICS:**

**Characteristics of the units or shares:** Accumulation and distribution UCITS

Type of right attached to the unit class: The right attached to the units is a real right, an equity security. Each unitholder is entitled to joint ownership of the mutual fund's assets in proportion to the number of units held.

Entry in a register or specification of methods of managing liabilities: Liabilities are managed by Rothschild Martin Maurel. Admission of the units is ensured in Euroclear France.

Voting rights: The mutual fund has no voting rights attached to the units; decisions are taken by the management company. Unitholders shall be informed of any modification of the mutual fund's operation, depending on the modifications made, either individually, through the press, or by any other means in accordance with the regulations of the French financial markets authority (AMF).

Form of units or shares: Bearer

Fractional units: The fund's units are broken down into ten-thousandths of units.

**Closing date:**

Last trading day of the month of December (1<sup>st</sup> closing: December 2006)

**Tax treatment:**

The tax treatment of capital gains or losses upon full or partial redemption and of unrealised capital gains or losses depends on the tax provisions that apply to the particular situation of each subscriber and/or the investment jurisdiction of the Fund. When in doubt, the subscriber should contact a professional adviser.

#### **III. 2. SPECIAL PROVISIONS:**

**ISIN code:**

C EUR	:	FR0010541557
C CHF H	:	FR0011845668
D EUR	:	FR0010523191
F EUR	:	FR0010537423
P EUR	:	FR0011845692
PB EUR	:	FR0012243954
R EUR	:	FR0013111739

**Classification:**

Diversified UCITS

**Delegation of financial management:** No

**Management objective:**

The management objective of R CLUB is to obtain medium-term performance greater than the reference benchmark: 40% Euro EMTS Global + 30% Euro Stoxx ® DR (C) + 20% MSCI Daily TR Net World Ex EMU \$ converted into € + 10% EONIA.



**Benchmark:**

The mutual fund's reference benchmark is composed of 40% Euro EMTS Global + 30% Euro Stoxx ® DR (C) + 20% MSCI Daily TR Net World Ex EMU \$ converted into € + 10% EONIA.

**The EuroMTS Global** is a euro-denominated bond index that measures the performance of the market of eurozone government bonds of any maturity. This index is calculated by Euro MTS Limited. This index is available at the following URL: [www.euromtsindex.com](http://www.euromtsindex.com)

The **Euro Stoxx ® DR (C)** index (Bloomberg code: SXXT Index) is a subdivision of the STOXX® 600. It includes a variable number of securities, around 300, highly diversified in terms of market capitalisation, economic sectors, and geographical regions, dividends reinvested. It is calculated by Stoxx Ltd and is available at [www.stoxx.com](http://www.stoxx.com)

The **MSCI Daily TR Net World Ex EMU \$ converted into €** index (Bloomberg code: NDDUWXEM Index), calculated by Morgan Stanley, is representative of the world's largest market capitalisations of non-eurozone industrialised countries, dividends reinvested, converted into euros. This index is available at the following address: [www.msci.com](http://www.msci.com)

The **EONIA** (average yield on the money market) refers to the arithmetic mean of the rates recorded for overnight interbank lending transactions granted by a panel of reference banks.

This UCITS is not an index-linked UCITS.

**Investment strategies:**

**1. Description of strategies used:**

As part of a rigorous quantitative and qualitative selection process carried out by the management company (as described below), the R CLUB mutual fund is invested in fixed-income or convertible products and in equity products, based on market opportunities. The mutual fund may invest up to 10% of its assets in UCIs.

- **Strategic allocation:** in order to achieve the management objective, the mutual fund invests in fixed-income or convertible products, equity products, and UCIs, based on market opportunities.

The mutual fund may therefore invest and/or be exposed:

- ✓ Between 0 and 100% in fixed-income products issued by States or private issuers, whether Investment Grade or not, of all maturities, with a maximum of 20% of net assets in High-Yield. Investments in unlisted securities can represent up to 10% of the fund's assets.
- ✓ Between 0 and 100% in shares;
- ✓ Between 0 and 10% in UCIs of any classification;
- ✓ Liquid assets on an incidental basis.

The mutual fund may trade financial futures negotiated on French and foreign regulated or OTC markets (interest rate and index swaps, forward exchanges, market of futures and options on equity, interest rates, currencies, or indexes) in order to pursue its management objective (discretionary management). To do this, it hedges its portfolio and/or exposes it to business sectors, geographical regions, currencies, interest rates, equities, securities and equivalent instruments, and indexes.

The portfolio's overall equity market exposure, including any off-balance sheet exposure, shall not exceed 100%. The portfolio's overall fixed-income market exposure, including any off-balance sheet exposure, will allow the portfolio's sensitivity to remain within a range between -1 and 9.

The portfolio's overall currency market exposure, including any off-balance sheet exposure, shall not exceed 100%.

The mutual fund's overall exposure to non-OECD countries may be up to 20% of its assets and small-cap risks up to 20% of its assets.

Existence of a foreign exchange rate risk for unitholders.

- **Selection of underlying assets:**
- **For the equity product segment, the criterion for selecting securities is as follows:**  
The management process for the UCITS combines the Top-Down and Bottom-Up approaches, thus identifying two sources of added value:
  - The sectoral allocation results from the analysis of the macroeconomic and financial environment.
  - The selection of securities is based on a fundamental approach that involves two steps:
    - A quantitative analysis to determine the attractiveness of valuation using ratios tailored to each industry (Enterprise Value/Capital Employed, Enterprise Value/Gross Operating Result, PER, etc.)
    - A qualitative analysis based on understanding the competition and how profitability is constructed (supply/demand imbalance, cost-benefit analysis, patents, brands, regulations, etc.),



- **For the fixed-income segment, the following three sources of added value are used for management:**
  - 1) **Sensitivity:** The portfolio's sensitivity is increased if the manager anticipates a decline in interest rates and vice versa.
  - 2) **Credit risk exposure:** The management process for the UCITS combines the Top-Down and Bottom-Up approaches, thus identifying two sources of added value:
    - The sectoral and geographical allocation results from the analysis of the economic and financial environment. This analysis identifies the long-term risks and problems that influence the price formation. In particular, analyses of default histories and competition are examined.
    - The selection of securities is based on a fundamental approach that involves two steps:
      - A quantitative analysis based on the probability of default:
        - by using a large amount of public data and statistics on each company,
        - by comparing these data to data of companies in the same economic sector,
        - by determining a theoretical valuation that compares favourably or unfavourably with the valuation given by the market.
      - A qualitative analysis based on:
        - sustainability of the sector,
        - examination of competition,
        - understanding of the balance sheet,
        - understanding of the construction of profitability (supply/demand imbalance, cost-benefit analysis, patents, brands, regulations, etc.),
        - understanding of debt schedules (balance sheet and off-balance sheet),
        - determination of the probability of intra-sector survival.
  - 3) **Yield curve positioning:** Depending on the manager's expectations as to the flattening or steepening of the yield curve, securities with short and very long maturities shall be preferred to those with intermediate maturity or the reverse.

The management company does not exclusively or automatically use credit ratings issued by rating agencies but undertakes its own in-depth analysis to assess the credit quality of fixed-rate instruments.

## **2. Description of the asset classes (excluding embedded derivatives):**

All asset classes included in the composition of the assets of the UCITS are:

- **Equities:** investment and/or exposure between 0-100% of net assets  
Within the holding range specified in the table below, the mutual fund shall invest and/or shall be exposed in equity products. The sectoral and geographical distribution of issuers is not determined in advance and shall be determined according to market opportunities.  
In any event, within the limit of the holding range specified below, the allocation (investment and/or exposure) of the equity segment is between 0 and 100% of the mutual fund's assets in all industrial sectors and all market capitalisations (with a maximum of 20% small caps and 20% equities of non-OECD countries).
- **Debt securities, Money market instruments, and Bonds:** investment and/or exposure between 0-100% of net assets  
Within the limit of the holding range specified below, the mutual fund shall invest in bonds, negotiable debt securities (such as short-term negotiable securities (including certificates of deposit and treasury notes issued before 31 May 2016) and Euro Commercial Paper) of all maturities at fixed, variable, or adjustable rates, participating securities, indexed bonds, and convertible bonds (up to 20% maximum). The private/public debt distribution is not determined in advance and shall be determined based on market opportunities. In any event, the exposure to high-yield bonds shall not exceed 20%. Investments in unlisted securities can represent up to 10% of the fund's assets.
- **Holding of units or shares of other UCITS, AIFs, or investment funds governed by foreign law:** 0-10% of net assets  
Within the holding range specified below, the mutual fund may hold:
  - units or shares of French or European UCITS governed by European directive 2009/65/EC,
  - units or shares of French or European AIFs or foreign investment funds meeting the four criteria of R.214-13 of the French monetary and financial code,
  - units or shares of French UCITS governed by European directive 2009/65/EC or not, managed by the Rothschild & Co Group.



- **For each of the classes mentioned above:**

	Equities	Fixed-income products	UCI
Holding ranges	0-100%	0-100%	0-10%
Investment in small caps	0-20%	None	0-10%
Investment in financial instruments of non-OECD countries	0-20%	0-20%	0-10%
Investment restrictions imposed by the management company	None	None	None

### **3. Use of derivatives:**

The UCITS may trade on regulated, organised, or OTC markets.

The manager shall intervene on equity, interest rate, and currency risk. In order to achieve the management objective, these interventions shall be done for portfolio hedging (sale of futures) and exposure to reconstitute a synthetic exposure to assets (purchase of futures). In particular, the manager may trade on the market of interest rate and index swaps, forward exchanges, the market of futures and options on equity, interest rates, currencies, or indexes.

The portfolio's overall equity market exposure, including exposure resulting from the use of financial futures, shall not exceed 100%.

The portfolio's overall fixed-income market exposure, including exposure resulting from the use of financial futures, will allow the portfolio's sensitivity to remain within a range between -1 and 9.

The portfolio's overall currency risk exposure, including exposure resulting from the use of financial futures, shall not exceed 100%.

#### **Information related to counterparties of over-the-counter derivatives:**

Counterparties, which may or may not be a credit institution, shall be selected in accordance with the procedure in force within the Rothschild & Co Group, based on the principle of selectivity as part of an ad hoc internal process. The Management Company may regularly select the Custodian as its counterparty for OTC exchange derivatives.

In particular, this involves:

- a validation of the counterparties at the end of this internal selection process, which takes into account criteria such as the nature of the activities, expertise, reputation, etc.
- a limited number of financial institutions with which the UCITS trades.

### **4. Securities with embedded derivatives:**

The use of securities with embedded derivatives is limited to 10% of net assets (subscription warrants, EMTN, warrants, etc.) in order to achieve the management objective, particularly in managing its equity, interest rate, and currency market exposure.

Optional strategies: depending on the manager's expectations about changes in the volatility and prices of the underlying instruments, the manager will need to sell or buy options on equity, fixed-income, and currency markets. For example, if a sharp market increase is anticipated, the manager will be able to buy calls; if it appears that the market will grow slowly and that implied volatility is high, the manager will be able to sell puts. Conversely, if a sharp market decrease is anticipated, the manager will buy puts. Lastly, if it appears that the market cannot grow any further, the manager will sell calls.

The manager may combine these various strategies.

The portfolio's overall equity market exposure, including exposure resulting from the use of securities with embedded derivatives, shall not exceed 100%. The portfolio's overall fixed-income market exposure, including exposure resulting from the use of securities with embedded derivatives, will allow the portfolio's sensitivity to remain within a range between -1 and 9.

The portfolio's overall equity currency risk exposure, including exposure resulting from the use of securities with embedded derivatives, shall not exceed 100%.

### **5. Deposits:**

Within a limit of 20% of its assets, the UCITS may resort to deposits in euros with a life less than or equal to three months so as to earn returns on the UCITS's liquidity.

### **6. Cash loans:**

Within a limit of 10% of its assets, the UCITS may resort to loans, particularly in order to compensate for deferred payment methods for asset movements.





## **7. Temporary purchases and sales of securities:**

- **General description of transactions:**

- **Type of actions:**

Temporary purchases and sales of securities shall be carried out in accordance with the French monetary and financial code. They shall be conducted as part of cash management and/or optimisation of the UCI's income.

- **Type of transactions used:**

These transactions shall consist of securities lending and borrowing and/or repurchase and reverse repurchase agreements, fixed-income products, or credit products (debt securities and money market instruments) from issuers of OECD member countries.

- **General information for each type of transaction:**

- **Level of intended use:**

Temporary sales of securities (securities lending, repurchase agreements) and temporary purchases of securities (securities borrowing, reverse repurchase agreements) may be carried out for up to 100% of the UCI's assets. The expected proportion of assets under management that will be the subject of such a transaction may represent 10% of the assets.

- **Remuneration:**

Additional information about the remuneration is provided in the "Charges and fees" section.

- **Information on the counterparties, guarantees, and risks:**

- **Guarantees:**

The guarantees received as part of these transactions will be the subject of a discount according to the principle described in the "Information about the UCI's financial guarantees" section. The Guarantees shall be kept by the UCI's Custodian. For more information about the guarantees, refer to the "Information about the UCI's financial guarantees" section.

- **Selection of Counterparties:**

A procedure for selecting counterparties with which these transactions are entered into makes it possible to prevent the risk of a conflict of interest when these transactions are used. These counterparties shall be Credit Institutions having their registered office in a member State of the European Union and with a minimum rating of A. Additional information about the counterparty selection procedure is provided in the "Fees and commissions" section.

- **Risks: refer to the "Risk profile" section.**

### **Information about the financial guarantees of the UCI:**

As part of temporary purchases and sales of securities and transactions on OTC derivatives, the UCI may receive securities (such as bonds or securities issued or guaranteed by a State or issued by international lending agencies and bonds or securities issued by private issuers of good quality) or cash as collateral. There is no correlation policy insofar as the UCI will receive mainly government securities of the eurozone and/or cash as collateral.

Cash received as collateral is reinvested in accordance with the applicable rules.

All of these assets must be issued by high-quality, liquid, low-volatility, diversified issuers that are not an entity of the counterparty or its group.

Discounts may be applied to the collateral received; they shall take into account, in particular, the credit quality and the volatility of the prices of the securities. The valuation is performed at least on a daily basis.

The financial guarantees received must be able to give rise to a full execution by the UCI at any time and without consultation or approval of the counterparty.

Financial guarantees other than in cash must not be sold, reinvested, or pledged.

Financial guarantees received in cash must only be:

- placed in deposit accounts;
- invested in high-quality government bonds;
- used for the purposes of reverse repurchase transactions, provided that these transactions are concluded with credit institutions subject to prudential supervision and that the UCI can, at any time, recall the total amount of cash, taking into account the accrued interest;
- invested in short-term money market collective investment schemes.

### **Risk profile:**

1. **Risk associated with discretionary management:**

The discretionary management style is based on anticipating trends on the various markets (equity, fixed-income). There is the risk that the UCITS will not always be invested in the best-performing markets.

2. **Market risks:**

The mutual fund may experience a risk:

- a. associated with direct and indirect investments in equities;
- b. associated with direct and indirect investments in large, mid, and small caps;
- c. associated with direct and indirect investments on non-OECD markets;

Any decrease in the equity market may thus result in a decrease in the mutual fund's net asset value.





3. Interest rate risk:  
Risk associated with investments in fixed-income products. Thus, in the event of an increase in interest rates, the fund's net asset value may decline.
4. Credit risk:  
Risk of credit quality deterioration or default of an issuer present in the portfolio or default of a counterparty to an OTC transaction (swap, repo). Thus, a positive credit risk exposure and an increase in credit spreads may negatively impact performance; similarly, a negative credit risk exposure and a decrease in credit spreads may negatively impact performance. Nevertheless, exposure on "High Yield" rate shall not represent more than 20% of the assets.
5. Currency risk:  
The unitholder may be exposed to currency risk up to a maximum of 100%. Some assets are expressed in a currency other than the fund's accounting currency; therefore, a change in exchange rates may result in a decline in the fund's net asset value;
6. Counterparty risk:  
The UCITS may use temporary purchases and sales of securities and/or financial futures (over-the-counter derivatives). These transactions, entered into with a counterparty, expose the UCITS to a risk of the counterparty's default, which may cause the net asset value of the UCITS to decline. Nevertheless, the counterparty risk may be limited by establishing guarantees granted to the UCITS in accordance with the regulations in force.
7. Risks related to temporary purchases and sales of securities:
8. In addition to the counterparty risk previously mentioned, the use of these techniques, the management of their guarantees, and their reuse involve certain specific risks such as the possibility of a lack of liquidity for any instrument, possible risks in relation with the legal documentation, the application of the contracts, and their limits, operational and custodial risks, a risk of incorrect valuation, and a counterparty risk. If use of these transactions proves to be inadequate, ineffective, or a failure due to market conditions, the UCI may suffer significant losses that will have a negative effect on the UCI's net asset value.
9. Risk that the performance of the UCITS will not be consistent with its objectives.
10. Risk of capital loss:  
Unitholders have no capital guarantee.

**Guarantee or protection:** None

**Target subscribers:** All subscribers. However, the P EUR and PB EUR units are reserved for foreign marketing networks and those acting particularly under a mandate, and subject to the Management Company's prior approval. The R EUR units are open to all subscribers but are intended especially for foreign marketing networks.

Subscribers may subscribe in the currency of issue of the unit concerned.

The units of this UCITS are not and will not be registered in the United States in application of the US Securities Act of 1933 as amended ("Securities Act of 1933") or admitted under any law of the United States. These units may not be offered, sold, or transferred in or to the United States (including its territories and possessions) or benefit, directly or indirectly, any US Person (within the meaning of Regulation S of the Securities Act of 1933) or equivalent (as referred to in the US "HIRE" Act of 18 March 2010 and in the FATCA framework).

**Typical investor profile:**

This UCITS is intended for investors who wish to have a diversified investment vehicle.

The amount that can be reasonably invested in this UCITS depends on each unitholder's personal situation. To determine this amount, investors must consider their personal wealth, their current needs, and their needs over the recommended investment period as well as their willingness to take risks or, otherwise, favour a cautious investment. Unitholders are also strongly advised to diversify their investments sufficiently so as not to be exposed solely to the risks of this UCITS.

**Recommended investment period:**

More than 5 years

**Determination and allocation of amounts available for distribution:**

Net income for the year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the Fund's portfolio, plus income from temporary cash holdings, less management fees and borrowing costs.

Amounts available for distribution consist of the following:

- 1) the net income for the year, plus retained earnings and plus or minus net accruals for the year;
- 2) realised capital gains, net of charges, minus realised capital losses, net of expenses recognised for the year, plus net capital gains of the same nature recognised over prior years that were not distributed or accumulated, minus or plus capital gains accruals.

The amounts indicated in points 1) and 2) above may be distributed independently of each other, in whole or in part, according to the procedures described below.



- C EUR unit: accumulation unit
- C CHF H unit: accumulation unit
- D EUR unit: distribution unit, full distribution of the net income as defined in 1) above, concerning the capital gains or losses defined in 2) above, the management company may distribute them (totally or partially) and/or carry them forward (totally or partially).
- F EUR unit: accumulation unit
- P EUR unit: accumulation unit
- PB EUR unit: distribution unit, full distribution of the net income as defined in 1) above, concerning the capital gains or losses defined in 2) above, the management company may distribute them (totally or partially) and/or carry them forward (totally or partially).
- R EUR unit: accumulation unit

**Distribution frequency:**

- C EUR, C CHF H, F EUR, P EUR, and R EUR units: income is fully accumulated,
- D EUR and PB EUR units: Annual by decision of the management company. Interim payments may be made. Amounts available for distribution must be paid within a maximum period of five months from the year-end.

**Characteristics of the units:**

Unit class	ISIN code	Allocation of amounts available for distribution	Currency of issue	Target subscribers	Fractional units	Minimum initial subscription amount
C EUR	FR0010541557	Accumulation	EUR	All subscribers	ten-thousandths of unit	2,500 euros* Initial NAV: €409.03 (division of the net asset value by 5 on 17 December 2010)
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\*\* Units in CHF are systematically hedged against the currency risk of the fund's reference currency.

Subsequent subscriptions may be done in units or fractional units, where applicable.



The mutual fund has seven unit classes: C EUR, C CHF H, D EUR, F EUR, P EUR, PB EUR, and R EUR units. These seven unit classes differ particularly from the point of view of their schemes for allocation of amounts available for distribution, their currency of issue, their management fees and subscription/redemption fees, their par value, their systematic hedging against currency risk, and the distribution network(s) for which they are intended.

These differences are explained by the fact that the C EUR, C CHF H, and D EUR units are primarily intended to be distributed directly to investors by the management company as well as to private customers of the Rothschild & Co Group, whereas the F EUR units are primarily intended to be distributed by partners of the management company or third-party management companies. In addition, the P EUR, P CHF H, and PB EUR units are reserved for foreign marketing networks and those acting particularly under a mandate, and subject to the Management Company's prior approval. The R EUR units are open to all subscribers but are intended especially for foreign marketing networks. In addition, for each unit class, the management company reserves the right to not activate it and therefore to delay its commercial launch.

**Subscription and redemption:**

Subscription and redemption requests are received and centralised each day at one 12:00 p.m. at Rothschild Martin Maurel and executed on the basis of the next net asset value (D). However, if the official closing time of the Paris stock exchange is made earlier on an exceptional basis, the subscription and redemption order centralisation time will be changed to 11:00 a.m. instead of 12:00 p.m. Settlements relating to subscriptions and redemptions occur on the second business day following (D+2).

**Receipt of subscriptions and redemptions:** Rothschild Asset Management 29 avenue de Messine 75008 Paris / Rothschild Martin Maurel 29 avenue de Messine, 75008 Paris

**Determination of net asset value:**

Each day when the Paris stock exchange is open, with the exception of French public holidays.

The net asset value is published on the management company's website at the following address: [www.rothschildgestion.com](http://www.rothschildgestion.com)

**Condition for unit exchanges:**

Exchange requests are received and centralised each valuation day and executed on the basis of the next net asset value of the units. Any fractional units are either settled in cash or supplemented for the subscription of an additional unit, exempt from any subscription fee.

Exchanges of unit classes of the mutual fund for another unit class of the mutual fund are considered a disposal followed by a redemption and are subject to the tax system applicable to capital gains on disposals of securities.

**Charges and fees**

**SUBSCRIPTION AND REDEMPTION FEE:**

The subscription and redemption fees shown below respectively increase the subscription price paid by the investor or decrease the redemption price received. The fees retained by the UCITS are used to offset the costs incurred by the UCITS in investing or divesting the entrusted assets. Any fees not retained by the UCITS are paid to the management company, marketer, distributor, etc.

<b>Charges billed to the investor, deducted at the time of subscriptions and redemptions</b>	<b>Base</b>	<b>Rate Scale</b>
Subscription fee not retained by the UCITS	Net asset value X number of units	C EUR, C CHF H, D EUR, F EUR, P EUR, and PB EUR units: 4.5% maximum R EUR: none
Subscription fee retained by the UCITS	Net asset value X number of units	None
Redemption fee not retained by the UCITS	Net asset value X number of units	None
Redemption fee retained by the UCITS	Net asset value X number of units	None

Exemption between the C EUR, C CHF H, D EUR, F EUR, P EUR, and PB EUR units: if the redemption order is immediately followed by a subscription, on the same day, on the same unit class, and for the same amount on the basis of the same net asset value, no subscription or redemption fees shall be charged.

**OPERATING AND MANAGEMENT FEES:**

These charges cover all costs billed directly to the UCITS with the exception of transaction costs. Transaction costs include intermediation charges (brokerage, etc.) and the transaction fee, where applicable, which may be collected particularly by the custodian and the management company.



The following may be added to the operating and management fees:

- performance commissions. These reward the management company for achieving performance in excess of the Fund's objective. They are therefore billed to the UCITS;
- transaction fees billed to the UCITS;
- a share of the income from temporary purchases and sales of securities.

For more information on the charges actually billed to the UCITS, refer to the Key Investor Information Document (KIID).

	Charges billed to the UCITS	Base	Rate Scale
1	Financial management fees	Net assets	C EUR, C CHF H units: 1.495% maximum D EUR unit: 1.495% maximum F EUR unit: 1.90% maximum P EUR and PB EUR units: 0.90% maximum R EUR units: 2.30% maximum
2	Administrative fees external to the management company		
3	<u>Maximum indirect fees:</u> - management fees - other fees: - subscription: - redemption:	Net assets	Not Applicable
4	<u>Service providers collecting transaction fees:</u> <u>Custodian:</u> between 0% and 50% <u>Management Company:</u> between 50% and 100%	Deduction from each transaction	0.03% on French bonds 0.30% on French shares 0.03% on foreign bonds 0.40% on foreign shares 1% of the premium on options on equities and equity indexes
5	Performance commission	Net assets	For all units, with the exception of R EUR units: starting 1 January 2015: 15% of the mutual fund's outperformance in relation to the benchmark: 40% Euro EMTS Global + 30% Euro Stoxx ® DR (C) + 20% MSCI Daily TR Net World Ex EMU \$ converted into € + 10% EONIA during the year, provided that the mutual fund has positive performance over this period.

Performance fee:

\* A provision for variable management fees is established by the Management Company at each net asset value calculation. In the event of underperformance, a provision write-back is carried out within the limit of the account balance. This provision for variable management fees is irrevocably forfeited to the Management Company at the end of each fiscal year if the mutual fund's performance is positive over this period. Any initial performance fee will be deducted for financial year 2015.

In the event of redemption, a share of the provision for variable management fees on outstandings recognised during the last valuation is permanently allocated to a specific third-party account in proportion to the number of units redeemed. This share of variable management fees is paid to the Management Company upon redemption.

Temporary purchases and sales of securities:

For its temporary sales of securities, the Fund's service provider shall be one or more credit institutions headquartered in a State of the European Union. The service providers shall act independently of the Fund and shall systematically be counterparties of transactions on the market. These service providers shall belong to the Rothschild & Co Group or an entity of the group to which it belongs (hereinafter "Entity of the"). As such, the Entity's performance of the transactions may generate a potential conflict of interest.

Securities lending or borrowing is remunerated on a pro rata temporis basis according to a fixed or variable rate that depends on market conditions.

No remuneration is retained by the custodian (as part of its custodian function) or the management company on temporary purchases and sales of securities. All income from these transactions shall be fully collected by the UCITS.



These transactions generate costs borne by the UCITS; the billing by the Entity may not exceed 50% of the income generated by these transactions.

In addition, the management company does not receive any soft commission.

For any additional information, please refer to the mutual fund's annual report.

Financial intermediary selection procedure:

Rothschild Asset Management takes meticulous care in choosing its intermediaries. They are selected on the basis of the quality of their research, but also their speed and reliability in the execution and processing of orders. We therefore choose those we consider to be the best following a rigorous, regular process.

#### ***IV. Commercial information***

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Modifications requiring a special notification to unitholders shall be disseminated to each identified unitholder or through Euroclear France for unidentified unitholders in the form of an information notice.

Modifications not requiring a special notification to unitholders shall be communicated either in the fund's interim documents, available from the custodian, through the press, through the Management Company's website ([www.rothschildgestion.com](http://www.rothschildgestion.com)), or by any other means in accordance with the regulations of the French financial markets authority (AMF).

The repurchase or redemption of units is done with Rothschild Martin Maurel.

Information on how social, environmental, and governance criteria are taken into account in the investment policy is available on the management company's website at [www.rothschildgestion.com](http://www.rothschildgestion.com) and in the annual report of the UCITS.

The portfolio's composition may be sent to professional investors subject to supervision of the ACPR, the AMF, or equivalent European authorities, or to their service providers, with a confidentiality commitment, in order to meet their regulatory requirements related to Directive 2009/138/EC (Solvency 2).

Such communication shall be made in accordance with the provisions set out by the AMF, within a time frame of not less than 48 hours after publication of the net asset value.

For any additional information, unitholders may contact the management company.

#### ***V. Investment rules***

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The mutual fund shall comply with the regulatory ratios applicable to UCITS funds investing less than 10% in UCITS funds.

#### ***VI. Overall risk***

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The overall risk ratio is calculated using the commitment method.

#### ***VII. Asset valuation and accounting rules at the approval date***

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The asset valuation rules are based on valuation methods and practical methods specified in the notes to the annual financial statements and in the prospectus.

Valuation rules:

The UCITS has adopted the euro as the reference currency.

The prices used for the valuation of securities traded on the stock exchange are the closing prices.

The prices of the futures markets are the settlement prices.

Interest is recognised according to the cash-basis method.

UCITS are valued at the last known price.

Treasury bills are valued at the market rate.



Negotiable debt securities with a residual life of more than three months are valued at the market rate, with the exception of variable-rate or adjustable-rate negotiable debt securities not presenting any particular market sensitivity.

A simplified "linearisation" method is applied for negotiable debt securities with a remaining life of less than three months not presenting any particular market sensitivity, on the basis of the crystallised three-month rate.

Repurchase agreements and sales with an option to repurchase are valued at the contract price.

The financial guarantees are valued at market price (mark-to-market) on a daily basis, in compliance with the valuation rules described above.

The prices used for the valuation of OATs (fungible government bonds) are an average of contributors.

Currency futures are valued at the daily fixing price, plus a variable premium/discount depending on the maturity and currencies of the contract.

Credit default swaps (CDS) are valued as follows:

- for the leg representative of the premium: pro rata temporis value of this premium,
- for the branch representative of the credit risk: according to the market price.

Entries into the portfolio are recognised at their acquisition price, excluding costs.

## ***VIII. Remuneration***

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In compliance with Directive 2009/65/CE, Rothschild Asset Management, as the management company of the mutual fund, has drawn up and applies remuneration policies and practices compatible with healthy and efficient risk management and that do not encourage risk taking that is incompatible with the mutual fund's risk profiles and regulatory documents and that do not harm the obligation to act in the best of its interests.

The remuneration policy complies with the economic strategy, the targets, values and interests of the mutual fund and investors and includes measures aimed at avoiding conflicts of interest.

In addition, as management company for alternative investment funds and UCITS, Rothschild Asset Management also applies AIFM and UCITS directives.

The Regulated Population in terms of the AIFM and UCITS directives includes the following functions:

- General Management (excluding Partner Managers)
- Managers of AIF or UCITS
- Development and Marketing managers
- Internal Control Compliance Director
- Risk functions (operating, market, etc.)
- Administrative managers
- Any other employee that has a significant impact on the company's risk profile or the AIF/UCITS managed and whose overall remuneration is situated in the same remuneration tranche as other risk takers.

The remuneration policies and practices of Rothschild Asset Management apply to all staff members, with specific rules on deferred variable remuneration applicable to the Regulated Population, in line with the AIFM and UCITS regulations.

Details concerning the Rothschild Asset Management remuneration policy are available by clicking here: [www.rothschildgestion.com](http://www.rothschildgestion.com).

A printed version of the Rothschild Asset Management remuneration policy can be made available free of charge to investors in the mutual fund on simple request at the head offices of the management company.





# R CLUB

Mutual Fund (*Fonds Commun de Placement*)

## TITLE I

### ASSETS AND UNITS

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#### Article 1 – Joint-ownership units

The rights of joint owners are expressed in units, each unit corresponding to an identical share of the fund's assets. Each unitholder is entitled to joint ownership of the fund's assets in proportion to the number of units held. The term of the fund is 99 years from its launch, unless it is wound up early or extended pursuant to these regulations.

##### Unit class:

In the event that the UCI presents different unit classes, their characteristics and their access conditions are set out in the mutual fund's prospectus.

The various unit classes may:

- apply different dividend policies (income or accumulation);
- be denominated in different currencies;
- be subject to different management fees;
- be subject to different subscription and redemption fees;
- have different par values;
- be systematically hedged against currency risk, either partially or in full, as set out in the mutual fund's prospectus. This hedging process is performed using financial instruments that reduce the impact of the hedging transactions for the other unit classes of the UCITS.
- be reserved for one or more distribution networks.

Joint owners have the right to group together or divide up units of the fund.

Units may be subdivided, on the decision of the decision-making body of the management company, into tenths, hundredths, thousandths, or ten-thousandths, called fractional units.

The provisions of the regulations governing the issue and redemption of units shall also apply to fractional units, whose value will always be proportionate to that of the unit that they represent. Unless otherwise stated, all other provisions of the regulations relating to units shall apply to fractional units without any need to make a specific provision.

Lastly, at the discretion of the management of the management company, the units may be split by creating new units to be allocated to holders in exchange for existing units.

#### Article 2 – Minimum assets

Units may not be redeemed if the mutual fund's assets fall below €300,000; where net assets remain below that level for thirty days, the asset management company shall take the necessary measures to wind up the UCITS in question or to perform one of the transactions listed in Article 411-16 of the AMF General Regulations (transfer of the UCITS).

#### Article 3 – Issue and redemption of units

Units may be issued at any time at the request of the unitholders on the basis of their net asset value plus, where applicable, the subscription fees.

Redemptions and subscriptions are performed under the conditions and according to the procedures specified in the prospectus of the mutual fund.

Fund units may be admitted to trading in accordance with the applicable regulations.

Subscriptions must be paid up in full on the day of the net asset value calculation. They may be paid in cash and/or financial instruments. The management company may turn down the securities offered and must announce its decision within seven days. If accepted, contributed securities shall be valued according to the rules



set out in Article 4, and the subscription shall take effect based on the first net asset valuation following the acceptance of the securities concerned.

Redemptions shall be carried out in cash only, except when the fund is to be wound up and the unitholders involved have agreed to accept redemption in the form of securities. They shall be paid by the custodian/registrar within five days after unit valuation.

However, if, under exceptional circumstances, the reimbursement requires the prior sale of fund assets, this period may be extended but shall not exceed 30 days.

Except in cases of inheritance or gifting, the sale or transfer of units between holders or between holders and third parties shall be treated as a redemption followed by a subscription. If a third party is involved, the beneficiary must make an additional payment above the amount of the sale or transfer if such is needed to reach the minimum subscription requirement specified in the Fund's prospectus.

Pursuant to Article L. 214-8-7 of the French financial and monetary code, the redemption of units by the mutual fund as well as the issue of new units may be suspended on a temporary basis by the management company in exceptional circumstances and if this is considered to be necessary to protect the interests of the unitholders.

If the net assets of the mutual fund (or, where applicable, a sub-fund) fall below the minimum regulatory requirement, no units may be redeemed (on the sub-fund concerned, where applicable).

The mutual fund may cease to issue units pursuant to the second paragraph of Article L. 214-8-7 of the French monetary and financial code in order to respect the principle of equity of unitholders in the event that more than 20% of the fund's units are presented for redemption.

Units may be subject to minimum subscription conditions, pursuant to the terms specified in the prospectus.

#### **Article 4 – Calculation of net asset value**

The net asset value of the units is calculated in accordance with the valuation rules set out in the mutual fund's prospectus.

Contributions in kind may only consist of the securities, instruments, or contracts eligible to form part of the UCITS assets; they are valued in accordance with the valuation rules applicable to the calculation of the net asset value.

## **TITLE II**

### **FUND OPERATION**

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#### **Article 5 - Management company**

The fund is managed by the management company in accordance with the fund's investment objectives.

At all times, the management company shall act on behalf of the unitholders, and it alone is entitled to exercise the voting rights attached to the securities included in the fund.

#### **Article 5a - Operating rules**

The instruments and deposits eligible to form part of the UCITS's assets, as well as the investment rules, are described in the mutual fund's prospectus.

#### **Article 5b - Admission to trading on a regulated market and/or a multilateral trading system**

Units may be listed for trading on a regulated market and/or a multilateral trading system according to the regulations in force. In the event that the fund whose units are admitted to trading on a regulated market has a management objective based on an index, the fund must have put in place a mechanism to ensure that the price of its units does not deviate significantly from its net asset value.



#### **Article 6 – Custodian**

The custodian shall perform the duties for which it is responsible in accordance with the legal and regulatory provisions in force and those contractually entrusted to it by the management company. The custodian must, in particular, ensure that the management company's decisions are lawful. Where applicable, the custodian must take any protective measures that it deems useful. In the event of a dispute with the management company, the custodian shall inform the AMF.

#### **Article 7 – Statutory auditor**

A statutory auditor is appointed by the management company's management body for a term of six financial years after approval from the AMF. The statutory auditor shall certify that the accounts are true and fair.

The statutory auditor may be reappointed to office.

The statutory auditor shall inform the AMF as soon as possible of any event or decision concerning the UCITS of which the statutory auditor has become aware in the course of the work that may:

1° Constitute an infringement of applicable laws or regulations and which may have a significant effect on the Fund's financial situation, earnings, or assets;

2° Adversely affect the conditions or the continuity of its operations;

3° Result in the statutory auditor expressing a qualified opinion or refusing to certify the accounts.

Asset valuations and the determination of exchange rates used in currency conversions, mergers, or spin-offs shall be audited by the statutory auditor.

The statutory auditor shall be responsible for the valuation of all contributions in kind.

The statutory auditor shall certify the composition of the fund's assets and other information before it is reported.

The statutory auditor's fees shall be mutually agreed by the auditor and the management body of the management company, in light of the auditor's work schedule and the work deemed necessary.

#### **Article 8 – Financial statements and management report**

At the close of each fiscal year, the management company shall draw up the financial statements and a report on the fund's management (where applicable, relating to each sub-fund) for the past year.

At least once every six months, the management company shall prepare an inventory of the UCITS's assets under the custodian's supervision.

The Fund's asset inventory shall be certified by the custodian, and all of the documents cited above shall be reviewed by the statutory auditor.

The management company shall hold these documents for consultation by the unitholders for a period of four months from the year-end and inform them of their revenue entitlement. These documents shall be either sent by post, at the express request of the unitholders, or made available to them at the management company's offices.

### **TITLE III**

#### **ALLOCATION OF AMOUNTS AVAILABLE FOR DISTRIBUTION**

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#### **Article 9 – Allocation of amounts available for distribution**

Net income for the year is equal to the amount of interest, arrears, premiums, bonuses and dividends, as well as all income relating to securities that constitute the mutual fund's portfolio, plus income from temporary cash holdings, less management fees and borrowing costs.

Distributable amounts consist of the following:

1° Net income for the year, plus retained earnings and plus or minus the balance of the income accrual account for the year;

2° Capital gains realised, net of costs, minus capital losses realised, net of costs recorded during the period, plus net capital gains of the same type recorded during earlier periods that were not the subject of any distribution and capitalisation and minus or plus the balance of accrued capital gains.

The amounts indicated in points 1° and 2° above may be distributed independently of each other, in whole or in part.

Distributable amounts must be paid within a maximum period of five months from the year-end.



The management company shall decide how to allocate the income.

For each unit class, where applicable, the mutual fund may opt for one of the following formulas for each of the amounts mentioned in points 1° and 2°:

- Pure accumulation: distributable amounts shall be fully accumulated, with the exception of those amounts which are subject to compulsory distribution by law;
- Pure distribution: all amounts available for distribution shall be distributed to the nearest round number; the company may make interim dividend distributions;
- For mutual funds that would like to remain free to accumulate and/or distribute, and/or to retain distributable amounts, the management company decides each year on the allocation of the amounts indicated in points 1° and 2°.

Where applicable, the management company can decide, during the year, to distribute one or several interim dividends within the limit of the net revenues of each of the amounts indicated in 1° and 2°, booked on the decision date, as well as their amounts and their distribution dates.

For the i) pure distribution and ii) accumulation and/or distribution units, the management company decides each year how to allocate the capital gains (accumulation, distribution and/or carry-over).

More precise details concerning the allocation of distributable amounts are provided in the prospectus.

#### **TITLE IV**

##### **MERGER - DEMERGER - DISSOLUTION - LIQUIDATION**

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###### **Article 10 – Merger - Demerger**

The management company may transfer all or part of the fund's assets to another UCITS or split the fund into two or more other mutual funds.

Such mergers or demergers may only be carried out after unitholders have been notified. After each transaction, new certificates shall be issued stating the number of units held by each unitholder.

###### **Article 11 – Dissolution – Extension**

If the assets of the fund (or, where applicable, the sub-fund) remain below the minimum level set in article 2 for thirty consecutive days, the management company shall notify the AMF and then either arrange a merger with another mutual fund or wind up the fund (or, where applicable, the sub-fund).

- The management company may wind up the fund (or, where applicable, the sub-fund) early; it shall notify the unitholders of this decision, and no application for subscription or redemption shall be accepted after such an announcement.
- The management company shall wind up the fund (or, where applicable, the sub-fund) if it receives an application to redeem all its assets, if the custodian ceases to operate and no other custodian has been appointed, or on expiry of its term, if it is not extended.

The management company shall inform the AMF by mail of the planned dissolution date and procedure. It shall then send the statutory auditor's report to the AMF.

The management company may decide, with the custodian, to extend the Fund. The decision must be taken at least three months before expiry of the fund's anticipated term and reported to the unitholders and the AMF.

###### **Article 12 – Liquidation**

In the event of dissolution, the management company shall assume the role of liquidator; if this is not possible, a liquidator shall be appointed by the court at the request of any interested party. In such an event, they shall be entrusted with full powers to realise assets, pay off any creditors, and distribute the remaining balance among the unitholders in the form of cash or securities.

The statutory auditor and the custodian shall continue in office until all liquidation operations have been completed.



**TITLE V**

**DISPUTES**

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**Article 13 – Jurisdiction - Election of Domicile**

Any dispute that may arise during the Fund's existence or upon its liquidation, either between the unit holders themselves or between the unit holders and the management company or the custodian, shall be referred to the courts having jurisdiction.