

# MANDARINE FUNDS

SICAV incorporated under Luxembourg law with multiple sub-funds

## PROSPECTUS

February 2017

*Subscriptions must be based on the prospectus of Mandarin Funds (“**SICAV**”), including the respective descriptions for each of the Sub-Funds listed in Appendix 1 of this prospectus (“**Prospectus**”) accompanied by the statutes of the SICAV and key investor information documents relating to the Sub-Fund or share class of the SICAV in question (“**KIID**”).*

*This Prospectus must be accompanied by the most recent annual report and the latest half-yearly report, if more recent than the annual report.*

Subscription, conversion and redemption forms are available on request from:

- the registered office of the SICAV, 60, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg;
- the Central Administration, BNP PARIBAS SECURITIES SERVICES – Luxembourg Branch, 60, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

## **PREAMBLE**

The SICAV is registered in the official list of mutual funds ("**UCI**"), in accordance with the Law of 17 December 2010 regarding mutual funds and any subsequent amendments (the "**Law of 2010**"). This registration shall under no circumstances and in no way whatsoever be considered as a positive assessment made by the Commission de Surveillance du Secteur Financier (hereinafter referred to as the "**CSSF**" - the Luxembourg financial regulatory authority) as to the quality of the securities being offered.

The Board of Directors of the SICAV (the "**Board of Directors**") has taken all possible precautions to ensure that the information provided in this Prospectus is accurate and precise and that no important detail has been omitted, where such an omission would make any of the statements herein erroneous. The Board of Directors is committed to its responsibility regarding the accuracy of the information contained in the Prospectus at its date of publication. Consequently, no information other than that contained in this Prospectus and in the documents mentioned herein should be used. The French document shall be legally binding, unless otherwise stated in the legislation in force by the authorities under whose jurisdiction the SICAV is registered.

Neither the submission of this Prospectus or the KIID in question or the offer, issuance or sale of shares of the SICAV shall constitute a statement according to which the information given in this Prospectus shall at all times be accurate subsequent to the date of the Prospectus. In order to take account of significant changes, including the opening of a SICAV Sub-Fund (a "**Sub-Fund**") or a new share class, this Prospectus shall be updated as required. For this reason, it is recommended that subscribers inquire at the SICAV with regard to the publication of any more recent Prospectus or KIID.

The shares of the SICAV may, by a decision of the Board of Directors, be listed on the Luxembourg stock exchange.

If you have any question about the content of this prospectus (or the documents it mentions) or if you intend to subscribe to shares in the SICAV, you are advised to consult a professional adviser. Nobody is authorised to provide information or make presentations relating to the issuance of shares in the SICAV (the "**Shares**") which are not included or which are not referred to in this Prospectus or in the appended reports. Neither the distribution of the Prospectus or the KIID(s), or the offer, issuance or sale of Shares shall constitute a presentation that the information contained in this document is correct at any date subsequent to the date of this Prospectus. Nobody receiving a copy of this Prospectus in any country should treat it as if it constitutes an offer, unless in the country in question this offer may legally be made without this person needing to comply with registration requirements or other legal conditions. Each person seeking to purchase Shares shall be responsible for respecting the laws of the relevant country with regard to the acquisition of Shares, including gaining governmental and other approval which may be required, and for respecting any other formalities which must be respected in said country.

Potential investors should carry out the independent research and analyses they deem suitable to assess the advisability and risks of an investment in the Sub-Funds. Investors should only invest if they have the financial resources necessary to bear the loss of their entire investment. This information should not be interpreted as investment or tax advice. Potential investors should consult their financial and tax advisers before investing in order to determine whether an investment is suitable to them.

**Sales restrictions** - The SICAV is authorised as an undertaking for collective investment in transferable securities in the Grand Duchy of Luxembourg, where its Shares may be offered and sold. The distribution of the Prospectus and the offering of Shares is restricted in certain jurisdictions. The Prospectus does not constitute an offer or invitation in any jurisdiction where it is illegal or if the person making the offer or invitation is not qualified to do so or if the person receiving the offer or invitation cannot legally receive it.

It is the responsibility of any person in possession of this Prospectus and any persons wishing to subscribe Shares to inform themselves on this subject and to comply with all laws and regulations of all relevant jurisdictions. Investors should inform themselves and take appropriate advice on the subject of legal measures, any subsequent taxes, restrictions on the foreign exchange market and/or exchange control requirements that may be applicable under the national laws of the country of their nationality, residence or domicile and which may be relevant to the subscription, purchase, holding, exchange, redemption or transfer of Shares.

**European Union and European Economic Area (EEA):** The SICAV has the status of an Undertaking for the Collective Investment of Transferable Securities (“**UCITS**”) and has filed an application for recognition under Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to certain undertakings for collective investment in transferable securities (the “**UCITS Directive**”), for distribution to the public in some Member States and in some EEA countries and on all or part of the Sub-Funds or all or part of the Shares of such Sub-Funds; additional information is available from the Board of Directors.

**Other countries:** The SICAV may seek authorisation for distribution to the public in certain countries with respect to all or part of the Sub-Funds or all or part of the Shares of such Sub-Funds; additional information is available from the Board of Directors.

**United States:** The term “American National” or “US Persons” as used in this Prospectus has the meaning given in *Regulation S*, as amended, of the *Securities Act* of 1933 of the United States of America, as amended (the “**1933 Law**”), or in any other regulation or law which may come into force in the United States of America and which might in future replace *Regulation S*, as amended, of the 1933 Law.

No action has been taken to register the SICAV or its Shares with the US Securities and Exchange Commission, as required by the US Investment Company Act of 1940 (as amended). Accordingly, this Prospectus has not been approved by that authority. It may not, therefore, be introduced, sent or distributed in the United States of America (including its territories and possessions) or delivered to US citizens or residents, or to companies, associations or other organisations registered in the United States of America or governed by the laws of the United States of America. Furthermore, the Shares have not been registered under the Law of 1933 and may not be offered or sold, directly or indirectly, to American Nationals or US Persons in the United States of America (including its territories and possessions). Any violation of these restrictions may constitute a violation of US securities law. The Board of Directors may demand immediate redemption of all Shares purchased or held by American Nationals or US Persons, including all investors who become American National after buying Shares.

### **Specific restrictions**

Notwithstanding the provisions relating to sales restrictions and possible exceptions at the discretion of the Board of Directors, the Shares may not be offered or sold directly or indirectly for the benefit of the “Specified US Person” within the meaning of the FATCA law (*US Foreign Account Tax Compliance Act 2010*). In the event of non-compliance, the Board of Directors may, at its sole discretion, require the immediate reimbursement of Shares purchased or held by “Specified U.S. Persons” within the meaning of the “FATCA” law.

The articles of association include clauses intended to prevent the holding of Shares by American nationals or US Persons and by Specified US Persons under circumstances which would cause the violation of the laws of the United States of America by the SICAV, and to enable the Board of Directors to proceed with the forced redemption of these Shares, as deemed necessary or appropriate by the Board of Directors in order to ensure compliance with the laws of the United States of America.

Potential investors are especially encouraged to inquire about the tax consequences, legal requirements and restrictive measures and exchange control requirements to which they may be subject in their country of residence, nationality or residence in relation to the subscription, purchase, possession or sale of Shares.

Potential investors are notified that investing in the SICAV is subject to risks.

Investments in the SICAV are subject to normal investment risks and, in some cases, may be unfavourably hit by political developments and/or changes in local laws, taxation, exchange controls and exchange rates. Investment in the SICAV involves investment risks, such as the potential loss of capital. The attention of potential investors is drawn to the fact that the price of Shares may fall as well as rise.

### **Protection of personal data**

The SICAV and La Française AM International (the “**Management Company**”) and their agents and delegates collect, store and process, electronically or by other means, personal data provided by investors at the time of subscription and therefore act as data controllers.

The data controllers hold this data on their computer systems and for processing or transmission to third parties (including service providers, registered auditors and legal consultants) and their agents or delegates who are responsible for processing certain data in the course of their duties and can therefore act as data processors.

This personal data may therefore be stored, processed, transferred and disclosed by data controllers or processors in the course of their activities or services provided and under the conditions provided for by law. These services include, non-exhaustively, processing investor subscriptions, maintaining the register of Shareholders of the SICAV and providing information to investors. In addition, this data may also be used in compliance with international rules and Luxembourg laws and regulations relating to obligations in the fight against money laundering and the financing of terrorism.

In the context of the above paragraphs, investors should note that this data may be processed in countries that do not have personal data protection rules equivalent to those of the EEA.

This data will only be used for the purpose for which it was collected except where the investor concerned expressly consents to the data being used for other purposes.

Investors may request access to, or correction or deletion of, the data they have provided in accordance with applicable law.

### **Solvency II**

The Management Company may be required to transmit all or part of the information concerning the composition of the portfolio of the SICAV to enable some of its investors, in particular institutional investors, to comply with their obligations under Directive 2009/138/EC, “**Solvency II**”, with respect to transparency (SCR – Solvency Capital Requirement). The Management Company will ensure that each investor who is a recipient of this information has established procedures for managing sensitive information prior to the transmission of the composition of the portfolio so that such information be used only for calculating prudential requirements. These procedures must also prevent market timing and late trading practices.

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## MANDARINE FUNDS

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### THE SICAV AND PARTIES CONCERNED

<b>Name of the SICAV</b>	MANDARINE FUNDS
<b>Registered office of the SICAV</b>	60, Avenue J.F Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
<b>Luxembourg Register of Companies No</b>	B 151691
<b>Legal form</b>	Société d'Investissement à Capital Variable [open-ended investment company] ( <b>SICAV</b> ) with multiple Sub-Funds governed by Luxembourg law, subject to Part I of the Law of 2010.
<b>Date of incorporation</b>	3 March 2010
<b>Date of amendment of the coordinated Articles of Association</b>	25 January 2016
<b>Date of publication of the Memorandum of Association in the Mémorial, Recueil des Sociétés et Associations</b>	22 March 2010
<b>Date of publication of the latest version of the coordinated Articles of Association in the Mémorial, Recueil des Sociétés et Associations</b>	12 April 2016
<b>Minimum capital</b>	EUR 1,250,000
<b>SICAV benchmark currency</b>	EUR
<b>Close of financial year</b>	31 December of each year
<b>Board of Directors</b>	<p>Marc RENAUD Chairman MANDARINE GESTION 40, Avenue George V 75008 Paris – France CEO</p> <p>Rémi LESERVOISIER Director MANDARINE GESTION 40, Avenue George V 75008 Paris, France Director</p> <p>Isabelle KINTZ Director LA FRANCAISE AM INTERNATIONAL 2, boulevard de la Foire L-1528 Luxembourg Director</p> <p>Guillaume BRICKA Legal Manager LA FRANCAISE AM Internationale 2, boulevard de la Foire L-1528 Luxembourg Director</p>

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<b>Management Company</b>	LA FRANCAISE AM INTERNATIONAL Société Anonyme 2, boulevard de la Foire L-1528 Luxembourg
<b>Executive Board of the Management Company</b>	Philippe VERDIER 2, boulevard de la Foire L-1528 Luxembourg Director  Isabelle KINTZ 2, boulevard de la Foire L-1528 Luxembourg Director  Philippe LECOMTE 2, boulevard de la Foire L-1528 Luxembourg Chairman of the Executive Board  Alain GERBALDI 2, boulevard de la Foire L-1528 Luxembourg Director
<b>Supervisory Board of the Management Company</b>	Patrick RIVIERE 128, Boulevard Raspail 75008 Paris – France Chairman of the Supervisory Board  Xavier LEPINE 128, Boulevard Raspail 75008 Paris – France Member of the Supervisory Board  Pierre LASSERRE 128, Boulevard Raspail 75008 Paris – France Member of the Supervisory Board
<b>Sub-Fund manager</b>	MANDARINE GESTION Société Anonyme 40, Avenue George V F-75008 Paris – France
<b>Custodian Bank and Paying Agent</b>	BNP Paribas Securities Services, Luxembourg Branch 60, Avenue J.F Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
<b>Central Administration</b>	BNP Paribas Securities Services, Luxembourg Branch 60, Avenue J.F Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

## **MANDARINE FUNDS**

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**Entities authorised to receive subscription, reimbursement and conversion orders**      BNP Paribas Securities Services, Luxembourg Branch  
60, Avenue J.F Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

**Accredited Statutory Auditor**      DELOITTE AUDIT  
Société à responsabilité limitée  
560, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg



## **1. DESCRIPTION OF THE SICAV**

MANDARINE FUNDS is an undertaking for collective investment in transferable securities (UCITS / SICAV) with multiple Sub-Funds, under Luxembourg law, subject to Part I of the Law of 2010 incorporating the conditions of the current version of the UCITS Directive.

The fact that the SICAV is included on the official list drawn up by the controlling authority shall under no circumstances be construed as a positive assessment on the part of the supervisory authority of the quality of the securities offered for sale.

The descriptions of the Sub-Funds in existence on the date of this Prospectus, describing their investment policies and their main characteristics, are available in appendix 1 to the present Prospectus.

The Board of Directors may create new Sub-Funds or classes of Shares at any time.

The SICAV with multiple Sub-Funds constitutes a legal entity in its own right. The individual Sub-Funds do not, however, constitute legal entities that are distinct from the SICAV. The capital of the SICAV is equal to the total net assets of the various Sub-Funds. With regard to third parties, the assets of a given sub-fund shall be liable only for the debts, liabilities and obligations relating to that sub-fund.

## **2. OBJECTIVE OF THE SICAV**

The objective of the SICAV is to offer its shareholders ("**Shareholders**") access to a selection of markets and to a variety of investment techniques through a range of specialist Sub-Funds gathered around a single structure, enabling them to participate in the professional management of portfolios of transferable securities and/or other liquid financial assets, as defined in the investment policy of each Sub-Fund (see Sub-Fund descriptions).

The SICAV may, at its own discretion, modify the objectives and investment policies of each Sub-Fund, as long as the Shareholders are informed of any important amendment to the objectives and investment policies at least one month prior to them entering into force, to enable them, if necessary, to demand that their Shares be redeemed free of charge and that this Prospectus be subsequently updated.

The diversification of the funds that make up the Sub-Funds ensures that the risk inherent to any investment is limited, without however being excluded altogether. The SICAV therefore cannot guarantee that its objective will be realised in full.

The SICAV will invest under the control and responsibility of the Board of Directors.

## **3. ELIGIBLE INVESTMENTS**

### **1. The investments of the SICAV exclusively comprise:**

- a. transferable securities and money market instruments listed or traded on a regulated market;
- b. transferable securities and money market instruments listed or traded on another market of a European Union member state that is regulated, operates regularly, is recognised and open to the public;
- c. transferable securities and money-market instruments admitted to official listing on a stock exchange of a non-European Union Member State or traded on another regulated market of a non-European Union Member State, and which operates regularly and is recognised and open to the public, provided that provision has been made in the Articles of Association for the choice of stock exchange or market. According to the Articles of Association, investments can be made on any stock exchange or regulated market which operates regularly, is recognised and open to

the public and is based in Europe, Africa, the Americas, Asia or Oceania;

- d. Newly issued transferable securities and money market instruments, provided that:
- the issue conditions include a commitment to apply to be admitted to official listing on a stock exchange or other regulated market which operates regularly, is recognised and open to the public;
  - the listing is achieved at the latest within a year of issue;
- e. units of UCITS approved in accordance with the UCITS Directive and/or of other UCIs within the meaning of Article 1(2) (a) and (b), of the UCITS Directive, whether or not they are in a member state of the European Union ("**other UCIs**"), provided that:
- such other UCIs are approved in accordance with legislation stipulating that these undertakings are subject to supervision which the CSSF considers equivalent to that stipulated by community legislation, and that cooperation between the authorities is adequately guaranteed;
  - the level of protection guaranteed to unitholders in such other UCIs is equivalent to that stipulated for unitholders in a UCITS and, in particular, that the rules relating to the division of assets, borrowings, loans and the short selling of transferable securities and money-market instruments are equivalent to the requirements of the UCITS Directive;
  - the business of such other UCIs is reported in half-yearly and annual reports enabling an assessment to be made of assets and liabilities, profits and transactions in the reporting period;
  - no more than 10% of the assets of the UCITS or other collective investment undertakings whose acquisition is contemplated can, according to their fund rules or instruments of incorporation, be invested in aggregate in units of other UCITS or other collective investment undertakings;
- f. deposits with credit institutions which are repayable on demand or can be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State of the European Union or, if the registered office of the credit institution is situated in a non-Member State, are subject to prudential rules considered by the CSSF as equivalent to those laid down in European Community law;
- g. derivative instruments, including similar instruments that give rise to a cash settlement, which are traded on a regulated market of the type referred to under a), b) and c) above; and/or OTC derivative financial instruments ("**OTC derivative instruments**"), on condition that:
- the underlying assets consist of instruments covered by this point 1, in financial indices, interest rates, exchange rates or currencies, in which the SICAV may invest in accordance with its investment objectives, as provided for in the Articles of Association of the SICAV and in this Prospectus;
  - the counterparties to OTC derivative transactions are establishments which are subject to prudential monitoring and which belong to the categories authorised by the CSSF;
  - the OTC derivative instruments are subject to a reliable and verifiable valuation on a daily basis and may, on the SICAV's initiative, be sold, liquidated or closed by means of a symmetrical transaction at any time and at their fair value;
- h. money-market instruments other than those traded on a regulated market, on condition that the issue or issuer of such instruments are themselves subject to regulations intended to protect investors and their savings, and that such instruments are:
- issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the European Union or the European

Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or

- issued by an undertaking whose securities are traded on the regulated markets referred to in points a), b) or c) above, or
- issued or guaranteed by an establishment subject to prudential monitoring in accordance with criteria defined by Community law, or by an establishment which is subject to and which complies with prudential rules considered by the CSSF as being at least as stringent as those laid down by Community legislation, or
- issued by other bodies belonging to categories approved by the CSSF, on condition that investments in such instruments are subject to rules for the protection of investors which are equivalent to those referred to in the first, second or third indents above and on condition that the issuer is a company whose capital and reserves amount to a minimum of ten million euros (10,000,000 euros) and which submits and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, or a body which, as part of a group of companies that includes one or more listed companies, is dedicated to financing the group or a body that is dedicated to financing securitisation vehicles benefiting from a line of banking finance.

**2. However, the SICAV:**

- a. may invest up to 10% of its assets in transferable securities and money market instruments other than those referred to in point 1 of this section;
- b. may acquire movable and immovable property which is essential for the direct pursuit of its business;
- c. may not acquire precious metals or certificates representing precious metals.

**3. The SICAV may hold ancillary liquid assets.**

**4. INVESTMENT RESTRICTIONS**

The following criteria and restrictions must be observed by each of the Sub-Funds of the SICAV, with the exception of point 5. a) and b), which applies to all of the Sub-Funds together.

**Restrictions relating to transferable securities and money-market instruments**

- 1. a. The SICAV may invest no more than 10% of its assets in securities or money-market instruments issued by the same body. The SICAV may invest no more than 20% of its assets in deposits placed with the same entity. The counterparty risk of the SICAV in a transaction involving OTC derivative instruments may not exceed 10% of its assets where the counterparty is one of the credit institutions referred to in section 3, point 1.f), or 5% of its assets in other cases.
- b. The total value of the transferable securities and money-market instruments held by the SICAV in issuers in each of which it invests more than 5% of its assets must not exceed 40% of the value of its assets. This limit does not apply to deposits with financial institutions which are subject to prudential supervision and to OTC transactions on derivative instruments with these institutions.
- c. Notwithstanding the individual limits laid down in 1.a., the SICAV may not combine:
  - investments in transferable securities or money market instruments issued by a single body,
  - deposits made with a single body, and/or
  - exposure arising from OTC derivative transactions undertaken with a single body, Which amount to more than 20% of its net assets.
- d. The limit provided for in point 1.a., first sentence, is raised to a maximum of 35% if

the transferable securities or money-market instruments are issued or guaranteed by a Member State of the European Union, its local authorities, a non-Member State or public international bodies of which one or more Member States are members.

- e. The limit stipulated in point 1.a., first sentence, is raised to a maximum of 25% in the case of bonds issued by a credit institution which has its registered office in a European Union Member State and which is subject by law to special public supervision designed to protect bond-holders. In particular, the amounts raised from the issue of such bonds must be invested, in accordance with the law, in assets that adequately cover the liabilities arising from the bonds throughout the term of the bond, and which are preferentially charged with the repayment of capital and payment of accrued interest in the event of non-payment by the issuer. When the SICAV invests more than 5% of its assets in the bonds referred to in the first indent issued by a single issuer, the total value of such investments may not exceed 80% of the value of the SICAV's assets.
- f. The transferable securities and money market instruments referred to in 1.d and 1.e. shall not be taken into account for the purpose of applying the limit of 40% referred to in 1.b.

The limits provided for in 1.a., 1.b., 1.c., 1.d. and 1.e. may not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body carried out in accordance with 1.a., 1.b., 1.c., 1.d. and 1.e. shall under no circumstances exceed in total 35% of the assets of the SICAV.

Companies included in the same group for the purposes of consolidated accounts, within the meaning of Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits set down in this paragraph.

The SICAV may cumulatively invest up to 20% of its assets in transferable securities and money-market instruments of the same group.

- 2. a. Without prejudice to the limits laid down in point 5, the limits laid down in point 1 are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when, according to the Articles of Association, the aim of the SICAV's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the CSSF, on the following bases:
  - the composition of the index is sufficiently diversified;
  - the index represents an adequate benchmark for the market to which it refers;
  - it is published in an appropriate manner.
- b. The limit referred to in 2.a. is 35% where this proves to be justified by exceptional market conditions, particularly in regulated markets where certain transferable securities or money-market instruments are broadly dominant. The investment up to this limit is only permitted for a single issuer.
- 3. In accordance with the principle of risk-spreading, the SICAV may invest up to 100% of its net assets in various issues of transferable securities and money-market instruments issued or guaranteed by an EU member state, its local authorities, an OECD Member State or public international bodies of which one or more European Union Member States are members, provided it holds securities belonging to at least six different issues, but securities from any one issue may not account for more than 30% of the total.

#### **Restrictions relating to UCITS and other UCIs**

- 4. a. The SICAV may acquire units in UCITS and/or other UCI referred to in section 3.

point 1.e., provided it does not invest more than 20% of its assets in the same UCITS or another UCI.

For the purposes of applying this investment limit, each Sub-Fund of the SICAV is to be regarded as a separate issuer, provided the principle of segregation of the commitments of the different Sub-Funds with respect to third parties is assured.

- b. Investments in units of UCIs other than UCITS may not exceed, in total, 30% of the assets of the SICAV.  
Where the SICAV has acquired units in UCITS and/or other UCIs, the assets of such UCITS or other UCIs are not combined for the purposes of the limits referred to in point 1.
- c. Where the SICAV invests in the units of other UCITS and/or other UCIs which are managed, either directly or by delegation, by the same management company or by any other company to which the management company is linked by common management or control, or by a substantial direct or indirect holding, the said management company or other company may not levy subscription or redemption charges in respect of the investment of the SICAV in the units of other UCITS and/or other UCIs.
- d. Where the SICAV invests a significant proportion of its assets in other UCITS and/or other UCIs, the descriptions of the Sub-Funds concerned or the KIID will indicate the maximum level of management charges that may be charged both to the SICAV itself and to the other UCITS and/or other UCIs in which the SICAV intends to invest. In its annual report the SICAV must indicate the maximum percentage of management charges involved, both with regard to the SICAV and to the UCITS and/or other UCIs in which it invests.

#### **Restrictions relating to takeovers**

- 5. a. The SICAV may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuer.
- b. The SICAV may not acquire more than:
  - 10% of the non-voting shares of the same issuer;
  - 10% of the bonds of a given issuer;
  - 25% of the units of the same UCITS and/or other UCIs;
  - 10% of the money market instruments of any single issuer.

The limits laid down in the second, third and fourth indents may be disregarded at the time of acquisition if, at that time, the gross amount of the bonds or money-market instruments or the net amount of the securities in issue cannot be calculated.
- c. points a) and b) do not apply with regard to:
  - transferable securities and money market instruments issued or guaranteed by a Member State of the European Union or its local authorities;
  - transferable securities and money market instruments issued or guaranteed by a non-Member State of the European Union;
  - transferable securities and money-market instruments issued by public international bodies of which one or more EU Member States are members;
  - shares held by the SICAV in the capital of a company incorporated in a non-EU State investing its assets mainly in the securities of issuers from that State, where under the legislation of that State such a holding represents the only way in which the SICAV can invest in securities of issuers of that State. This derogation, however, shall apply only if in its investment policy the company from the non-member State complies with the limits laid down in points 1., 4., 5.a. and 5.b. If the limits stated in points 1 and 4 are exceeded, point 6 shall apply mutatis mutandis;
  - shares held by one or more investment companies in the capital of subsidiary companies carrying on the business of management, advice or marketing of the

latter exclusively on their behalf in the country in which the subsidiary is located, with respect to the repurchase of units at the holders' request.

#### **Derogations**

6. a. The SICAV need not necessarily comply with the limits laid down in this section when exercising subscription rights attaching to transferable securities or money-market instruments which form part of their assets. While ensuring observance of the principle of risk-spreading, a recently authorised SICAV may derogate from points 1, 2, 3 and 4 for six months following the date of its authorisation.
- b. If the limits referred to in point 6.a. are exceeded for reasons beyond the control of the SICAV or as a result of the exercise of subscription rights, that SICAV must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unit holders.
- c. If an issuer is a legal entity with multiple Sub-Funds where the assets of a Sub-Fund are exclusively reserved to the investors in that Sub-Fund and to those creditors whose claim arose when that Sub-Fund was launched, operated or liquidated, each Sub-Fund is to be considered as a separate issuer when applying the risk-spreading rules set out in points 1, 2 and 4.

#### **Restrictions relating to borrowings, loans and short sales**

7. The SICAV may not borrow, with the exception of:
  - a. the acquisition of foreign currency by means of a back-to-back loan;
  - b. loans up to 10% of its net assets, provided the borrowing is on a temporary basis;
  - c. loans up to 10% of its net assets, provided that the borrowing is to make possible the acquisition of immovable property essential for the direct pursuit of its business; in this case the borrowing and those referred to in point 7.b. may not in any case jointly exceed 15% of the SICAV's net assets.
8. Without prejudice to the SICAV's investment powers laid down in section 3, the SICAV may not grant loans or act as a guarantor on behalf of third parties. This restriction shall not prevent the SICAV from acquiring transferable securities, money-market instruments or other financial instruments referred to in section 3, points 1.e., 1.g. and 1.h., which are not fully paid up.
9. The SICAV may not carry out short selling of transferable securities, money market instruments or other financial instruments as referred to in section 3, points 1.e., 1.g. and 1.h., which are not fully paid up.

#### **Restrictions relating to derivative techniques and instruments**

10. a. **General Provisions** The SICAV is furthermore authorised to employ techniques and instruments relating to transferable securities and money-market instruments under the conditions and within the limits laid down by the CSSF, provided that such techniques and instruments are used for the purpose of efficient portfolio management and/or in order to protect its assets and liabilities.  
If these operations concern the use of derivative instruments, these conditions and limits must conform to the provisions of the Law of 2010 and the provisions of CSSF Circular 14/592 aimed at transposing into Luxembourg law applicable to UCITS subject part I of the Law of 2010 the "*Guidelines for competent authorities and UCITS management companies – Guidelines on ETFs and other UCITS issues (Ref. ESMA/2014/937)*" published 18 December 2012 by the European Securities and Markets Authority ("**ESMA**") ("**ESMA Guidelines**").

To this end, each Sub-Fund or class is specifically authorised to carry out transactions involving the sale or purchase of foreign exchange futures and currency

futures as well as the sale of call options and the purchase of put options on currencies, in order to protect its assets against fluctuations in exchange rates or optimise its performance for the purpose of efficient portfolio management. The SICAV may also make use of securities lending transactions and repurchase agreements in accordance with the requirements of CSSF Circular 08/356.

If a Sub-Fund uses techniques and instruments, its description will mention this fact and include a detailed description of the risks associated with these activities, including counterparty risk and potential conflicts of interest (to the extent that the risk factors listed in this general part of the Prospectus do not cover this) and a description of their impact on the performance of this Sub-Fund. The use of these techniques and instruments must be consistent with the best interests of the Sub-Fund.

The description of the relevant Sub-Fund refers to the policy on direct and indirect costs/operational expenses arising from efficient portfolio management techniques and that may be deducted from income provided to the Sub-Fund. These costs and fees do not include hidden income. The Sub-Fund shall enter the identity of the entities to which the direct and indirect costs and expenses are paid and whether these entities are related into the Management Company or the custodian bank.

Techniques and instruments for the purpose of efficient portfolio management and/or in order to protect its assets and commitments must meet the following criteria:

- (a) they are economically appropriate in that their implementation is cost effective;
- (b) they are used to achieve one or more of the following:
  - (i) risk reduction;
  - (ii) cost reduction;
  - (iii) creation of additional capital or income for the Sub-Fund concerned with a level of risk consistent with the risk profile of the Sub-Fund concerned and the risk diversification rules as provided for under the Law of 2010.
- (c) the risks generated by these activities are taken into account appropriately by the risk management process of the SICAV.

Techniques and instruments which fulfil the above criteria and relating to money market instruments are considered techniques and instruments relating to money market instruments for the purposes of efficient portfolio management as provided for under the Law of 2010.

In its use of techniques and instruments for efficient portfolio management and/or in order to protect its assets and liabilities, the SICAV will at all times comply with the provisions of CSSF Circular 14/592 and the ESMA Guidelines.

In particular, the use of techniques and instruments relating to transferable securities and other money market instruments must not:

- (a) cause the Sub-Fund concerned to deviate from the stated investment objective, or
- (b) add significant additional risks relative to the risk policy initially described in this Prospectus, including the relevant Sub-Fund description.

All income from efficient portfolio management techniques, net of direct and indirect operating costs, will be returned to the Sub-Fund concerned.

By using the efficient portfolio management techniques, the SICAV must take into consideration these transactions during the development of its liquidity risk management process to ensure that it is able to meet its redemption obligations at

all times.

When these transactions involve derivatives, the conditions and limits established by the Law of 2010, the related regulations and the ESMA Guidelines must be followed. The annual report of the SICAV contains detailed information on:

- a) the exposure obtained through the efficient portfolio management techniques;
- b) the identity of the counterparty to these efficient portfolio management techniques;
- c) the type and amount of financial security (or collateral) received by the SICAV to reduce counterparty risk; and
- d) income from efficient portfolio management techniques throughout the period under consideration, as well as the direct costs and indirect operational costs incurred.

In no event must such transactions lead the SICAV to diverge from its investment objectives.

- b. In accordance with the Law of 2010 and the applicable texts, and especially by virtue of the CSSF Circular 11/512, the SICAV has implemented a risk management policy (*Risk Management Process*) in order to assess the market risks (including the global risk), liquidity and counterparty risks and any other risks (including operational risk) likely to be significant for the SICAV, given the objectives and investment strategies, management styles and methods used to manage the Sub-Funds.

In the framework of this global risk management policy, the SICAV identifies and measures the global risk either using the commitment approach or using the value at risk method ("**VaR**"), as indicated in the respective descriptions for each of the Sub-Funds listed in Appendix 1.

In financial and mathematical financial risk management, the VaR is a widely used measure of the risk of loss on a specific portfolio of financial assets. For an investment portfolio with a given probability and time horizon, the VaR measures the loss that may be incurred during a determined period under normal market conditions with a defined confidence interval. The VaR is calculated on the basis of a unilateral confidence interval of 99% and a holding period of 20 days. The exposure of the Sub-Funds is subject to periodic resistance tests.

The exposure of a Sub-Fund may also be increased by temporary loans, within the limit of 10% of the assets of the Sub-Fund.

The method used to calculate global exposure and the level of leverage effect expected, as determined for each Fund in accordance with the applicable regulations, are indicated in the respective descriptions.

The SICAV will ensure that its global exposure to derivative instruments does not exceed the Net Asset Value ("**NAV**") of its portfolio.

Risks are calculated taking due account of the current value of the underlying assets, the counterparty risk, foreseeable market development and the time available to liquidate positions.

In the context of its investment policy and within the limits laid down in point 1.f. above, the SICAV may invest in financial derivative instruments provided that the exposure to the underlying assets does not exceed the investment limits laid down in point 1. When the SICAV invests in derivative financial instruments based on an index, these investments shall not be combined with the limits set in point 1. When a transferable security or money-market instrument involves a derivative, the latter must be taken into account when applying the provisions in this point.



**Restrictions relating to securities lending**

11. The SICAV may engage in securities lending within the framework of a standardised lending system organised by a recognised securities clearing institution or by a first-rate financial institution which specialises in this type of transaction, subject to the following rules:

- in principle, the SICAV must receive a guarantee, the value of which, at the time of the loan agreement being concluded and for the entire duration of the loan, is at least equal to the total value of the securities lent.

This guarantee must be given in the form of liquid assets and/or securities issued or guaranteed by Member States of the OECD or by their local authorities or by supranational institutions and organisations of a Community, regional or global character. The funds/securities must be blocked in the SICAV's name until the lending contract expires.

- lending operations may not affect more than 50% of the total valuation of the securities held in the portfolio if the SICAV is not entitled to have the contract rescinded and the securities loaned returned at any time.
- transactions may not extend beyond a period of thirty days.

**Restrictions relating to repurchase and reverse repurchase agreements**

12. The SICAV may enter into repurchase agreements which consist of the purchase and sale of securities, the clauses of which reserve to the seller the right to repurchase the securities sold from the buyer at a price and date stipulated between the two parties on entering into the agreement, provided that the counterparties are first-class financial institutions which specialise in this type of transaction.

During the term of a repurchase agreement the SICAV may not sell the securities forming the object of the agreement before the counterparty has exercised its right to redeem the securities or before the repurchase period expires; the SICAV must ensure that repurchase transactions are performed on a scale such that it is able at all times to meet its obligation to repurchase its own Shares.

**Restrictions relating to repurchase and reverse repurchase transactions**

13. The SICAV may enter into repurchase and reverse repurchase agreements, the clauses of which reserve to the seller the right or obligation to repurchase the securities sold from the buyer at a price and date stipulated between the two parties on entering into the agreement, provided that the counterparties are first-class financial institutions which specialise in this type of transaction.

During the term of a reverse repurchase agreement the SICAV may not sell the securities forming the object of the agreement; the SICAV must ensure that reverse repurchase transactions are performed on a scale such that it is able at all times to meet its obligation to repurchase its own Shares. On maturity of a repurchase agreement the SICAV must have sufficient liquid assets to enable it to fulfil its obligation to repurchase the securities.

**Restrictions relating to “repurchase” or “repo” transactions**

14. The SICAV may enter into “repurchase” or “repo” transactions whereby one party “the seller” agrees to sell to the other party “the buyer” securities against payment of the purchase price by the seller to the buyer with a firm undertaking on the part of the buyer to sell equivalent securities to the seller on a specified date or on request in exchange for payment of the purchase price by the seller to the buyer.

The SICAV may act either as buyer or seller in “repo” transactions. The counterparties must be first-class financial institutions which specialise in this type of transaction.

During the term of a “repo” agreement where the SICAV is acting as the buyer, it may not sell the securities covered by the agreement until either the counterparty repurchases the securities or the repurchase period expires.

The SICAV must ensure that repo transactions are performed on a scale such that it is able at all times to meet its obligation to repurchase its own Shares. On maturity of a “repo” agreement where the SICAV acts as the seller the SICAV must have sufficient liquid assets to enable it to meet its obligation to repurchase the securities.

#### **Restrictions relating to “buy/sell” transactions**

15. The SICAV may enter into “buy/sell” transactions for which the buyer agrees to sell the bond in cash before subsequently repurchasing it. The selling price of the bond includes the interest accrued on the coupon on the date of sale, while the repurchase price includes this initial amount and the “repo” interest. “Buy/sell” transactions are subject to the same conditions as those applicable to “repo” transactions.
16. The Management Company shall employ a risk management method enabling it to verify and measure the risk associated with its positions and the contribution of said positions to the general risk profile of the portfolio at any time, and which enables an accurate valuation independent of the value of over-the-counter derivative instruments. The risk management method used shall be dependent on the specific investment policy for each sub-fund. Unless otherwise stated in the corresponding description for a particular Sub-Fund, the commitment approach will be used to measure the overall risk.

### **5. CROSS-INVESTMENTS**

A Sub-Fund may subscribe to, acquire and/or hold securities issued or to be issued by one or more other Sub-Funds (the “**Target Sub-Fund(s)**”), provided that:

- the Target Sub-Fund does not invest in the Sub-Fund invested in that Target Sub-Fund;
- the proportion of assets that the Target Sub-Fund whose acquisition is contemplated may invest globally in units of other UCITS or UCIs does not exceed 10%;
- any voting right attached to the securities concerned will be suspended for as long as they are held by the relevant Sub-Fund, notwithstanding appropriate treatment in the accounts and regular reports;
- in all cases, for as long as these securities are held by the SICAV, their value will not be taken into account in the calculation of the SICAV's net assets for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law;
- subscription, redemption and conversion fees may only be taken into account at the level of the Sub-Fund investing in the Target Sub-Fund or at Target Sub-Fund level;
- There will be no duplication of management fees on the portion of assets held by a Sub-Fund in a Target Sub-Fund.

### **6. MASTER/FEEDER STRUCTURES**

Under the terms laid down by the laws and regulations applicable in the Grand Duchy of Luxembourg, the Board of Directors is fully, and at any time deemed appropriate, authorised by the laws and regulations of the Grand Ducal territory to:

- create a Sub-Fund qualifying as a feeder UCITS (the “**Feeder Fund**”) or master UCITS (the “**Master Fund**”),

- convert an existing Sub-Fund into a Sub-Fund qualifying as a feeder fund or change the master fund of any Sub-Fund qualifying as a feeder fund.

The Master Fund must not itself be a feeder fund and must not hold share / units of a feeder fund.

By way of exemption from Article 2 (2), indent 1, Articles 41, 43, 46 and Article 48 (2), indent 3 of the Law of 2010, a Sub-Fund qualifying as a Feeder Fund must invest at least 85% of its assets in shares or units of a Master Fund or Sub-Fund thereof.

A Sub-Fund acting as a Feeder Fund may also invest up to 15% of its assets in one or more of the following:

- (i) ancillary liquid assets in accordance with Article 41 (2), paragraph 2, of the 2010 Law;
- (ii) financial derivatives, which may be used solely for hedging purposes, in accordance with Article 41 (1) (g) and Article 42 (2) and (3) of the 2010 Law;
- (iii) the movable and immovable property essential for the direct exercise of the activity of the SICAV.

The Master Fund must provide the Feeder Fund with all the documents and information necessary for it to comply with the requirements of the 2010 Law. To this end, the Feeder Fund enters into an agreement with the Master Fund. A summary of this agreement put in place for each master / feeder structure will be available at the registered office of the Management Company.

When the Master Fund and Feeder Fund are both managed by the Management Company, this agreement may be replaced by the internal rules of conduct of the Management Company.

If a Feeder Fund invests in the shares / units of a Master Fund managed directly or by delegation by the Management Company, or by a company with which the Management Company is related by joint management or control or as the result of a significant direct or indirect holding, the Management Company or the other company may not charge subscription or redemption fees in connection with the investments of the Feeder Fund in the shares / units of the Master Fund.

The maximum level of management fees invoiced to the Feeder Fund and to the Master Fund is indicated in the description of each Sub-Fund concerned. The SICAV shall indicate in its annual report the maximum proportion of the total costs of each Feeder Fund and its Master Fund. The Master Fund will not charge subscription or redemption fees on the investments or sales of the Feeder Fund in the shares / units of the Master Fund.

Within the master-feeder structures described above, if the Master Fund's custodian is different from the Feeder Fund's custodian, the custodians of the two entities will set up an information sharing agreement in accordance with the provisions of Article 80 of the 2010 Law. Likewise, if the accredited statutory or external auditor of the accounts of the Master Fund differs from that of the Feeder Fund, they must set up an information sharing agreement in accordance with the provisions of Article 81 of the 2010 Law.

## **7. EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES**

- The revenue generated by securities lending and efficient portfolio management techniques comes back to the relevant Sub-Fund. The operational costs, deducted from the gross revenue generated by the securities lending transactions, are in principle expressed as a fixed percentage of the gross revenue and come back to the counterparty of the SICAV. The SICAV's annual report includes the identity of the counterparty, indicates whether this counterparty is a party linked to the Management Company or the Custodian Bank and the breakdown of the revenue generated by securities lending transactions and the costs linked to these transactions.
- The SICAV guarantees that it shall always be in a position to recall any security having been loaned or to put an end to any securities lending transaction that it has contracted.

- A Sub-Fund performing a *reverse repurchase agreement* transaction shall ensure that it is, at all times, capable of recalling the total cash amount or put an end to the reverse repurchase agreement transaction either on a pro-rata temporis basis or on a *mark-to-market* basis. Where the cash can be recalled at any time on a mark-to-market basis, the *mark-to-market* value of the reverse repurchase agreement transaction must be used to calculate the net asset value of the UCITS.
- Where the SICAV enters into transactions on over-the-counter financial derivatives and/or uses *efficient portfolio management techniques*, all financial collateral serving to reduce exposure to counterparty risk must respect the following criteria at all times:
  - a) Liquidity: all financial collateral received other than cash must be very liquid and be traded on a regulated market or in a multilateral trading system at transparent prices so that they may be sold quickly at a price close to the valuation prior to the sale. Financial collateral received must also comply with the provisions of Article 56 of the UCITS Directive.
  - b) Volatility: financial collateral received must be subject to valuation at least daily, and the assets displaying high price volatility must not be accepted as financial collateral, unless sufficiently prudent discounts are applied.  
Regarding assets received as collateral which would represent a significant risk of volatility, the sub-fund shall apply a prudent discount. Generally speaking, a discount of 20% will be applied to convertible shares and bonds pledged as a guarantee deposit and a 15% discount will be applied to bonds and debt instruments issued by investment-grade-rated issuers, by a recognised agency.
  - c) Issuer credit quality: financial collateral received must be of excellent quality.
  - d) Correlation: financial collateral received by the SICAV must be issued by an entity independent of the counterparty and shall be deemed not to be highly correlated with the performance of the counterparty.
  - e) Diversification of financial collateral (concentration of assets): financial collateral must be sufficiently diversified in terms of countries, markets and issuers. The criterion of sufficient diversification in terms of the concentration of issuers shall be deemed to be respected if the SICAV receives a counterparty as per the efficient portfolio management techniques and over-the-counter financial instrument transactions. A basket of financial collateral shall present the exposure of a given issuer up to a maximum of 20% of its net asset value. If the SICAV is exposed to different counterparties, the different baskets of financial collateral should be aggregated to calculate the 20% exposure limit to a single issuer.
  - f) Risks linked to the management of financial collateral, such as operational risks and legal risks must be identified, managed and mitigated by the risk management process.
  - g) Financial collateral received as a title transfer must be held by the SICAV's custodian. With regard to other types of financial collateral arrangements, financial collateral can be held by a third party custodian subject to prudential supervision and which has no connection to the supplier of the financial collateral.
  - h) Financial collateral received must be able to give rise to full enforcement by the SICAV at all times, without consulting the counterparty or gaining the approval of this latter.
  - i) Financial collateral other than cash may not be sold, reinvested or used as collateral.
  - j) Collateral received in the form of liquid assets (*cash deposits*) in a currency other than that of the Sub-Fund shall be subject to a discount of 10%.
  - k) Financial collateral received in cash must only be:
    - placed as a deposit with the entities detailed in Article 50 (1), point f) of the UCITS Directive;
    - invested in high quality government bonds;
    - used for the purposes of reverse repurchase agreement transactions, as long as these transactions are undertaken with credit institutions that are subject to prudential supervision and on the condition that the SICAV may recall the full amount of the liquid assets at any time, taking into account interest accrued;
    - invested in short-term monetary UCITS.
  - l) Financial collateral in cash reinvested should be diversified in accordance with the requirements applicable to financial collateral other than cash.

m) When the SICAV receives financial guarantees of at least 30% of assets, it must have a crisis simulation policy that ensures that appropriate stress tests are regularly carried out under conditions of both normal than exceptional liquidity to enable the SICAV to assess the liquidity risk associated with the financial guarantees. The crisis policy must at a minimum prescribe:

- The design of an analysis model for scenario stress testing focused on, among other factors, calibration, certification, and sensitivity;
- An empirical approach to impact analysis, including post-audit estimates of liquidity risk;
- The frequency of notifications and limit/loss thresholds; and
- Mitigation measures to reduce losses, including a discount policy and protection against a sudden change in valuation ("**gap risk**").

n) The SICAV shall establish a clear discount policy adapted to each asset received under financial guarantees. When developing the discount policy, the SICAV must take into account the characteristics of the assets, such as credit quality or price volatility, and the results of stress tests carried out in accordance with paragraph (m) above. This policy must be documented and it shall justify each decision to apply a special discount or not to apply a discount to a certain asset class.

o) The Prospectus (including the description of any Sub-Fund concerned) shall also inform investors clearly about the policy of the Sub-Fund with respect to financial guarantees. Types of financial guarantees authorised, the level of financial guarantees required and the discount policy shall be included, as well as the reinvestment policy (including associated risks) regarding financial guarantees in cash. Before implementation of the above provisions, the Prospectus (including the description of any Sub-Fund concerned) must be updated.

## 8. RISK FACTORS

### General Information

The following elements are intended to inform investors of the uncertainties and risks associated with investments and transactions in transferable securities and other financial instruments. Although the greatest care has been taken in the understanding and management of these risks, Sub-Funds and their respective Shareholders shall ultimately bear the risks associated with investments in the relevant Sub-Funds.

**The list of risk factors as detailed below is not intended to provide a full and exhaustive explanation of the risks linked to investment in Sub-Fund Shares. Similarly, and on a case-by-case basis, each Sub-Fund may be exposed to one or more risks simultaneously or successively.**

### Discretionary management

The management style applied to the various Sub-Funds is discretionary and conviction-led, based on the anticipation of the management teams on the growth of the various different equity markets, interest and exchange rate markets and/or different classes of assets.

There is a risk that at any given time, the Sub-Funds may not be invested and/or exposed to the best-performing markets or asset classes.

### Past performance

Information on the past performance of each Sub-Fund is presented in the corresponding KIID.

**Past performance should not be considered as an indication of the future performance of the Sub-Fund, and can under no circumstances guarantee future results.**

### Value fluctuations - Risk of capital losses

Investments made in the SICAV are subject to the fluctuations of the financial markets and to other risks inherent to investments in transferable securities and other financial instruments. They can be no assurance that an increase in the value of investments and the capital value of your initial investment is guaranteed. The value of investments and the revenue arising from investment may fall or increase, and the amounts originally invested may not be recovered.

There is no assurance that the investment objectives of each Sub-Fund shall be achieved.

### **Shares**

For Sub-Funds investing in shares, the value of these shares may vary, sometimes significantly, based on the activities and results of companies or depending on the general conditions prevailing on the market, the economic situation or other events. Fluctuations in the exchange rate shall also affect value variations if the investment currency differs from the benchmark currency of the Sub-Fund holding this investment.

### **Investments in *small & mid cap* companies**

The prices of small and medium-sized company securities are generally more volatile than those of larger companies. The securities are often less liquid and these companies may be subject to more significant fluctuations of market prices than larger, more well-established companies. Investments in transferable securities of small cap companies are generally considered as offering a greater capacity for appreciation, but may also involve more significant risks than those generally associated with more established companies, as they are generally more inclined to be affected by less favourable market or economic conditions. These companies can have limited product lines, markets or financial resources, or they may depend on a limited management grouping. Aside from their higher volatility, shares in small and medium-sized companies may fluctuate, to a certain extent, independently of the shares of bigger companies (for example, shares in small and medium sized companies may experience a fall in price, while those of larger companies may increase, and vice versa). For Sub-Funds specialising in these companies, it is highly likely that transactions - especially those relating to a significant volume - have a stronger effect on the costs inherent to operating a Sub-Fund than when similar transactions are carried out in larger Sub-Funds or in bigger companies, owing to the relatively illiquid nature of shares in small- and medium-sized companies.

### **Emerging markets**

A number of Sub-Funds are liable to be invested or exposed wholly or partially to emerging markets. Investors should take into account the higher volatility of securities issued on these markets in relation to developed markets. The risk of fluctuations in prices or of the suspension of redemptions is therefore greater for these Sub-Funds than for those operating on more developed markets. This volatility can come as a result of political and economic factors. It can be reinforced by factors linked to legal issues, the liquidity of the market, payments, delivery of securities and exchange. Some emerging markets are relatively prosperous economies, but are sensitive to global prices of raw materials and/or to the volatility of inflation rates. Others are especially exposed to the economic situation prevailing in other countries.

Although the greatest care has been taken in the understanding and management of these risks, the relevant Sub-Funds and their respective Shareholders shall ultimately bear the risks associated with investments on these markets.

### **Bonds, debt instruments and fixed income securities (including high-yield securities) - Interest rate risk**

For Sub-Funds investing in bonds and other debt securities, the value of these investments will depend on the market interest rate, the financial solidity of the issuer and the liquidity.

The NAV of a Sub-Fund investing in debt securities will vary based on fluctuations in the interest rate, the perceived financial solidity of the issuer, the liquidity of the market and the exchange rates (where the currency of an investment differs from the benchmark currency of the Sub-Fund holding this investment). Some Sub-Funds may invest in high-yield debt securities for which the level of income may be relatively high (compared to “**investment grade**” quality debt securities). However, the risk of depreciation and loss of capital relating to these securities will be substantially greater than that for lower-yield debt securities.

### **Risk relating to *investment grade* quality securities**

Some Sub-Funds may invest in investment grade quality debt securities. *Investment grade* quality debt securities are awarded ratings by a recognised ratings agency (Fitch, Moody's and/or Standard & Poor's), from among the highest ratings categories, based on the solvency or the risk of defaulting of a bond issue. Generally speaking, *investment grade* quality fixed-income securities are awarded a rating of BBB-/Baa3 or higher by Standard & Poor's or an equivalent rating from an internationally recognised rating agency. *Investment grade* quality debt securities, like other types of debt securities, involve a credit risk and may be exposed to the downgrading

of their rating by ratings agencies within the period between their issuance and maturity. This downgrading may occur over the course of the period during which the Sub-Fund invests in these securities. In the event of one or more downgrades below *investment grade* quality or other, the Sub-Funds may continue to hold these securities.

**Securities awarded a lower rating/unrated securities**

The credit quality of debt securities is often assessed by ratings agencies. Securities having obtained an average or lower rating and unrated securities of a comparable quality may be subject to higher yield fluctuations, more significant spreads between the buy and sell prices, a bigger liquidity premium and heightened market expectations, and consequently more significant value fluctuations than securities awarded a higher rating. Variations in these ratings or forecast variations will be liable to cause yield and value fluctuations which are sometimes significant.

The manager of each Sub-Fund conducts its own credit analysis in the selection of securities at acquisition and during the lifetime. It does not rely solely on credit ratings provided by credit rating agencies but conducts a thorough credit risk analysis and implements the procedures necessary to make its purchasing decisions or, in the event of a downgrade of these securities, its decision to sell or retain them. The manager of each Sub-Fund does not use these ratings mechanically but favours its own credit analysis for the evaluation of the credit quality of these assets and a decision on a possible downgrade of the rating.

**Exchange-rate risk**

The total yield and balance of a Sub-Fund may be significantly affected by exchange rate fluctuations if the assets and revenue of the Sub-Fund are expressed in currencies other than the benchmark currency of the Sub-Fund. This also means that exchange fluctuations may significantly affect the price value of the Shares in a Sub-Fund. The three main areas for exchange risk relate to repercussions of exchange rate fluctuations on the value of investments, differences in the short-term schedule or perceived income. A Sub-Fund may cover or not cover these risks, using forward foreign exchange or spot transactions. The risks relating to this are presented below in the section covering derivatives.

**Credit risk**

Insolvency or other financial difficulties (defaulting) experienced by one of the institutions with which capital is deposited may be prejudicial to investments. Credit risk may also arise from uncertainties regarding the final repayment of the principal and of interest on investments made in bonds or other debt securities. In both cases, the entirety of the deposit or of the purchasing price of the debt instrument is exposed to a risk of loss in the event of the absence of recovery following defaulting. The risk of default is generally increased with "sub-investment grade" quality debt securities and bonds.

**Concentration of investments**

Some Sub-Funds may invest in a relatively reduced number of investments or be centred around a specific sector or business segment, or even on a type of asset class, and the Sub-Fund NAV may be more volatile owing to this concentration of holdings compared to a Sub-Fund diversified through a wider range of investments or sectors or asset classes.

**Legal and tax risks**

In some countries, the interpretation and application of legislation and regulations, along with the implementation of Shareholders' rights by virtue of this legislation and regulations, may create significant uncertainty.

Furthermore, differences may arise between accounting and auditing standards, practices concerning the drafting of reports, and communications obligations as opposed to those generally used internationally. Some Sub-Funds may be subject to withholding tax and other taxes. The tax legislation and regulations in all countries are constantly changing, and these changes may be applied retroactively. The interpretation and application of tax legislation and regulations by the tax authorities in some countries are not as consistent and transparent as those in more developed countries, and are likely to vary from one region to another.

**Liquidity risk**

Under normal market conditions, the assets in a Sub-Fund are mainly made up of feasible investments likely to be sold easily. A Sub-Fund's main obligation is to redeem the shares that investors wish to sell. In general, the Sub-Fund manages their investments, including liquid

assets, so as to honour its obligations. Investments held may need to be sold if the liquid assets are not sufficient to finance the redemption requests. If the size of these redemptions is not sufficient or if the market is illiquid, there is a risk that investments cannot be sold or that the price at which they are sold is prejudicial to the Sub-Fund's NAV.

### Derivatives

The SICAV may use various derivatives to reduce risks or costs, or even to generate additional capital or income, as well as for the purposes of arbitration, so as to fulfil the Sub-Fund's investment objectives. Sub-Funds may use a large number of derivatives and/or in view of more complex strategies (i.e. broader powers in terms of derivatives) than those detailed in their investment policies and objectives. In this Section - and other sections relating to derivatives, derivatives traded over-the-counter or outside a stock market are given as "over-the-counter" or "OTC" derivatives. Investors are encouraged to consult their own financial adviser as to the suitability of a given Sub-Fund in relation to their specific needs, while keeping in mind their powers as to the usage of derivatives.

While the careful use of derivatives by an experienced investment adviser, such as the Management Company or the manager of each Sub-Fund, may be beneficial, derivative instruments also involve different risks which, in some cases, may be greater than those associated with more traditional investments. The use of derivatives may give rise to a certain leverage effect causing more pronounced volatility and/or greater variations in the NAVs of these Sub-Funds than in the absence of a leverage effect.

This leverage effect tends to cause more disproportionate effects in any rise or fall in the value of securities and other instruments in the relevant Sub-Funds. The following information gives a general presentation of the main risk factors linked to the use of derivatives. These factors should be taken into account by the investor prior to any investment in the Sub-Funds in question.

- Market risk - means the general risk applied to all investments, ie: the value of an investment may fluctuate. Where the value of an underlying asset (a security or a benchmark index) of a derivative product varies, the value of the instrument will be positive or negative, depending on the performance of the underlying asset. With derivatives without an option, the absolute scale of the fluctuation in the value of a derivative instrument will be very similar to the fluctuation of the underlying security value or benchmark index. In the case of these options, the absolute variation of the value of an option will not necessarily be similar to the variation of the underlying security because, as explained in more detail below, changes in the values of options depend on a certain number of other variables.
- Liquidity risk - a liquidity risk exists when a given instrument is difficult to purchase or sell. If a transaction on a derivative is particularly sizeable or if the relevant market is illiquid (as is the case with many over-the-counter derivative instruments), it may be impossible to initiate a transaction or to liquidate a position at an advantageous price.
- Counterparty risk and credit risk - means the risk of loss that a Sub-Fund may suffer if the other party to a derivative instrument (generally called the "**counterparty**") cannot honour the terms of the derivative agreement. The credit risk and counterparty risk for a market traded derivative instrument is generally lower than an over-the-counter derivative instrument, as the clearing house acting as the issuer or the counterparty for each market traded derivative instrument gives a clearing guarantee. This guarantee is sustained by a daily payment system (meaning obligatory margins) managed by the clearing house in order to reduce the overall credit and counterparty risk. Assets deposited as a guarantee with brokers and/or stock exchanges cannot be held in separate accounts by these counterparties, and may therefore be available for creditors on these counterparties in the event of the defaulting of these latter. With regard to over-the-counter derivative instruments, no similar guarantee from clearing houses is offered. Therefore, the Management Company or manager of each Sub-Fund adopts a counterparty risk management framework which gauges, monitors and manages the counterparty risk, taking into account the current and potential future exposure to credit, through internal credit and external credit ratings agency assessments. Over-the-counter derivative instruments are not standardised. This is an agreement between two parties which may be adapted based on the needs of the parties involved. The information risk is reduced through adherence to the standard ISDA documentation. The exposure of a Sub-Fund to a single counterparty may not exceed 10% of its net assets. The counterparty risk can then be minimised through



guarantee agreements. However, guarantee agreements are always subject to insolvency risk and credit risk among issuers or the custodian of the guarantee. As well as this, guarantee thresholds are in place below which a guarantee is not called, and time differences between the calculation of the guarantee requirements and its reception by the Sub-Fund from the counterparty will mean that the current exposure will not be fully guaranteed.

- Settlement risk - a settlement risk exists when standardised futures contracts, futures contracts, CFD, options and swaps (of all types) are not settled in good time, thereby increasing the credit risk before settlement. This may lead to financing costs which would not otherwise arise. If settlement does not take place, the loss borne by the Sub-Fund will be the same as for any other situation involving a security, i.e. the difference between the original contract price and the replacement contract price or, if the contract is not replaced, the absolute value of the contract at the time of its cancellation.
- Portfolio management risk - derivatives are highly specialised instruments which require different investment techniques and risk analyses than those associated with shares and bonds.

The use of derivatives through an understanding not only of the underlying asset, but also of the derivative itself, without necessarily having the possibility of observing the performance of the derivative under all possible market conditions. Aside from this, the price of an over-the-counter derivative cannot be aligned to the price of the underlying instrument under certain market conditions.
- Other risks - other risks associated with the use of derivatives include the risk of valuation error or the incorrect valuation of the price. It is not possible to observe the price of many derivative instruments, especially those traded over-the-counter, on a stock exchange, which therefore involves the use of formulae, with the price of underlying securities or benchmark indices obtained from other market price data sources. Over-the-counter options involve the use of models, with hypotheses, which increase the risk of a price error. An incorrect valuation of this type of instrument may lead to increased cash payment demands among counterparties, or a loss of securities for the Sub-Funds. The correlation between these derivative instruments and the assets, rates or indices they are supposed to follow is often imperfect, and sometimes even relative. Consequently, the use of derivative instruments by Sub-Funds may not be an effective resource in terms of pursuing their investment objectives and may be seen to be counter productive.
- Short-sale exposure: Sub-Funds use synthetic short positions via the use of derivatives settled in cash, such as swaps, standardised futures contracts and over-the-counter futures contracts in order to improve the overall performance of the Sub-Funds. A synthetic short position reproduces the economic effect of a transaction through which a Sub-Fund sells a security which it does not own but which it has borrowed, in anticipation of the fall in the market value of the security in question. Where a Sub-Fund acquires a synthetic short position on a transferable security which it does not hold, it sets up a derivative transaction with a counterparty or a brokerage company, and closes this transaction prior to its maturity date through the reception or payment of all profits and losses arising from the transaction. The Sub-Fund may be required to pay a commission on its synthetic short positions, and is often required to return any amount received on the securities in question. If the rate of the security on which the synthetic short position is applied increases between the time of taking up the position in question and its closure, the Sub-Fund will suffer a loss. Conversely, if the rate falls, the Sub-Fund will make a short-term gain. Any gain will be reduced and any loss will be increased by the transaction fees detailed above. Although the gain for a Sub-Fund is limited to the price at which it initiates the synthetic short position, the potential loss is theoretically unlimited.
- Leverage effect: the portfolio of a Sub-Fund can benefit from a leverage effect through the use of derivatives, ie: by transactions on futures and options markets. A weak margin deposit is required for standardised futures contracts trading which, taken alongside the low cost of spot positions, offers a certain leverage effect, which can translate to a significant gain or loss for the investor. Relatively limited fluctuations in the rates on forward positions or underlying instruments may lead to significant losses for the Sub-Fund, culminating in a fall in the NAV per share. Option subscribers are subject to the risk of loss arising from the difference between the premium received for

the option and the futures contract price or the underlying security price of the option which the subscriber must buy or provide when exercising the option.

#### **Risks linked to specific derivatives**

For Sub-Funds which use one or a combination of the following financial instruments, the following risks may be considered as relevant:

- Standardised forward contracts on share indices, on shares, on interest rates and bonds: the risk incumbent on the buyer or the seller of a futures contract traded on the stock exchange is the variation of the value of the underlying index/security/contract/bond. Standardised futures contracts are futures contracts, which means that they constitute a commitment to perform an economic transfer at a future date.  
Exchanging the value occurs on the date specified in the agreement. Most agreements must be settled in cash, and if a physical delivery is an option, the underlying instrument is in reality rarely exchanged. Standardised futures contracts are distinguished from generic futures contracts because they include standardised conditions, whether they are traded on an official market or if they are settled by supervisory bodies, and are guaranteed by clearing houses. Similarly, to ensure that payments are honoured, standardised futures contracts are subject to an initial and a daily margin obligation which changes based on the market value of the underlying asset.
- Options traded on the stock exchange and over-the-counter: options are complex instruments whose value depends on many variables including, especially, the strike price for the underlying (against the spot price at the time when the option is traded and subsequently), the time of the maturity of the option, the type of option (European, American or other) and the volatility. The most significant market risk factor associated with options is the underlying market risk where the option has an intrinsic value (“**in the money**”) or where the strike price is close to the underlying (“**near the money**”). In these circumstances, the change in value in the underlying will have a significant impact on the change in the option value. Other variables will also have an influence. This influence will probably be greater the more the strike price differs from the underlying price.  
Unlike options agreements traded on a market (which are regulated via a clearing house), over-the-counter options agreements are traded outside the stock exchange, between two parties, and are not standardised.  
Furthermore, each party must bear the credit risk of the other. Hedging is used to minimise this risk. The liquidity of an option traded over-the-counter can be less than that for an option traded on a market, and this situation can have a negative impact on the ability to settle the position of an option, or on the price at which the settlement is performed.
- Interest rate swaps: an interest rate swap usually involves the exchange of a fixed amount set by period of payment, with a payment based on a variable rate benchmark index. The notional principal of an interest rate swap is never traded. Only fixed and variable amounts are. Where the payment dates for the two interest amounts coincide, there is usually a net settlement. The market risk for this type of instrument is linked to changes in the benchmark indices used for the fixed and variable parts. An interest rate swap is an over-the-counter agreement between two parties which may be adapted based on the needs of the parties involved. Consequently, each party must bear the credit risk of the other. Hedging is used to minimise this risk.
- Exchange contracts: these involve the exchange of an amount in a currency against an amount in a different currency at a given date. Once the contract has been signed, its value will change based on exchange rate fluctuations and, in the case of futures contracts, interest rate differentials. Where these contracts are used to hedge exposure to exchange risk for currencies other than the benchmark currency compared to the benchmark currency of the Sub-Fund, there is a risk that the hedging will not be comprehensive and that fluctuations in its value will not compensate precisely for the change in value of the hedged exchange exposure. Given that the gross amounts of the contract are exchanged at a given date, there is a risk that the counterparty with which the contract has been passed has a default between the time of payment by the Sub-Fund, before this latter has received the amount due by the counterparty. The Sub-Fund is therefore exposed to credit and counterparty risk for the amount not received and the full principal of a transaction could be lost.

- Credit default swaps (“**CDS**”): these contracts constitute a credit derivative, the market value of which will evolve based on the perceived credit quality of the underlying security or basket of securities. Where protection has been transferred, the Sub-Fund has credit exposure similar to the underlying security or basket of securities as if it had actually made a purchase. Where protection is bought, the Sub-Fund will receive payment from the counterparty to the swap if the underlying security (or basket of securities) encounters a default, based on the difference between the notional swap principal and the expected residual value, as determined by the market at the time of the default.  
The swap contract is an agreement between two parties, each of whom must bear the credit risk of the other. Hedging is used to minimise this risk. The information risk for CDS is reduced through adherence to the standard ISDA documentation. The liquidity of a CDS can be less than that for an underlying security or basket of securities, and this situation can have a negative impact on the ability to settle the position of a CDS, or on the price at which the settlement is performed.
- Total return swaps (“**TRS**”): these contracts represent a derivative combining market risk and credit risk which are affected by interest rate fluctuations, as well as events and credit prospects. A TRS, which involves the receipt of a total return by the Sub-Fund, is similar in terms of risk profile because it genuinely holds the underlying benchmark security. Furthermore, these transactions can be less liquid than interest rate swaps, as there is no standardisation of the underlying benchmark index and this situation can have a negative impact on the ability to settle the TRS position, or on the price at which the settlement is performed. The swap contract is an agreement between two parties, each of whom must bear the credit risk of the other. Hedging is used to minimise this risk. The information risk for TRS is reduced through adherence to the standard ISDA documentation.
- Swaps indexed to inflation: the market risk for this type of instrument is caused by the change in the benchmark indices used for the two parts of the transaction, one being a benchmark index indexed to inflation. This is an agreement between two parties which may be adapted based on the needs of the parties involved. Consequently, each party must bear the credit risk of the other. Hedging is used to minimise this risk.  
A swap indexed to inflation usually involves the exchange of a final fixed amount for a payment which is not fixed (the variable part of the swap will usually be linked to an inflation index in one of the main currencies).
- Futures contracts and Contracts for differences (“**CFD**”): the risk for the buyer or seller of these types of contracts is the variation in the value of the underlying security. Where the value of the underlying asset is modified, the value of the contract becomes positive or negative. Contrary to standardised futures contracts (which are concluded via a clearing house), futures contracts and CFD are traded over-the-counter between two parties and are not standardised. Each party has to bear the credit risk of the other, which is not the case with a standardised futures contract and a guarantee is negotiated to mitigate this risk.

#### **Settlement risk and counterparty risk**

All investments in transferable securities are carried out through brokers who are accredited by the Management Company or the manager of each Sub-Fund as being an acceptable counterparty. The list of accredited brokers is reviewed regularly. There is a risk of loss if one counterparty fails to fulfil their financial or other obligations vis-à-vis the Sub-Funds. For example, the possibility that one counterparty defaults, so that it is unable to make payments owed or to make them in a timely fashion. If the settlement never occurs, the loss suffered by the Sub-Fund will correspond to the difference between the price of the initial contract and the price of the replacement contract or, if the contract is not replaced, the absolute value of the contract at the time of its cancellation. Furthermore, the “Delivery against payment” may not be possible on certain markets. In this case, the absolute value of the contract is exposed to a risk if the Sub-Fund honours its settlement obligations but the counterparty defaults before fulfilling its obligations.

#### **Bonds covered with shares (structured bonds) - Convertible bonds**

Bonds covered with shares and similar structured bonds involve structuring by a counterparty of a bond whose value is expected to grow based on the underlying security detailed in the bond. Unlike derivatives, liquid assets are transferred from the buyer to the seller of the bond. If the counterparty (the party from which the bond originates) defaults, the risk weighing on the Sub-

Fund is that weighing on the counterparty, regardless of the value of the underlying security of the bond. These types of instruments present additional risks in that their structure tends to be broadly individual.

The liquidity of a bond covered by shares or similar bonds can be less than that for the underlying security, an ordinary bond or security, and this may harm the ability to sell the position or the price at which such a sale is performed.

**Securitised debt securities or structured debt instruments**

Sub-Funds may invest in securitised debt securities or structured debt instruments (together understood as structured debt products). These instruments can include securities benefiting from actual guarantees, securities covered by mortgage debts, guaranteed debt instruments and CLOs (*collateralised loan obligations*).

The products of structured debt present an exposure, synthetic or otherwise, to the underlying assets and the risk/return profile is determined by cash flows which arise from these assets. Some of these products involve more than one instrument profile and cash flow, making it impossible to accurately foresee the outcome of all market scenarios.

As well as this, the price of such an investment may depend on variations in the underlying components of the structured debt product, or be highly sensitive to this. The underlying assets can take many different forms, including effects receivable on credit cards, residential mortgage loans, corporate loans, property loans or all other types of receivable products for a company or a structured investment vehicle which regularly receives cash flows from its clients. Some structured debt products may use a leverage effect likely to encounter greater volatility in the rates of the relevant instruments than in the absence of such a leverage effect. Furthermore, investments in structured debt products may be less liquid than those made in other securities. This lack of liquidity can cause a decoupling of the current asset market price compared to the value of the underlying assets. Consequently, Sub-Funds investing in securitised securities will be susceptible to suffering a liquidity risk. The liquidity of a structured debt product can be less than that for an ordinary bond or debt instrument, and this may harm the ability to sell the position or the price at which such a sale is performed.

**Mortgage securities**

In general, interest rate rises tend to extend the duration of fixed rate mortgage securities by increasing their sensitivity to interest rate variations. Consequently, in periods of interest rate rises, any Sub-Fund holding mortgage securities can show an additional degree of volatility (extended risk). Furthermore, fixed and variable rate mortgage securities are subject to early payment risk. Where interest rates are lowered, borrowers can repay their mortgage loans earlier than planned. This leads to a drop in returns for the Sub-Fund, as it can be obliged to reinvest these sums at a lower interest rate than that in force. Furthermore, investments in securitised products may be less liquid than those made in other securities. This lack of liquidity can cause a decoupling of the current asset market price compared to the value of the underlying assets. Consequently, Sub-Funds investing in securitised securities will be susceptible to suffering a liquidity risk. The liquidity of a securitised product can be less than that for an ordinary bond or debt instrument, and this may harm the ability to sell the position or the price at which such a sale is performed.

**Loan of transferable securities**

Loans of transferable securities involve risk in that (a) if the borrower of transferable securities loaned by a Sub-Fund fails to return them, there is a risk that the guarantee received releases a value lower than that of the transferable securities being loaned owing to a poor valuation, unfavourable market fluctuations, a downgrading of the credit rating of guarantee issuers or a lack of liquidity on the market in which the guarantee is traded, and (b) delays in returning the transferable securities loaned may limit the ability of a Sub-Fund to honour its delivering obligations in terms of the sale of transferable securities.

**Repurchase transactions**

Repurchase transactions involve risks in that (a) a default of the counterparty with which the liquid assets of a Sub-Fund have been invested entails a risk that the guarantee received releases an amount lower than the amounts invested, owing to the poor valuation of the guarantee, unfavourable market fluctuations, a downgrading in the credit rating from guarantee issuers or a lack of liquidity in the market on which the guarantee is traded; that (b) (i) the

holding of liquid assets in excessively long or voluminous transactions, (ii) delays in recovering liquid assets invested or (iii) execution difficulties

the guarantee can limit the ability of the Sub-Fund to meet redemption demands, to proceed with the purchase of transferable securities or, more generally, to proceed with reinvestment, and finally that (c) repurchase transactions may, depending on the case, expose the Sub-Fund further to risks similar to those associated with derivative options or futures financial instruments.

**Price assessment and valuation risk**

A Sub-Fund's assets mainly include investments listed where the rate can be obtained from a stock exchange or an equally verifiable source. However, the Sub-Fund will also invest in unlisted and/or illiquid securities, which will increase the risk of a price valuation error.

Furthermore, the Sub-Fund will calculate the NAVs where markets are closed for public holidays or other reasons. In this and other similar cases, no objective and verifiable source of price will be available, and the Management Company or the manager of the Sub-Fund, where applicable, will use the Fair Value method to determine a fair value for the investments concerned. This Fair Value method involves hypotheses and a certain subjectivity.

**Conflicts of interest**

It may arise that the Management Company, the distributor(s), the investment adviser of each Sub-Fund, the custodian bank and the administrative agent, in the performance of their business, have conflicts of interest with the SICAV. The Management Company, the distributor(s), the manager and/or the investment adviser of each Sub-Fund, the custodian bank and the administrative agent shall take account of their respective obligations towards the SICAV and other persons during transactions which could give rise to such conflicts of interest. In the event of any such conflicts, each person shall be committed or requested by the SICAV to make every reasonable effort necessary to resolve these conflicts of interest fairly (given their own obligations and attributions) and ensure that the SICAV and the Shareholders are dealt with fairly.

The Management Company, the distributor(s), the manager and/or investment adviser of each Sub-Fund, the custodian bank and the administrative agent, as well as their subsidiaries, affiliates, associates, agents, administrators, directors, employees or delegates (collectively the “Interested Parties” and individually an “Interested Party”) may:

- sign contracts or any financial, banking or other transaction with each other or with the SICAV, including but not limited to an investment by the SICAV, in the securities of a company or an entity whereby an investment or any obligation whatsoever forms an integral part of the assets of the SICAV or of a Sub-Fund, or hold an interest in such contracts or transactions;
- invest and trade in shares, securities, assets or any property of a type included in the assets of the SICAV, either on their own behalf or that of a third party; and
- act as principal or agent in the purchase or sale of securities and other investments from/to the SICAV through the manager of each Sub-Fund or the custodian bank or one of their subsidiaries or affiliate companies or of one of their associates, agents or delegates. All SICAV assets in the form of liquid assets may be invested in certificates of deposit or banking investments issued by any Interested Party. Banking or similar transactions may also be performed with or through an Interested Party (on condition that it is authorised to perform this type of transaction).

No Interested Party shall be bound to demonstrate any advantage whatsoever to Shareholders arising from such a transaction and may, if applicable, keep such an advantage as of right, as long as the transaction is carried out under normal market conditions.

**Risk Factors for Sub-Funds qualified as Feeder Funds**

The risk factors that affect a Sub-Fund with the status of Feeder Fund (which are associated with its investment policy of investing at least 85% of its assets in Master Fund units) are, for the most part, the risk factors that affect the Master Fund concerned.

The investment performance of a Feeder Fund will depend on the performance of its Master Fund.

Investments by the Feeder Fund in units of a Master Fund may result in duplication of certain fees for the Shareholders in the Feeder Fund.

Shareholders should note that a Feeder Fund will be wound up:

(a) when the Master Fund is wound up, unless the Board of Directors requests CSSF approval to authorise the Feeder Fund (i) to invest at least 85% of its assets in another Master Fund, or (ii) to change its investment policy for the purposes of conversion to a Sub-Fund that no longer qualifies as a Feeder Fund.

(b) when the Master Fund merges with another UCITS or is divided into several UCITS, unless the CSSF authorises the Feeder Fund (i) to keep the status of Feeder Fund of the same Master Fund or of another UCITS resulting from the merger or split of the Master Fund; (ii) to invest at least 85% of its assets in units or shares of another Master Fund not resulting from the merger or split, or (iii) to change its investment policy for the purposes of conversion into a Sub-Fund that no longer qualifies as a Feeder Fund.

The risk factors affecting each Feeder Fund will be reflected in the description of the relevant Sub-Fund and more fully described in the prospectus of the Master Fund in question.

## **9. MANAGEMENT COMPANY**

In a services agreement dated 3 March 2010, the SICAV appointed LA FRANÇAISE AM INTERNATIONAL (*previously known as UFG-LFP International*) to provide management, administration and marketing services. LA FRANÇAISE AM INTERNATIONAL is an approved Management Company under the provisions of Section 15 of the Law of 2010. The rights and duties of the Management Company are governed by Directive 2009/65/EC as amended by Directive 2014/91/EU, "UCITS V Directive", the 2010 Law and the regulations in force.

This latter has delegated, under its responsibility and control, central administration to BNP Paribas Securities Services, Luxembourg branch.

Moreover, the Management Company may delegate, under its responsibility and control, its management for one or more Sub-Funds to managers, the name of which is given in the Sub-Fund descriptions.

The amount of the fees payable to the Management Company and/or the Manager of each Sub-Fund and, if applicable, the outperformance fees, appears in the Sub-Fund descriptions.

Under their own responsibility and at its own expense, a Sub-Fund Manager may, subject to the Luxembourg laws and regulations in force and as long as no increase in management costs is incurred, be assisted by one or more investment advisers whose business consists of advising the manager in their investment policy.

The Management Company may be assisted by one or more investment advisers, as detailed in Article 10 below.

The Management Company can, under its own responsibility and control, appoint one or more distributors and *nominees* in order to invest the Shares from one or more Sub-Funds of the SICAV.

The Management Company has therefore delegated the marketing to MANDARINE GESTION S.A., which acts in the capacity of distributor of the Shares of the SICAV (hereinafter referred to as the "**Distributor**").

The Distributor may sign distribution agreements with any professional intermediaries, including banks, insurance companies, wealth managers, "Internet Supermarkets", independent managers, brokerage agents, management companies or any other institution whose main or ancillary activity is the distribution of investment funds and customer monitoring.

In accordance with Directive 2009/65/EC and Article 111bis of the 2010 Law, the Management Company has drafted a remuneration policy that applies to the categories of personnel whose activities have a significant impact on the risk profiles of the Management Company and the

SICAV. These categories of personnel include all employees who are decision makers, portfolio managers, risk takers and investment decision makers, persons with a control function, persons who can influence employees or staff, including advisers and analysts, senior management and any employee who, on the basis of their overall remuneration, is in the same remuneration grade as the senior management and the risk takers. The remuneration policy is compatible with sound and effective risk management. It encourages it and does not encourage risk taking that is incompatible with the SICAV's risk profiles or articles of association. It is aligned with the business strategy, values and interests of the Management Company and does not affect the Management Company's obligation to act in the best interests of the SICAV. The remuneration policy includes a performance assessment within a multi-year framework adapted to the recommended holding period for SICAV investors to ensure that the assessment procedure relates to the long-term performance of the SICAV and its investment risks. The variable remuneration component is also based on a certain number of other qualitative and quantitative factors. The remuneration policy provides a suitable balance between the fixed and variable components of overall remuneration.

The La Française Group has established a remuneration board that operates throughout the group. The remuneration board is established in accordance with the internal rules in accordance with the principles in Directive 2009/65/EC and Directive 2011/61/EC. The remuneration policy has been designed to promote sound risk management and to avoid risk taking that exceeds the level of risk tolerance set by La Française in the light of the investment profiles of the managed funds and to establish measures to avoid conflicts of interest. The remuneration policy is reviewed every year.

The updated remuneration policy of the Management Company, including a description of how remuneration and benefits are calculated, the identities of the individuals responsible for the allocation of remuneration and benefits, including the composition of the remuneration board, is available on the following website: <https://www.lafrancaisegam.com/fileadmin/docs/corporate/PolitiqueRemunerationShortAIFMETUCITLFI.pdf>. A hard copy of the remuneration policy is available free of charge upon request from the registered office of the Management Company.

#### **10. INVESTMENT ADVISERS – INVESTMENT SUB-ADVISERS - FINANCIAL MANAGERS – SUB-MANAGERS**

The SICAV and the Management Company may be assisted by one or more investment advisers or sub-advisers, financial managers or sub-managers, whose activity consists of advising the SICAV and the Management Company regarding the investment policy and the management of investments made by the SICAV.

Control and ultimate responsibility for the activities of the investment adviser(s) and/or sub-advisers and/or the financial manager(s) and/or sub-manager(s) shall be assumed by the Board of Directors of the Management Company.

The names and a description of the investment advisers, sub-advisers, financial managers or sub-managers directly remunerated by the SICAV, along with their remuneration, are shown in the Sub-Fund descriptions.

#### **11. CUSTODIAN BANK AND PAYING AGENT**

BNP PARIBAS SECURITIES SERVICES – Luxembourg Branch, with registered office at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, has been established in Luxembourg since 2002.

As the custodian bank and paying agent, the bank fulfils its obligations and duties, as provided for by Directive 2009/65/EC amended by Directive 2014/91/EU, known as the “UCITS V Directive”, the Law of 2010 and the regulations in force.

#### **Description of the responsibilities of the custodian bank and any conflicts of interest**

The custodian bank has three types of responsibilities: monitoring the compliance of the decisions of the Management Company (as defined in Article 34 (1) of the 2010 Law), monitoring the cash flows

of the SICAV (as defined in Article 34 (2) of the 2010 Law), and custody of the SICAV's assets (as defined in Article 34 (3) of the 2010 Law). All of these responsibilities are set out in a written contract between the Management Company, the SICAV, and the custodian Bank, BNP PARIBAS SECURITIES SERVICES – Luxembourg Branch.

The primary objective of the custodian bank is to protect the interests of the Shareholders in the SICAV, which always prevail over commercial interests.

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

To manage these situations, the custodian Bank has implemented and maintains a management policy for conflicts of interest with the objective of:

- Identifying and analysing situations involving potential conflicts of interest;
- Recording, managing and monitoring situations involving potential conflicts of interest:
  - based on permanent measures in place to manage conflicts of interest, such as segregation of duties, separation of hierarchical and functional lines, monitoring of internal insider lists, and dedicated IT environments;
  - by implementing on a case-by-case basis:
    - preventive and appropriate measures such as the creation of ad hoc watchlists, new Chinese walls (in particular by ensuring the operational and hierarchical separation of the duties of the custodian bank from the other activities of the custodian bank) or by verifying that transactions are properly processed and/or informing affected customers; or
    - by refusing to manage activities that may give rise to conflicts of interest;
- Establishing an ethics policy;
- Mapping conflicts of interest to create an inventory of the permanent measures put in place to protect the interests of the SICAV; or
- Establishing internal procedures relating to, for example, (i) the appointment of service providers that could generate conflicts of interest, (ii) new products or activities of the custodian bank in order to assess any situation leading to a conflict of interest.

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

The custodian bank of the SICAV, BNP Paribas Securities Services - Luxembourg Branch, is responsible for the custody of the assets (as defined in Article 34 (3) of the 2010 Law). In order to provide services related to the safekeeping of assets in a large number of countries, enabling UCITS to achieve their investment objectives, BNP Paribas Securities Services - Luxembourg Branch has appointed sub-custodians in countries where BNP Paribas Securities Services - Luxembourg Branch would have no local presence. These entities are listed on the following website: [http://securities.bnpparibas.com/files/live/sites/portal/files/contributed/files/Regulatory/Ucits\\_delegates\\_EN.pdf](http://securities.bnpparibas.com/files/live/sites/portal/files/contributed/files/Regulatory/Ucits_delegates_EN.pdf).

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

Up-to-date information relating to the duties of the custodian bank, the policy for management of conflicts of interest and the list of delegates and sub-delegates may be obtained free of charge upon request from the custodian bank of the SICAV.



## **12. DESCRIPTION OF SHARES, SHAREHOLDER RIGHTS AND DISTRIBUTION POLICY**

The net assets constituting the assets of each Sub-Fund are represented by Shares, which may be of different classes ("**the Class(es)**"). All of these Classes together represent the assets of a Sub-Fund.

The SICAV issues MG Class Shares at the rate of at least one MG Class Share per Sub-Fund. MG Class Shares are issued to Mandarine Gestion and the group companies and are registered.

The Classes issued or scheduled at the date of publication of this Prospectus, along with the additional information, are indicated in the descriptions in Appendix 1 of the Prospectus. Investors are encouraged to seek information from their advisers in order to learn about the list of Classes issued.

In accordance with Article 6 of the articles of association of the SICAV, the Board of Directors may at any time decide to create different Classes within a single Sub-Fund, which can be separated, inter alia, by specific subscription and/or redemption fee structures, by specific exchange risk hedging policies, by specific distribution policies and/or by specific management or advisory fees or by other specific details applicable to each Class. In the event of the issuance of new share Classes, the relevant information will be given in the Sub-Fund descriptions in Appendix 1 to this Prospectus.

In each Sub-Fund, Shares issued in currencies other than the benchmark currency of the Sub-Fund may be created. These Shares may be "hedged" or "unhedged". "Hedged" Shares: "hedged" Shares will aim to largely hedge the currency risk of these Shares with respect to a given currency. However, due to the volatility of the underlying portfolio, the Management Company cannot guarantee that the "hedged" Shares will be fully hedged against currency risk. A residual exchange rate risk cannot be excluded.

Shares may, upon a ruling by the Board of Directors, be listed on the Luxembourg Stock Exchange and the Board of Directors may decide which share Classes will be listed.

Classes may be divided into Capitalisation Shares and Distribution Shares (annotated "(d)" in Appendix I).

Where a dividend is distributed to distribution Shares, the asset attributable to Shares in this Class will be deducted from the overall amount of the dividend, while the net asset attributable to capitalisation Shares will remain unchanged.

Dividends are paid in the respective currency of the corresponding Class.

At its own discretion, the Board of Directors reserves the right to accept subscriptions for an amount less than any initial required amount, as detailed in each Sub-Fund description.

At any time and if it deems necessary, the Board of Directors may temporarily suspend, definitively halt or limit the issue of Shares from one or more Sub-Funds to natural or legal persons residing or domiciled in certain countries or territories, or exclude them from the acquisition of Shares, if such a measure is necessary to protect the integrity of all Shareholders and the SICAV.

Furthermore, the Sub-Fund shall have the right to:

- a) refuse a request for the acquisition of Shares, at its discretion,
- b) redeem Shares which have been acquired in contravention of an exclusion measure, at any time.

## **13. ENTITIES AUTHORISED TO RECEIVE SUBSCRIPTION, REDEMPTION AND CONVERSION ORDERS IN LUXEMBOURG**

The following bodies are authorised to receive subscription, redemption and conversion orders on behalf of the SICAV:

BNP PARIBAS SECURITIES SERVICES – Luxembourg Branch,  
BNP PARIBAS SECURITIES SERVICES SA, Paris

**The attention of investors is drawn to the fact that the SICAV does not authorise “Market Timing” practices. The SICAV reserves the right to reject any subscription and conversion order issued by an investor that the SICAV suspects of employing such practices and to take the necessary measures to protect the other SICAV investors, where necessary. Subscriptions, redemptions and conversions shall be carried out at an unknown NAV.**

**Money-laundering legislation** - In order to combat money laundering, subscription orders must be accompanied by a certified true copy by a competent authority (e.g. embassy, consulate, notary or police commissioner) of the subscriber's identity card in the case of a natural person or of the articles of association and the Register of Companies entry in the case of a legal entity, in the following cases:

1. in the event of direct subscription to the SICAV;
2. in the event of subscription through a financial sector professional residing in a country that is not subject to an identification obligation equivalent to Luxembourg standards with regard to the combating money laundering and the financing of terrorism;
3. in the event of subscription through a subsidiary or branch whose parent company is subject to an identification obligation equivalent to that demanded under Luxembourg law, if the law applicable to the parent company does not oblige it to ensure compliance with these provisions for its subsidiaries and branches.

Furthermore, the SICAV must identify the source of the funds in the event that the sources are financial establishments that are not subject to an identification obligation equivalent to that required by Luxembourg law. Subscriptions may be blocked temporarily until the source of the funds has been identified.

The SICAV may require additional documentation regarding a new or existing subscription at any time. Any failure to meet this requirement for additional documentation shall lead to the suspension of the new subscription procedure. The same consequence shall arise if this documentation has been requested and not supplied within redemption operations.

It is generally accepted that financial sector professionals residing in countries that have adhered to the conclusions of the FATF report (Groupe d'Action Financière sur le blanchiment de capitaux – Financial Action Group on Money Laundering) are deemed to have an identification obligation equivalent to that required by Luxembourg law.

#### **14. SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS**

Subscriptions, redemptions and conversions are carried out in accordance with the Articles of Association of the SICAV and as mentioned in the Sub-Fund descriptions.

Depending on the Sub-Funds, subscriptions, redemptions and conversions are made either at unknown NAV (NAV calculated on D + 1) or at super unknown NAV (NAV calculated on D + 2).

Subscriptions, redemptions and conversions are performed in the currency of the Sub-Funds or Classes concerned.

#### **15. DEFINITION AND CALCULATION OF THE NET ASSET VALUE**

The net assets of each Sub-Fund of the SICAV are valued and the NAV per share is determined by reference to each day (“**Valuation Date**”) indicated in the description of the Sub-Fund. The NAV on the Valuation Date shall be determined based on the last available rate on the Valuation Date and shall be effectively calculated on the banking business day in Luxembourg following the Valuation Date.

The NAV of a Share, irrespective of the Sub-Fund and Class in which it is issued, shall be determined in the currency of that Class.

In the event of significant subscriptions, redemptions and/or conversions to and/or from a Sub-Fund on the same full banking business day in Luxembourg, in order to take account of the dilution effect and protect the interests of Shareholders, the Management Company reserves the right to apply the swing pricing mechanism as part of its daily valuation policy, on condition that this possibility is provided for in the description of the relevant Sub-Fund. This means that if, on a full banking business day in Luxembourg, the total number of transactions on the Shares of a Sub-Fund exceeds the threshold set by the Management Company, the NAV of the relevant Sub-Fund may be adjusted to an amount not exceeding 2% of the relevant NAV, to reflect both the estimated tax and trading costs that may be incurred by the relevant Sub-Fund and the estimated trading gap of the assets in which the relevant Sub-Fund invests or sells.

In this case, the official (i.e. published) NAV per share is the NAV for which the *swing pricing* mechanism has been applied. If a dilution adjustment is made, it usually increases the NAV per share if there is a significant net capital inflow into the relevant Sub-Fund, and decreases the NAV per Share in the event of significant net outflows of capital.

**Suspension of the calculation of the net asset value, subscriptions, redemptions and conversions:**

without prejudice to legal reasons, the SICAV may suspend the calculation of the NAV of the Shares and the issue, redemption, and conversion of its Shares, generally speaking, or in relation to one or more Sub-Funds only if the following circumstances occur:

- where one or more stock exchanges or markets on which the valuation of a major part of the SICAV's assets is based or one or more currency markets in currencies in which the NAV of the Shares or a major part of the SICAV's assets is expressed are closed on days other than normal holidays, or where trading is suspended or placed under restrictions or temporarily subject to severe fluctuations;
- where the political, economic, military, monetary or corporate climate, or striking or any case of force majeure beyond the responsibility or control of the SICAV, makes it impossible to dispose of its assets in a reasonable and normal way that is not seriously prejudicial to the interests of the Shareholders;
- where, in the event of a breakdown in the means of communication normally used to determine the price of any SICAV, asset or where the value of any SICAV asset cannot be promptly and accurately ascertained, for whatever reason;
- where exchange-rate or capital-movement restrictions prevent the Fund from carrying out transactions on behalf of the SICAV or where buying or selling operations affecting SICAV assets cannot be realised at normal exchange rates;
- upon the occurrence of an event leading to the liquidation of the SICAV;
- in the event of a merger, if applicable, of one Sub-Fund with another or another UCITS (or Sub-Fund thereof) provided that such suspension is justified by the need to protect Shareholders; and/or
- when a fund is a Feeder Fund of a Master Fund, if the calculation of the net asset value of this Master Fund is suspended.

In terms of the Sub-Funds affected, the SICAV will inform Shareholders wishing to subscribe, redeem or convert Shares, of the suspension of the calculation of the NAV, and the latter may cancel their orders. Other Shareholders shall be informed through a notice in the press where required by the applicable laws and regulations. This suspension will have no effect on the calculation of the NAV or the issue, redemption or conversion of Shares of unaffected Sub-Funds.

## **16. TAX TREATMENT OF THE SICAV AND OF SHAREHOLDERS**

The SICAV is subject to Luxembourg tax legislation.

It is the responsibility of parties acquiring Shares in the MANDARINE FUNDS SICAV to learn about the legislation and rules applicable to the acquisition, holding and eventual sale of Shares either themselves or through their tax advisers with regard to their residency or nationality.

**Uncertain tax positions:**

Potential investors should be aware that tax laws and regulations are constantly changing and that any modification to them may come into retroactive effect. Furthermore, the interpretation and application of tax laws and regulations by certain competent authorities may lack consistency and transparency. Given the uncertainty relating to the potential tax burden to be borne by each Sub-Fund, including any added value made or being latent, as well as any charge arising from investments made by the Portfolios whose value is taken into account over a basis (excl. tax) to be paid, the Portfolio NAV established for any valuation date may not precisely reflect this charge (including charges applicable retroactively).

**Taxation of the SICAV**

In accordance with the terms of the legislation in force, the SICAV is not liable for any Luxembourg tax on interest or dividends paid by a Sub-Fund, on real or unrealised capital gains on the assets of a Sub-Fund or on any distribution paid by a Sub-Fund to its Shareholders.

However, it is liable to a subscription tax, the annual rate of which is in principle 0.05% per year of the NAV of each Sub-Fund in respect of each Class concerned.

Nevertheless, this rate is 0.01% for Sub-Funds or Classes reserved for one or more institutional investors.

It is paid quarterly on the basis of the net assets of the SICAV on the last day of each quarter.

The net assets invested in UCIs that are already subject to the subscription tax described in Article 174 of the Law of 2010 are exempt from subscription tax. Article 175 of the 2010 Law provides for several other possibilities for exemption from the subscription tax.

No stamp duty or other tax is payable in Luxembourg in respect of the issue of the Shares.

The SICAV will be subject, in the various different countries, to withholding tax that may be charged on income, dividends and interest on its investments in those countries, without the latter necessarily being refundable.

The SICAV may, under certain circumstances, benefit from double taxation agreements concluded between Luxembourg and other countries.

Finally, the SICAV may also be subject to indirect taxes on its operations and on the services for which it is billed, due to the different legislation in force.

**Taxation of Shareholders**

Under current legislation, Shareholders are not liable for any capital gains tax, income tax, withholding tax, gift tax, inheritance tax or any death duties or other tax in Luxembourg (with the exception of Shareholders domiciled, resident or having a permanent establishment in Luxembourg).

**Savings Directive**

Until 1 January 2015, payments of dividends or of the redemption price in favour of Shareholders could be subject to withholding tax in accordance with the provisions of European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (hereinafter referred to as “**the Savings Directive**”).

The Savings Directive was transposed into Luxembourg legislation by the law of 21 June 2005 (hereafter “**the Savings Law**”) as amended by the law of 25 November 2014. By the law of 25 November 2014, Luxembourg implemented the automatic information sharing mechanism as described in the Savings Directive. Having opted for the automatic information sharing mechanism since 1 January 2015, Luxembourg no longer applies the withholding tax of 35% on interest payments.

Following the adoption of Directive 2014/107/EU of 9 December 2014 (hereafter “**Directive 2014/107/EU**”) amending Directive 2011/16/EU regarding automatic and compulsory information sharing in the field of taxation, the Council of the European Union repealed the Savings Directive on 10 November 2015 with effect from 1 January 2016. Directive

2014/107/EU was transposed into Luxembourg law by the Law of 18 December 2015 on automatic sharing of information relating to tax accounts ("**Law 2015**").

This repeal was enacted by a directive which also provides for transitional measures, in particular as regards waivers granted to Austria under Directive 2014/107/EU. In Luxembourg, from 1 January 2016, the Law of 2015 prevails over the Savings Law. The provisions of the Savings Directive will continue to apply for a transitional period for Austria, as for certain third countries and dependent or associated territories until automatic sharing of information on financial accounts complying with the global standard is applicable for those countries and territories.

#### **Automatic information sharing**

Directive 2014/107/EU, like other international agreements, in particular those adopted or to be adopted under the information sharing standards developed by the OECD ("*Common Reporting Standard*" or "**CRS**") requires participating States to:

- obtain information from their financial institutions; and
- transmit such information from 2017 onwards.

In accordance with Directive 2014/107/EU, the SICAV must be considered to be a financial institution and is therefore subject to the obligation to collect information enabling its investors to be identified.

Thus, Directive 2014/107/EU requires that the personal and financial information<sup>1</sup> of each investor who:

(1) is a natural or legal person deemed to be a person who is the subject of a declaration (or "*reportable person*")<sup>2</sup>, or

(2) is a non-financial taxable entity<sup>3</sup> whose controlling persons (legal or natural) are "*reportable persons*";

be identified to the local tax authority by the financial institution, which in turn will transfer this information to the relevant tax authority (the tax authority in the investor's State of residence).

If the SICAV's Shares are held through an account with a financial institution, the latter will be responsible for the transmission of the required information.

Accordingly, the SICAV, directly or indirectly:

(1) may at any time request and obtain additional information or information updating previously recovered documentation;

(2) is obliged, under Directive 2014/107/EU, to transmit all or part of the information provided as previously explained.

The first exchange of information will take place in 2017 for accounts held during the course of the 2016 calendar year.

Investors should therefore note the potential risk related to incorrect and/or incomplete information, particularly if the information has not been updated. In the event of a change affecting the content of the information provided, the investor must inform the SICAV (and, where applicable, the designated intermediary) and provide, if necessary, certification within thirty (30) days of the event that made the information previously provided inaccurate, incomplete or obsolete.

The scope and mechanisms for automatic information sharing may evolve over time. Investors are invited to consult a tax professional regarding the individual impact of Directive 2014/107/EU.

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<sup>1</sup> Including but not limited to name, address, country, tax identification number, date and place of birth, bank account number, amount of income generated, sales revenue, redemption or refund and account valuation within the meaning of Directive 2014/107/EU.

<sup>2</sup> A natural or legal person who is not resident in the country of approval of the fund and who is a resident of a participating State. The list of participating countries is available from the OECD website.

<sup>3</sup> Entity that is not a financial institution within the meaning of Directive 2014/107/EU.

In Luxembourg, by virtue of the Law of 2 August 2002 on the use and protection of personal data, as amended, the investor has the right to access and modify their personal information, which will be transmitted to the competent tax authority.

#### **FATCA**

The Foreign Account Tax Compliance Act ("**FATCA**") requires foreign financial establishments outside the United States ("**foreign financial establishments**" or "**FFE**") to supply the *Internal Revenue Service* ("**IRS**") with information on financial accounts held directly or indirectly by certain specified American nationals. A 30% withholding tax is imposed on certain types of income from an American source paid into a FFE that does not comply with the FATCA.

On 28 March 2014, the Grand Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("**IGA**") with the United States of America and a related protocol. The SICAV is therefore obliged to comply with this IGA as transposed into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "**FATCA Law**") in order to comply with the FATCA provisions, rather than complying directly with the Regulations of the United States Treasury implementing the FATCA.

Under the FATCA Law and the IGA, the SICAV will be required to collect information to identify its direct and indirect shareholders who are American nationals for FATCA purposes (the "**reportable accounts**"). All information on the reportable accounts provided to the SICAV shall be shared with the Luxembourg tax authorities, who will automatically share this information with the Government of the United States of America in accordance with the agreement between the Government of the United States of America and the Government of Luxembourg for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and on capital, signed in Luxembourg on 3 April 1996. The SICAV intends to comply with the provisions of the FATCA and the IGA, in order to be considered as complying with FATCA and should therefore not be subject to the withholding tax of 30% on its share of the payments attributable to the American investments of the SICAV, whether actual or deemed to be such. The SICAV shall continuously evaluate the impact of the rules imposed by FATCA and, in particular, the FATCA law.

#### **Specific risks arising from the publication of tax requirements in Germany and Austria:**

Certain categories of Shares in the Sub-Fund are specifically aimed at investors residing in the German Federal Republic or the Republic of Austria for tax purposes.

Within this framework, the SICAV must provide documentation to the German and Austrian tax authorities upon request so that these authorities, amongst others, can verify the accuracy of the published tax information. The basis on which these figures are calculated is subject to interpretation and it cannot therefore be guaranteed that these authorities will accept or will be in agreement in the calculation method used by the Sub-Fund. Furthermore, Shareholders subject to German or Austrian taxation should be aware that if the tax authorities are not in agreement with the Sub-Fund's calculation method and determine that the published tax information is incorrect, that a subsequent correction, as a general rule, shall not have a retrospective effect and shall not enter into effect during the course of the current financial year. Consequently, the correction can affect German or Austrian investors who receive a distribution or an allocation of the estimated income distribution during the current year, in either a positive or a negative way.

The SICAV advises potential Shareholders to inform themselves and, if necessary, seek professional advice on the laws and regulations relating to the subscription, purchase, holding, redemption and sale of Shares in their country of origin, residence or domicile.

**Potential Shareholders should inform themselves and, if appropriate, seek advice on legislation and regulations (including taxation and exchange controls) applicable in respect of the subscription, redemption, holding or sale of Shares in their country of origin, residence and/or domicile.**

**Taxation of the Feeder Funds:**

The investment of a Sub-Fund with the status of a Feeder Fund in a Master Fund has no specific tax impact in Luxembourg.

**17. FINANCIAL REPORTS**

The financial year starts on 1 January and ends on 31 December of each year.

The SICAV shall publish an annual report audited by Deloitte Audit (the “Accredited **Statutory Auditor**”) at the end of every year, as well as an unaudited interim report at the end of every half-year, on 30 June.

These financial reports may include, among other things, separate financial statements drawn up for each Sub-Fund. The consolidation currency is the euro.

**18. DISSOLUTION – LIQUIDATION – CLOSURE- MERGER**

**Dissolution and liquidation of the SICAV**

The SICAV will be liquidated in accordance with the provisions and conditions laid down by the legislation in force in the Grand Duchy of Luxembourg and the articles of incorporation of the SICAV.

*Minimum capital*

In the event that the share capital of the SICAV amounts to less than two thirds of the minimum capital, the directors must submit a proposal to wind up the SICAV to the General Meeting of the SICAV (“**General Meeting**”), which shall deliberate without any attendance conditions and shall pass resolutions by a simple majority of the Shares represented at the General Meeting.

If the share capital of the SICAV falls below one quarter of the minimum capital, the directors must refer the matter of dissolution of the SICAV to the General Meeting of Shareholders deliberating without attendance conditions. The dissolution may be declared by Shareholders holding one quarter of the Shares represented at the General Meeting.

The General Meeting must be convened so as to ensure that it is held within forty days of finding that the net assets have fallen, respectively, below two-thirds or one quarter of the minimum capital.

The decisions of the General Meeting, or of a court, ordering the dissolution and liquidation of the SICAV are published in Mémorial and in two newspapers of sufficient circulation, at least one of which must a Luxembourg newspaper. These publications are made at the behest of the liquidator.

*Voluntary liquidation*

In the event of dissolution of the SICAV, it shall be liquidated by one or more liquidators appointed in accordance with the Law of 2010 and in accordance with the SICAV’s Articles of Association. The net proceeds of the liquidation of each Sub-Fund will be distributed to the Shareholders of the respective share Class, pro rata to the number of Shares they hold in this Class. Amounts not claimed by the Shareholders at the close of the liquidation will be deposited with the Caisse des Consignations in Luxembourg. Unless claimed before the expiry of the legal prescription period, the amounts deposited may not be withdrawn.

The options for the issue, redemption and conversion of the Shares of the SICAV will cease as soon as the decision to dissolve the SICAV has been taken.

## **Closure and merger of Sub-Funds or Classes**

### *Closure of a Sub-Fund or Class*

The Board of Directors may decide on the closure of one or more Sub-Funds if the Board of Directors feels that major changes in the political or economic situation render it necessary, or if the net assets of this or these Sub-Funds or Classes are deemed to be insufficient to ensure the optimal management of this or these Sub-Funds or Classes.

The decision to liquidate the Sub-Fund or close the relevant Class will be communicated or published to the relevant Shareholders before the liquidation/closure and this communication or publication will indicate the reasons for the liquidation/closure and the procedures put in place.

Unless the Board of Directors decides otherwise in the interest of Shareholders or to maintain equal treatment of Shareholders of the relevant Sub-Fund, the SICAV may, pending the enforcement of the decision to liquidate, continue to accept applications for redemption of Shares of the Sub-Fund whose liquidation has been decided.

The net assets of the relevant Sub-Funds or those attributable to a share Class shall be divided among the remaining Shareholders of the Sub-Fund or Class concerned. The amounts that have not been claimed by Shareholders or beneficiaries during closure of the liquidation of the Sub-Funds will be deposited with the Caisse de Consignation in Luxembourg.

### *Merger of Sub-Funds or Classes*

The Board of Directors may decide, in the interest of Shareholders, to merge the assets of one Sub-Fund or Class with the assets of another Sub-Fund or Class within the SICAV. These mergers may be carried out for a range of economic reasons justifying the completion of the Sub-Fund or share Class merger operations.

All Shareholders of the Sub-Fund or Class concerned will be notified no later than one month before the effective date of the merger. Such notification shall also indicate the characteristics of the new Sub-Fund or new Class. The Shareholders of Sub-Funds or share Classes promised a merger shall be able, for at least thirty (30) days before the deadline for request for redemption or conversion of Shares, to request redemption or conversion of their Shares at no charge (other than the cost of disinvestment). Beyond this deadline, the decision will apply to all Shareholders who have not taken the opportunity of this release without charge.

In circumstances similar to those described in the preceding paragraph and in the interest of Shareholders, the merger of the assets and liabilities attributable to a Sub-Fund or share Class with another UCITS or Sub-Fund or share Class in this other UCITS (whether established in Luxembourg or in another Member-State, whether constituted as a corporation or a contractual fund), may be decided by the Board of Directors, in compliance with the provisions of the 2010 Law. The SICAV will send notification to the Shareholders of the Sub-Fund concerned in accordance with Regulation No 10-5 of the CSSF. Each Shareholder of the Sub-Fund or share Class concerned shall have at least thirty (30) days, before the deadline for request for reimbursement or conversion of Shares, to seek reimbursement or conversion of their Shares, at no cost other than disinvestment costs.

In the case of a merger procedure to a different UCI (in the form of a contractual fund or a foreign fund), the merger will be binding only on Shareholders of the Sub-Fund or share Class concerned who have expressly given their assent to the merger. Otherwise, the Shares held by other Shareholders that have not clarified their position regarding said merger shall be redeemed without charge. These mergers can be carried out in various economic circumstances justifying a merger of Sub-Funds.

In the case of a merger of a Sub-Fund or Class that results in the termination of the SICAV, the merger must be decided at a meeting of Shareholders of the Sub-Fund or Class concerned; this meeting may deliberate without any quorum by a simple majority of votes cast.



## **19. SHAREHOLDER INFORMATION**

Details of the NAV, the issue price and the redemption and conversion price of each Class can be obtained every banking business day in Luxembourg from the SICAV's registered office.

Amendments to the SICAV's Articles of Association will be published in the Luxembourg Mémorial, Recueil des Sociétés et Associations.

Notices and information sent to Shareholders will be published in the Luxembourg Mémorial, Recueil des Sociétés et Associations, if required by Luxembourg law. These notices and information may also be published in Luxembourg newspapers, where appropriate.

The following documents are available to the public:

- the Prospectus and the articles of association of the SICAV;
- the Key Investor Information Document (KIID) for Shares in the SICAV's Sub-Funds;
- the SICAV financial reports.

A copy of the agreements concluded with the Management Company, the custodian bank, the Central Administration, the managers, sub-managers, Investment advisers and sub-advisers of the SICAV may be obtained free of charge from the registered office of the SICAV.

The Management Company would like to draw the attention of investors to the fact that any investor may only fully exercise their rights as investor directly with the UCITS - including the right to take part in General Shareholders' Meetings - if the investor itself is listed by name in the registry of UCITS Shareholders. In the event that an investor invests in the UCITS by way of an intermediary investing in the UCITS investing in their own name but on behalf of the investor, certain rights attached to the status of Shareholder may not necessarily be exercised by the investor directly with the UCITS. Investors are recommended to seek advice regarding their rights.

**ANNEX 1**  
**SUB-FUND DESCRIPTIONS**

**MANDARINE UNIQUE**  
**SMALL & MID CAPS EUROPE**

Sub-Fund of **Mandarine Funds**, a variable capital investment company (hereinafter referred to as the “**SICAV**”) governed by Luxembourg law.

**OVERVIEW OF THE SICAV**

<b>Date of incorporation</b>	>	3 March 2010
<b>Country of registration</b>	>	Luxembourg
<b>Legal form</b>	>	Sicav with various sub-funds
<b>Duration</b>	>	Unlimited
<b>Management Company</b>	>	LA FRANCAISE AM INTERNATIONAL
<b>Sub-manager</b>	>	MANDARINE GESTION SA
<b>Custodian</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Central administrative agent</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Accredited Statutory Auditor</b>	>	DELOITTE AUDIT
<b>Supervisory authority</b>	>	COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER, Luxembourg

**OVERVIEW OF THE SUB-FUND**

<b>Appointed manager</b>	>	MANDARINE GESTION SA, FRANCE
<b>ISIN code</b>	>	Class Z shares: LU0489687169 Class R shares (d): LU1303937301 F shares: LU1303937483 F (d) shares: LU1303937640 Class R shares: LU0489687243 Class R shares (USD): LU1545812510 Class R shares (USDH): LU0980140122 Class I shares: LU0489687326 Class I shares (USD): LU1545812601 Class I shares (USDH): LU0980141526 Class S shares: LU0598593316 Class G shares: LU0489687599 Class M shares: LU0489687755 Class B1 shares (GBP): LU1133336856 Class B2 shares (GBPH): LU1133336930 Class B3 shares (GBP): LU1133337151 Class B4 shares (GBPH): LU1133337235 Class L shares: LU1133337318 L shares (d): LU1303937723 L Share (GBPd): LU1303937996 L Share (GBP): LU1303938028 Class MG shares: LU1303938291

## MANDARINE FUNDS

SICAV incorporated under Luxembourg law with multiple sub-funds

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- Listed on Luxembourg stock exchange** > The Shares may be subject to listing on the Luxembourg Stock Exchange if so decided by the Board of Directors.

### **INVESTMENT POLICY**

- Investment objective** > The aim of Mandarin Unique (the “**Sub-Fund**”) is to provide investors with long-term capital growth arising from a diversified portfolio whose transferable securities are actively managed and to achieve a performance higher than that of the benchmark index STOXX® Europe Small 200 (EUR) Net Return.

- Investment policy of the Sub-Fund** > The Sub-Fund shall invest at least 75% of its net assets in shares of companies which have their registered offices located within the EEA.

Within this framework, the Sub-Fund shall invest:

- mainly in small and mid caps;
- within a limit of 15% of its total assets, in shares of companies qualifying as *large caps*.

The Sub-Fund will also be permitted to invest up to 25% of its net assets in money market instruments or debt securities (including eligible transferable securities in accordance with Article 41 of the 2010 Law, such as marketable debt securities (“**MDS**”) and Euro Medium Term Notes (“**EMTN**”)) and any other type of eligible bonds or money market instruments.

Furthermore, the Sub-Fund may also invest up to 10% of its net assets in UCIs in order to invest its liquid assets.

- Use of derivatives** > Within the limits set out in the prospectus, the Sub-Fund may use financial markets techniques and instruments for the purposes of the proper management of the portfolio or for hedging, within the limits set out by the investment restrictions.
- The use of derivatives is limited to 100% of the Sub-Fund's net assets.

#### **Financial guarantees (or collateral) and discount policy**

The Sub-Fund will not receive securities as collateral, but will only receive cash collateral in euros to reduce counterparty risk in the context of effective portfolio management techniques.

Type of collateral	Currency	Valuation level
Cash	EUR	100%

Cash received in collateral will be reinvested only in monetary funds (as defined in the ESMA opinion of 22 August 2014 (ESMA/2014/1103) on the review of the “CESR Guidelines on a Common Definition of European Money Market Funds (CESR/10-049)”.

<b>Benchmark currency</b>	>	EUR
<b>Risk profile of the Sub-Fund</b>	>	<p>The attention of investors is also drawn to the fact that investing in this Sub-Fund presents specific risks inherent to the various asset classes in which the Sub-Fund may invest or to which it may be exposed, and it shall be the responsibility of the investors to review the risks as more fully detailed in the Prospectus:</p> <ul style="list-style-type: none"> <li>• Risk arising from discretionary management style;</li> <li>• Risk of loss of capital;</li> <li>• Counterparty risk;</li> <li>• Liquidity risk.</li> </ul>
<b>Risk management method</b>	>	Commitment approach
<b>Investor profile</b>	>	<p>Investment horizon: &gt; 5 years</p> <p>This Sub-Fund is an investment vehicle intended for investors who:</p> <ul style="list-style-type: none"> <li>• are interested in the financial markets;</li> <li>• wish to invest in small and mid cap companies in the European Economic Area; and</li> <li>• are willing to accept the strong fluctuations in rates and who therefore present low risk aversion.</li> </ul>

#### **SHARES AVAILABLE - SUBSCRIPTION AMOUNT**

<b>Classes</b>	<b>Minimum value of initial subscription *</b>	<b>Minimum value of subsequent subscriptions</b>
<b>Z shares**</b>	50 euros	None
<b>R, R (USD), R (USDH), R(d) shares</b>	50 euros/USD	None
<b>F and F (d) shares</b>	100,000 euros	None
<b>I, I (USD), I (USDH) shares</b>	500,000 euros/USD	None
<b>G shares ***</b>	500,000 euros	None
<b>S shares ****</b>	250,000 euros	None
<b>M shares</b>	20,000,000 euros	None
<b>L shares</b>	20,000,000 euros	None
<b>L shares (d)</b>	20,000,000 euros	None
<b>L shares (GBPd)</b>	15,000,000 GBP	None
<b>L shares (GBP)</b>	15,000,000 GBP	None
<b>B1 share (GBP)</b>	15,000,000 GBP	None
<b>B2 share (GBPH)</b>	15,000,000 GBP	None
<b>B3 shares (GBP)</b>	1,000 GBP	None
<b>B4 shares (GBPH)</b>	1,000 GBP	None
<b>MG shares*****</b>	1,000 euros	None

\* except for the manager of the Sub-Fund who may only subscribe to a single unit.

\*\* individuals subscribing directly with the SICAV.

\*\*\* institutional investors governed by German law: legal persons directly or indirectly subject to German legal and tax rules, especially those relating to the provisions of § 5 Investmentsteuergesetz and also institutional investors governed by Austrian law.

\*\*\*\* Class reserved to institutional investors such as those defined by the lines of conduct and recommendations issued periodically by the Luxembourg supervisory authority, mainly Spanish and Italian. S class investors shall, upon request from the SICAV, undertake to provide proof of their eligibility and especially of their capacity as an institutional investor.

\*\*\*\*\* Class reserved for Mandarin Gestion and entities of its group.

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For I (USDH), R (USDH), B2 (GBPH) and B4 (GBPH) Shares, exchange hedging is implemented, the aim of which is to limit the impact of changes in the EUR/USD exchange rate on the performance and to hedge against the USD/EUR and GBP/EUR exchange rate risk to the fullest possible extent. For Classes denominated in currencies other than the euro, the attention of subscribers is drawn to the fact that residual exchange risk may remain. Hedging can generate a performance discrepancy between Classes in different currencies.

### **FEES PAYABLE BY THE SUBSCRIBER**

The Distributor or the authorised distribution intermediaries may take the following maximum fees on Shares from the Sub-Fund:

	<b>Subscription fee</b>	<b>Redemption fee</b>	<b>Conversion fee</b>
<b>Z shares</b>	2% max		1% max
<b>R shares</b>	2% max		1% max
<b>R shares (USD)</b>	2% max		1% max
<b>R shares (USDH)</b>	2% max		1% max
<b>R shares (d)</b>	2% max		1% max
<b>F shares</b>	2% max		1% max
<b>F shares (d)</b>	2% max		1% max
<b>I shares</b>	2% max		1% max
<b>I shares (USD)</b>	2% max		1% max
<b>I shares (USDH)</b>	2% max		1% max
<b>G shares</b>	2% max		1% max
<b>S shares</b>	2% max		1% max
<b>M shares</b>	2% max		1% max
<b>B1 shares (GBP)</b>	2% max		1% max
<b>B2 shares (GBPH)</b>	2% max		1% max
<b>B3 shares (GBP)</b>	2% max		1% max
<b>B4 shares (GBPH)</b>	2% max		1% max
<b>L shares</b>	2% max		1% max
<b>L shares (d)</b>	2% max		1% max
<b>L shares (GBP)</b>	2% max		1% max
<b>L shares (GBPd)</b>	2% max		1% max
<b>MG shares</b>	2% max		1% max

**FEES AND COSTS CHARGED TO THE SUB-FUND**

	<b>Management fees*</b>	<b>Outperformance fee</b> <i>Performance fee</i>	<b>Custodian bank fees**</b>	<b>Services fee***</b>
<b>Z shares</b>	2.20% max		0.10% max	0.50% max
<b>R shares</b>	2.20% max		0.10% max	0.50% max
<b>R shares (USD)</b>	2.20% max		0.10% max	0.50% max
<b>R shares (USDH)</b>	2.20% max		0.10% max	0.50% max
<b>R shares (d)</b>	2.20% max	15% of the outperformance above STOXX® Europe Small 200 (EUR) Net Return	0.10%	0.50% max
<b>F shares</b>	1.10% max		0.10%	0.50% max
<b>F shares (d)</b>	1.10% max		0.10%	0.50% max
<b>I shares</b>	0.90% max		0.10% max	0.50% max
<b>I shares (USD)</b>	0.90% max		0.10% max	0.50% max
<b>I shares (USDH)</b>	0.90% max		0.10% max	0.50% max
<b>G shares</b>	0.90% max		0.10% max	0.50% max
<b>S shares</b>	1.40% max		0.10% max	0.50% max
<b>M shares</b>	0.60% max		0.10% max	0.50% max
<b>B1 shares (GBP)</b>	0.60% max		0.10% max	0.25% max
<b>B2 shares (GBPH)</b>	0.60% max		0.10% max	0.25% max
<b>B3 shares (GBP)</b>	0.95% max	NA	0.10% max	0.25% max
<b>B4 shares (GBPH)</b>	0.95% max	NA	0.10% max	0.25% max
<b>L shares</b>	0.75% max	NA	0.10% max	0.50% max
<b>L shares (d)</b>	0.75% max	NA	0.10% max	0.50% max
<b>L shares (GBP)</b>	0.75% max	NA	0.10% max	0.25% max
<b>L shares (GBPd)</b>	0.75% max	NA	0.10% max	0.25% max
<b>MG shares</b>	0.90% max	NA	0.10% max	0.50% max

Outperformance fee: The calculation period for the outperformance fee shall be the Sub-Fund's financial year. By way of exemption to this, the first calculation period begins on the calculation date of the first NAV and ends on the last day of the current financial year. At the time of each establishment of the NAV, the outperformance of the Sub-Fund shall be defined as the positive difference between the valuation of the Sub-Fund prior to taking into account any provision for the outperformance fee, and the valuation of a notional UCI achieving the performance of the benchmark indicator and posting the same set of subscriptions and redemptions as the Sub-Fund.

Every time the NAV is established, the outperformance fee, where it is defined as being equal to 15% (including taxes) of the performance exceeding the STOXX® Europe Small 200 (EUR) Net Return index, a provision is created or released within the limits of the existing appropriation.

Such a provision may only be passed on the condition that the NAV, after taking into account a provision (in full or in part) for the outperformance fee, is greater than the NAV of the Sub-Fund at the beginning of the financial year. In the case of redemptions, the share of the outperformance fee corresponding to the redeemed units is received by the Management Company. Excluding redemptions, the outperformance fee shall be collected by the Management Company on the last date of the financial year.

\* Management fee > payable monthly and based on the average net assets of the Sub-Fund during the month in question. The payment is due in the following month.

\*\* Custodian Bank fees > payable quarterly and based on the average net assets of the

## MANDARINE FUNDS

*SICAV incorporated under Luxembourg law with multiple sub-funds*

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- Sub-Fund during the respective quarter, no more than EUR 6,000 p.a.
- \*\*\*Services fee > payable quarterly and based on the average net assets of the Sub-Fund during the respective quarter, no more than EUR 25,000 p.a.
- Other costs and fees > The Sub-Fund shall also pay other operating costs. Details of these costs are outlined in Article 30 of the Articles of Association.

### **TAXATION SYSTEM**

- Taxation of the SICAV** > No fee or tax payable in Luxembourg, except for a subscription tax of 0.01% per annum for Classes reserved for institutional investors or 0.05% per annum for Classes reserved for private investors (Exemption of net assets invested in UCI already subject to subscription tax).
- Taxation of Shareholders** > By the law of 25 November 2014, Luxembourg implemented the automatic information sharing mechanism as described in the Savings Directive. Having opted for the automatic information sharing mechanism since 1 January 2015, Luxembourg no longer applies the withholding tax of 35% on interest payments. Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.  
French investors: this Sub-Fund is eligible for PEA (Equity Savings Plans).

### **SALE OF SHARES**

- Subscription, redemption and conversion** > Subscription, redemption and conversion orders received in Luxembourg before 13:00 on a valuation date ("**Valuation Date**") will be deducted on the basis of the NAV calculated by reference to the Valuation Date by applying the rights provided for in the Prospectus. Subscriptions and redemptions must be paid up no later than two working days following the applicable Valuation Date.
- Share type/class** > Shares in this Sub-Fund are capitalisation or distribution Shares.  
Shares are issued in registered form. Parts may be issued up to one ten-thousandth of a share.
- Valuation Date** > Each banking business day in Luxembourg by reference to which the NAV is calculated; in the event of closure, the NAV will be calculated on the basis of the next banking business day.
- Value date for subscriptions and redemptions** > Within 2 working days following the applicable NAV
- Publication of the NAV** > The NAVs can be consulted at the registered office of the SICAV.

### **CONTACTS**

- Subscriptions, redemptions and conversions** > BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH



## MANDARINE FUNDS

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**Request for  
documentation**

> BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH  
Tel.: + 352 26.96.20.30

The Prospectus, the KIID and the annual and half-yearly reports, may be obtained free of charge from the registered office of BNP Paribas Securities – Luxembourg Branch.

## **MANDARINE MULTISTRATEGIES**

Sub-Fund of **Mandarine Funds**, a variable capital investment company (hereinafter referred to as the “**SICAV**”) governed by Luxembourg law.

### **OVERVIEW OF THE SICAV**

<b>Date of incorporation</b>	>	3 March 2010
<b>Country of registration</b>	>	Luxembourg
<b>Legal form</b>	>	Sicav with various sub-funds
<b>Duration</b>	>	Unlimited
<b>Management Company</b>	>	LA FRANCAISE AM INTERNATIONAL
<b>Sub-manager</b>	>	MANDARINE GESTION SA
<b>Custodian</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Central administration</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Auditors</b>	>	DELOITTE AUDIT
<b>Supervisory authority</b>	>	COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER, Luxembourg

### **OVERVIEW OF THE SUB-FUND**

<b>Appointed manager</b>	>	MANDARINE GESTION SA, FRANCE
<b>ISIN code</b>	>	Class Z shares: LU0982862921 Class R shares: LU0982863069 Class R shares (d): LU1303938374 Class F shares: LU1303938457 Class I shares: LU0982863143 Class I2 shares: LU0982863226 Class S shares: LU0982863655 Class G shares: LU0982863499 Class G2 shares: LU0982863572 Class M shares: LU0982863739 Class L shares: LU0982863812 Class MG shares: LU1303938531
<b>Listed on Luxembourg stock exchange</b>	>	The shares may be subject to listing on the Luxembourg Stock Exchange if so decided by the Board of Directors of the SICAV.

### **INVESTMENT POLICY**

<b>Investment objective</b>	>	The objective of this Mandarine Multistrategies Sub-Fund (the “ <b>Sub-Fund</b> ”) is to encourage the creation of long-term assets by investing in a diversified portfolio exposed to different asset classes.
<b>Investment policy of the Sub-Fund</b>	>	To achieve the Sub-Fund's investment objective, the management team will invest in a wide range of asset classes through multiple strategies combining different performance drivers.

analysis of the macro-economic and financial environment and of its growth forecasts for the various asset classes (“**top-down**” approach), the Sub-Fund's management team will implement investment strategies in a discretionary and opportunistic way.

*Description of the strategies used:*

Depending on the results of its fundamental analysis, the management team will take long or short positions on the various asset classes:

- medium and long term through directional strategies,
- completed short term, relative value and arbitration tactical strategies.

The Sub-Fund may therefore invest on all international interest rate, exchange and share markets and, amongst other things, be exposed to foreign currencies, debt instruments of all types (public or private), money market instruments, and similar securities, volatility and raw materials indices (excluding precious metals). In this context, the Sub-Fund will invest in a selection of securities directly, financial futures or spot instruments or UCIs invested or exposed to different asset classes. It shall be understood that the Sub-Fund will not hold raw materials directly and that the manager shall ensure that there is no physical delivery.

The choice of investments will not be limited to a single geographical area (including emerging countries), one economic activity sector in particular, one asset class or one given currency. However, depending on the market conditions, investments may be focussed on a single country or a reduced number of countries and/or one economic activity sector and/or one currency and/or one asset class.

Given the discretionary nature of the policy for exposure to different markets, the management team may develop particular themes based on their forecast yield expectations for these themes, in order to benefit from more encouraging anticipated performance for one asset class compared to another.

The Sub-Fund may invest up to 30% of its assets in the markets of emerging countries. Furthermore, the Sub-Fund may also invest up to 10% of its net assets in UCIs or ETFs (*trackers*).

The Sub-Fund will invest on the equities, interest rate and currency markets within a range of 0 to 100% of its net assets.

The Sub-Fund may hold ancillary and temporary liquid assets. Exceptionally, and in view of its good portfolio management, the Sub-Fund may hold up to 100% of its net assets in Liquid Assets which may be made up of units of monetary UCIs and/or money market instruments and/or long term deposits, in accordance with the principles adopted for the distribution of risks.

The Sub-Fund may invest in simple structured products, certificates with no leverage effect (embedded derivatives), trackers or any other transferable security, including derivative

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instruments, whose yield is linked to, amongst other things, an index which respects the provisions of Article 9 of the Grand-Ducal regulation of 8 February 2008 (including indices on raw materials, precious metals, volatility, etc.), currencies, interest rates, transferable securities, a basket of transferable securities, a UCI, in accordance with the Grand-Ducal regulation of 8 February 2008.

The sensitivity of the Sub-Fund will be between -5 and +10.

The Sub-Fund's exposure to equity markets will be between -50% and 100% of its net assets, mainly through the listed derivative products.

The volatility of the Sub-Fund shall not exceed a maximum of 8% barring exceptional market conditions.

If the manager deems it necessary and in the interests of its Shareholders, the Sub-Fund may hold up to 100% of its net assets in deposits, money market instruments, negotiable debt securities, monetary and liquid asset UCIs (up to 10% in UCIs).

Risk control: the tools for monitoring the portfolio must enable the daily monitoring of the development of the Sub-Fund's risk indicators, especially the level of overall volatility and risk.

### Use of derivatives and expected leverage effect

- > Within the limits set out in the Prospectus, the Sub-Fund may use financial markets techniques and instruments for the purposes of the proper management of the portfolio or for hedging, within the limits set out by the investment restrictions.

The expected leverage effect is 500%.

### Financial guarantees (or collateral) and discount policy

The Sub-Fund will not receive securities as collateral, but will only receive cash collateral in euros to reduce counterparty risk in the context of effective portfolio management techniques.

Type of collateral	Currency	Valuation level
Cash	EUR	100%

Cash received in collateral will be reinvested only in monetary funds (as defined in the ESMA opinion of 22 August 2014 (ESMA/2014/1103) on the review of the "CESR Guidelines on a Common Definition of European Money Market Funds (CESR/10-049)").

### Benchmark currency

- > EUR

### Risk profile of the Sub-Fund

- > **The attention of investors is drawn to the fact that investing in this Sub-Fund presents specific risks inherent to the various asset classes in which the Sub-Fund may invest or to which it may be exposed, and it shall be the responsibility of the investors to review the risks as more fully detailed in the Prospectus:**

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- **Risk arising from discretionary management style;**
- **Risk of loss of capital;**
- **Credit, interest rate and exchange rate risk;**
- **Equities risk;**
- **Volatility risk.**

The use of derivative financial instruments in the framework of its investment strategy exposes the Sub-Fund to potential risks if the market changes counter to the manager's forecasts.

### **Risk management method**

- > Approach by the absolute Value at Risk ("**Absolute VaR**"). Under the 2010 Law and the regulations in force concerning the risk management method and, in particular, CSSF Circular 11/512, the Sub-Fund uses a risk management method that enables it to assess the exposure of the Sub-Fund to market, liquidity and counterparty risks and any other types of risks to be taken into account at the level of the Sub-Fund, including operational risk.

Calculation of overall exposure

In the context of the risk management method, the overall exposure of the Sub-Fund is calculated and verified by the Absolute VaR method.

The VaR is calculated on the basis of a confidence interval of 99% and a holding period of 20 days.

The Sub-Fund's Absolute VaR level is limited to an Absolute VaR calculated based on the Sub-Fund's NAV and does not exceed a maximum Absolute VaR limit that takes account of the investment policy and the risk profile of the Sub-Fund. The maximum level of Absolute VaR of the Sub-Fund is set at 20%.

### **Investor profile**

Investment horizon: > 3 years

- > This Sub-Fund is an investment vehicle intended for investors who:
- are interested in the financial markets;
  - wish to invest in and be exposed to diversified asset classes.

### **SHARES AVAILABLE - SUBSCRIPTION AMOUNT**

	<b>Initial NAV</b>	<b>Amount of initial subscription *</b>	<b>Amount of subsequent subscription</b>
<b>Z shares **</b>	100 euros	50 euros	None
<b>R shares</b>	100 euros	50 euros	None
<b>R shares (d)</b>	100 euros	50 euros	None
<b>F shares</b>	1,000 euros	100,000 euros	None
<b>I shares</b>	1,000 euros	500,000 euros	None
<b>I2 shares</b>	1,000 euros	500,000 euros	None
<b>G shares ***</b>	1,000 euros	500,000 euros	None
<b>G2 shares ***</b>	1,000 euros	500,000 euros	None
<b>S shares ****</b>	1,000 euros	500,000 euros	None
<b>M shares</b>	10,000 euros	10,000,000 euros	None
<b>L shares ***</b>	10,000 euros	10,000,000 euros	None
<b>MG shares *****</b>	1,000 euros	1,000 euros	None

\* except for the manager of the Sub-Fund who may only subscribe to a single unit.

\*\* individuals subscribing directly with the SICAV.

\*\*\* institutional investors governed by German law: legal persons directly or indirectly subject to German legal and tax rules, especially those relating to the provisions of § 5 Investmentsteuergesetz and also institutional investors governed by Austrian law.

\*\*\*\* Class reserved to institutional investors such as those defined by the lines of conduct and recommendations issued periodically by the Luxembourg supervisory authority, mainly Spanish and Italian. S Class investors shall, upon request from the SICAV, undertake to provide proof of their eligibility and especially of their capacity as an institutional investor.

\*\*\*\*\* Class reserved for Mandarin Gestion and entities of its group.

### **FEES PAYABLE BY THE SUBSCRIBER**

The Distributor or the authorised distribution intermediaries may take the following maximum fees on Shares from the Sub-Fund:

	<b>Subscription fee</b>	<b>Redemption fee</b>	<b>Conversion fee</b>
<b>Z shares</b>	2% max	-	1% max
<b>R shares</b>	2% max	-	1% max
<b>R shares (d)</b>	2% max	-	1% max
<b>F shares</b>	2% max	-	1% max
<b>I shares</b>	2% max	-	1% max
<b>I2 shares</b>	2% max	-	1% max
<b>G shares</b>	2% max	-	1% max
<b>G2 shares</b>	2% max	-	1% max
<b>S shares</b>	2% max	-	1% max
<b>M shares</b>	2% max	-	1% max
<b>L shares</b>	2% max	-	1% max
<b>MG shares</b>	2% max	-	1% max

**FEES AND COSTS CHARGED TO THE SUB-FUND**

	<b>Management fees*</b>	<b>Outperformance Outperformance Performance fee</b>	<b>Custodian bank fees**</b>	<b>Services fee***</b>
<b>Z shares</b>	1.50% max	15%	0.10% max	0.40% max
<b>R shares</b>	1.50% max	15%	0.10% max	0.40% max
<b>R shares (d)</b>	1.50% max	15%	0.10% max	0.40% max
<b>F shares</b>	0.75% max	15%	0.10% max	0.40% max
<b>I shares</b>	0.70% max	15%	0.10% max	0.40% max
<b>I2 shares</b>	0.85% max	-	0.10% max	0.40% max
<b>G shares</b>	0.70% max	15%	0.10% max	0.40% max
<b>G2 shares</b>	0.85% max	-	0.10% max	0.40% max
<b>S shares</b>	1.00% max	15%	0.10% max	0.40% max
<b>M shares</b>	0.45% max	15%	0.10% max	0.40% max
<b>L shares</b>	0.60% max	-	0.10% max	0.40% max
<b>MG shares</b>	0.85% max	-	0.10% max	0.40% max

**Outperformance fee:**

The outperformance fee is based on a comparison between the performance of the Sub-Fund and that of a notional UCI achieving the performance of the capitalised EONIA rate +400 base points (400 BPS), using the same subscription and redemption scheme as the Sub-Fund.

Upon each establishment of the NAV, the outperformance fee shall be subject to a provision (of 15% of the outperformance) once the performance of the Sub-Fund is greater than that of the notional UCI over the observation period, or a re-provision limited to the existing appropriation in the event of underperformance.

This outperformance fee, calculated each financial year, in principle has a “highwatermark”: in the event of underperformance over the financial year, the observation period is extended by one financial year and the outperformance fee is then calculated over a cumulation of two financial years.

So at the end of the financial year:

- If the asset valued from the Sub-Fund is higher than that of the asset of the notional UCI, the forecast is perceived by the manager (this forecast will represent 15% of the difference between these two assets) and a new observation period of one financial year will begin. The level of the notional UCI asset chosen for the new observation period will then be readjusted to the level of the asset valued by the Sub-Fund.
- If the asset valued by the Sub-Fund is lower than that of the notional UCI, no provision is noted and the observation period continues for an additional year, keeping the initial level of the benchmark asset.  
 At the end of this two year observation period:
  - (i) if the asset valued by the Sub-Fund is higher than that of the notional UCI, the provision will then be received by the Manager;
  - (ii) otherwise, no provision will be taken.

The level of the asset from the notional UCI will in both cases (*see: (i) and (ii)*) automatically be readjusted to the level of the asset valued by the Sub-Fund (after taking all or part of a provision, if applicable) and a new observation period of one financial year will begin.

In the event of redemptions over the period, the share of the constituted provision corresponding to the number of Shares redeemed shall be definitively acquired and taken by the Manager.

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The starting point for the first observation period corresponds to the start date of the Sub-Fund's outperformance fee, or 1st January 2014. The first period will end on the last day of the financial year at the earliest, ending on 31 December 2014.

- \* Management fee > payable monthly and based on the average net assets of the Sub-Fund during the month in question. The payment is due in the following month.
- \*\* Custodian Bank fees > payable quarterly and based on the average net assets of the Sub-Fund during the respective quarter, no more than EUR 6,000 p.a.
- \*\*\*Services fee > payable quarterly and based on the average net assets of the Sub-Fund during the respective quarter, no more than EUR 25,000 p.a.
- Other costs and fees > The Sub-Fund shall also pay other operating costs. Details of these costs are outlined in Article 30 of the Articles of Association.

### **TAXATION SYSTEM**

- Taxation of the SICAV** > No fee or tax payable in Luxembourg, except for a subscription tax of 0.01% per annum for Classes reserved for institutional investors or 0.05% per annum for Classes reserved for private investors (Exemption of net assets invested in UCI already subject to subscription tax).
- Taxation of Shareholders** > By the law of 25 November 2014, Luxembourg implemented the automatic information sharing mechanism as described in the Savings Directive. Having opted for the automatic information sharing mechanism since 1 January 2015, Luxembourg no longer applies the withholding tax of 35% on interest payments. Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.  
French investors: this Sub-Fund is not eligible for PEA (Equity Savings Plans).

### **SALE OF SHARES**

- Subscription, redemption and conversion** > Subscription, redemption and conversion orders received in Luxembourg before 13:00 on a valuation date (“**Valuation Date**”) will be deducted on the basis of the NAV calculated by reference to the Valuation Date by applying the rights provided for in the Prospectus. Subscriptions and redemptions must be paid up no later than two working days following the applicable Valuation Date.
- Share type/class** > Shares in this Sub-Fund are capitalisation or distribution Shares.  
Shares are issued in registered form.  
Parts may be issued up to one ten-thousandth of a share.
- Valuation Date** > Each banking business day in Luxembourg by reference to which the NAV is calculated; in the event of closure, the NAV will be calculated on the basis of the next banking business day.
- Value date for subscriptions and redemptions** > Within 2 working days following the applicable NAV
- Publication of the NAV** > The NAVs can be consulted at the registered office of the SICAV.



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*SICAV incorporated under Luxembourg law with multiple sub-funds*

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### **CONTACTS**

**Subscriptions,  
redemptions and  
conversions**

> BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH

**Request for  
documentation**

> BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH  
Tel.: + 352 26.96.20.30

The Prospectus, the KIID and the annual and half-yearly reports, may be obtained free of charge from the registered office of BNP Paribas Securities – Luxembourg Branch.

## MANDARINE VALEUR FUND

Sub-Fund of **Mandarine Funds**, a variable capital investment company (hereinafter referred to as the “**SICAV**”) governed by Luxembourg law.

### OVERVIEW OF THE SICAV

<b>Date of incorporation</b>	>	3 March 2010
<b>Country of registration</b>	>	Luxembourg
<b>Legal form</b>	>	Sicav with various sub-funds
<b>Duration</b>	>	Unlimited
<b>Management Company</b>	>	LA FRANCAISE AM INTERNATIONAL
<b>Sub-manager</b>	>	MANDARINE GESTION SA
<b>Custodian bank</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Central administration</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Accredited Statutory Auditor</b>	>	DELOITTE AUDIT
<b>Supervisory authority</b>	>	COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER, Luxembourg

### OVERVIEW OF THE SUB-FUND

<b>Appointed manager</b>	>	MANDARINE GESTION SA, FRANCE
<b>ISIN code</b>	>	Class Z shares: LU1303938614 Class R1 shares: LU1303938705 Class R2 shares: LU1303938887 Class F shares: LU1303939349 Class I shares: LU1303939000 Class MG shares: LU1303939778
<b>Listed on Luxembourg stock exchange</b>	>	The Shares of the Sub-Fund may be subject to listing on the Luxembourg Stock Exchange if so decided by the Board of Directors of the SICAV.

### INVESTMENT POLICY

The Mandarin Valeur Fund Sub-Fund (the “**Sub-Fund**”) is a feeder fund of the Mandarin Valeur master fund.

As such, the Sub-Fund (the “**Feeder Fund**”) will invest at least 85% of its net assets in Mandarin Valeur units, an undertaking for collective investment in transferable securities (“**UCITS**”) in the form of a mutual fund governed by French law covered by the UCITS Directive (the “**Master Fund**”). The Sub-Fund will invest in the class “O” units of the Master Fund.

The investment policy of the Sub-Fund must therefore be read in conjunction with the prospectus of the Master Fund, the investment objectives and policy being as set out below.

<b>Investment objective of the Sub-Fund and the</b>	>	The Sub-Fund's management objective is the same as that of the Master Fund: to outperform the STOXX® Europe 600 Net Return EUR (benchmark) index over the recommended
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*SICAV incorporated under Luxembourg law with multiple sub-funds*

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### **Master Fund and investment policy of the Sub-Fund**

investment period (5 years).

The Sub-Fund, as a Feeder Fund, will at all times invest at least 85% of its net assets in the Master Fund.

The remaining 15% of the Sub-Fund's net assets will be invested in liquid assets and derivative instruments for hedging purposes only.

However, the Sub-Fund intends to be fully invested in the Master Fund in normal circumstances.

### **Summary of the Master Fund's investment policy**

> To achieve this investment objective, the Master Fund is constructed and managed on the basis of a qualitative and quantitative analysis of companies whose shares are trading at a discount and that offer the best upside potential. These analyses are used to determine the industrial value of the company and the outlook for a reduction in the measured discount (industrial value greater than the share price).

Qualitative analysis is carried out individually by company operating in investment. Each security, without neglecting the sectoral and economic environment, is therefore analysed in order to allow the manager to establish the potential valuation, quality of management, competitive situation, capital position and creation of social and corporate value.

Quantitative analysis enables the manager to measure the return on equity, book value, revenues, profitability, etc.

The "Value" management style is discretionary and is based on convictions. It allows for a significant degree of autonomy in the choice of investments and the concentration of the portfolio on a limited number of securities.

In order to achieve its investment objective, the Master Fund:

- is at least 75% invested in the equity markets of European Union countries. Additionally, it may invest in the equity markets of OECD countries and emerging countries. The overall equity market exposure will be between 60% and 110 % of the Master Fund's net assets.
- It may invest up to 25% in fixed-income assets or money market instruments and in UCIs (up to 10% of its assets).

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<b>Performance of the Sub-Fund and the Master Fund</b>	<p>&gt; The Master Fund's performances are compared to the performance of the STOXX® Europe 600 Net Return EUR Index. However, the Master Fund's objective is not to reproduce the performance of this index in any manner. The Fund's investments are made on the basis of criteria that could result in significant variations compared to the performance of this index. Investments in companies are made on the basis of weightings that are not based on the relative weighting of each SICAV in the index.</p> <p>Because of its investment policy, the returns offered by the Sub-Fund will be very similar to those offered by the Master Fund. However, a series of factors may lead to differences between the performance of the Sub-Fund's shares and those of the Master Fund, notably in a non-exhaustive manner: the assets of the Sub-Fund are not fully invested in the Master Fund for management purposes (up to 15% of the Sub-Fund's net assets may be invested in assets other than units of the Master Fund); Shares in the Sub-Fund and its Master Fund have different current operating cost structures.</p>
<b>General information about the Master Fund</b>	<p>&gt; The Master Fund is a mutual fund established in France. This fund was approved by the French Financial Markets Authority on 20 December 2007.</p> <p>The Master Fund is managed by Mandarinine Gestion, a portfolio management company approved by the French Financial Markets Authority (ref. GP 0800 0008) and is also the manager of the Sub-Fund.</p> <p>The prospectus of the Master Fund and its annual report are available on the management company's website <a href="http://www.mandarine-gestion.com">www.mandarine-gestion.com</a> and sent out upon request submitted to the management company Mandarinine Gestion at the following address: 40, avenue George V 75008 Paris.</p>
<b>Use of derivatives</b>	<p>&gt; The SICAV, acting on behalf of the Sub-Fund, and the Management Company of the Master Fund, have put appropriate measures in place to coordinate the frequencies of calculation and dissemination of the net asset values of the Sub-Fund and its Master Fund in order to avoid market timing practices. The Sub-Fund may use financial market techniques and instruments for hedging purposes only for the classes of Shares denominated in a currency other than the euro.</p>
<b>Benchmark currency of the Sub-Fund and the Master Fund</b>	<p>&gt; EUR</p>
<b>Risk profile of the Sub-Fund and the Master Fund</b>	<p>&gt; The Sub-Fund has the same risk profile as the Master Fund, as set out below, and it is the investors' responsibility to refer to the risk factors as more fully described in the Master Fund prospectus:</p> <ul style="list-style-type: none"><li>• Risk of loss of capital;</li><li>• Equity market risk;</li><li>• Foreign exchange risk;</li><li>• Risks associated with investments in small and</li></ul>

- mid-caps;
- Interest rate risk;
- Credit risk; and
- Risks arising from discretionary management style.

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

- Emerging markets risk; and
- Counterparty risk.

**Risk management method of the Sub-Fund and the Master Fund**

> Commitment approach.

The Sub-Fund calculates its overall exposure to derivative financial instruments by combining its own direct risk with the actual risk of the Master Fund in relation to derivative instruments as a proportion of the Sub-Fund's investments in the Master Fund.

**Investor profile of the Sub-Fund and the Master Fund**

> Investment horizon: > 5 years

This Sub-Fund is an investment vehicle intended for investors who:

- are interested in the financial markets;
- wish to invest in small and mid cap companies in the European Economic Area; and
- are willing to accept the strong fluctuations in rates and who therefore present low risk aversion.

**SHARES AVAILABLE - SUBSCRIPTION AMOUNT**

	<b>Amount of initial subscription *</b>	<b>Amount of subsequent subscription</b>
<b>Z shares</b>	50 euros	None
<b>R1 shares</b>	50 euros	None
<b>R2 shares</b>	50 euros	None
<b>F shares</b>	100,000 euros	None
<b>I shares</b>	1,000,000 euros	None
<b>MG shares**</b>	1,000 euros	None

\* except for the manager of the Sub-Fund who may only subscribe to a single unit.

\*\*\* Class reserved for Mandarin Gestion and entities of its group.

### **FEES PAYABLE BY THE SUBSCRIBER**

The authorised distribution intermediaries may take the following maximum fees on Shares from the Sub-Fund:

	Subscription fee	Redemption fee	Conversion fee
<b>Z shares</b>	2% max	-	1% max
<b>R 1 shares</b>	2% max	-	1% max
<b>R 2 shares</b>	2% max	-	1% max
<b>F shares</b>	2% max	-	1% max
<b>I 2 shares</b>	2% max	-	1% max
<b>MG shares</b>	2% max	-	1% max

### **FEES AND COSTS CHARGED TO THE SUB-FUND**

	Management fees*	Outperformance fee	Custodian bank fees**	Services fee***
<b>Z and R1 shares</b>	2.20 % max	15% of the outperformance beyond STOXX® Europe 600 Net Return EUR	0.05%	0.25% max
<b>F shares</b>	1.10% max			
<b>I shares</b>	0.90% max			
<b>MG shares</b>	0.90% max			
<b>R2 shares</b>	2.40% max	NA		
* Management fee	>	payable monthly and based on the average net assets of the Sub-Fund during the month in question. The payment is due in the following month.		
** Custodian Bank fees	>	payable quarterly and based on the average net assets of the Sub-Fund during the respective quarter, no more than EUR 6,000 p.a.		
*** Services fee	>	payable quarterly and based on the average net assets of the Sub-Fund during the respective quarter, no more than EUR 25,000 p.a.		
Other costs and fees	>	The Sub-Fund shall also pay other operating costs. Details of these costs are outlined in Article 30 of the Articles of Association.		

Outperformance fee: The calculation period for the outperformance fee shall be the Sub-Fund's financial year. The first calculation period begins on the calculation date of the first NAV and ends on the last day of the current financial year. At the time of each establishment of the NAV, the outperformance of the Sub-Fund shall be defined as the positive difference between the valuation of the Sub-Fund prior to taking into account any provision for the outperformance fee, and the valuation of a notional UCI achieving the performance of the benchmark indicator and posting the same set of subscriptions and redemptions as the Sub-Fund.

Every time the NAV is established, the outperformance fee, where it is defined as being equal to 15% (including taxes) of the performance exceeding the STOXX® Europe 600 Net Return EUR index (dividends reinvested), a provision is created or released within the limits of the existing appropriation.

Such a provision may only be passed on the condition that the NAV, after taking into account a provision (in full or in part) for the outperformance fee, is greater than the NAV of the Sub-Fund at the beginning of the financial year. In the case of redemptions, the share of the outperformance fee

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corresponding to the redeemed units is received by the Management Company. Excluding redemptions, the outperformance fee shall be collected by the Management Company on the last date of the financial year.

The Sub-Fund will be invested in the class “O” units of the Master Fund. The management fee for this class of units of the Master Fund is 0%. There is also no outperformance fee for the class O Unit of the Master Fund. However, this unit class is subject to movement fees of up to 0.10%.

### **TAXATION SYSTEM**

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|---------------------------------|---|--|
| <b>Taxation of the SICAV</b>    | > | No fee or tax payable in Luxembourg, except for a subscription tax of 0.01% per annum for Classes reserved for institutional investors or 0.05% per annum for Classes reserved for private investors (Exemption of net assets invested in UCI already subject to subscription tax).  |
| <b>Taxation of Shareholders</b> | > | By the law of 25 November 2014, Luxembourg implemented the automatic information sharing mechanism as described in the Savings Directive. Having opted for the automatic information sharing mechanism since 1 January 2015, Luxembourg no longer applies the withholding tax of 35% on interest payments. Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence. |

### **SALE OF SHARES**

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|---|---|--|
| <b>Subscription, redemption and conversion</b>      | > | Subscription, redemption and conversion orders received in Luxembourg before 10:00 on a valuation date (“ <b>Valuation Date</b> ”) will be deducted on the basis of the NAV calculated by reference to the Valuation Date by applying the rights provided for in the prospectus. Subscriptions and redemptions must be paid up no later than two working days following the applicable Valuation Date. |
| <b>Share type/class</b>                             | > | Shares in this Sub-Fund are capitalisation Shares.<br>Shares are issued in registered form.<br>Parts may be issued up to one ten-thousandth of a share.  |
| <b>Valuation Date</b>                               | > | Each banking business day in Luxembourg and Paris by reference to which the NAV is calculated; in the event of closure, the NAV will be calculated on the basis of the next banking business day.  |
| <b>Value date for subscriptions and redemptions</b> | > | Within 2 working days of the NAV.  |
| <b>Publication of the NAV</b>                       | > | The NAVs can be consulted at the registered office of the SICAV.   |

### **CONTACTS**

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|---|---|--|
| <b>Subscriptions, redemptions and conversions</b> | > | BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH                            |
| <b>Request for documentation</b>                  | > | BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH<br>Tel.: + 352 26.96.20.30 |

The Prospectus, the KIID and the regular briefing documents, may be obtained free of charge from the registered office of BNP Paribas Securities – Luxembourg Branch.

## MANDARINE REFLEX FUND

Sub-Fund of **Mandarine Funds**, a variable capital investment company (hereinafter referred to as the “**SICAV**”) governed by Luxembourg law.

### OVERVIEW OF THE SICAV

<b>Date of incorporation</b>	>	3 March 2010
<b>Country of registration</b>	>	Luxembourg
<b>Legal form</b>	>	Sicav with various sub-funds
<b>Duration</b>	>	Unlimited
<b>Management Company</b>	>	LA FRANCAISE AM INTERNATIONAL
<b>Sub-manager</b>	>	MANDARINE GESTION SA
<b>Custodian bank</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Central administration</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Accredited Statutory Auditor</b>	>	DELOITTE AUDIT
<b>Supervisory authority</b>	>	COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER, Luxembourg

### OVERVIEW OF THE SUB-FUND

<b>Appointed manager</b>	>	MANDARINE GESTION SA, FRANCE
<b>ISIN code</b>	>	Class Z shares: LU1303939851 Class R1 shares: LU1303939935 Class R2 shares: LU1303940198 Class I shares: LU1303940271 Class F shares: LU1303940354 MG shares: LU1303940438
<b>Listed on Luxembourg stock exchange</b>	>	The Shares of the Sub-Fund may be subject to listing on the Luxembourg Stock Exchange if so decided by the Board of Directors of the SICAV.

### INVESTMENT POLICY

The Mandarine Reflex Fund Sub-Fund (the “**Sub-Fund**”) is a feeder fund of the Mandarine Valeur master fund.

As such, the Sub-Fund (the “**Feeder Fund**”) will invest at least 85% of its net assets in Mandarin Reflex units, an undertaking for collective investment in transferable securities (“**UCITS**”) in the form of a mutual fund governed by French law covered by the UCITS Directive (the “**Master Fund**”). The Sub-Fund will invest in the class “O” units of the Master Fund.

The investment policy of the Sub-Fund must therefore be read in conjunction with the prospectus of the Master Fund, the investment objectives and policy being as set out below.



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*SICAV incorporated under Luxembourg law with multiple sub-funds*

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### **Investment objective of the Sub-Fund and the Master Fund and investment policy of the Sub-Fund**

- > The management objective of the Sub-Fund is the same as that of the Master Fund: to achieve capital growth over the recommended investment period (5 years), mainly by alpha generation resulting from stock picking by the managers and active management of exposure to equity markets as well as opportunistic exposure or hedging on interest rate and/or currency markets. The Master Fund's objective is not to reproduce the performance of an index in any manner whatsoever.

The Sub-Fund, as a Feeder Fund, will at all times invest at least 85% of its net assets in the Master Fund.

The remaining 15% of the Sub-Fund's net assets will be invested in liquid assets and derivative instruments for hedging purposes only.

However, the Sub-Fund intends to be fully invested in the Master Fund in normal circumstances.

### **Summary of the Master Fund's investment policy**

- > To achieve this investment objective, the Master Fund applies a discretionary management style based on "stock picking" and on asset allocation by means of a selection of financial instruments, shares and funds based on projections on different markets. Thus, we can distinguish between several performance drivers, such as:

- stock picking for the shares held in the Fund portfolio;
- management of the level of European share risk exposure between 0 and 60% resulting in systematic hedging transactions, with an average exposure target in the recommended investment period (5 years) equal to 30% of the Stoxx Europe 600 index ([www.toxx.com](http://www.toxx.com));
- allocation between different management styles (value, growth, etc.);
- Management of European Union currency exposure, in order to achieve the management objective;
- Opportunistic management of the exposure/hedging for European interest rates (yield curve management, term management, etc.)

Master Fund assets will primarily be invested in European shares. The Master Fund may invest on an ancillary basis in share markets of other OECD member countries.

The Master Fund may invest in financial futures traded on regulated and organised markets or OTC, and in futures, options and swaps. Each derivative instrument corresponds to a specific hedging or exposure strategy intended to:

- Hedge the entire portfolio or certain classes of assets held in the portfolio against share market, interest rate or exchange rate risks.
- artificially recreate individual assets,
- modify the currency exchange risk exposure in order to achieve the management objective,
- modify the interest rate risk exposure in order to achieve the management objective.

Derivatives will not be used to expose the Master Fund to share

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risks in excess of 60% of the net assets, or interest rate risks outside the fixed sensitivity range of -10 to 10. The sum total of the off-balance sheet commitments cannot exceed the sum of the Master Fund's assets.

In addition to these investments, which are at the heart of the strategy, a maximum of 25% of the portfolio may be devoted to debt securities and money market instruments (private or public issuers) or to shares or units of UCITS / FIA under French or European law (up to 10% of its assets).

### **Performance of the Sub-Fund and the Master Fund**

- > Because of its investment policy, the returns offered by the Sub-Fund will be very similar to those offered by the Master Fund. However, a series of factors may lead to differences between the performance of the Sub-Fund's Shares and those of the Master Fund, notably in a non-exhaustive manner: the assets of the Sub-Fund are not fully invested in the Master Fund for management purposes (up to 15% of the Sub-Fund's net assets may be invested in assets other than units of the Master Fund), Shares in the Sub-Fund and its Master Fund have different current operating cost structures.

### **General information about the Master Fund**

- > The Master Fund is a mutual fund established in France. This fund was approved by the French Financial Markets Authority on 22 May 2009.
- > The Master Fund is managed by Mandarin Gestion, a portfolio Management Company approved by the French Financial Markets Authority (ref. GP 0800 0008) and is also the manager of the Sub-Fund.

The prospectus of the Master Fund and its annual report are available on the Management Company's website [www.mandarine-gestion.com](http://www.mandarine-gestion.com) and sent out upon request submitted to the Management Company Mandarin Gestion at the following address: 40, avenue George V 75008 Paris - France.

The SICAV, acting on behalf of the Sub-Fund, and the Management Company of the Master Fund, have put appropriate measures in place to coordinate the frequencies of calculation and dissemination of the NAVs of the Sub-Fund and its Master Fund in order to avoid market timing practices.

### **Use of derivatives**

- > Within the limits set out by regulations, the Master Fund may invest in financial futures traded on regulated and organised markets or OTC, futures, options and swaps. Each derivative instrument corresponds to a specific hedging or exposure strategy intended to:
  - hedge the entire portfolio or certain classes of assets held in the portfolio against share market, interest rate or exchange rate risks;
  - artificially recreate individual assets; or
  - increase the interest rate and currency market risk exposure in order to achieve the management objective.

The use of derivative instruments shall not be intended to expose the Master Fund to interest rate risks beyond the range

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of susceptibility set between -10 and 10 and share risks beyond 60% of the net assets.

All transactions are carried out within the global limit of the off balance sheet commitment of one times the Master Fund's net assets.

**Benchmark currency of the Sub-Fund and the Master Fund**

> EUR

**Risk profile of the Sub-Fund and the Master Fund**

> **The Sub-Fund has the same risk profile as the Master Fund as set out below and it is the investors' responsibility to refer to the risk factors as more fully described in the Master Fund's prospectus:**

- Risk of loss of capital;
- Equity market risk; Interest rate risk;
- Credit risk;
- Risks arising from discretionary management style;
- Counterparty risk;
- Exchange-rate risk.

And additionally to the **risk associated with investments in small and mid-caps.**

**Risk management method of the Sub-Fund and the Master Fund**

> Commitment approach.

The Sub-Fund calculates its overall exposure to derivative financial instruments by combining its own direct risk with the actual risk of the Master Fund in relation to derivative instruments as a proportion of the Sub-Fund's investments in the Master Fund.

**Investor profile of the Sub-Fund and the Master Fund**

> Investment horizon: > 5 years

This Sub-Fund is aimed at any subscriber looking for a dynamic return and who agrees to expose themselves to an equity risk of between 0 and 60% of the asset, as well as an interest and exchange rate risk. The appropriate amount to be invested in the Sub-Fund depends on each investor's personal situation. This is an investment vehicle intended for investors who:

- are interested in the financial markets;
- who wish to invest in shares in companies in the European Economic Area;
- are willing to accept the strong fluctuations in rates and who therefore present low risk aversion.

### **SHARES AVAILABLE - SUBSCRIPTION AMOUNT**

	<b>Amount of initial subscription *</b>	<b>Amount of subsequent subscription</b>
<b>Z shares</b>	50 euros	None
<b>R1 shares</b>	50 euros	None
<b>R2 shares</b>	50 euros	None
<b>I shares</b>	500,000 euros	None
<b>MG shares*****</b>	1,000 euros	None
<b>F shares</b>	50,000 euros	None

\* except for the manager of the Sub-Fund who may only subscribe to a single unit.

\*\* Class reserved for Mandarine Gestion and entities of its group.

### **FEES PAYABLE BY THE SUBSCRIBER**

The authorised distribution intermediaries may take the following maximum fees on Shares from the Sub-Fund:

	<b>Subscription fee</b>	<b>Redemption fee</b>	<b>Conversion fee</b>
<b>Z shares</b>	2% max	-	1% max
<b>R 1 shares</b>	2% max	-	1% max
<b>R2 shares</b>	2% max	-	1% max
<b>I shares</b>	2% max	-	1% max
<b>MG shares</b>	2% max	-	1% max
<b>F shares</b>	2% max	-	1% max

### **FEES AND COSTS CHARGED TO THE SUB-FUND**

	<b>Management fees*</b>	<b>Outperformance fee</b>	<b>Custodian bank fees**</b>	<b>Services fee***</b>
<b>Z and R1 shares</b>	2.00% max	15% of the outperformance beyond of an absolute performance above 5% (on an annual basis) of the NAV of the fund	0.05%	0.25% max
<b>I shares</b>	1.00% max			
<b>MG shares</b>	1.00% max			
<b>R2 shares</b>	2.20% max	NA		
<b>F shares</b>	1.10% max	15% of the outperformance in excess of an absolute performance of 5% (on an annual basis) of the NAV of the Fund)		
* Management fee	>	payable monthly and based on the average net assets of the Sub-Fund during the month in question. The payment is due in the following month.		
** Custodian Bank fees	>	payable quarterly and based on the average net assets of the Sub-Fund during the respective quarter, no more than EUR 6,000 p.a.		

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*** Services fee	>	payable quarterly and based on the average net assets of the Sub-Fund during the respective quarter, no more than EUR 25,000 p.a.
Other costs and fees	>	The Sub-Fund shall also pay other operating costs. Details of these costs are outlined in Article 30 of the Articles of Association.

**Outperformance fee:** The calculation period for the outperformance fee shall be the Sub-Fund's financial year. The first calculation period begins on the calculation date of the first NAV and ends on the last day of the current financial year. At the time of each establishment of the NAV, the outperformance of the Sub-Fund shall be defined as the positive difference between the valuation of the Sub-Fund prior to taking into account any provision for the outperformance fee, and the valuation of a notional UCI achieving the performance of the benchmark indicator and posting the same set of subscriptions and redemptions as the Sub-Fund.

For each calculation of the NAV, the outperformance fee, set at 15% including all taxes, of performance beyond 15% of the outperformance above an absolute performance of more than 5% (on an annual basis) of the NAV of the fund), a provision is made or a reversal of a provision limited to the existing allocation.

Such a provision may only be passed on the condition that the NAV, after taking into account a provision (in full or in part) for the outperformance fee, is greater than the NAV of the Sub-Fund at the beginning of the financial year. In the case of redemptions, the share of the outperformance fee corresponding to the redeemed units is received by the Management Company. Excluding redemptions, the outperformance fee shall be collected by the Management Company on the last date of the financial year.

The Sub-Fund will be invested in the class O units of the Master Fund. The management fee for this class of units is 0%. There is also no outperformance fee for the class O Unit of the Master Fund. This unit class is subject to movement fees of up to 0.18%.

### **TAXATION SYSTEM**

**Taxation of the SICAV** > No fee or tax payable in Luxembourg, except for a subscription tax of 0.01% per annum for classes reserved for institutional investors or 0.05% per annum for classes reserved for private investors (Exemption of net assets invested in UCI already subject to subscription tax).

**Taxation of Shareholders** > By the law of 25 November 2014, Luxembourg implemented the automatic information sharing mechanism as described in the Savings Directive. Having opted for the automatic information sharing mechanism since 1 January 2015, Luxembourg no longer applies the withholding tax of 35% on interest payments. Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

### **SALE OF SHARES**

**Subscription, redemption and conversion** > Subscription, redemption and conversion orders received in Luxembourg before 10:00 on a valuation date ("**Valuation Date**") will be deducted on the basis of the NAV calculated by reference to the Valuation Date by applying the rights provided for in the Prospectus. Subscriptions and redemptions must be paid up no later than two working days following the applicable Valuation Date.

**Share type/class** > Shares in this Sub-Fund are capitalisation Shares.

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		Shares are issued in registered form.
		Parts may be issued up to one ten-thousandth of a share.
<b>Valuation Date</b>	>	Each banking business day in Luxembourg and Paris by reference to which the NAV is calculated; in the event of closure, the NAV will be calculated on the basis of the next banking business day.
<b>Value date for subscriptions and redemptions</b>	>	Within 2 working days of the NAV.
<b>Publication of the NAV</b>	>	The NAVs can be consulted at the registered office of the SICAV.

### **CONTACTS**

<b>Subscriptions, redemptions and conversions</b>	>	BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH
<b>Request for documentation</b>	>	BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH Tel.: + 352 26.96.20.30

The Prospectus, the KIID and the regular briefing documents, may be obtained free of charge from the registered office of BNP Paribas Securities – Luxembourg Branch.

## MANDARINE EUROPE MICROCAP

Sub-Fund of **Mandarine Funds**, a variable capital investment company (hereinafter referred to as the "SICAV") governed by Luxembourg law.

### **OVERVIEW OF THE SICAV**

<b>Date of incorporation</b>	>	3 March 2010
<b>Country of registration</b>	>	Luxembourg
<b>Legal form</b>	>	Sicav with various sub-funds
<b>Duration</b>	>	Unlimited
<b>Management Company</b>	>	LA FRANCAISE AM INTERNATIONAL
<b>Sub-manager</b>	>	MANDARINE GESTION SA
<b>Custodian bank</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Central administration</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Statutory Auditor</b>	>	DELOITTE AUDIT
<b>Supervisory authority</b>	>	COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER, Luxembourg

### **OVERVIEW OF THE SUB-FUND**

<b>Appointed manager</b>	>	MANDARINE GESTION SA, FRANCE
<b>ISIN code</b>	>	Class Z shares: LU1303940602
		Class R shares: LU1303940784
		Class I shares: LU1303940941
		Class F shares: LU1303941089
		Class S shares: LU1303941162
		Class G shares: LU1303941246
		Class M shares: LU1303941329
		Class L shares: LU1303941592
		Class B1 shares (GBP): LU1342506828
		Class B2 shares (GBPH): LU1342507040
		Class B3 shares (GBP): LU1342507123
		Class B4 shares (GBPH): LU1342507396
		Class I shares (USD): LU1545812940
		Class I shares (USDH): LU1342507479
		Class R shares (USD): LU1545813088
		Class R shares (USDH): LU1342507552
		Class MG shares: LU1303941758

<b>Listed on Luxembourg stock exchange</b>	>	The Shares of the Sub-Fund may be subject to listing on the Luxembourg Stock Exchange if so decided by the Board of Directors.
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## **INVESTMENT POLICY**

**Investment objective** > The objective of the Mandarin Europe Microcap Sub-Fund (the “**Sub-Fund**”) is to provide investors with long-term growth from an actively managed portfolio of listed shares selected from European micro and small cap companies and to outperform the benchmark MSCI ® Europe Micro Cap - Net Returns.

**Investment policy of the Sub-Fund** > The Sub-Fund shall invest at least 75% of its net assets in shares of companies which have their registered offices located within the European Economic Area (EEA).

In the above framework, the Sub-Fund will be invested predominantly in micro and small cap European equities.

The Sub-Fund will also be permitted to invest up to 25% of its net assets in money market instruments or debt securities (including eligible securities in accordance with Article 41 of the 2010 Law, such as marketable debt securities (“**MDS**”) and Euro Medium Term Notes (“**EMTN**”)) and any other type of eligible bonds or money market instruments.

Furthermore, the Sub-Fund may also invest up to 10% of its net assets in UCI units in order to invest its liquid assets.

Definitions:

“Micro & small caps”: these are defined here as European micro and small cap stocks, with the shares of listed companies having a capitalisation less than or equal to the largest market capitalisation of the issuers included in the MSCI ® Europe Micro Cap and MSCI ® Europe Small Cap indices.

Within the limits set out in the Prospectus, the Sub-Fund may use financial markets techniques and instruments for the purposes of the proper management of the portfolio or for hedging, within the limits set out by the investment restrictions.

The use of derivatives is limited to 100% of the Sub-Fund's net assets.

**Use of derivatives**

> *Financial guarantees (or collateral) and discount policy*

The Sub-Fund will not receive securities as collateral, but will only receive cash collateral in euros to reduce counterparty risk in the context of effective portfolio management techniques.

Type of collateral	Currency	Valuation level
Cash	EUR	100%

Cash received in collateral will be reinvested only in monetary funds (as defined in the ESMA opinion of 22 August 2014 (ESMA/2014/1103) on the review of the “*CESR Guidelines on a Common Definition of European Money Market Funds (CESR/10-049)*”).



**Sub-Fund benchmark currency** > EUR

**Risk profile of the Sub-Fund** > The attention of investors is also drawn to the fact that investing in this Sub-Fund presents specific risks inherent to the various asset classes in which the Sub-Fund may invest or to which it may be exposed, and it shall be the responsibility of the investors to review the risks as more fully detailed in the Prospectus:

- Liquidity risk, particularly related to the holding of micro and small cap companies;
- Risk arising from discretionary management style;
- Risk of loss of capital.

**Sub-Fund risk management method** > Commitment approach.

**Investor profile**

- > Investment horizon: > 5 years
- This Sub-Fund is an investment vehicle intended for investors who:
- are interested in the financial markets;
  - wish to invest in small and mid cap companies in the EEA;
  - are willing to accept the strong fluctuations in rates and who therefore present low risk aversion.

**SHARES AVAILABLE - SUBSCRIPTION AMOUNT**

Classes	Amount of initial subscription *	Amount of subsequent subscription
<b>Z shares**</b>	50 euros	None
<b>R, R (USD), R (USDH) shares</b>	50 euros / 50 (USD)	None
<b>I, I (USD), I (USDH) shares</b>	100,000 euros / 100,000 USD	None
<b>G shares ***</b>	100,000 euros	None
<b>S shares ****</b>	100,000 euros	None
<b>M shares</b>	10,000,000 euros	None
<b>L shares</b>	10,000,000 euros	None
<b>F shares</b>	100,000 euros	None
<b>MG shares*****</b>	1,000 euros	None
<b>B1 (GBP) and B2 (GBPH) shares</b>	10,000,000 GBP	None
<b>B3 (GBP) and B4 (GBPH) shares</b>	1,000 GBP	None

\* except for the manager of the Sub-Fund who may only subscribe to a single unit.

\*\* individuals subscribing directly with the SICAV.

\*\*\* institutional investors governed by German law: legal persons directly or indirectly subject to German legal and tax rules, especially those relating to the provisions of § 5 Investmentsteuergesetz and also institutional investors governed by Austrian law.

\*\*\*\* Class reserved to institutional investors such as those defined by the lines of conduct and recommendations issued periodically by the Luxembourg supervisory authority, mainly Spanish and Italian. S class investors shall, upon request from the SICAV, undertake to provide proof of their eligibility and especially of their capacity as an institutional investor.

\*\*\*\*\* Class reserved for Mandarin Gestion and entities of its group.

For I (USDH), R (USDH), B2 (GBPH) and B4 (GBPH) Shares, exchange hedging is implemented, the aim of which is to limit the impact of changes in the EUR/USD, EUR/GBP exchange rate on the

performance and to hedge against the USD/EUR and GBP/EUR exchange rate risk to the fullest possible extent. For Classes denominated in currencies other than the euro, the attention of subscribers is drawn to the fact that residual exchange risk may remain. Hedging can generate a performance discrepancy between classes of shares denominated in different currencies.

#### **FEES PAYABLE BY THE SUBSCRIBER**

The authorised distribution intermediaries may take the following maximum fees on Shares from the Sub-Fund:

	<b>Subscription fee</b>	<b>Redemption fee</b>	<b>Conversion fee</b>
<b>All Share classes</b>	2% max	-	1% max

#### **FEES AND COSTS CHARGED TO THE SUB-FUND**

	<b>Management Fee*</b>	<b>Outperformance fee</b>	<b>Custodian bank fees**</b>	<b>Services fee***</b>
<b>Z shares</b>	2.20% max	20% of the outperformance beyond the MSCI ® Europe Micro Cap - Net Returns	0.10% max	0.50% max
<b>R shares</b>	2.20% max		0.10% max	0.50% max
<b>I shares</b>	1.00% max		0.10% max	0.50% max
<b>G shares</b>	1.00% max		0.10% max	0.50% max
<b>S shares</b>	1.40% max		0.10% max	0.50% max
<b>F shares</b>	1.10% max		0.10% max	0.50% max
<b>M shares</b>	0.75% max		0.10% max	0.50% max
<b>B1 shares (GBP)</b>	0.75% max		0.10% max	0.50% max
<b>B2 shares (GBPH)</b>	0.75% max		0.10% max	0.50% max
<b>R shares (USD)</b>	2.20% max		0.10% max	0.50% max
<b>R shares (USDH)</b>	2.20% max		0.10% max	0.50% max
<b>I shares (USD)</b>	1.00% max		0.10% max	0.50% max
<b>I shares (USDH)</b>	1.00% max		0.10% max	0.50% max
<b>MG shares</b>	1.00% max	NA	0.10% max	0.50% max
<b>L shares</b>	1.00% max	NA	0.10% max	0.50% max
<b>B3 shares (GBP)</b>	1.00% max	NA	0.10% max	0.50% max
<b>B4 shares (GBPH)</b>	1.00% max	NA	0.10% max	0.50% max

Outperformance fee: The calculation period for the outperformance fee shall be the Sub-Fund's financial year. By way of exemption to this, the first calculation period begins on the calculation date of the first NAV and ends on the last day of the current financial year. At the time of each establishment of the NAV, the outperformance of the Sub-Fund shall be defined as the positive difference between the valuation of the Sub-Fund prior to taking into account any provision for the outperformance fee, and the valuation of a notional UCI achieving the performance of the benchmark indicator and posting the same set of subscriptions and redemptions as the Sub-Fund.

Every time the NAV is established, the outperformance fee, where it is defined as being equal to 20% (including taxes) of the performance exceeding the MSCI ® Europe Micro Cap – Net Returns (dividends reinvested), a provision is created or released within the limits of the existing appropriation.

Such a provision may only be passed on the condition that the NAV, after taking into account a provision (in full or in part) for the outperformance fee, is greater than the NAV of the Sub-Fund at the beginning of the financial year. In the case of redemptions, the share of the outperformance fee corresponding to the redeemed Shares is received by the Management Company. Excluding redemptions, the outperformance fee shall be collected by the Management Company on the last date of the financial year.

\* Management fee > payable monthly and based on the average net assets of the Sub-Fund during the month in question. The payment is due in the following month.

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*SICAV incorporated under Luxembourg law with multiple sub-funds*

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- |                        |   |  |
|------------------------|---|--|
| ** Custodian Bank fees | > | payable quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of EUR 6,000 p.a.  |
| *** Services fee       | > | payable quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of EUR 25,000 p.a. |
| Other costs and fees   | > | The Sub-Fund shall also pay other operating costs. Details of these costs are outlined in Article 30 of the Articles of Association.   |

### **TAXATION SYSTEM**

- |                                 |   |  |
|---------------------------------|---|--|
| <b>Taxation of the SICAV</b>    | > | No fee or tax payable in Luxembourg, except for a subscription tax of 0.01% per annum for classes reserved for institutional investors or 0.05% per annum for classes reserved for private investors (Exemption of net assets invested in UCI already subject to subscription tax).  |
| <b>Taxation of Shareholders</b> | > | <p>By the law of 25 November 2014, Luxembourg implemented the automatic information sharing mechanism as described in the Savings Directive. Having opted for the automatic information sharing mechanism since 1 January 2015, Luxembourg no longer applies the withholding tax of 35% on interest payments. Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.</p> <p>French investors: Sub-Fund eligible for the French tax arrangements known as "PEA" and "PEA-PME".</p> |

### **SALE OF SHARES**

- |   |   |  |
|---|---|--|
| <b>Subscription, redemption and conversion</b>      | > | Subscription, redemption and conversion orders received in Luxembourg before 13:00 on a valuation date (" <b>Valuation Date</b> ") will be deducted on the basis of the NAV calculated by reference to the Valuation Date by applying the rights provided for in the Prospectus. Subscriptions and redemptions must be paid up no later than two working days following the applicable Valuation Date. |
| <b>Share type/class</b>                             | > | <p>Shares in this Sub-Fund are capitalisation Shares.</p> <p>Shares are issued in registered form.</p> <p>Parts may be issued up to one ten-thousandth of a share.</p>   |
| <b>Valuation Date</b>                               | > | Each banking business day in Luxembourg by reference to which the NAV is calculated, in the event of closure the NAV will be calculated on the basis of the next banking business day.   |
| <b>Value date for subscriptions and redemptions</b> | > | Within 2 working days of the NAV.  |
| <b>Publication of the NAV</b>                       | > | The NAVs can be consulted at the registered office of the SICAV.   |

## MANDARINE FUNDS

*SICAV incorporated under Luxembourg law with multiple sub-funds*

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### **CONTACTS**

**Subscriptions,  
redemptions and  
conversions**

> BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH

**Request for  
documentation**

> BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH  
Tel.: + 352 26.96.20.30

The Prospectus, the KIID and the regular briefing documents, may be obtained free of charge from the registered office of BNP Paribas Securities – Luxembourg Branch.

## MANDARINE GLOBAL MICROCAP

Sub-Fund of **Mandarine Funds**, a variable capital investment company (hereinafter referred to as the "SICAV") governed by Luxembourg law.

### OVERVIEW OF THE SICAV

<b>Date of incorporation</b>	>	3 March 2010
<b>Country of registration</b>	>	Luxembourg
<b>Legal form</b>	>	Sicav with various sub-funds
<b>Duration</b>	>	Unlimited
<b>Management Company</b>	>	LA FRANCAISE AM INTERNATIONAL
<b>Sub-manager</b>	>	MANDARINE GESTION SA
<b>Custodian bank</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Central administration</b>	>	BNP Paribas Securities Services, Luxembourg Branch
<b>Statutory Auditor</b>	>	DELOITTE AUDIT
<b>Supervisory authority</b>	>	COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER, Luxembourg

### OVERVIEW OF THE SUB-FUND

<b>Appointed manager</b>	>	MANDARINE GESTION SA, FRANCE
<b>ISIN code</b>	>	Class Z shares: LU1329694183 Class R shares: LU1329694266 Class I shares: LU1329694423 Class G shares: LU1329694936 Class S shares: LU1329694779 Class M shares: LU1329695073 Class L shares: LU1329695156 Class B1 shares (GBP): LU1342507636 Class B2 shares (GBPH): LU1342507719 Class B3 shares (GBP): LU1342507800 Class B4 shares (GBPH): LU1342507982 Class I shares (USD): LU1545812783 Class I shares (USDH): LU1342508014 Class R shares (USD): LU1545812866 Class R shares (USDH): LU1342508105 Class MG shares: LU1329695313
<b>Listed on Luxembourg stock exchange</b>	>	The Shares of the Sub-Fund may be subject to listing on the Luxembourg Stock Exchange if so decided by the Board of Directors.

**INVESTMENT POLICY**

**Investment objective** > The objective of the Mandarin Global Microcap Sub-Fund (the “**Sub-Fund**”) is to provide investors with long-term growth from an actively managed portfolio of listed shares selected from European micro and small cap companies in developed markets worldwide and to outperform the benchmark MSCI ® World Micro Cap - Net Returns.

**Investment policy of the Sub-Fund** > The Sub-Fund will be invested predominantly in equities of international micro and small cap companies listed on the developed markets. The Sub-Fund will also be permitted to invest up to 20 % of its net assets in money market instruments or debt securities (including eligible securities in accordance with Article 41 of the 2010 Law, such as marketable debt securities (“MDS”) and Euro Medium Term Notes (“EMTN”)) and any other type of eligible bonds or money market instruments.

The Sub-Fund is authorised to invest up to 15 % of its net assets in international markets other than those of the developed markets.

Furthermore, the Sub-Fund may also invest up to 10% of its net assets in UCI units in order to invest its liquid assets.

If the manager deems it necessary and in the interests of the shareholders of the Sub-Fund in a defensive interest, the Sub-Fund may temporarily hold up to 100% of its net assets in liquid form, i.e. in deposits and money market instruments, monetary type UCIs (and/or UCITS), inter alia, (up to 10% in UCIs).

**Definitions:**

“Micro & small caps”: these are defined as micro and small cap stocks, with the shares of listed companies having a capitalisation of less than or equal to the largest market capitalisation of the issuers included in the MSCI® index World Micro Cap and MSCI ® World Small Cap.

“Developed Markets”: “Developed Markets countries” or “DM” list of countries as defined by the MSCI financial services company.

**Use of derivatives** > Within the limits set out in the prospectus, the Sub-Fund may use financial markets techniques and instruments for the purposes of the proper management of the portfolio or for hedging, within the limits set out by the investment restrictions.

The use of derivatives is limited to 100% of the Sub-Fund's net assets.

**Financial guarantees (or collateral) and discount policy**

The Sub-Fund will not receive securities as collateral, but will only receive cash collateral in euros to reduce counterparty risk in the context of effective portfolio management techniques.

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Type of collateral	Currency	Valuation level
Cash	EUR	100%

Cash received in collateral will be reinvested only in monetary funds (as defined in the ESMA opinion of 22 August 2014 (ESMA/2014/1103) on the review of the “CESR Guidelines on a Common Definition of European Money Market Funds (CESR/10-049)”.

**Sub-Fund benchmark currency** > EUR

**Risk profile of the Sub-Fund** > The attention of investors is also drawn to the fact that investing in this Sub-Fund presents specific risks inherent to the various asset classes in which the Sub-Fund may invest or to which it may be exposed, and it shall be the responsibility of the investors to review the risks as more fully detailed in the Prospectus:

- Liquidity risk, particularly related to the holding of micro and small cap companies;
- Exchange-rate risk;
- Risk arising from discretionary management style;
- Risk of loss of capital;
- Emerging markets risk.

**Sub-Fund risk management method** > Commitment approach.

**Investor profile** > Investment horizon: > 5 years  
This Sub-Fund is an investment vehicle intended for investors who:

- are interested in the financial markets;
- who wish to invest in equities of globally diversified micro and small cap companies;
- are willing to accept the strong fluctuations in rates and who therefore present low risk aversion.

### **SHARES AVAILABLE - SUBSCRIPTION AMOUNT**

<b>Classes</b>	<b>Minimum value of initial subscription *</b>	<b>Minimum value of subsequent subscriptions</b>
<b>Z shares**</b>	50 euros	None
<b>R, R (USD), R (USDH) shares</b>	50 euros/USD	None
<b>I, I (USD), I (USDH) shares</b>	100,000 euros/USD	None
<b>G shares ***</b>	100,000 euros	None
<b>S shares ****</b>	100,000 euros	None
<b>M shares</b>	10,000,000 euros	None
<b>L shares</b>	10,000,000 euros	None
<b>B1 share (GBP)</b>	10,000,000 GBP	None
<b>B2 share (GBPH)</b>	10,000,000 GBP	None
<b>B3 shares (GBP)</b>	1,000 GBP	None
<b>B4 shares (GBPH)</b>	1,000 GBP	None
<b>MG shares*****</b>	1,000 euros	None

\* except for the manager of the Sub-Fund who may only subscribe to a single unit.

\*\* individuals subscribing directly with the SICAV.

\*\*\* institutional investors governed by German law: legal persons directly or indirectly subject to German legal and tax rules, especially those relating to the provisions of § 5 Investmentsteuergesetz and also institutional investors governed by Austrian law.

\*\*\*\* Class reserved to institutional investors such as those defined by the lines of conduct and recommendations issued periodically by the Luxembourg supervisory authority, mainly Spanish and Italian. S class investors shall, upon request from the SICAV, undertake to provide proof of their eligibility and especially of their capacity as an institutional investor.

\*\*\*\*\* Class reserved for Mandarin Gestion and entities of its group.

For I (USDH), R (USDH), B2 (GBPH) and B4 (GBPH) Shares, exchange hedging is implemented, the aim of which is to limit the impact of changes in the EUR/USD, EUR/GBP exchange rate on the performance and to hedge against the USD/EUR and GBP/EUR exchange rate risk to the fullest possible extent. For Classes denominated in currencies other than the euro, the attention of subscribers is drawn to the fact that residual exchange risk may, however, remain. Hedging can generate a performance discrepancy between Classes of Shares denominated in different currencies.

### **FEES PAYABLE BY THE SUBSCRIBER**

The authorised distribution intermediaries may take the following maximum fees on Shares from the Sub-Fund:

	<b>Subscription fee</b>	<b>Redemption fee</b>	<b>Conversion fee</b>
<b>Z shares</b>	2% max	-	1% max
<b>R shares</b>	2% max	-	1% max
<b>I shares</b>	2% max	-	1% max
<b>G shares</b>	2% max	-	1% max
<b>S shares</b>	2% max	-	1% max
<b>M shares</b>	2% max	-	1% max
<b>L shares</b>	2% max	-	1% max
<b>B1 shares (GBP)</b>	2% max	-	1% max
<b>B2 shares (GBPH)</b>	2% max	-	1% max
<b>B3 shares (GBP)</b>	2% max	-	1% max
<b>B4 shares (GBPH)</b>	2% max	-	1% max
<b>I shares (USD)</b>	2% max	-	1% max
<b>I shares (USDH)</b>	2% max	-	1% max
<b>R shares (USD)</b>	2% max	-	1% max
<b>R shares (USDH)</b>	2% max	-	1% max
<b>MG shares</b>	2% max	-	1% max



### **FEES AND COSTS CHARGED TO THE SUB-FUND**

	<b>Management Fee*</b>	<b>Outperformance fee</b>	<b>Custodian bank fees**</b>	<b>Services fee***</b>
<b>Z shares</b>	2.20% max	20% of the outperformance beyond the MSCI ® World Micro Cap - Net Returns	0.10% max	0.50% max
<b>R shares</b>	2.20% max		0.10% max	0.50% max
<b>I shares</b>	1.00% max		0.10% max	0.50% max
<b>G shares</b>	1.00% max		0.10% max	0.50% max
<b>S shares</b>	1.40% max		0.10% max	0.50% max
<b>M shares</b>	0.75% max		0.10% max	0.50% max
<b>B1 shares (GBP)</b>	0.75% max		0.10% max	0.50% max
<b>B2 shares (GBPH)</b>	0.75% max		0.10% max	0.50% max
<b>R shares (USD)</b>	2.20% max		0.10% max	0.50% max
<b>R shares (USDH)</b>	2.20% max		0.10% max	0.50% max
<b>I shares (USD)</b>	1.00% max		0.10% max	0.50% max
<b>I shares (USDH)</b>	1.00% max		0.10% max	0.50% max
<b>MG shares</b>	1.00% max	NA	0.10% max	0.50% max
<b>L shares</b>	1.00% max	NA	0.10% max	0.50% max
<b>B3 shares (GBP)</b>	1.00% max	NA	0.10% max	0.50% max
<b>B4 shares (GBPH)</b>	1.00% max	NA	0.10% max	0.50% max

Outperformance fee: The calculation period for the outperformance fee shall be the Sub-Fund's financial year. By way of exemption to this, the first calculation period begins on the calculation date of the first NAV and ends on the last day of the current financial year. At the time of each establishment of the NAV, the outperformance of the Sub-Fund shall be defined as the positive difference between the valuation of the Sub-Fund prior to taking into account any provision for the outperformance fee, and the valuation of a notional UCI achieving the performance of the benchmark indicator and posting the same set of subscriptions and redemptions as the Sub-Fund. Every time the NAV is established, the outperformance fee, where it is defined as being equal to 20% (including taxes) of the performance exceeding the MSCI ® World Micro Cap – Net Returns (dividends reinvested), a provision is created or released within the limits of the existing appropriation.

Such a provision may only be passed on the condition that the NAV, after taking into account a provision (in full or in part) for the outperformance fee, is greater than the NAV of the Sub-Fund at the beginning of the financial year. In the case of redemptions, the share of the outperformance fee corresponding to the redeemed units is received by the Management Company. Excluding redemptions, the outperformance fee shall be collected by the Management Company on the last date of the financial year.

- \* Management fee > payable monthly and based on the daily net assets of the Sub-Fund. The payment is due in the following month.
- \*\* Custodian Bank fees > payable quarterly and based on the daily net assets of the Sub-Fund during the respective quarter, with a minimum of EUR 6,000 p.a.
- \*\*\*Services fee > payable quarterly and based on the daily net assets of the Sub-Fund during the respective quarter, with a minimum of EUR 25,000 p.a.
- Other costs and fees > The Sub-Fund shall also pay other operating costs. Details of these costs are outlined in Article 30 of the Articles of Association.

### **TAXATION SYSTEM**

- Taxation of the SICAV** > No fee or tax payable in Luxembourg, except for a subscription tax of 0.01% per annum for classes reserved for institutional

## MANDARINE FUNDS

*SICAV incorporated under Luxembourg law with multiple sub-funds*

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investors or 0.05% per annum for classes reserved for private investors (Exemption of net assets invested in UCI already subject to subscription tax).

### **Taxation of Shareholders**

- > By the law of 25 November 2014, Luxembourg implemented the automatic information sharing mechanism as described in the Savings Directive. Having opted for the automatic information sharing mechanism since 1 January 2015, Luxembourg no longer applies the withholding tax of 35% on interest payments. Shareholders are advised to seek advice from their tax consultant regarding the laws and regulations in force in their country of origin and residence.

## **SALE OF SHARES**

### **Subscription, redemption and conversion**

- > Subscription, redemption and conversion orders received in Luxembourg before 13:00 on a “D” Day will be deducted on the basis of the NAV dated the next day on (D + 1) (“**Valuation Date**”) and calculated the day after (D + 2) subject to the application of the rights provided for in the Prospectus, i.e. to super unknown NAVs.  
Subscriptions and redemptions must be paid up no later than three working days (D + 3) after D Day or two working days following the applicable Valuation Date.

### **Share type/class**

- > Shares in this Sub-Fund are capitalisation or distribution Shares.  
Shares are issued in registered form.  
Parts may be issued up to one ten-thousandth of a share.

### **D Day**

- > Each banking business day in Luxembourg accepting orders for subscriptions, redemptions and conversions; in the event of closure, it will be the next banking business day.

### **Valuation Date**

- > Each banking business day immediately following a “D” Day; in the event of closure, it will be the next banking business day.

### **Value date for subscriptions and redemptions**

- > Within three (3) banking business days of the D Day or within two (2) banking business days of the Valuation Date.

### **Publication of the NAV**

- > The NAVs can be consulted at the registered office of the SICAV.

## **CONTACTS**

### **Subscriptions, redemptions and conversions**

- > BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH

### **Request for documentation**

- > BNP PARIBAS SECURITIES SERVICES - LUXEMBOURG BRANCH  
Tel.: + 352 26.96.20.30

The Prospectus, the KIID and the regular briefing documents, may be obtained free of charge from the registered office of BNP Paribas Securities – Luxembourg Branch.