

## PROSPECTUS

### I - General characteristics

#### Form of the UCITS

- **Name: HSBC SELECT FLEXIBLE**
- **Legal form and member state in which the UCITS was established:**  
Mutual fund (FCP) governed by French law.
- **Date of establishment and expected life span:** 7 January 2009, for a duration of 99 years
- **Summary of the offer:**

Units	ISIN code	Appropriation of distributable amounts	Currency of issue	Initial net asset value	Subscribers concerned	Minimum subscription amount	Minimum amount of subsequent subscriptions
A	FR0007036926	Accumulation	Euro	EUR 46.93	All subscribers	1 unit	Ten thousands of units
H	FR0011883347	Accumulation	Euro	EUR 100,000	Institutional investors and Private Banking Customers	EUR 5 000 000	Ten thousands of units
R	FR0013269875	Accumulation	Euro	EUR 1 000	Reserved for HSBC Global Asset Management (France) OPC and mandates	1 thousandth of units	1 thousandth of units
B	FR0013313996	Accumulation	Euro	EUR 100	The subscription of this unit is submitted of the existence of an agreement of specific remuneration between the subscriber and the distributor or the portfolio manager	1 unit	Ten thousands of units
IT	FR0013234911	Accumulation	Euro	EUR 10	Reserved for negotiations on the ATFund market (multilateral trading facility – MTF) of the Italian stock exchange (Borsa Italiana S.p.A.)	1 unit	1 unit

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

The most recent annual and interim documents shall be sent within a week of the unitholder's written request to:

**HSBC Global Asset Management (France)**  
75 419 Paris Cedex 08  
[email: hsbc.client.services-am@hsbc.fr](mailto:hsbc.client.services-am@hsbc.fr)

All additional information can be obtained from HSBC Global Asset Management (France) at this same address.

## II - Parties involved

- **Management company:**

**HSBC Global Asset Management (France)**

Portfolio management company approved under no. GP99026 by the French financial markets authority (AMF) on 31 July 1999.

Company address: Cœur Défense, 110 esplanade du Général de Gaulle - La Défense 4 - 92400 Courbevoie  
Postal Address: 75 419 Paris Cedex 08

- **Custodian and Depositary:**

**CACEIS Bank**

Limited liability company (*Société Anonyme*), credit establishment approved by the investment services

CACEIS Bank Company Address: 1/3 place Valhubert 75013 Paris

Postal Address: 75206 Paris Cedex 13

The Depositary functions include various missions, as defined by applicable regulations, including custody of assets, control of the compliance of the Management Company decisions with applicable laws and regulations and tracking UCITS cash flows. The Depositary is independent from the Management Company.

Delegates:

The description of delegated custody functions, the list of delegates and sub-delegates of CACEIS Bank and the information related to conflicts of interest which may arise out of these delegations are available on the CACEIS website: [www.caceis.com](http://www.caceis.com).

Up to date information are available to investors upon request.

- **Centralisers of subscription and redemption orders:**

**CACEIS Bank**

Limited liability company, credit establishment approved by the investment services bank CECEI Company Address: 1/3 place Valhubert 75013 Paris

Postal Address: 75206 Paris Cedex 13

The Depositary is also in charge, by delegation of the Management Company, of the administration of unitholders register, which includes centralization of subscriptions and redemptions of units and units' issuance account of the Funds.

- **Appointed accounting manager:**

**Caceis Fund Administration**

Company address: 1/3 place Valhubert 75013 Paris Postal Address:

75206 Paris Cedex 13

CACEIS Fund Administration is a commercial company specialising in mutual fund accounting and a subsidiary of the CACEIS group.

CACEIS Fund Administration will deal in particular with the valuation of the mutual fund and the production of interim documents.

- **Statutory Auditors:**

**Ernst & Young et Autres**

Tour First

1 Place des saisons

TSA 14 444

92037 Paris la Défense CEDEX

Signatory: Mr Youssef Boujanoui

- **Marketer:**

**HSBC Global Asset Management (France)**

Company address: Cœur Défense, 110 esplanade du Général de Gaulle - La Défense 4 - 92400 Courbevoie

Postal Address: 75 419 Paris Cedex 08

## III – Operating and management methods

### III – 1 General characteristics:

- **Characteristics of the units:**

- **Type of right attached to the unit class:**

Each unitholder possesses a joint-ownership right to the fund assets in proportion to the number of units held. As the mutual fund is a joint ownership of securities, there are no voting rights attached to the units held.

- **Entry in a register or specification of methods of managing liabilities:**

All the units are bearer units. Therefore, there is no register. The issuer account is administered by CACEIS Bank. Units are administered by Euroclear France.

- **Voting rights:**

The voting rights attached to the securities held by the mutual fund are exercised by the Management Company.

- **Form of the units:** Bearer

Subscriptions in registered form are only authorised on the prior decision of the Management Company.

- **Fractional units:**

Possibility of subscription and redemption in ten thousands of units for A, B and H units and in whole units for IT units.

**Admission of IT units to the Italian stock exchange:** investors who wish to subscribe for this unit of the ATFund market (multilateral trading facility – MTF) of the Italian stock exchange should contact their regular intermediary to place orders on this listing market.

We recommend that you obtain information on the operating rules issued by that listing market, in accordance with local regulations, or that you contact your regular advisor.

- **Closing date:**

Last net asset value of the month of December

- Close of the first fiscal year: 31 December 2009.

- **Details of the tax system:**

The UCITS is not subject to corporate tax, but unitholders are subject to tax on distributions and any capital gains or losses.

The tax system applicable to the amounts distributed by the UCITS or to the unrealised or realised capital gains or losses of the UCITS depends on the tax provisions applicable to the investor's particular situation and residence for tax purposes and/or the investment jurisdiction of the UCITS.

Investors are advised to contact their usual adviser to learn the terms applicable to their personal situation.

German resident unitholders may be subject to an additional tax linked to investment in UCIS which are qualified as non-transparent in the German regulation. The Management Company shall make its best effort to avoid this qualification.

### II – 2 Special provisions:

- **ISIN codes:**

Unit classes	ISIN codes
A unit	FR0007036926
H unit	FR0011883347
R	FR0013269875

**HSBC SELECT FLEXIBLE**

Part B	FR0013313996
IT unit	FR0013234911

- **Management objective:**

The mutual fund's management objective is to offer flexible management on equity and fixed-income markets over a minimum investment period of five years. For information purposes, exposure to equity markets is between 20% and 80% of assets and the exposure to fixed-income markets, between 0% and 80% of assets. The mutual fund is exposed on developed markets with a euro bias as well as in emerging markets.

**Benchmark:**

The mutual fund has no benchmark. We believe that there is no benchmark representative of our investment process.

- **Investment strategy:**

**1. Strategies:**

The investment strategy is discretionary and is based on a portfolio management process organised around three pillars:

- a medium/long-term strategic asset allocation based on the level of conviction of the mutual fund's manager with regard to the various asset categories, geographical area, and management style and on the HSBC Group's research teams in terms of portfolio construction and optimisation. This allocation is done within minimum and maximum exposure limits by asset category likely to be reached depending on certain market configurations.
- a short-term tactical allocation that illustrates the level of convictions of the managers with regard to the various asset categories and that strives to take advantage of potential market inefficiencies and opportunities. It provides responsiveness and flexibility to the strategic allocation, and thus would seek to optimise the portfolio's overall exposure.
- a selection of investment vehicles that we believe is most likely to offer the best exposure sought.

Between 20% and 80% of the fund's net assets will therefore be exposed to the equities market, the balance being exposed to the fixed income market.

Up to a maximum 75% of the mutual fund's assets may bear a foreign exchange risk.

**2. Assets (excluding embedded derivatives): Equities:**

None

**Debt securities and money market instruments:**

The mutual fund may, but is not intended to, invest directly in Negotiable European Commercial Paper or Negotiable European Medium-Term Note or bonds, up to the limit of 10% of net assets and under the same rating conditions as those provided for the "fixed-income product UCI" allocation.

- ☑ Units or shares in other mutual funds: up to 100% of net assets, including: French or European UCITS: 70% to 100%;
- ☑ French general investment funds and European AIFs meeting the four criteria of Article R214-13 of the French Monetary and Financial Code: 30% maximum.
- ☑ Other UCI under foreign law up to a maximum of 10% of the mutual fund's assets

The selected UCI are exposed to the various asset categories (equities, fixed-income products, money market) and can be managed by the HSBC Group entity.

Equity UCI :

The mutual fund may invest 20% to 80% of its assets in units or shares of UCI exposed to equities of companies of all capitalisation sizes (including small and medium, without any predetermined limit), all industries, and all geographic areas (including emerging markets, without any predetermined limit).

Fixed-income product UCI :

The mutual fund may invest up to 80% of its assets in units or shares of fixed-income product mutual funds divided between government bonds of European and international governments, investment grade European and international corporate bonds (minimum credit rating of BBB- at Standard and Poor's and Baa3 at Moody's or deemed equivalent by the Management Company), as well as European and international high-yield (i.e. more risky securities due to their low rating) and convertible bonds.

The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to purchase or sell.

Investment in high-yield bonds is limited to a maximum of 30% of the mutual fund's assets, while investment in emerging debt is permitted without any predetermined limit.

UCI with diversified and/or flexible profile :

The mutual fund may invest up to a maximum of 20% of its assets in units or shares of diversified and/or flexible UCITS funds applying, in particular, absolute return strategies (defined as management uncorrelated with traditional markets).

The mutual fund may also use index-based UCI and/or trackers, without any predefined limit, as well as index-based UCIs and/or trackers under foreign law up to a maximum of 10% of the mutual fund's assets in order to increase the "equities" or "interest rate" exposure or diversify the portfolio towards other asset categories (real estate, etc.), geographical areas, or management styles.

Allocation limits

The reference strategic allocation determines the medium/long-term distribution of investments by asset class:

<b>Typas of UCI</b>	<b>Minimum allocation</b> (Investment range)	<b>Maximum allocation</b> (Investment range)
Equities	20%	80%
Fixed income (bonds & money market)	0%	80%
Diversified and/or flexible	0%	20%

### 3. Derivative instruments:

#### Future financial instruments:

The mutual fund may carry out transactions involving financial futures traded on French and foreign regulated markets or OTC markets.

In seeking to achieve the management objective, the aim of the use of financial futures is to hedge and/or expose the mutual fund to interest rate and equity risk as well as to hedge exchange rate risk.

For exposure, the mutual fund may use, in strict compliance to achieve the management objective:

- options, interest rate futures, and interest rate swaps in the context of the portfolio's exposure to changes in interest rates ;
- options and futures on equity indices in the context of the portfolio's exposure to equity risk ;
- currency futures as part of portfolio exposure to exchange risk of currencies other than the euro.

For hedging, the mutual fund may use:

- options, interest rate futures, and interest rate swaps (hedging of interest rate risk);
- options and futures on equity indices (hedging of equity risk);
- currency options, currency swaps, and currency futures (hedging of the exchange risk of currencies other than the euro).

The fund will not use TRS (Total Return Swaps).

The mutual fund may hold long and short positions on volatility derivatives, particularly volatility index futures, the US (VIX future) and European (VSTOXX future) equity market volatility indicator, for up to a maximum of 3% of the fund's net assets.

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the paragraph: "Brief description of the intermediary selection procedure".

Financial collateral put in place for OTC financial futures is the subject of a financial collateral policy available on the management company's website.

These transactions can be carried out with counterparties selected by the management company among financial institutions that have their registered office in an OECD member country. These counterparties can be companies linked to the HSBC group.

These counterparties must be of good credit quality and in all cases the minimum rating is BBB- on Standard & Poor's scale or equivalent, or have a rating deemed to be equivalent by the management company.

This financial collateral policy specifies:

The haircut applicable to financial collateral. It depends on the security's volatility, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This haircut has the effect of requiring financial collateral greater than the market value of the financial instrument.

Assets accepted as collateral that can be made up of cash, government securities, Negotiable European Commercial Paper, and debt securities/bonds issued by private issuers.

Financial collateral other than cash may not be sold, reinvested, or pledged.

Bond securities must have maximum maturity of 50 years.

Financial collateral made up of cash must be:

- deposited with credit institutions whose registered office is located in an OECD member State or a third State having equivalent prudential rules,
- invested in high-quality government bonds,
- invested in repurchase agreements in which the counterparty is a credit institution subject to prudential supervision and for which the UCITS may recall the cash at any time,
- invested in "short-term money market" UCI.

Financial collateral composed of securities and/or cash is kept in segregated accounts by the depository.

#### 4. Securities with embedded derivatives:

The mutual fund may invest in securities with embedded derivatives like EMTNs or certificates with a risk of exposure to equities, rates, or foreign exchange for hedging or exposure purposes. Investment in this type of product may not exceed 10% of the mutual fund's assets.

#### 5. Deposits:

Within a limit of 10% of its assets, the mutual fund may use deposits in euros with a life less than or equal to three months so as to earn returns on the mutual fund's cash.

#### 6. Cash loans:

The mutual fund may borrow cash up to 10% of its assets. The borrowing of cash is considered only in the case of a current account debit balance, following a discrepancy between subscription and redemption transactions on the underlying UCI.

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

The mutual fund may use temporary purchases and sales of securities on an incidental basis. Repurchase and reverse repurchase agreements are favoured for cash management purposes. The use of temporary purchases and sales is limited to 10% of the committed assets.

- Types of transactions used:

- repurchase and reverse repurchase agreements in accordance with the French Monetary and Financial Code;
- lending and borrowing of securities in accordance with the French Monetary and Financial Code.

- Type of actions:

Temporary purchases and sales of securities are carried out for the sake of achieving the management objective and in search of the best interest of the UCITS. Only bonds can be subject to temporary purchase and sale transactions.

These transactions aim to:

- Repurchase agreements (repurchase and reverse repurchase): manage the residual cash of the UCITS related to subscriptions/redemptions and maximise revenue.

In order to protect against counterparty default, temporary purchases and sales of securities can lead to financial collateral being given in the form of securities and/or cash that will be conserved in segregated accounts by the depositary. These conditions are specified in the paragraph "Derivative instruments".

These transactions can be carried out with counterparties selected by the management company among financial institutions that have their registered office in an OECD member country. These counterparties can be companies linked to the HSBC group.

These counterparties must be of good credit quality and in all cases the minimum rating is BBB- on Standard & Poor's scale or equivalent, or have a rating deemed to be equivalent by the management company.

- possible leverage effects: limited to the commitment calculated according to the probabilistic method in absolute VaR given that the fund is active on financial futures markets, its overall risk level will be calculated according to the absolute VaR, as defined below in the section "VI. Overall risk".
- remuneration: additional information can be found in the Fees and Commissions section.

- **Risk profile:**

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

**Risk associated with discretionary management:**

The discretionary management style is based on anticipating trends on the various markets (equities, bonds). There is a risk that the UCITS will not be permanently invested in the top-performing assets or markets.

**Risk of capital losses:**

The UCITS has no guarantee or protection. It is therefore possible that the initially invested capital will not be fully returned.

**Interest rate risk:**

The portion of the portfolio invested in fixed-income instruments may be impacted by rising or falling interest rates. When long-term interest rates increase, bond prices fall. These movements may cause a decline in the net asset value.

**Credit risk:**

When fixed-rate instruments are invested in securities issued by private issuers, the potential risk of deterioration of the issuer's credit quality may have a negative impact on the price of the security. Consequently, the fund's net asset value may decline.

Securities classified as high-yield present an increased risk of deterioration or even default and may suffer a greater decline in their value.

**Equity market risk:**

A decrease in the price of equities may lead to a decrease in the mutual fund's net asset value. Subscribers should be aware that small-cap markets are intended to accommodate businesses, which, because of their small capitalisations, may fluctuate and thus result in a decrease in the value of the mutual fund's investments.

**Foreign exchange risk:**

Foreign exchange risk consists of the risk of a change in an asset's currency in relation to the mutual fund's reference currency, namely the euro. It may materialise during the purchase of instruments denominated in currencies other than the euro. In this case, if exchange rates change, the fund's net asset value may decline.

Up to 75% of the mutual fund's assets may bear a foreign exchange risk.

**Emerging market risk:**

Market and credit risks are amplified by investments in emerging countries where market movements, both upward and downward, may be stronger and faster than on large international markets.

**Risk related to investment in convertible bonds:**

The value of convertible bonds depends on several factors: level of interest rates, changes in the price of the underlying equities, and changes in the price of the derivative embedded in the mutual fund. These various items can result in a decrease in the NAV of the UCITS.

**Risk related to financial futures:**

The use of financial futures may increase or decrease the mutual fund's volatility and have an impact on the net asset value (both upward and downward).

Ancillary risks:**Counterparty risk:**

The UCITS is exposed to the counterparty risk resulting from the use of OTC financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been entered into will not meet its commitments (delivery, payment, repayment, etc.).

In this case, the counterparty's failure could lead to a decline in the net asset value of the UCITS. This risk is reduced by the establishment of financial collateral between the UCITS and the counterparty, as described in the Investment Strategy.

**Risk of potential conflicts of interest:**

The risk of conflict of interest, as part of transactions on financial contracts and/or temporary purchases and sales of securities, may exist when the intermediary used to select a counterparty, or the counterparty itself, is linked to the management company (or the custodian) by a direct or indirect equity link. The management of this risk is described in the "Conflict of interest policy" established by the management company and available on its website.



**Risk associated with financial collateral management:**

The holder may be exposed to a legal risk (associated with legal documents, application of the contracts and their limits), an operational risk, and the risk linked to the reuse of cash received as collateral, as the net asset value of the mutual fund can fluctuate according to the fluctuation in the value of the securities acquired by investing the cash received as collateral. In exceptional market circumstances, the holder can also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example.

**• Subscribers concerned and standard investor profile:**

A unit: All subscribers

H unit: Institutional investors and Private Banking Customers

R unit: reserved for the HSBC Global Asset Management (France) OPCVM and mandates,

B unit : The subscription of this unit is submitted of the existence of an agreement of specific remuneration between the subscriber and the distributor or the portfolio manager

IT unit: All investors. IT unit is intended for listing on the segment of the ATFund market (multilateral trading facility – MTF) of Borsa Italiana.

Specifically, IT unit can only be subscribed through intermediaries via the open-end CIU segment of the ETF plus market, with a minimum holding requirements of one unit.

The mutual fund is intended for investors seeking a flexible diversification instrument combining equities and bonds.

Recommended minimum investment period: 5 years

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

The mutual fund's units may not be offered to or subscribed by **Non-Eligible Persons**, as defined below:

- **FATCA**

Articles 1471 to 1474 from the US Internal Revenue Code ("FATCA") impose a 30% withholding tax on certain payments to a foreign financial institution (FFI) if the said FFI does not comply with FATCA. The mutual fund is an FFI and is therefore governed by FATCA.

As from 1 July 2014, this withholding tax will apply to payments made for the benefit of the mutual fund constituting interest, dividends, and other types of US source income (such as dividends paid by a US company) and as from 1 January 2017, this withholding tax will be extended to proceeds from the sale or transfer of assets giving rise to payments of US source dividends or interest.

These FATCA withholding taxes may be imposed on payments made to the mutual fund unless (i) the mutual fund complies with FATCA in accordance with the provisions of the said act and the texts and regulations relating thereto, or (ii) the mutual fund is governed by an Intergovernmental Agreement ("IGA") in order to improve the application of international tax provisions and the implementation of FATCA. The mutual fund intends to comply with FATCA in a timely manner so as to ensure that none of its income is subject to the withholding tax in accordance with FATCA.

France has signed an IGA with the United States, and the mutual fund intends to take all necessary measures to ensure compliance with the terms of the IGA and the local implementing regulations.

In order to meet its obligations related to FATCA, the mutual fund must obtain certain information from its investors, so as to establish their US tax status. If the investor is a designated US Person, a non-US entity held by a US entity, or a non-participating FFI (NPFFI), or if the required documents are not provided, the mutual fund may be required to report information about the investor in question to the competent tax authorities, to the extent permitted by law.

If investors or intermediaries through which investors hold their investment in the mutual fund do not provide the mutual fund, its agents, or its authorised representatives with the accurate, complete, precise information necessary for the mutual fund to comply with FATCA, or constitutes an NPFPI, the investors may be subject to the withholding tax on the amounts distributed to them, be forced to sell their investment in the mutual fund, or, in some cases, the forced redemption of their investment in the mutual fund may be carried out. The mutual fund may, at its discretion, enter into any additional agreement without the consent of the investors in order to take the measures that it deems appropriate or necessary to comply with FATCA.

Other countries are in the process of passing tax provisions regarding the communication of information. The mutual fund also intends to comply with the other similar tax provisions in force, although the details of the obligations arising therefrom are not yet precisely known. Consequently, the mutual fund may be required to seek search for information on the tax status of investors under the laws of another country and on each investor for the purposes of communication to the authority concerned.

Investors are encouraged to consult their own tax advisers on the requirements of FATCA pertaining to their personal situation. In particular, investors holding units through intermediaries must ensure the compliance of such intermediaries with FATCA in order to avoid being subject to withholding tax on the returns on their investments.

#### • **RESTRICTIONS ON THE ISSUANCE AND REDEMPTION OF UNITS FOR US PERSONS**

The mutual fund's units may not be offered or sold to any US person. For the purposes of this restriction, the term "US person" ("USP") refers to:

1. A natural person who is deemed to be a resident of the United States under a law or regulation of the United States.
2. An entity:
  - i. that is a joint stock company, a private company, a limited liability company, or other commercial entity:
    - a. that has been created or incorporated under a federal law or a state of the United States, including any foreign agency or branch of this entity; or
    - b. that, regardless of its place of creation or incorporation, was incorporated mainly for passive investments (such as a company or an investment fund or a similar entity, other than an employee savings scheme or an employee savings fund, managers or officers of a foreign entity whose principal place of business is located outside of the United States);
      - and that is directly or indirectly owned by one or more USP, in respect of which these USPs (unless they are defined as Qualified Eligible Persons under *Regulation 4.7(a)* of the CFTC) hold in total, directly or indirectly, an equity interest of 10% or more; or
      - if a USP is the general partner, managing partner, or managing director or has another function with the power to direct the activities of the entity; or
      - was incorporated by or for a USP mainly in order to invest in securities that are not registered with the SEC; or
      - more than 50% of whose equity securities with voting rights or equity securities without voting rights are held directly or indirectly by USPs; or
    - c. that is an agency or branch of a foreign entity located in the United States; or
    - d. whose principal place of business is located in the United States; or
  - ii. that is a trust created or formed under a federal law or a law of state of the United States regardless of its place of creation or formation;
    - a. in which one or more USPs have the power to control all major decisions; or
    - b. whose administration or whose incorporation documents are subject to the control of one or more courts of the United States; or
    - c. whose creator, founder, trustee, or other person responsible for decisions regarding the trust is a USP; or

- iii. that is an estate of a deceased person, irrespective of the place of residence of the person when he or she was alive, whose executor or administrator is a USP.
- 3. An employee savings scheme established and managed in accordance with the laws of the United States.
- 4. A discretionary or non-discretionary management mandate or a similar investment method (other than an estate or trust) held by a foreign or US broker or other authorised representative to the benefit of or for the account of a USP (as defined above).

For the purposes of this definition, “United States” or “US” refers to the United States of America (including the States and the District of Columbia), its territories, possessions, and other areas subject to its jurisdiction.

If, as the result of an investment in the mutual fund, unitholders become a US Person, they will be prohibited from (i) making additional investments in the mutual fund and (ii) their units shall be the subject of a forced redemption as soon as possible by the mutual fund (subject to the provisions of the applicable law).

From time to time, the mutual fund may amend the aforementioned restrictions or waive them.

- **RESTRICTIONS ON THE ISSUANCE AND REDEMPTION OF UNITS FOR CANADIAN RESIDENTS**

The units described in this prospectus may be distributed in Canada only through HSBC Global Asset Management (Canada) Limited; in addition, this prospectus may not be used for solicitation purposes or constitute a solicitation or an offer to purchase the units in Canada, unless HSBC Global Asset Management (Canada) Limited carries out the said solicitation. A distribution or solicitation shall be deemed to have taken place in Canada when it is made to a person (i.e., a natural person, a joint stock company, a trust, a private company or other entity, or other legal entity) residing or established in Canada at the time of the solicitation. For these purposes, the following persons are generally regarded as Canadian Residents:

1. A natural person, if
  - i. the primary residence of this natural person is located in Canada; or
  - ii. the natural person is physically present in Canada at the time of the offer of the sale or other activity concerned.
2. A joint stock company, if
  - i. its registered office or principal place of business is located in Canada; or
  - ii. the securities of the joint stock company entitling their holder to elect a majority of the directors are held by natural persons constituting Canadian Residents (according to the definition above) or by legal entities established or located in Canada; or
  - iii. the natural persons who make the investment decisions or give instructions in the name of the joint stock company are Canadian Residents (according to the definition above).
3. A trust, if
  - i. the principal place of business of the trust (where applicable) is located in Canada; or
  - ii. the trustee (in case of multiple trustees, a majority of them) is a natural person who is a Canadian Resident (as described above) or legal entity residing or otherwise located in Canada; or
  - iii. natural persons who take investment decisions or provide instructions on behalf of the trust are natural persons who are Canadian Residents (as described above).
4. A limited partnership, if
  - i. the registered office or principal place of business (where applicable) of the company is located in Canada; or
  - ii. the holders of a majority of the company’s equity securities are Canadian Residents (as described above); or

- iii. the general partner (if applicable) is a Canadian Resident (as described above); or
- iv. natural persons who take investment decisions or provide instructions on behalf of the company are natural persons who are Canadian Residents (as described above).

**Calculation and allocation of the distributable amounts:**

*In accordance with the regulatory provisions, the net income for the fiscal year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the Fund's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.*

*The amounts distributable by an undertaking for collective investment in transferable securities consist of:*

1. *Net income plus retained earnings, plus or minus the balance of income accruals;*
2. *Capital gains realised, net of costs, minus capital losses realised, net of costs, recognised during the fiscal year, plus net capital gains of the same type recognised during earlier fiscal years that were not the subject of any distribution or accumulation, and minus or plus the balance of accrued capital gains.*

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

<b>Distributable amount</b>	<b>A, H, R, B and IT units</b>
Net earnings (1)	Accumulation
Net realised capital gains (2)	Accumulation

- **Characteristics of the units:**

The units are denominated in euros.

- **Subscription and redemption:**

Subscriptions are centralised by HSBC France and CACEIS Bank before 12:00 p.m. and carried out on the basis of the next net asset value. The related settlements shall occur on the 2<sup>nd</sup> business day.

Redemptions are centralised by HSBC France and CACEIS Bank before 12:00 p.m. and carried out on the basis of the next net asset value. The related settlements shall occur on the 2<sup>nd</sup> business day.

*The orders are executed in accordance with the table below:*

<i>Business Day</i>	<i>Business Day</i>	<i>D: day of determining the NAV</i>	<i>Business D+1</i>	<i>Business D+2</i>	<i>Business D+2</i>
<i>Centralisation of subscription orders before [12h]<sup>1</sup></i>	<i>Centralisation of redemption orders before [12h]<sup>1</sup></i>	<i>Execution of the order on D at the latest</i>	<i>Publication of the net asset value</i>	<i>Payment of subscriptions</i>	<i>Payment of redemptions</i>

<sup>1</sup>*Unless a specific potential timeframe is agreed with your financial institution."*

Procedures specific to IT units:

Buy and sell orders are centralised each day at the latest by 11 a.m. (Paris time). They shall be executed by reference to the fund's net asset value as calculated and published on the following business day on the basis of the closing prices on the date of centralisation of requests.

Settlements relating to buy and sell orders are carried out on the third business day following the centralisation date.

The orders are executed in accordance with the table below:

<i>Business Day</i>	<i>Business Day</i>	<i>D: day of determining the NAV</i>	<i>Business D+1</i>	<i>Business D+3</i>	<i>Business D+3</i>
<i>Centralisation of subscription orders before [11h]<sup>1</sup></i>	<i>Centralisation of redemption orders before [11h]<sup>1</sup></i>	<i>Execution of the order on D at the latest</i>	<i>Publication of the net asset value</i>	<i>Payment of subscriptions</i>	<i>Payment of redemptions</i>

<sup>1</sup>Unless a specific potential timeframe is agreed with your financial institution.”

A unit class:

The initial net asset value of the unit is €49.39.

Minimum number of units of the first subscription: 1 unit.

Subscriptions and redemptions may be made done in ten thousands of units.

H unit class:

The initial net asset value of the unit is €100,000.

Minimum amount of the first subscription: € 5 000 000.

Subscriptions and redemptions may be made done in ten thousands of units.

R unit class:

The initial net asset value of the unit is €1 000.

Minimum amount of the first subscription: 1 thousandth of units.

Subscriptions and redemptions may be made done in 1 thousandth of units.

B unit class:

The initial net asset value of the unit is €100.

Minimum number of units of the first subscription: 1 unit.

Subscriptions and redemptions may be made done in ten thousands of units.

IT unit class:

The initial net asset value of the unit is €10.

Minimum amount of the first subscription: 1 unit.

Subscriptions and redemptions may be made done in whole unit only.

The addresses of HSBC France and CACEIS Bank are as follows:

**HSBC France**

103, avenue des Champs Elysées  
75008 Paris

**CACEIS Bank**

1-3, place Valhubert  
75013 Paris

“Unitholders should be aware that orders transmitted to marketers other than the institutions mentioned above must take account of the fact that the order centralisation deadline applies to said marketers with regard to CACEIS Bank. Accordingly, these marketers may apply their own deadline, prior to the deadline mentioned above, in order to take their time for transmission of orders to CACEIS Bank into account.”

● **Frequency of calculation of the net asset value:**

Each trading day, with the exception of legal holidays in France and days when the French markets (official calendar of Euronext Paris SA) or the markets of Landon (official calendar of LSE) and New York (official calendar of NYSE) are closed.

**IT units:**

The net asset value is calculated daily with the exception of Saturdays, Sundays, statutory holidays in France and dates on which the French markets and the Italian stock exchange are closed. The net asset value of the unit is also published by the Italian stock exchange.

● **Place of publication of the net asset value:**

Premises of HSBC Global Asset Management. The net asset value of the UCITS is also available on HSBC Global Asset Management’s website: [www.assetmanagement.hsbc.com/fr](http://www.assetmanagement.hsbc.com/fr)

- **Charges and commissions:**

- *Subscription and redemption commissions:*

The subscription and redemption commissions are added to the subscription price paid by the investor or reduce the reimbursement price. Commissions earned by the UCITS compensate it for the expenses that it incurs in investing or divesting the entrusted assets. Commissions not earned are returned to the management company, marketer, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate		
		A, H and B units: 2% maximum	R unit : 6 % maximum(*)	IT unit : None
Subscription commission not earned by the UCITS	Net asset value x number of units	A, H and B units: 2% maximum	R unit : 6 % maximum(*)	IT unit : None
Subscription commission earned by the UCITS	Net asset value x number of units	None		
Redemption commission not earned by the UCITS	Net asset value x number of units	None		
Redemption commission earned by the UCITS	Net asset value x number of units	None		

(\*) Except for HSBC Global Asset Management (France) OPC and mandates

Cases of exemption: During redemptions and subscriptions carried out simultaneously and in the same amount

*Fees :*

Financial management and administrative charges external to the Management Company cover all charges directly invoiced to the UCITS, other than transaction fees. Transaction costs include intermediation costs (brokerage, stock exchange taxes, etc.) and transaction commissions, if applicable, that may be received in particular by the depositary and the management company.

The following may be payable in addition to the financial management charges and administrative charges external to the Management Company:

- performance commissions. These commissions remunerate the management company when the UCITS exceeds its objectives. They are therefore charged to the UCITS;
- transaction commissions charged to the UCITS;
- a share of the income from temporary purchases and sales of securities.

	Charges invoiced to the UCITS	Base	Scale rate
1 and 2	Financial management and administrative charges external to the Management Company	Net assets	<b>A unit:</b> Internal charges: maximum 1.20% including taxes External charges: maximum 0.30% including taxes
			<b>H and B units:</b> Internal charges: maximum 0.60% including taxes External charges: maximum 0.30% including taxes
			<b>R unit :</b> Internal charges: maximum 0.30% including taxes External charges: maximum 0.30% including taxes
			<b>IT unit :</b> Internal charges: Maximum 0.60% including taxes External charges: Maximum 0.40% including taxes
3	Maximum indirect charges (commissions and management fees)	Net assets	1% including taxes maximum rate
4	Transaction commissions	Deduction from each transaction	None
5	Performance commission	Net assets	None

- *Indirect management fees:*

The fund shall not invest in UCI whose maximum fixed management fees exceed 2.5% including all taxes.

- **Additional information about temporary purchases and sales of securities:**

The management company does not receive any remuneration for these temporary purchases and sales of securities.

Revenues and income generated by temporary purchases and sales of securities are fully earned by the UCITS.

Operational costs and charges relating to these transactions may also be the responsibility of the management company and not be charged to the UCITS.

- **Brief description of the intermediary selection procedure:**

The management company selects brokers or counterparties according to a procedure consistent with the applicable regulations and in particular the provisions of Article 314-69 *et seq.* of the General Regulations of the French financial markets authority ("AMF"). Within the framework of this selection, the management company respects its "best execution" obligation at all times.

The objective selection criteria used by the management company particularly include the quality of the execution of orders, the rates applied, and the financial strength of each broker or counterparty.

The choice of counterparties and investment firms and service providers of HSBC Global Asset Management (France) is made according to a precise evaluation process intended to guarantee a high-quality service company. This is a key element in the general decision-making process which incorporates the impact of the service quality of the broker on all our departments: Management, Financial and Credit Analysis, Negotiation and Middle Office.

The choice of counterparties may focus on an entity linked to the HSBC Group or the custodian of the UCITS.

The "Policy of best execution and selection of intermediaries" is detailed on the management company's website.

## IV – Commercial information

All information concerning the mutual fund may be obtained by contacting the management company directly:

**HSBC Global Asset Management (France)**  
75 419 Paris Cedex 08

The most recent annual and interim documents are available upon the unitholder's written request sent to:

**HSBC Global Asset Management (France)**  
75 419 Paris Cedex 08  
[e-mail: hsbc.client.services-am@hsbc.fr](mailto:hsbc.client.services-am@hsbc.fr)

Subscription and redemption requests are centralised with HSBC France and CACEIS Bank, whose addresses are as follows:

**HSBC France**  
103, avenue des Champs Elysées  
75008 Paris

**CACEIS Bank**  
1-3, place Valhubert  
75013 Paris

Information on the environmental, social and governance quality criteria contained in the investment policy

Pursuant to Article L533-22-1 of the French Monetary and Financial Code, information on environmental, social and governance quality criteria (ESG criteria) contained in this Fund's investment policy is available on HSBC Global Asset Management's website at the following address: [www.assetmanagement.hsbc.com/fr](http://www.assetmanagement.hsbc.com/fr) and in the Fund's annual report.

## V – Investment rules

The mutual fund complies with the investment rules defined in Articles L. 214-4 and D. 214-1 *et seq.* of the French Monetary and Financial Code.

## VI – Overall risk

The method used to calculate the overall risk is the absolute VaR calculation method.

Details on the UCITS' overall risk calculation:

This method consists in calculating the Value at Risk (VaR) of a UCITS, defined as the maximum loss that a UCITS may incur over a given period with a given probability referred to as the "confidence threshold".

As such, the guideline for the leverage level of the UCITS, calculated as the sum of nominal values for positions on financial contracts, is 40%.

The maximum, minimum, and average risk levels will be specified in the Fund's annual report.

## VII – Asset assessment and accounting rules

The asset valuation rules applied by the accounting manager are outlined below according to the instruments held by the UCITS:

The UCITS has adopted the euro as its reference currency.

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

The prices used for the valuation of OATs (fungible government bonds) are the closing prices.

UCI are valued at the last known price.

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



Negotiable debt securities with a remaining life less than or equal to three months are valued according to the straight-line method.

Pensions are valued during the contract.

Forward transactions, firm or conditional, or OTC swaps, authorised by the regulation applicable to UCIs, are valued at market value or at a value estimated in accordance with the arrangements laid down by the Management Company. Interest rate and/or currency swaps are valued at their market value based on the price calculated by discounting future cash flows (principal and interest), at the market interest and/or exchange rates.

The European and international futures market prices are settlement prices.

Interest-rate and foreign currency swaps are valued under market conditions.  
For swaps, the off-balance sheet commitment corresponds to the nominal amount of the contract.  
Interest is recognised according to the cash-basis method.  
Items entered in the portfolio are entered at their acquisition price minus costs.

#### Futures

Futures contracts on derivatives markets are valued on the basis of the settlement price of the valuation day.

#### Options

Options on derivatives markets are valued on the basis of the settlement price of the valuation day.

#### Currency futures

Contracts are valued at the exchange rate of the currencies on the valuation day, taking into account the amortisation of the swap.

Transaction fees are recognised in specific Fund accounts and are not added to the price.  
Securities bought and sold are recognised excluding costs.

Financial instruments whose rate was noted on the valuation date or whose rate was adjusted are valued at their probable trading value under the responsibility of the management company. These valuations and their justification are provided to the auditor in connection with its audits.

#### Valuation of financial collateral

Collateral is valued daily at market prices (marked to market).

Haircuts can be applied to collateral received in the form of securities according to the level of risk.

Margin calls are made on a daily basis unless otherwise stipulated in the framework contract for these transactions or if an agreement exists between the management company and the counterparty on the application of a trigger threshold.

#### Alternative practical methods in exceptional circumstances

Since the net asset value is calculated by a service provider from outside the management company, any faults in the information systems used by the management company will not affect the capacity of the mutual fund to have its net asset value determined and published. In the event of a fault in the service provider's systems, the service provider's backup plan will be implemented in order to guarantee continuity in the calculation of the net asset value.

However, the redemption by the fund of its units and the issuance of new units may be temporarily suspended by the management company according to article L.214-30 of the Monetary and Financial Code in exceptional circumstances and if this is in the interest of the unitholders.

Exceptional circumstances are defined in particular as any period during which:

- a) Negotiations on one of the markets on which a significant proportion of the mutual fund's investments are generally negotiated are suspended, or one of the methods generally used by the service provider to value investments or determine the net asset value of the mutual fund is temporarily discontinued, or
- b) The valuation of the financial instruments held by the mutual fund cannot be completed according to the service provider in a reasonable, quick, fair manner, or

c) According to the management company, it is not reasonably possible to realise all or some of the assets in the mutual fund or to intervene in the investment markets of the mutual fund, or this is not possible without seriously harming the interests of unitholders in the mutual fund, particularly in case of a force majeure event that temporarily deprives the management company of its management systems, or

d) The fund transfer transactions required for the realisation or payment of assets in the mutual fund or for the execution of subscriptions or redemptions of units in the mutual fund are postponed or, according to the management company, cannot be carried out quickly under normal exchange rates.

In the event of a fault in the service provider's systems, the service provider's backup plan will be implemented in order to guarantee continuity in the calculation of the net asset value.

## VIII. Remuneration:

The Management Company HSBC Global Asset Management (France) has put in place a remuneration policy that is tailored to its structure and its business activities.

This policy aims to provide a framework for the various methods of remunerating employees with decision-making, oversight or risk-taking authority within the group.

This remuneration policy has been drawn up to reflect the economic strategy, objectives, values and interests of the Management Company within the HSBC Group, those of managed UCIs and those of their investors/shareholders.

The objective of the policy is to discourage risk-taking that is excessive when compared to the risk profile of the managed UCIs.

The Management Company has introduced adequate measures to prevent conflicts of interest.

The remuneration policy is adapted and monitored by the Remuneration Committee and the Board of Directors of HSBC Global Asset Management (France).

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|--|---|
| <ul style="list-style-type: none"><li>• <i>Approved by the COB on:</i></li><li>• <i>Created on:</i></li><li>• <i>Updated on:</i></li></ul> | <p><i>17 September 1999</i></p> <p><i>7 January 2009</i></p> <p><i>14 June 2019</i></p> |
|--|---|

**REGULATIONS OF THE MUTUAL FUND  
HSBC SELECT FLEXIBLE**

**SECTION I**

**ASSETS AND UNITS**

**ARTICLE I - JOINTLY-OWNED UNITS**

The rights of joint owners are expressed in units, with each unit corresponding to an identical share of the fund's assets. Each unitholder is entitled to joint ownership of the mutual fund's assets in proportion to the number of units held.

The term of the fund is 99 years from the date of its creation, unless it is wound up early or extended pursuant to these regulations.

The characteristics of the various unit categories and their access conditions are set out in the mutual fund's prospectus.

The various unit categories may:

- Have different arrangements for distributing revenue; (distribution or accumulation);
- Be denominated in different currencies;
- Incur different management charges;
- Be subject to different subscription and redemption commissions;
- Have different nominal values;
- Be systematically hedged against risk, either partially or in full, as set out in the prospectus. This hedging process is performed using financial instruments that reduce the impact of the hedging transactions for the other unit classes of the UCITS to a minimum;
- Be reserved for one or more distribution networks.

Units may be divided, grouped, or split, on the decision of the Management Company's Board of Directors, into tenths, hundredths, or thousandths, or ten-thousandths of units, called fractional units.

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

Lastly, the Management Company's board of directors may decide, at its sole discretion, to split the units by creating new units which are allocated to unitholders in exchange for the former units.

**ARTICLE II - MINIMUM ASSET AMOUNT**

Units may not be redeemed if the assets fall below €300,000; where net assets remain below that level for 30 days, the Management Company shall take the necessary measures to wind up the UCITS in question or to perform one of the transactions listed in Article 411-16 of the AMF General Regulations (transfer of the UCITS).

**ARTICLE III - ISSUANCE AND REDEMPTION OF UNITS**

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

Subscriptions and redemptions shall be completed under the terms and conditions set forth in the prospectus.

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

Subscriptions must be fully paid up on the day when the net asset value is calculated. They may be made in cash and/or by the contribution of financial instruments. The Management Company may turn down the

securities offered and must announce its decision within seven days. In the event of acceptance, the contributed securities shall be valued according to the rules set forth in article IV, and the subscription shall be carried out on the basis of the first net asset value following the acceptance of the securities concerned.

Redemptions shall be carried out exclusively in cash except in the case of the liquidation of the fund when the unitholders have notified their agreement to be reimbursed in securities. They shall be settled by the account holder within a maximum period of five days following the date of evaluation of the unit.

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

Except in the event of inheritance or *inter vivos* distribution, the disposal or transfer of units between unitholders, or from unitholders to a third party, is equivalent to a redemption followed by a subscription. If a third party is involved, the amount of the disposal or transfer must, where applicable, be supplemented by the beneficiary in order to reach the minimum subscription level required by the prospectus.

Pursuant to Article L214-8-7 of the French financial and monetary code, the redemption of units by the mutual fund as well as the issue of new units may be suspended on a temporary basis by the management company in exceptional circumstances and if this is considered to be necessary to protect the interests of the unitholders.

If the mutual fund's net assets fall below the minimum regulatory requirement, no units may be redeemed.

The management company's board of directors may restrict or prevent the holding of units of the mutual fund by any person or entity prohibited from holding units of the mutual fund (below "Non-Eligible Person"), as defined in the "Subscribers concerned and typical investor profile" section of the prospectus.

To this end, the management company's board of directors may:

- (i) Refuse to issue any unit when it appears that such an issue would or could have the effect that the said shares are directly or indirectly held for the benefit of a Non-Eligible Person;
- (ii) At any time, require from a person or entity whose name appears in the account register that it be provided with any information accompanied by a declaration on honour that it would consider necessary for the purposes of determining whether the beneficial owner of the units in question is a Non-Eligible Person;
- (iii) In the event of failure to transmit the information mentioned in (ii), or when a unitholder proves to be a Non-Eligible Person, transmit information about the investor concerned to the competent tax authorities of the country or countries with which France has entered into an information exchange agreement; and
- (iv) When it appears that a person or entity is (i) a Non-Eligible Person and (ii) alone or jointly, the beneficial owner of the units, prohibit any new subscription of units in the mutual fund by the unitholder, compel the unitholder to sell his or her interest in the mutual fund, or, in certain cases, proceed with the forced redemption of all the units held by such a unitholder.

The forced redemption must be carried out by the account keeper of the Non-Eligible Person, on the basis of net asset value following the formal decision of the management company, minus any applicable charges, duties, and commissions, which shall remain the responsibility of the Non-Eligible Person.

The formal decision of the management company shall be preceded by a period of discussion suitable for the case in question but no less than 10 days during which the beneficial owner of the units may submit his or her remarks to the competent body of the management company.

The UCITS may cease issuance of units pursuant to the third paragraph of Article L. 214-8-7 of the Monetary and Financial Code, either temporarily or permanently, fully or partially if objective circumstances entail the closing of subscriptions, such as attaining the maximum number of units or shares, a maximum amount of assets or the end of a fixed subscription period.

Existing shareholders shall be informed by any means of the triggering of this tool, as well as of the threshold and the objective situation that led to the decision to carry out full or partial closing. In the case of partial closing, this information by any means will explicitly specify the terms under which existing shareholders may continue to subscribe during the period of such partial closing. The shareholders are also informed by any means of the UCITS or asset management company's decision to either end the full or partial closing of

subscriptions (when falling below the triggering threshold), or not to end it (in the event of a change in threshold or modification in the objective situation leading to implementation of this tool). A modification in the objective situation invoked or the triggering threshold for the tool must always be made in the interest of the shareholders. Information by any means shall specify the exact reasons for these changes.

#### **ARTICLE IV - CALCULATION OF THE NET ASSET VALUE**

The net asset value of the units shall be calculated in accordance with the valuation rules indicated in the prospectus.

### **SECTION II**

#### **OPERATION OF THE FUND**

#### **ARTICLE V - THE MANAGEMENT COMPANY**

The fund shall be managed by the Management Company in accordance with the fund's investment objectives. The Management Company shall act on behalf of unitholders under all circumstances and shall alone exercise any voting rights attached to the securities in the fund's portfolio.

#### **ARTICLE V BIS - OPERATING RULES**

The prospectus describes the instruments and deposits eligible for inclusion in the fund's assets as well as the investment rules.

#### **ARTICLE V TER - ADMISSION TO TRADING ON A REGULATED MARKET AND/OR A MULTILATERAL TRADING SYSTEM**

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

#### **ARTICLE VI - CUSTODIAN**

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

## **ARTICLE VII - STATUTORY AUDITOR**

A Statutory Auditor shall be appointed by the Management Company's executive board for a term of six fiscal years after approval from the French financial markets authority.

It shall certify that the accounts are true and fair.

Its term of office may be renewed.

The Statutory Auditor shall be required to notify, as soon as practicable, the AMF of any fact or decision concerning the UCITS of which it has become aware in the performance of its duties that might:

1. Constitute an infringement of applicable laws or regulations and which may have a significant effect on the Fund's financial situation, earnings, or assets
2. Adversely affect the conditions or the continuity of its operations
3. Result in a qualified opinion or a refusal to certify the accounts.

Asset valuations and the determination of exchange rates used in currency conversions, mergers, or demergers shall be audited by the Statutory Auditor.

It shall be responsible for the valuation of all contributions in kind.

The statutory auditor shall verify the accuracy of the composition of the assets and other information before publication.

The auditor's fees shall be determined by agreement between the latter and the board of directors of the management company with respect to a work programme specifying the due diligences considered necessary.

The Statutory Auditor shall certify the circumstances underlying any interim distributions. The Statutory

Auditor's fees shall be included in the administrative charges external to the Management Company.

## **ARTICLE VIII - THE ACCOUNTS AND THE MANAGEMENT REPORT**

At the close of each fiscal year, the Management Company shall draw up the financial statements and a report on the fund's management for the past fiscal year.

At least once every six months, the Management Company shall prepare an inventory of the mutual fund's assets under the custodian's supervision.

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

### **SECTION III**

#### **APPROPRIATION OF DISTRIBUTABLE AMOUNTS**

## **ARTICLE IX - APPROPRIATION OF DISTRIBUTABLE SUMS**

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

The amounts distributable by an undertaking for collective investment in transferable securities consist of:

- (1) Net income plus retained earnings, plus or minus the balance of income accruals;

- (2) Capital gains realised, net of costs, minus capital losses realised, net of costs, recognised during the fiscal year, plus net capital gains of the same type recognised during earlier fiscal years that were not the subject of any distribution or accumulation, and minus or plus the balance of accrued capital gains.

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

The allocation of the distributable amounts is described in detail in the prospectus.

## **SECTION IV**

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

#### **ARTICLE X - MERGER - DEMERGER**

The Management Company may either merge all or part of the assets of the fund with another UCITS under its management or split the fund into two or more other mutual funds.

Such mergers or demergers may only be carried out after unitholders have been notified. They shall result in the issuance of a new certificate stating the number of units held by each holder.

#### **ARTICLE XI - DISSOLUTION - EXTENSION**

If the fund's assets remain below the minimum level set in article 2 for thirty consecutive days, the Management Company shall notify the AMF and then either arrange a merger with another investment fund or wind up the fund.

The Management Company may wind up the fund early; it shall notify the unitholders of this decision, and no further subscription or redemption requests shall be accepted after such an announcement.

The Management Company shall wind up the fund if it receives a request to redeem all its assets, if the custodian ceases to operate and no other custodian has been appointed, or on expiry of its term, if it is not extended.

The Management Company shall inform the AMF by post of the planned dissolution date and procedure. It shall then send the auditor's report to the French Financial Markets Authority.

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

#### **ARTICLE XII - LIQUIDATION**

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

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

## SECTION V

### DISPUTES

#### **ARTICLE XIII - COMPETENCE - ELECTION OF DOMICILE**

Any disputes relating to the fund that arise during the fund's lifetime or during its liquidation, either among the unitholders or between the unitholders and the Management Company or the custodian, shall be subject to the jurisdiction of the competent courts.

*Document updated:*

*11 February 2019*



