



**ODDO MERITEN**  
ASSET MANAGEMENT

UCITS under Directive 2009/65/EC

## **ODDO OPTIMAL INCOME**

**French Common Fund (FCP)**  
**12, boulevard de la Madeleine 75009 Paris**

## **PROSPECTUS**



## ODDO OPTIMAL INCOME

### PROSPECTUS

#### GENERAL CHARACTERISTICS

**LEGAL STRUCTURE:**

**Name** ODDO OPTIMAL INCOME (hereinafter the "Fund")

**Legal form and Member State in which the Fund was established** French Common Fund (FCP).

**Inception date** This Fund was approved by the **AMF** on 9 August 2013.  
It was created on 16 September 2013 for a period of 99 years.

**FUND OVERVIEW:**

Units	Characteristics					
	ISIN code	Base currency	Distribution of income and capital gains	Minimum initial investment*	Minimum subsequent investment	Target investors
CR-EUR	FR0011540525	EUR	Accumulation	EUR 100	1 thousandth of a unit	All subscribers, and particularly natural persons.
DR-EUR	FR0012250488	EUR	Distribution	EUR 100	1 thousandth of a unit	All subscribers, and particularly natural persons.
CI-EUR	FR0011540533	EUR	Accumulation	EUR 100,000*	1 thousandth of a unit	All subscribers, and particularly institutional investors
DI-EUR	FR0011540541	EUR	Distribution	EUR 100,000*	1 thousandth of a unit	All subscribers, and particularly institutional investors
GC	FR0011605674	EUR	Accumulation	EUR 100	1 thousandth of a unit	GC units are reserved for (i) insurance companies approved by Oddo Meriten AM, to represent unit-linked products subscribed as part of "advisory management" contracts in their range and for (ii) Oddo et Cie clients also having signed an advisory agreement with an Oddo et Cie financial investment advisory partner.

\* With the exception of the Management Company, companies in the Management Company's group and UCIs managed by the Management Company, from which no minimum subscription is required.

**INFORMATION FOR UNITHOLDERS:**

**Address at which the latest annual and semi-annual reports are available:**

The latest annual and semi-annual reports shall be sent to unitholders within one week upon written request to:

**Company Address** ODDO MERITEN ASSET MANAGEMENT SA  
12, Bd de la Madeleine – 75009 Paris  
**Email** [information\\_oam@mertien.eu](mailto:information_oam@mertien.eu)

These documents are also available:

**On the website** <http://www.oddomeriten.eu/>  
**By contacting** Marketing Department  
**By telephoning** 01 44 51 84 14

Any further information required can be obtained from the Marketing Department, Tel: 01 44 51 84 14.

## DIRECTORY:

<b>Management Company</b>	ODDO MERITEN ASSET MANAGEMENT SA, Société Anonyme (hereinafter the " <b>Management Company</b> ") Portfolio Management Company approved by the AMF (number GP 99011) 12, Bd de la Madeleine – 75009 Paris
<b>Custodian, Depository,</b>	ODDO ET CIE, a <i>société en commandite par actions</i> (general partnership limited by shares) (hereinafter the " <b>Custodian</b> ")
<b>Establishment in charge of liabilities management delegated by the Management Company</b>	Bank approved by the French Prudential Control and Resolution Authority 12, Bd de la Madeleine – 75009 Paris
<b>Administration and Accounting delegated to</b>	EUROPEAN FUND ADMINISTRATION FRANCE SAS (EFA FRANCE) 17, rue de la Banque 75002 Paris
<b>Statutory auditor</b>	DELOITTE 185 avenue Charles de Gaulle 92200 Neuilly sur Seine Represented by Jean Marc Lecat
<b>Promoter</b>	ODDO MERITEN ASSET MANAGEMENT SA, Société Anonyme Portfolio Management Company approved by the AMF (number GP 99011) 12, Bd de la Madeleine – 75009 Paris
<b>Assignees</b>	None
<b>Advisers</b>	None
<b>Agent for receiving subscription and redemption orders</b>	ODDO ET CIE, <i>société en commandite par actions</i> (general partnership limited by shares) Bank approved by the French Prudential Control Authority 12, Bd de la Madeleine – 75009 Paris
<b>Other agent for receiving subscription and redemption orders</b>	CACEIS BANK LUXEMBOURG (prior to centralising) 5, allée Scheffer L-2520 Luxembourg

## OPERATING AND MANAGEMENT PROCEDURES

### I. GENERAL CHARACTERISTICS OF THE UNITS:

<b>Rights attached to the units</b>	The rights of the Fund's co-owners are represented by units, with each unit corresponding to the same fraction of the Fund's assets. Each unitholder has a co-ownership right in the assets of the Fund proportional to the number of units they hold. The distributable income consists of: 1° The net income for the financial year plus retained earnings, plus or minus the balance of the income equalisation accounts for the last financial year. 2° The realised capital gains, net of fees, minus realised capital losses, net of fees, recorded during the financial year, plus net capital gains of the same kind recorded during previous financial years and that have not been subject to distribution or accumulation, plus or minus the balance of the capital gains equalisation accounts (for financial years beginning after 1 January 2013). The categories of income referenced in points 1° and 2° respectively may be distributed, in full or in part, independently of each other.
<b>Inclusion in a register</b>	The Management Company delegates the management of liabilities to the Custodian.
<b>Voting rights</b>	No voting rights are attributed to the ownership of units. Decisions concerning the Fund are taken by the Management Company. The voting rights attached to the securities held by the Fund are exercised by the Management Company, which has the sole power to take decisions, pursuant to regulations in force. The Management Company's voting policy may be consulted at its registered office or online at <a href="http://www.oddomeriten.eu">www.oddomeriten.eu</a> , in accordance with article 314-100 of the AMF General Regulation. Unitholders can obtain a report of the Management Company's voting activities from the Management Company.

<b>Form of units</b>	Listed on Euroclear France Bearer
<b>Fractions of units</b>	Subscriptions and redemptions in thousandths of units.
<b>Financial year-end</b>	Last stock market trading day in September End of first financial year: last stock market trading day in September 2014
<b>Tax regime</b>	The Fund may be used for life insurance policies.

As of 1 July 2014, the Fund shall be governed by the provisions of appendix II, point II. B. of the Agreement (IGA) signed on 14 November 2013 between the government of the French Republic and the government of the United States of America so as to improve compliance with tax obligations at an international level and implement the act governing compliance with these obligations for foreign accounts (FATCA).

This prospectus does not purport to set out the tax implications for investors of subscribing, redeeming, holding or selling the Fund's units. These implications will vary, depending on the laws and practices that apply in the country of residence, domicile or incorporation of the unitholders and on their personal situations.

Depending on your tax status, your country of residence or the jurisdiction from which you invest in the Fund, any capital gains and income resulting from the holding of units of the Fund may be subject to taxation. We advise you to consult a tax advisor in relation to the potential consequences of purchasing, holding, selling or redeeming units of the Fund according to the laws of your country of tax residence, ordinary residence or domicile.

Abroad, in the countries where the Fund invests, capital gains on the sale of securities and income from foreign sources received by the Fund may be subject to tax, generally in the form of withholding tax. The amount of withholding tax due may be reduced or waived when the governments in question have signed tax treaties.

Neither the Management Company nor the Promoters shall accept any responsibility whatsoever for the tax consequences that may arise for investors following a decision to purchase, hold, sell or redeem units of the Fund.

Redemption of units followed by a subscription

As the Fund is made up of several unit classes, a conversion from one class of units by means of a redemption followed by a subscription of another class of units constitutes, for tax purposes, a sale in return for payment of a consideration likely to generate a taxable gain.

**II. SPECIFIC PROVISIONS:**

<b>ISIN codes</b>	CR-EUR units: FR0011540525 DR-EUR units: FR0012250488 CI-EUR units: FR0011540533 DI-EUR units: FR0011540541 GC units: FR0011605674
<b>Classification</b>	"Diversified" UCITS
<b>Fund of funds</b>	Less than 10% of the net assets.
<b>Investment objective</b>	The Fund's investment objective is to outperform its benchmark over an investment horizon of more than five years while trying to limit the portfolio's annual volatility to 8%.
<b>Benchmark index</b>	75% BOFA ML Euro Corporate index (ER00) + 25% MSCI Europe Net return valued at closing prices.  The BofA Merrill Lynch Euro Corporate index tracks the performance of euro-denominated investment grade corporate debt securities issued on European public bond markets or euro domestic markets. Securities have a maturity of at least one year, an investment grade rating (at least BBB- or equivalent from Moody's, S&P and Fitch) and fixed coupons. The minimum issue size is EUR 250 million. The performance of the benchmark is calculated with coupons reinvested.  The MSCI Europe (net dividends reinvested) is an equity index that represents the stocks with the highest liquidity and market capitalisation in the following 16 developed countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. It is available on the MSCI website at the following address: <a href="http://www.msci.com/products/indices/tools/">http://www.msci.com/products/indices/tools/</a>

Investors are advised that the benchmark index does not constitute a limitation on the Fund's investment universe. It allows the investor to assess the Fund's risk profile. The Fund's performance may differ substantially from that of its benchmark index.

## Investment strategy

The investment objective is achieved by seeking to allocate assets as follows:

- 75% to debt securities, money market instruments and repurchase agreements issued by corporate or government issuers with their registered office in Europe, or a maximum of 10% of net assets in issuers with their registered office outside Europe, including in emerging countries, regardless of their credit rating (rated, unrated, high yield), denominated in euro or in other currencies.
- 25% in shares issued by mid and large cap companies with their registered office in Europe, using a minimum variance approach.

Depending on how fixed income and equity markets perform, this allocation may be modified within a certain range [-5/+5]. This allocation will be adjusted on a monthly basis to pursue the target allocation.

The portfolio as a whole is managed on the basis of various risks, seeking to limit the Fund's overall volatility.

The Fund may decide to hedge extensively against interest rate and equity risks.

Depending on market conditions, up to 40% of the Fund's net assets may be exposed to currency risk.

Investment process:

Each asset class has its own investment process.

### A. Bond component

The investment strategy of the bond component combines top-down and bottom-up approaches. There are three stages.

First stage: top-down approach, macroeconomic analysis.

Based on a macroeconomic analysis, the management team makes interest rate forecasts with recommendations on whether to overweight or underweight allocations by maturity and by country in terms of overall duration. It then determines allocations by sector and by rating, and retains the option of investing in money market securities.

The management team decides on the portfolio's main aggregates: modified duration relative to the benchmark, breakdown by maturity and by country, overall credit sensitivity of the portfolio, weighting of credit and breakdown by rating (investment grade / high yield positioning), by sector and by country, and the need for the Fund to hold cash.

This stage aims to establish the portfolio's strategy and allocation to different sub-classes of bond assets, thus determining exposure to the fixed income market.

Second stage: bottom-up selection and analysis of credit issuers

Within the bond component, issuer selection is based on a bottom-up analysis of issuers. Fund managers first apply a quantitative filter to the whole of the investment universe based on a liquidity criterion.

Remaining issuers are then analysed.

Assessment of creditworthiness, especially for unrated companies. A credit analysis of each company allows the management team to assess performance and financial health. The credit analysis mainly uses general qualitative criteria (debt of the issuing company, repayment ability, profitability, visibility and sustainability of the business model, cash flow generation (financial flows)) and qualitative criteria specific to the business segment of the issuing company.

An in-depth credit analysis of each company is carried out independently of rating agencies. It identifies companies whose rating, in the managers' opinion, does not reflect their quality.

A bottom-up analysis allows analysts and fund managers to develop an opinion on each issuer's fundamentals. Issuers for which this opinion is positive are added to a convictions list. These issuers are then sorted by sector and ranked by strength of conviction.

Fund managers review the convictions list from time to time, depending on results and changes in fundamentals.

The fund manager reaches a final decision taking into account relative value criteria (market prices).

Third stage: Portfolio construction and risk monitoring

Issuers remaining after the bottom-up analysis are added to the portfolio and weighted according to the strength of the fund managers' conviction, the pre-allocation to each sector and the issuer's rating; the choice of issue is made on the basis of the issuer's yield curve.

#### B. Equity component

The equity component's investment universe is composed of shares of mid and large cap companies with their registered office located in Europe.

The fund management team seeks to select the least volatile and least correlated stocks within its investment universe with a view to building a portfolio with low overall volatility. To this end, the fund manager makes particular use of a non-proprietary portfolio building tool for selecting stocks that have experienced a consistently low level of volatility and correlation with other stocks in the past.

The portfolio building tool is NorthField. This tool analyses equity risk according to various factors: fundamentals (sector, company size, etc.) and macroeconomic considerations (interest rates, oil prices, etc.). Several risk indicators are then established for the portfolio to identify sources of risk.

The stocks selected via this process are then analysed and approved by the fundamental analysis teams.

The investment process is split into three stages:

First stage: The investment universe is filtered using indicators based on financial solidity, valuation, market sentiment and dynamics, and liquidity.

Second stage: Portfolio building (using a portfolio building tool to minimise overall volatility). The management builds a portfolio with minimal volatility by selecting stocks that have experienced a consistently low level of volatility and correlation with other stocks in the past.

The equity component will also limit sectoral differences relative to the benchmark index.

Each stock will therefore be weighted according to its volatility, its correlation with other stocks in the investment universe, and its sector. The maximum weighting of each security is 4%

Third stage: The portfolio is subject to a final quality assurance check conducted by Oddo Meriten Asset Management SA's fundamental analysis teams.

Fund managers may use derivatives (futures) to hedge up to 100% of the equity component.

#### C. Risk-based portfolio management:

The portfolio as a whole will be managed on the basis of various risks, seeking to limit volatility. The fund manager regularly seeks to estimate the maximum loss of each component for the portfolio as a whole by contemplating adverse scenarios.

## Composition of assets

### 1 - Assets

- **Equities:**

The Fund will invest between 20% and 30% of its assets in shares of issuers from any sector with their registered office located in Europe, and that are traded on regulated or organised markets. These will be shares of mid and large caps.

The Fund's exposure may vary between 0% and 30% depending on fund managers' expectations for the market as they manage risk.

In certain market conditions, the equity component may be fully hedged with futures.

- **Debt securities and money market instruments:**

The Fund may invest between 70% and 80% of its assets in bonds, debt securities, repurchase agreements and money market instruments denominated in euro or in other currencies.

The issuers' registered office must be in Europe, or a maximum of 10% of net assets may be invested outside Europe (including in emerging countries).

The Fund's exposure to fixed income and/or credit may be partially or fully hedged with futures, depending on fund managers' expectations for the market as they manage risk. Credit risk may only be partially hedged up to a maximum of 10%.

The debt securities and money market instruments targeted may or may not be rated by a rating agency and can come from both corporate and government issuers. The allocation between corporate and government debt is left to the manager to decide.

The Fund may invest a significant portion of its assets in unrated securities or securities rated non-investment grade or high yield (i.e. rated strictly below BBB- or equivalent by the principal ratings

agencies S&P, Moody's and Fitch). The Management Company does not use the ratings issued by ratings agencies automatically or in isolation, as it also applies its own internal analysis. In the event that this limit is passively breached (via a rating downgrade), compliance with the limit set by the manager will be re-established taking into account the interests of unitholders, market conditions and the Management Company's own analysis of the ratings of these fixed income products.

Depending on market conditions, the Fund may invest opportunistically in longer or shorter maturities.

Duration: on average between -3 and 6 years. Depending on the fund manager's expectations, the duration of the component may be reduced or even become negative in some cases, implying that the fund's performance may diminish if interest rates fall.

- **UCI shares or units:**

Up to 10% of the Fund may be invested in units or shares

- of French or foreign UCITS that may not invest more than 10% of their assets in units or shares of other UCITS, AIFs or investment funds;
- of French AIFs or AIFs from other EU Member States;
- of investment funds established under foreign law.

The units or shares of these AIFs and investment funds must meet the four criteria under article R214-13 of the French Monetary and Financial Code, namely: (i) that they are subject to regulations equivalent to those applicable to UCITS and that there is cooperation between the AMF and the regulatory body of the AIF; (ii) that the level of protection granted to unitholders is equivalent to that of UCITS; (iii) that they issue semi-annual and annual reports explaining their activities; and (iv) that they must not themselves invest over 10% of their assets in units or shares of other UCITS, AIFs or foreign investment funds.

These funds may be managed by Oddo Meriten Asset Management and will be compatible with the Fund's investment strategy.

French UCIs may belong to any AMF classification.

## **2 - Derivatives**

The Fund may invest in financial futures or options traded on regulated/organised/OTC markets in France or other countries.

Index credit default swaps will only be used to hedge against credit risk up to a maximum of 10%.

Credit default swaps allow the Fund to protect itself against issuer default by paying a third party a regular sum and receiving a predefined payment from this third party in the event that the expected default should occur.

The Fund will invest in forward financial instruments in order to seek exposure to and hedge against fixed income/equity risk and for the purpose of hedging against currency risk.

Up to 110% of the Fund's net assets may be exposed to fixed income, credit and equity markets.

## **3 - Securities with embedded derivatives**

The manager will seek to address the portfolio's interest rate, credit and equity risk. He may take positions in order to gain exposure for the portfolio.

The following securities with embedded derivatives may be held in the portfolio:

- subscription certificates and rights (acquired through corporate actions);
- convertible, exchangeable bonds (up to 10% of the assets);

## **4 - Deposits**

The Fund may use deposits to generate a return on cash holdings, up to the limit of 20% of its net assets.

Used as part of day-to-day management of the Fund's cash assets, these will contribute to achieving the investment objective based on their level of return.

## **5 - Cash borrowing**

The Fund may borrow the equivalent of up to 10% of its net assets in cash, in order to:

- cover a temporary delay between incoming and outgoing funds relating to purchases and sales of securities issued on the market, or to cover large redemptions, and;
- to exploit investment opportunities that arise from time to time.

## **6 - Temporary purchases and sales of securities**

Subject to regulatory limits, the Fund may, for cash management purposes, investment of the guarantees obtained in the context of securities lending or to maximise Fund income, use:

- repurchase and reverse repurchase agreements
- securities lending.

Securities lending and repurchase transactions shall give rise to cash payments which shall be kept by the Fund as a financial guarantee in respect of these transactions.

Within the scope of reverse repurchase transactions, the Fund shall receive financial instruments rated at least investment grade by Standard and Poor's (or equivalent) as a financial guarantee and in exchange for available cash assets held by the Fund.

These transactions are not intended to generate leverage. Securities transferred under reverse repurchase agreements are not temporarily transferred back.

Temporary purchases and sales of securities shall be carried out with a European Union credit institution that may belong to the Oddo group.

Additional information can be found under the heading "Fees and expenses".

For further information, please refer to the Fund's annual report.

## **Risk profile**

Your money will mainly be invested in financial instruments selected by the Management Company. These instruments are subject to the market's movements and fluctuations.

The risks identified by the Management Company and presented below are not exhaustive. Investors are responsible for assessing the risk of any investments they make, with the assistance of a financial investment adviser where applicable, and for ensuring that the investment envisaged is suited to their financial situation and ability to assume financial risks.

Please refer to the Key Investor Information Document for information on the risk category to which this Fund belongs.

In particular, the Fund will be exposed to the following risks:

### **Risk of capital loss**

The Fund is not guaranteed or protected; investors may not get back their initial investment in full.

### **Interest rate risk**

This corresponds to the risk linked to a rise in bond market interest rates, which causes bond prices and therefore the net asset value of the Fund to fall.

### **Credit risk**

This is the risk of a downgrading of an issuer's credit rating, or in an extreme case its default, which would have a negative impact on the price of the debt securities issued and therefore on the net asset value of the Fund, potentially resulting in loss of capital. Credit risk varies according to expectations, bond maturities and the level of confidence in each issuer. This may restrict the liquidity of the securities of a particular issuer and have a negative impact on the net asset value of the Fund, especially if the Fund liquidates its positions in a market where transaction volumes are low.

A more specific credit risk linked to the use of credit derivatives, such as credit default swaps, exists. For example, there is a credit risk:

- in the event that the issuer of the underlying security is downgraded,
- when the Fund does not hold the underlying of the CDS and when the CDS is used to buy or sell protection,
- when the Fund holds the underlying,
- depending on the nature of the issuer of the underlying's default when the CDS is used to buy protection.

### **Risk associated with high yield bonds**

The Fund must be viewed as partly speculative and as intended in particular for investors aware of the risks inherent in investments in securities with a low rating, or none at all, and restricted liquidity. The use of high yield securities may therefore expose the Fund to the risk of a sharper decline in its net asset value.

### **Currency risk**

This risk is linked to portfolios invested fully or partially in securities denominated in currencies other than the Fund's reference currency and corresponds to the variation in the exchange rate between these currencies and the Fund's reference currency. As such, the value of a security may be affected by a change in the value of its reference currency against the euro, even though its value in its base currency may not change, thereby causing the net asset value of the Fund to fall.

### **Equity risk**

The Fund is invested directly or indirectly in one or more equity markets that may experience significant fluctuations. The Fund's net asset value could fall during periods in which the equity market is falling.

### **Risk associated with holding medium capitalisations**

The Fund may be exposed to medium capitalisations. Price fluctuations, both upward and downward, are more acute and more abrupt than for large capitalisations and may therefore result in sharp variations in

the Fund's net asset value. Furthermore, the low volumes traded on these markets may result in liquidity risk. This type of investment may affect the Fund's valuation and the prices at which the Fund may be obliged to liquidate its positions, particularly in the case of large redemptions, and may even make it impossible for the Fund to sell its holdings, as a result of which the Fund's net asset value may fall.

**Risk associated with discretionary management**

This risk is linked to the investment style, which is based on expectations regarding the performance of the various markets. There is a risk that the Fund may not be invested in the best-performing markets or securities at all times. The Fund's performance therefore depends on the manager's ability to anticipate movements in the markets or in individual securities. This risk may result in a fall in the net asset value and/or a capital loss for the investor.

**Risk associated with commitments on forward financial instruments**

The Fund may invest in forward financial instruments, which may present a downside risk to the Fund's net asset value that is greater than that of the benchmark.

**Risks linked to the use of overexposure**

In relation to the use of derivatives, in particular, exposure to individual asset classes may not exceed 110% of the Fund's net assets, or a leverage of 1.1. The risk therefore relates to a fall in the net asset value of the Fund if market developments are adverse. In the event of unfavourable changes in the strategies used, the net asset value may fall more significantly than the markets to which the Fund is exposed. This leverage has the effect of amplifying expected gains, but also heightens the risk of losses.

**Counterparty risk**

This is the risk of a counterparty's collapse, causing it to default on payment. The Fund may be exposed to the counterparty risk caused by the use of forward financial instruments contracted over-the-counter with credit institutions or contracts for the temporary purchase or sale of securities. The Fund is therefore exposed to the risk that one of these credit institutions may not be able to honour its commitments in connection with such instruments.

Certain contracts exposing the Fund to counterparty risk may be concluded with a company belonging to the Oddo group.

**Modelling risk**

For the equity component, the Fund's management process is based on the development of a model that aims to select those stocks that have previously been observed to be the least volatile. There is a risk that the model will not be efficient, as there is no guarantee that previous market situations will repeat themselves in the future.

**Liquidity risk of underlying assets**

Weak liquidity on a market makes it sensitive to significant purchase/sale transaction volumes. This increases the volatility of the Fund, the assets of which are traded or listed on this market, and may impact the valuation of these assets and, where applicable, the prices at which the Fund may be obliged to liquidate its positions. The lack of liquidity is particularly associated with certain geographic (emerging countries) and sector (mid caps, commodities) characteristics and with certain classes of securities in which the Fund may invest, such as high yield bonds. In such cases, the net asset value of the Fund may therefore fall sharply.

The Fund will be exposed, to a limited extent, to the following risk:

**Emerging markets risk:**

This risk is linked to the operating and monitoring conditions on emerging markets to which the Fund is exposed, which may deviate from the standards that exist on the large international markets and may be affected by various disruptions (such as changes in taxation or political stability, or a temporary lack of liquidity on these securities). These disruptions may trigger settlement/delivery problems likely to have an impact on the prices at which the Fund may be obliged to liquidate its positions, which may then result in a sharp fall in the Fund's net asset value. Up to 10% of the Fund's assets may be exposed to emerging markets risk.

**Guarantee or protection**

None (neither the capital nor the performance are guaranteed).

**INVESTORS AND UNITS**

**Target investors**

The units have not been, and shall not be, registered under the 1933 US Securities Act (hereinafter "the Act of 1933"), or under any law applicable in a US State, and the units may not be directly or indirectly assigned, offered or sold in the United States of America (including its territories and possessions) for the benefit of any US persons (hereinafter "US Persons"), as defined by US "Regulation S" under the Act of 1933 adopted by the Securities and Exchange Commission or SEC, except if (i) the units are registered or (ii) an exemption is applicable (with the prior consent of the Fund Management Company's Board of Directors). The Fund is not, and shall not, be registered under the US Investment Company Act of 1940. Any resale or assigning of units in the United States of America or to a "US Person" may

constitute a violation of US law and require the prior written consent of the Fund Management Company's Board of Directors. Persons wishing to purchase or subscribe units shall be required to certify in writing that they are not "US Persons".

All unitholders must immediately inform the Fund if they become a "US Person". Any unitholder that becomes a US Person shall no longer be authorised to purchase new units and may be requested to dispose of their units at any time for the benefit of persons who do not have "US Person" status.

The term "US Person" has the same meaning in the Prospectus as the definition given in SEC Regulation S (Part 230 - 17 CFR 230.903). This definition of a "US Person" is available at <http://www.sec.gov/about/laws/secrulesregs.htm>

In accordance with the provisions of the Foreign Account Tax Compliance Act ("FATCA"), applicable as of 1 July 2014, if the Fund directly or indirectly invests in US assets, the income from these investments may be subject to 30% withholding tax. To avoid the payment of this 30% withholding tax, France and the United States have concluded an intergovernmental agreement whereby non-US financial institutions ("foreign financial institutions") undertake to set up a procedure to identify direct or indirect investors with US taxpayer status and transmit certain information about these investors to the French tax authorities, which will communicate it to the US tax authorities ("Internal Revenue Service"). In its capacity as a foreign financial institution, the Fund undertakes to comply with FATCA and to take any measures required by the aforementioned intergovernmental agreement.

Except for these restrictions, the Fund is open to all investors, while bearing the following in mind.

CR-EUR units are primarily aimed at retail investors.

DR-EUR units are primarily aimed at retail investors.

CI-EUR units are primarily aimed at institutional investors.

DI-EUR units are primarily aimed at institutional investors.

GC units are reserved for (i) insurance companies approved by Oddo Meriten AM, to represent unit-linked products subscribed as part of "advisory management" contracts in their range and for (ii) Oddo et Cie clients also having signed an advisory agreement with an Oddo et Cie financial investment advisory partner.

#### Typical investor profile

The Fund is intended for investors seeking exposure to fixed income and equity markets through a strategic allocation over a period of five years, who are willing to accept the risks arising from such exposure.

The amount that is appropriate to invest in this Fund depends on your personal situation. To determine this amount, investors should consider their personal wealth/assets, their current financial needs and those in five years as well as their willingness to accept risks or their preference for a more prudent investment. It is also highly recommended that investors sufficiently diversify their investments so as not to be exposed solely to the risks of this Fund.

#### Recommended investment horizon

5 years

#### Distribution of income and capital gains

CR-EUR, CI-EUR and GC units: accumulation  
DR-EUR and DI-EUR units: distribution

Distributable income	CR-EUR, CI-EUR and GC Accumulation units	DR-EUR and DI-EUR Distribution units
Net income allocation	Accumulation	Distributed in full, or partly carried forward by decision of the management company
Allocation of net realised capital gains or losses	Accumulation	Distributed in full, or partly carried forward by decision of the management company/accumulated

#### Frequency of distributions:

Accumulation units: no distribution

Distribution units: the proportion of distributable income for which distribution is decided by the management company is paid annually. Distributable income is paid out within five months of the financial year end. The Management Company may pay an interim dividend.

#### Base currency

CR-EUR, DR-EUR, CI-EUR, DI-EUR and GC units: Euro (€)

#### Form of units

CR-EUR, DR-EUR, CI-EUR, DI-EUR and GC units: Bearer

#### Fractions of units

CR-EUR, DR-EUR, CI-EUR, DI-EUR and GC units: Subscriptions and redemptions in thousandths of

units

### Subscription and redemption procedures

<b>Terms and conditions of subscriptions and redemptions</b>	Subscription and redemption requests are centralised by the Custodian every net asset value calculation day until 11:15 (Paris time, CET/CEST) and executed on the basis of the net asset value of the same day, calculated on D+1 and settled on D+2.
<b>Initial value of the unit</b>	CR-EUR units: EUR 100 DR-EUR units: EUR 100 CI-EUR units: EUR 1,000 DI-EUR* units: EUR 1,000 GC units: EUR 100
<b>Minimum initial investment</b>	CR-EUR units: EUR 100 DR-EUR units: 100 CI-EUR* units: EUR 100,000 DI-EUR* units: EUR 100,000 GC units: EUR 100 <i>* With the exception of the Management Company, companies in the Management Company's group and UCITS managed by the Management Company, from which no minimum subscription is required.</i>
<b>Minimum subsequent investment</b>	CR-EUR units: 1 thousandth of a unit DR-EUR units: 1 thousandth of a unit CI-EUR units: 1 thousandth of a unit DI-EUR units: 1 thousandth of a unit GC units: 1 thousandth of a unit
<b>Centralisation of subscription and redemption requests delegated by the Management Company</b>	ODDO ET CIE 12, Bd de la Madeleine – 75009 Paris  The Fund's promoters must send subscription and/or redemption orders to the Centralising Agent no later than the centralisation cut-off time. Any order received by the Centralising Agent after this time will be executed at the following net asset value.  Promoters may apply their own cut-off time, which may be earlier than the cut-off time mentioned above, in order to take into account the time required to transmit orders to the centralising agent.
<b>Date and frequency of calculation of net asset value</b>	Daily, according to the Euronext Paris calendar, with the exception of public holidays on the French Stock Exchange.
<b>Place and methods of publication or communication of net asset value</b>	This information can be obtained on a daily basis from the Management Company (Oddo Meriten Asset Management SA) and the Custodian (Oddo et Cie) at 12, Boulevard de la Madeleine, 75009 Paris, and from the website <a href="http://www.oddomeriten.eu">http://www.oddomeriten.eu</a>
<b>Notification of portfolio structure</b>	The Management Company may, upon request, notify professional investors subject to the obligations resulting from Directive 2009/138/EC (the Solvency II Directive) of the structure of the Fund's portfolio at the earliest 48 hours from the last publication of the net asset value. The information provided shall be treated with the utmost confidentiality and shall only be used for the calculation of prudential requirements. This information cannot, under any circumstances, be used for illegal activities such as market timing or late trading by unitholders in possession of such information.

### INFORMATION ON FEES, EXPENSES AND TAXATION

<b>Fees and expenses</b>	<b>Subscription and redemption fees:</b> Subscription fees increase the subscription price paid by the investor, while redemption fees decrease the redemption price. The fees charged by the Fund serve to offset the costs incurred by the Fund to invest and disinvest investors' monies. Fees not paid to the Fund are paid to the Management Company, the promoter, etc.
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Fees payable by the investor on subscriptions and redemptions	Basis	Rate (inclusive of tax) CR-EUR, DR-EUR, CI-EUR, DI-EUR and GC units
Subscription fee not payable to the Fund	NAV per unit x number of units	4% maximum
Subscription fee payable to the Fund	NAV per unit x number of units	None
Redemption fee not payable to the Fund	NAV per unit x number of units	None
Redemption fee payable to the Fund	NAV per unit x number of units	None

## Management and administration fees

Fees charged to the Fund	Basis	Maximum rate (inclusive of tax) CR-EUR, DR-EUR, CI-EUR, DI-EUR and GC units
Management fees and management fees not payable to the management company (statutory auditor, custodian, distributors, lawyers)	Net assets	CR-EUR units: Maximum of 1.40%, inclusive of tax DR-EUR units: Maximum of 1.40%, inclusive of tax
		CI-EUR units: Maximum of 0.70%, inclusive of tax DI-EUR units: Maximum of 0.70%, inclusive of tax GC units: Maximum of 0.70%, inclusive of tax
Performance fees	Net assets	A maximum of 10% of the Fund's outperformance relative to the benchmark index provided that the Fund's performance is positive*.
Transaction fees charged by service providers: – Custodian: 100%	Payable on each transaction	Equities: 0.15% inclusive of tax with a minimum of EUR 7.50 exclusive of tax for French equities and EUR 50 exclusive of tax for foreign equities Bonds: 0.04% inclusive of tax with a minimum of EUR 7.50 exclusive of tax Money market instruments and derivatives: None

\* **Performance fee:** a performance fee based on a comparison between the Fund's performance and that of the benchmark index over the reference period.

The Fund's performance is determined on the basis of its book value after taking into account fixed management fees and before deduction of the performance fee.

Once the Fund records a positive performance that exceeds that of its benchmark index in a given reference period, a provision of a maximum of 10% of this outperformance is established upon each NAV calculation.

In the event that the Fund underperforms its benchmark index between two net asset values, any previously accumulated provision shall be reduced accordingly. The amounts deducted from the provision cannot exceed the amount previously accumulated.

This variable fee will only be definitively transferred to the Management Company at the end of the reference period and only if, over the reference period, the Fund's performance is positive and exceeds that of its benchmark index. It is deducted from the last NAV calculation of the financial year and paid annually to the Management Company, provided that on that date the reference period is at least equal to one year. Performance fees will be deducted for the first time on 30 September 2014.

A detailed description of the method used to calculate the performance fee may be obtained from the Management Company.

### Methods of calculating and sharing the return on temporary purchases and sales of securities

The remuneration received from temporary sales of securities (lending and repurchase of securities) is repaid to the Fund, less operating costs invoiced by the counterparty, potentially amounting to up to 50% of this remuneration.

With respect to temporary purchases of securities (reverse repurchase transactions), the Fund is the direct counterparty in such transactions and receives the full amount of the remuneration.

The Management Company does not receive any remuneration in respect of temporary purchases and sales of securities.

For temporary sales of securities, the Fund uses a credit institution whose registered office is located in a Member State of the European Union. This service provider shall act independently from the Fund systematically as a counterparty to market transactions. This service provider may be part of the Oddo group. For more information, please refer to the Fund's annual report.

All of these charges are quoted inclusive of tax.  
For further information, please refer to the Fund's annual report.

Procedure for the selection of intermediaries: Intermediaries and counterparties are selected by management staff using a competitive tendering procedure from a predefined list. This list is drawn up using precise selection criteria laid down in the market intermediary selection policy which may be consulted on the Management Company's website.

## COMMERCIAL INFORMATION

**Subscription and redemption of units** Subscription and redemption procedures are presented in the section "Subscription and redemption procedures".

### Information relating to the Fund is provided by:

**Company** Oddo Meriten Asset Management SA  
**Address** 12, Bd de la Madeleine – 75009 Paris  
**Email** [information\\_oam@oddomeriten.eu](mailto:information_oam@oddomeriten.eu)

Information is also available:

**On the website** [www.oddomeriten.eu/](http://www.oddomeriten.eu/)  
**By contacting** Marketing Department  
**By telephoning** 01 44 51 87 37

The AMF website [www.amf-france.org](http://www.amf-france.org) provides additional information on the list of regulatory documents and all provisions relating to investor protection.

**Information on environmental, social and governance (ESG) criteria:**

Additional information on the application of ESG criteria by the Management Company shall be available in the Fund's annual report and on the Management Company's website: [www.oddomeriten.eu](http://www.oddomeriten.eu).

**Publication date of the prospectus** 26/02/2016

### INVESTMENT RULES

**Regulatory ratios applicable to the Fund:** The legal investment rules applicable to the Fund are those that govern UCITS compliant with directive 2009/65/EC investing no more than 10% of their assets in other UCIs, as well as those applicable to the AMF's "Diversified fund" classification.

The Fund's overall risk is calculated using the commitment method.

## ASSET VALUATION AND ACCOUNTING RULES

### **Asset valuation rules:**

The calculation of the net asset value per unit is subject to the following valuation rules:

- financial instruments and transferable securities traded on regulated markets are valued at their market price using the following principles:
- The valuation is based on the last official market price.

The market price used depends on the market on which the instrument is listed:

European markets:	Last market price on the net asset value calculation day
Asian markets:	Last market price on the net asset value calculation day
North and South American markets:	Last market price on the net asset value calculation day

The prices used are those obtained from financial information providers and available on the following day at 09:00 (Paris time): Fininfo or Bloomberg. In the event that no price is available for a security, the last known price is used.

However, the following instruments are valued using the following specific valuation methods:

- financial instruments that are not traded on a regulated market are valued under the Management Company's responsibility at their foreseeable sale prices.  
In particular, transferable debt securities and similar securities that are not traded in large volumes are valued by means of an actuarial method; the reference rate used is that applied to issues of equivalent securities plus or minus, where applicable, a differential reflecting the issuer's specific characteristics. Nevertheless, transferable debt securities with low sensitivity and a residual maturity of less than or equal to three months may be valued using the straight-line method.
- contracts (futures, options or swap transactions concluded on over-the-counter markets) are valued at their market value or at a value estimated according to the terms and conditions determined by the Management Company. The method for valuing off-balance sheet commitments consists in valuing futures contracts at their market price and in converting options into the equivalent value of the underlying.

The prices used for the valuation of futures, options or swap transactions are based on those of the underlying securities.  
They may vary depending on where they are listed:

European markets:	Settlement price on the net asset value calculation day if different from last price
Asian markets:	Last market price on the net asset value calculation day if different from last price
North and South American markets:	Last market price on the net asset value calculation day if different from last price

In the event that no price is available for a future or option contract, the last known price is used.

Securities subject to a temporary acquisition or sale agreement are valued in accordance with the regulations in force. Securities received under repurchase agreements are recorded on their acquisition date under the heading "Receivables on securities received under a repurchase agreement (pension)" at the value fixed in the contract by the counterparty of the liquidity account concerned. For as long as they are held they are recognised at that value plus the accrued interest from the securities in custody.

Securities transferred under repurchase agreements are withdrawn from their account on the date of the transaction and the corresponding receivable is booked under the heading "Securities transferred under a repurchase agreement (pension)"; they are valued at their market value. Payables on securities transferred under repurchase agreements is recorded under the heading "Payables on securities transferred under a repurchase agreement (pension)" by the counterparty of the liquidity account concerned. It is maintained at the value determined in the contract plus any accrued interest on the debt.

- Other instruments: Units or shares of UCITS are valued at their last known net asset value.
- Financial instruments whose prices have not been determined on the valuation day or whose prices have been adjusted are valued under the management company's responsibility at their foreseeable sale prices. These valuations and their justification are communicated to the statutory auditor at the time of the audit.

### **Accounting methods:**

#### **Income accounting:**

The interest on bonds and debt securities is calculated using the accrued interest method.

#### **Transaction cost accounting:**

Transactions are recorded excluding fees.

## INFORMATION FOR INVESTORS IN GERMANY

State Street Bank GmbH, Solmsstraße 83, 60486 Frankfurt am Main acts as German paying and information agent for the Company in the Federal Republic of Germany (the "German Paying and Information Agent").

Requests for the redemption of units may be submitted to the German Paying and Information Agent. Payment of redemption proceeds and dividends, if any, as well as any other payments may be made to unitholders upon their request through the German Paying and Information Agent.

The prospectus the Key Investor Information Documents, the Regulations and the annual and semi-annual reports, each in paper form, as well as the issue and redemption prices are available and may be obtained free of charge from the German Paying and Information Agent.

The issue and redemption prices of the Shares will be published on [www.fundinfo.com](http://www.fundinfo.com).

Any notices to German unitholders will be published on [www.fundinfo.com](http://www.fundinfo.com) and may also be obtained free of charge from the German Paying and Information Agent. Moreover, registered investors will be notified by way of permanent data media in the following instances: suspension of the redemption of units; liquidation of the Fund; changes to the Regulations that are inconsistent with the existing investment principles, affect significant investor rights, or relate to remuneration or compensation of expenses (stating the background and the investors' rights), the merger of the Fund or the possible conversion of the Fund into a feeder fund.

Special risks resulting from tax publication requirements in Germany:

The Management Company must provide documentation to the German fiscal authorities upon request in order for such authorities to, e.g. verify the accuracy of the published tax information. The basis on which such figures are calculated is subject to interpretation and it cannot be guaranteed that the German fiscal authorities will accept or agree with the Management Company's calculation methodology in every material aspect. In addition, investors should be aware that, if it transpires that the published tax information is incorrect, any subsequent correction will, as a general rule, not have retrospective effect, but will only take effect during the current financial year. Consequently, the correction may positively or negatively affect the investors who receive a distribution or an attribution of deemed income distributions in the current financial year.



## REGULATIONS

### ODDO OPTIMAL INCOME

#### **Article 1 - Co-ownership units**

The co-owners' rights are represented by units, with each unit corresponding to the same fraction of the Fund's (or, if applicable, the sub-fund's) assets. Each unitholder has a co-ownership right in the assets of the Fund proportional to the number of units they hold.

The term of the Fund is 99 years starting from its inception date, except in the event of early dissolution or extension as set forth in the present regulations.

Unit classes:

The characteristics of the various classes of units and their eligibility requirements are described in the Fund's prospectus.

The different classes of units may:

- apply different dividend policies (distribution or accumulation);
- be denominated in different currencies;
- be charged different management fees;
- bear different subscription and redemption fees;
- have a different nominal value;
- be automatically hedged against currency risk, in full or in part, as defined in the Fund's prospectus. This hedge is created using financial instruments that reduce to a minimum the impact of the hedging transactions on the Fund's other unit classes.

The management company may merge or split units.

Following the decision of the Board of Directors of the management company, units may be sub-divided into thousandths, referred to as fractions of units.

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

Lastly, the Board of Directors of the management company may decide, at its own discretion, to sub-divide the units by issuing new units, which shall be allocated to unitholders in exchange for their existing units.

#### **Article 2 – Minimum assets**

Units may not be redeemed if the Fund's assets fall below EUR 300,000 if the Fund is intended for all investors; if the assets remain below this amount for a period of 30 days, the Management Company shall make the necessary provisions to liquidate the Fund in question, or to carry out one of the operations mentioned in article 411-16 of the AMF General Regulation (transfer of the UCITS).

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

Units are issued at any time following receipt of subscription requests from unitholders, on the basis of their net asset value plus a subscription fee, where applicable.

Subscriptions and redemptions are executed under the conditions and according to the procedures defined in the Fund's prospectus.

Units of the Fund may be listed on a stock exchange in accordance with the regulations in force.

Subscriptions must be fully paid up on the day the net asset value is calculated. They may be made in cash and/or by a contribution in kind in the form of financial instruments. The portfolio management company is entitled to refuse any securities offered and, for that purpose, must communicate its decision within seven days of the date on which the securities were tendered. If they are accepted, the securities contributed in kind are valued according to the rules laid down in article 4 and the subscription is based on the first net asset value following acceptance of the relevant securities.

Redemptions are made exclusively in cash, except in the event of liquidation of the Fund when unitholders have agreed to be reimbursed in kind. They are settled by the registrar within a maximum of five days from the valuation day of the units.

However, if in exceptional circumstances the redemption requires the prior sale of assets held in the Fund, this deadline may be extended to a maximum of 30 days.

With the exception of a succession or an inter vivos gift, the sale or transfer of units between unitholders, or between unitholders and third parties, is treated as a redemption followed by a subscription; if this involves a third party, the sale or transfer amount must, where applicable, be supplemented by the beneficiary in order to at least reach the minimum subscription amount stipulated by the Fund's prospectus.

In application of article L.214-8-7 of the French Monetary and Financial Code, the redemption of units by the Fund as well as the issue of new units may be suspended on a temporary basis by the portfolio management company in exceptional circumstances and if this is deemed necessary to protect the interests of unitholders

If the net assets of the Fund have fallen below the minimum threshold set by the regulations, no redemptions can be carried out

A minimum subscription amount may be applied according to the procedures set out in the Fund's prospectus.

In application of article L.214-8-7 of the French Monetary and Financial Code, the Fund may stop issuing units in objective situations leading to the closure of subscriptions, such as a maximum number of units or shares issued, a maximum amount of assets reached or the expiry of a fixed subscription period. These objective situations are described in the Fund's prospectus.

The Management Company may prevent:

- the holding of units by any individual or legal entity not entitled to hold Fund units under the terms of the "target investors" section (hereinafter "Non-Eligible Persons"), and/or
- the registering in the Fund's unitholder register or the Transfer Agent's register of any "Non-Eligible Intermediaries", in accordance with the stipulations of the Agreement (IGA) signed on 14 November 2013 between the government of the French Republic and the government of the United States of America so as to improve compliance with tax obligations on an international level and implement the act governing compliance with these obligations for foreign accounts (FATCA).

Within this context, the Management Company may:

- refuse to issue any units if it appears that such an issuance would or could result in said units being held by a "Non-Eligible Person" or registered in the Fund's unitholder register or the Transfer Agent's register;
- request that all information which it deems necessary in order to determine whether or not the beneficial owner of the units in question is a "Non-Eligible Person" be provided at any time from any intermediary whose name appears in the Registers of unitholders, accompanied by a solemn declaration;
- if it appears that the beneficial owner of the units is a "Non-Eligible Person" and is registered in the Fund's Registers of unitholders, immediately proceed with the compulsory redemption of the units held by the Non-Eligible Person. The compulsory redemption shall be carried out using the last known net asset value, increased if applicable by the applicable charges, fees and commissions, which shall be borne by the unitholders concerned by the redemption.

#### **Article 4 - Calculation of the net asset value**

The net asset value of the units is calculated in accordance with the valuation rules specified in the Fund's prospectus.

Contributions in kind may comprise only stocks, securities, or contracts admissible as assets of UCITS; they are valued according to valuation rules governing the calculation of the net asset value.

## **TITLE 2 - OPERATION OF THE FUND**

#### **Article 5 - The portfolio management company**

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

The portfolio management company shall act in all circumstances in the exclusive interests of the unitholders and has the exclusive right to exercise the voting rights attached to the securities held in the Fund.

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

The instruments and deposits which are eligible to form part of the Fund's assets as well as the investment rules are described in the Fund's prospectus.

#### **Article 6 - The custodian**

The custodian carries out the duties incumbent upon it under the legal and regulatory provisions in force as well as those to which it has contractually agreed with the portfolio management company. In particular, it must ensure that decisions taken by the portfolio management company are lawful. Where applicable, it must take all protective measures that it deems necessary. In the event of a dispute with the portfolio management company, it shall inform the *Autorité des marchés financiers*.

#### **Article 7 - The statutory auditor**

A statutory auditor is appointed by the Board of Directors of the portfolio management company for a term of six financial years, subject to the approval of the *Autorité des marchés financiers*.

The statutory auditor certifies the accuracy and consistency of the financial statements.

The statutory auditor may be re-appointed.

The statutory auditor is obliged to notify the *Autorité des marchés financiers* promptly if, in the course of its duties, it becomes aware of any fact or decision concerning the undertaking for collective investment in transferable securities which is liable to:

1. Constitute a breach of the legal and regulatory provisions governing this undertaking and is likely to have significant consequences for its financial position, income or assets;
2. Impair its continued operation or the conditions thereof;
3. Lead to the expression of reservations or a refusal to certify the financial statements.

Assets will be valued and exchange ratios will be determined for the purpose of any conversion, merger or split under the statutory auditor's supervision.

The statutory auditor shall assess all contributions in kind under its responsibility.  
The statutory auditor shall check the composition of the assets and other information before any publication.  
The statutory auditor's fees are determined by mutual agreement between the auditor and the Board of Directors of the portfolio management company on the basis of an agenda indicating all duties deemed necessary.  
The statutory auditor certifies the financial statements serving as the basis for the payment of interim dividends.  
The statutory auditor's fees are included in the management fees.

#### **Article 8 - The financial statements and the management report**

At the end of each financial year, the management company prepares the financial statements and a report on the management of the Fund during the last financial year.

The portfolio management company shall prepare an inventory of the assets at least twice yearly and under the supervision of the custodian.

The management company shall make these documents available to unitholders within four months of the financial year-end and shall notify them of the amount of income attributable to them: these documents shall be sent by post if expressly requested by the unitholders, or made available to them at the office of the management company.

### **TITLE 3 - APPROPRIATION OF INCOME**

#### **Article 9 – Appropriation of distributable income**

The net income for the financial year is equal to the amount of interest, arrears, dividends, premiums and prizes, and directors' fees as well as all income generated by the securities held in the portfolio of the Fund, plus income generated by temporary cash holdings, less management fees and borrowing costs.

The distributable income consists of

1° The net income for the financial year plus retained earnings, plus or minus the balance of the income equalisation accounts for the last financial year.

2° The realised capital gains, net of fees, minus realised capital losses, net of fees, recorded during the financial year, plus net capital gains of the same kind recorded during previous financial years and that have not been subject to distribution or accumulation, plus or minus the balance of the capital gains equalisation accounts (for financial years beginning after 1 January 2013).

The categories of income referenced in points 1° and 2° respectively may be distributed, in full or in part, independently of each other.

The management company decides on the allocation of net income.

For each unit class, where applicable, the Fund may adopt one of the following methods:

- Pure accumulation: distributable income shall be fully accumulated, with the exception of those amounts which are subject to compulsory distribution by law;
- Pure distribution: income shall be fully distributed, rounded off to the nearest figure; the Fund may pay interim dividends;
- for funds that wish to choose whether to accumulate and/or distribute income, the management company decides on the allocation of income each year.

The Management Company decides on the allocation of net income according to the distribution of income provided for in the prospectus and may pay interim dividends where applicable.

### **TITLE 4 – MERGER - SPLIT - DISSOLUTION - LIQUIDATION**

#### **Article 10 - Merger – Split**

The management company may either merge all or part of the Fund's assets with another fund under its management, or split the Fund into two or more common funds under its management.

Such mergers or splits may only be carried out after unitholders have been notified.

They give rise to the issue of a new certificate indicating the number of units held by each unitholder.

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

If the assets of the Fund (or sub-fund, where applicable) remain below the amount set in article 2 above for thirty days, the portfolio management company shall inform the *Autorité des marchés financiers* and shall dissolve the Fund, except in the event of a merger with another fund.

The portfolio management company may dissolve the Fund before term. It shall inform the unitholders of its decision, after which no further subscription or redemption requests shall be accepted.

The portfolio management company shall also dissolve the Fund if a request is made for the redemption of all of the units, if the custodian's appointment is terminated and no other custodian has been appointed, or upon expiry of the Fund's term, unless such term is extended.

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

The portfolio management company may decide to extend the Fund's term, subject to the agreement of the custodian. Its decision must be taken at least three months prior to the expiry of the Fund's term and must be communicated to the unitholders and the *Autorité des marchés financiers*.

**Article 12 – Liquidation**

In the event of dissolution, the portfolio management company or the custodian shall act as liquidator; otherwise, the liquidator shall be appointed by the court at the request of any interested party. To this end, they shall be granted the broadest powers to realise assets, pay off any creditors and allocate the available balance among the unitholders in the form of cash or securities.

The statutory auditor and the custodian shall continue to carry out their duties until the end of the liquidation proceedings.

**TITLE 5 – DISPUTES****Article 13 – Competent courts - Jurisdiction**

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 portfolio management company or the custodian, shall be subject to the jurisdiction of the competent courts.