

## PROSPECTUS

### I - General characteristics

#### Form of the UCITS

- **Name:** HSBC SELECT DYNAMIC
- **LEGAL FORM AND MEMBER STATE IN WHICH THE SPECIALISED PROFESSIONAL FUND WAS ESTABLISHED:**

Mutual fund (FCP) governed by French law

- **Date of inception and expected life span:** Established on 07 January 2009 for a duration of ninety-nine (99) years.
- **Summary of the offer:**

Units	ISIN code	Appropriation of distributable amounts	Currency of issue	Initial NAV	Target subscribers	Minimum initial subscription amount	Minimum amount of subsequent subscriptions
A	FR0010329359	Accumulation	Euro	26.68 EUR	All subscribers	1 unit	Ten-thousandths of units
R	FR0011512359	Accumulation	Euro	Equal to the net asset value of the A unit on the launch date of the R unit.	Dedicated to HSBC Assurance Vie (France)	1 unit	Ten-thousandths of units
H	FR0011883339	Accumulation	Euro	100,000 EUR	Institutional investors and Private Banking clients	EUR 5,000,000	Ten-thousandths of units
B	FR0013313970	Accumulation	Euro	100 EUR	Subscription for this unit is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or portfolio manager	1 unit	Ten-thousandths of units

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

The most recent annual reports and the asset inventory statement will be sent out within eight business days at the investor's written request sent to the management company:

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

Any additional information may be obtained from HSBC Global Asset Management (France) at the same address.

## II - Participants

- **Management company:**

**HSBC Global Asset Management (France)**

Portfolio management company authorised under no. GP99026 by the Autorité des Marchés Financiers on 31 July 1999.

Company address: Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

- **Depository and Custodian:**

**CACEIS Bank**

Public limited company (société anonyme), investment services provider approved by the French Prudential Supervisory and Resolution Authority

Company address: 89-91 rue Gabriel Péri – 92120 Montrouge

Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

The depository's functions cover the tasks, as defined by the applicable Regulations, the safekeeping of assets, the verification of the lawfulness of the Management Company's decisions and the monitoring of UCITS' cash flows.

The depository is independent of the Management Company.

Delegates:

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

Up-to-date information is made available to investors on request.

- **Centralising subscription and redemption orders:**

**CACEIS Bank**

A public limited company (société anonyme), a bank providing investment services approved by the French Prudential Supervisory and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution).

Company address: 89-91 rue Gabriel Péri – 92120 Montrouge

Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

The depository is also responsible, by delegation of the Management Company, for the Fund's liability accounting, which includes the centralisation of subscription and redemption orders for the Fund's units as well as the administration of the Fund's unit issue account.

- **Appointed accounting manager:**

**CACEIS Fund Administration**

Company address: 89-91 rue Gabriel Péri – 92120 Montrouge

Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

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 Audit**

Tour First

1 place des saisons

TSA 14 444

92037 Paris La Défense Cedex

Represented by Youssef BOUJANOUI

- **Marketing agent:**

- **HSBC Global Asset Management (France)**

Company address: Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400

Courbevoie

### **III - Operating and management methods**

#### **III - 1 General characteristics:**

- **Unit characteristics:**

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

Each unitholder is entitled to joint ownership of the mutual fund's assets in proportion to the number of units held. Since the Fund is a co-ownership of transferable securities, no voting rights are attached to the units held.

- **Entry in a register or liability accounting:**

All units are in bearer form. There is therefore no record keeping. Liability accounting is administered by CACEIS Bank. Units are administered by Euroclear France.

- **Voting right:**

The voting rights attached to the securities held by the Fund are exercised by the Management Company

- **Form of units:**

Inbearer form.

Subscriptions in pure registered shares are authorised only upon the prior decision of the Management Company.

- **Fractional units:**

Possibility of subscription and redemption in ten-thousandths of units

- **Closing date:**

Last net asset value of the month of December

End of first financial year: 31 December 2009

- **Taxation:**

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

The tax treatment applicable to the amounts paid out by the mutual fund and to the unrealised or realised capital gains or losses recorded by the UCI depends on the tax treatment applicable to each unitholder and/or on the jurisdiction from which the unitholder's funds are invested.

Investors are advised to contact their usual advisor to read the terms and conditions applicable to their personal situation.

### **III - 2 Special provisions:**

- **ISIN codes:**

<b>Unit categories</b>	<b>ISIN codes</b>
<b>A unit</b>	<b>FR0010329359</b>
<b>R unit</b>	<b>FR0011512359</b>
<b>H unit</b>	<b>FR0011883339</b>
<b>B unit</b>	<b>FR0013313970</b>

- **Management objective:**

The objective of the mutual fund is to offer flexible management on equity and interest rate markets over a minimum investment period of 5 years. Though fluctuating within wider allocation constraints, the mutual fund profile may be compared with an allocation typically composed of 65% equities and 35% corporate and government bonds, invested in developed markets with a euro basis as well as emerging markets.

- **Benchmark:**

This mutual fund does not have a benchmark. We believe that there is no representative benchmark for our investment process.

- **Investment strategy:**

- **1. Strategies used**

The investment strategy is discretionary and relies on a portfolio management process organised around 3 pillars:

- a strategic allocation of long-term assets, based upon both the certitude that the mutual fund manager has about the various asset classes, geographic area, and management style, as well as the HSBC Group advisory teams in building and optimising portfolios.  
This allocation is set within minimum and maximum exposure constraints by potentially attainable asset classes according to certain market configurations.
- a tactical short-term allocation illustrating the certitude managers have about different asset classes, with particular leveraging of potential market inefficiencies and opportunities. It provides reactivity and flexibility to strategic allocation, thus optimising global portfolio exposure.
- a selection of investment vehicles most likely to offer the best exposure sought, in our opinion.

The mutual fund may endure forex fluctuations up to a maximum of 75% of its assets.

The net assets of the mutual fund shall then be 50-80% exposed to equity markets and 0-50% exposed to interest rate markets.

- **2. Assets (excluding embedded derivatives)**

Equities:

None

Debt securities and money market instruments:

While not intended to do so, the mutual fund may directly invest in medium/short-term debt securities or bonds up to 10% of the net assets and under the same rating conditions as those stipulated in the “interest rate product investment fund” compartment.

Other investment fund units or equities: Up to 100% of the mutual fund’s assets:

- ☒ French or European UCITS: 70-100%.
- ☒ French retail investment funds and European hedge funds meeting the four criteria of Article R. 214-13 of the French financial and monetary code: 30% maximum.  
This threshold includes index and/or tracker investment funds.
- ☒ Other foreign investment funds for up to a maximum of 10% of the assets.

The selected investment funds are exposed to different asset classes (equities, fixed income, diversified, money market, commodities, money market, mixed).

The manager will invest in investment funds managed or distributed by an entity of the HSBC Group, unless such investment funds are not eligible or suitable.

Investment fund equities

Depending on the manager’s forecasting, the “equities” compartment may vary and represent between a minimum of 50% and a maximum of 80% of the mutual fund assets.

Global mutual fund exposure to equity risk fluctuates identically.

The “equities” compartment is composed of units or shares of investment funds exposed to equities of companies of any capitalisation size (including small and medium, with no predetermined limit), sector, and geographic area (including emerging markets, with no predetermined limit).

Interest rate product investment funds

The “interest rate” compartment may represent up to 50% of mutual fund assets, with no predetermined minimum.

It is invested in units or shares of interest rate product investment funds (bonds and monetary) divided among European and international government bonds, investment grade (within minimum Standard & Poor’s BBB- and Moody’s Baa3 ratings or the equivalent as set by the management company) as well as high-yield (riskier securities due to their low ratings) European and international corporate bonds, and inflation-linked bonds, European and international convertible bonds and asset-backed bonds denominated in any currency.

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 assets and in the selection of securities to buy or sell.

For the “interest rate” compartment, “high-yield” bond investments are limited to 30% of the mutual fund’s assets. Investments in emerging market debt are permitted in the same proportions.

### Diversified and/or flexible investment funds

The “diversified” and/or flexible compartment may represent up to 20% of mutual fund assets, with no predetermined minimum.

It is invested in units or shares of investment funds with a diversified and/or flexible profile applying in particular absolute return strategies (defined as management decorrelated from traditional markets) within the limit of 20% of the mutual fund’s assets, or alternative strategies in accordance with the rules referred to in articles R214-9 to R214-30 of the French Monetary and Financial Code, within the limit of 10% of the mutual fund’s assets.

### Commodity investment funds

For diversification purposes, the mutual fund may invest up to 10% in commodity indices, through investment funds and trackers, in derivatives (index futures, total return swaps in particular) or including derivatives (in particular certificates, EMTNs, warrants).

The mutual fund may also invest in, with no predetermined limits, French or European index and/or tracker investment funds as well as in, for up to 10% of its assets, foreign French index and/or tracker investments funds in order to increase “equity” or “interest rate” exposure or diversify the portfolio with other asset classes (commodities, listed real estate, listed infrastructure, etc.), geographic areas, or management styles.

## **3. Derivatives**

The manager may invest in the following derivative instruments:

Type of investment markets:

- ☒ regulated;
- ☒ organised;
- ☒ over-the-counter.

### Financial futures

Risks in which the manager desires to invest:

- ☒ equities: the manager reserves the option of using hedging, arbitrage and exposure transactions on equity risk;
- ☒ bonds: the manager reserves the option of using hedging, arbitrage and exposure transactions on bond risk;
- ☒ foreign exchange: the manager reserves the option of using hedging, arbitrage and exposure transactions on the foreign exchange risk of currencies other than the euro;
- ☒ credit;
- ☒ other risks: volatility, commodities

Type of operations, all trades to be carried out for the sole purpose of achieving the investment objective:

- ☒ hedging
- ☒ exposure
- ☒ arbitrage

Type of instruments used:

- ☒ interest rate futures, equity indices (including dividends), currencies, commodities
- ☒ options on futures and equity indices (including dividends), interest rates, foreign exchange, commodities
- ☒ swaps: the fund manager may use interest rate, index, inflation and currency swaps

☒ currency forwards

☒ volatility derivatives: for both purchases and sales, the mutual fund may use volatility derivatives, especially volatility index futures, e.g. US and European equity market volatility indexes (respectively VIX and VSTOXX futures), for up to 3% of fund net assets.

☒ credit default swaps to expose the fund to credit risk through the sale of protection or, conversely, to hedge credit exposure of the portfolio through the purchase of protection;

☒ total return swaps: the mutual fund may enter into total return swaps (TRSs) under which a counterparty transfers the overall economic performance of an underlying (including interest income and remuneration, capital gains and losses resulting from price fluctuations) to another counterparty. These TRSs are used for exposure, arbitrage or hedging purposes and relate to transferable securities (including baskets of transferable securities), such as indices or baskets consisting of equities, bonds, currencies, volatility or commodities. This exposure will be limited to 10% of fund 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 used for OTC financial futures is the subject of a financial collateral policy available on the management company's website.

These transactions may be completed with counterparties selected by the management company among financial establishments whose registered office is located in an OECD member State. These counterparties may be companies affiliated with HSBC Group.

These counterparties must have trustworthy credit and, in any case, a minimum Standard & Poor's rating of BBB-, the equivalent, or a rating deemed equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to the financial collateral. It relies on the volatility of the security, 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.
- The assets accepted as collateral, which may consist of cash, government bonds, short/medium-term negotiable debt securities, and 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 consisting of cash must be:

- deposited in credit establishments whose registered offices are in an OECD member nation or a third party country with equivalent reserve regulations,
- invested in high quality government bonds,
- Invested in reverse repos for which the counterparty is a credit institution subject to prudential supervision and for which the UCITS may recall cash at any point, invested in short-term money market investment funds.

Financial collateral delivered in the form of securities and/or cash are held in segregated accounts by the custodian.

• **4. Instruments with embedded derivatives (warrants, credit link notes, EMTNs, share warrants, etc.) :**

Fund manager's target risks:

☒ equity;

- ☒ interest rates;
- ☒ currency;
- ☒ credit;
- ☒ other risk (to be stipulated): Commodities

Type of operations, all trades to be carried out for the sole purpose of achieving the investment objective: :

- ☒ hedge;
- ☒ exposure;
- ☒ arbitrage;
- ☐ other (specify).

Type of instruments used: Essentially warrant, certificate, EMTN, as well as any type of bond vehicle to which a conversion or subscription right is attached. The proposed average holding range is 0-5% with a maximum authorised level of 10%.

#### • 5. Deposits

The mutual fund may invest up to 20% of its assets in euro deposits with a total duration of three months so as to replenish its liquid assets.

#### • 6. Cash loans

The mutual fund may borrow cash for up to 10 % of its assets. Cash loans strictly cover current account shortfalls resulting from a lag between subscriptions and redemptions on the underlying investment funds.

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

The mutual fund may have incidental recourse to temporarily sell and purchase securities. Repos and reverse repos are favoured in managing cash flow. Temporary purchases and sales are limited to 10 % of committed assets.

○ Type of transactions used:

- ☒ Repos and reverse repos within the meaning of the French Monetary and Financial Code;

○ Category of investments:

Temporary purchase and sales of securities are carried out to achieve the management objective and in the best interest of the UCITS. Only fixed-income instruments may be the subject of temporary purchases and sales of securities.

These transactions aim to:

- For repos and reverse repos: manage UCITS residual cash flow related to subscriptions/redemptions and optimise income.

For protection against a counterparty default, temporary purchases and sales of securities may give rise to the delivery of financial collateral in the form of securities and/or cash held in distinct accounts by the depository. These conditions are stipulated in the “Derivatives” section.

- These transactions may be completed with counterparties selected by the management company among financial establishments whose registered office is located in an OECD member State. These counterparties may be companies affiliated with HSBC Group.

- These counterparties must have trustworthy credit, and regardless, the minimum Standard & Poor's rating of BBB-, the equivalent, or a rating deemed equivalent by the management company.

- potential leverage effects: up to the commitment calculated using the absolute VaR probabilistic method.

Given that the fund trades on futures markets, its aggregate exposure level will be calculated based on the absolute VaR, as defined below in Part VI. “Aggregate exposure”.



- Compensation: additional information is available under “Charges and commissions”.

**Risk profile:**

The portfolio shall be invested mainly in financial instruments selected by the management company. These instruments shall be subject to market fluctuations and uncertainties.

**Risk related to discretionary management:**

The discretionary management style relies on anticipating developments in both equity and bond markets. There is a risk that the mutual fund may not be invested in the best-performing markets and securities at all times.

**Capital loss risk:**

The UCITS has no guarantee or protection. Therefore, initially invested capital remains at risk.

**Equity risk:**

The UCITS is exposed to equity risk through investment fund securities, units, or equities and/or financial instruments. Equity risk consists of the dependence of the value of stocks on market fluctuations. In the event of a decline in the equity markets, the the Fund's net asset value may fall more significantly than these markets.

**Risk associated with investing in emerging markets:**

The UCITS may invest in emerging markets through securities, units or shares of investment funds and/or financial instruments whose value is likely to fluctuate strongly which may lead to significant declines in the NAV more pronounced or rapid than the variation observed on developed markets. The principal risks related to investments in emerging countries may be the strong volatility of securities, the volatility of currency in these countries, potential political instability, governmental interventionist policies, the existence of different financial and accounting practices and less liquidity.

**Interest rate risk:**

The price of fixed-rate bonds and other fixed-income products fluctuates in a direction opposite from interest rates. Hence in case of a rise in interest rates, the value of these bonds falls as well as their cash value. In addition, Moreover, the manager may execute interest rate arbitrage, i.e. if an inversion of the yield curb is expected. However an inversion in an unexpected direction may occur, which may cause a significant drop in the net asset value (NAV).

**Credit risk:**

Credit risk is the risk that the financial situation of the issuer deteriorates, and, in the worst-case scenario, the issuer becomes insolvent. This deterioration could lead to a drop in the value of the issuer's securities and thus a reduction in the value of the portfolio. This may, for example, involve the risk of non-redemption of a bond within the deadlines. An issuer's credit risk is reflected in the ratings assigned it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with credit risk: issuers from the Investment Grade category to the High Yield category. The use of subordinated bonds may result in a risk related to the payment characteristics of the security in the event of default by the issuer. The fund exposed to a subordinated security will not be priority and repayment of capital as well as payment of coupons will be subordinated to those of other senior creditors. Thus redemption of its security may be partial or zero. The use of subordinated bonds may lead to a greater risk of a decrease in the net asset value than that associated with conventional 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 assets and in the selection of securities to buy or sell.

**Convertible bond investment risk:**

The value of convertible bonds relies on many factors: interest rates, changes in the price of underlying equities, changes in the price of the derivative within the convertible bond. These different elements may decrease the UCITS NAV.

**Currency risk:**

Currency risk is the risk of investment currencies falling relative to the portfolio's reference currency. Currency fluctuation in relation to the reference currency may involve a drop in the value of these instruments and consequently a drop in the UCITS NAV.

**Derivatives risk:**

The UCITS may invest in futures up to 100% of its assets. This exposure to markets, assets, and indexes through credit default swaps may lead to a drop in the NAV significantly greater or more rapid than the variation observed in the elements underlying these instruments.

Related risks:**Liquidity risk:**

The markets in which the UCITS invests may occasionally and temporarily be affected by a lack of liquidity under specific market circumstances or configurations. These market disruptions may impact the pricing conditions under which the mutual fund may be led to liquidate, initiate, or change positions, and hence involve a drop in the net asset value of the mutual fund.

**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 made will not meet its obligations, e.g., delivery, payment, repayment, etc. In this case, the counterparty's breach may decrease the NAV of the UCITS. This risk is reduced by putting in place financial guarantees between the UCITS and the counterparty, such as the exchange of collateral.

**Risk related to total return swaps (TRSs):**

These transactions may create risks for the fund such as counterparty risk (described above) and a liquidity risk corresponding to the risk resulting from the difficulty of buying, selling, terminating or valuing a security or transaction due to a lack of buyer, seller or counterparty. The occurrence of such a risk could lead to a decrease in the fund's net asset value.

**Risk related to management of financial collateral:**

Investors may be exposed to legal risks (in relation to legal documentation, execution of contracts, and limits of contracts), transactional risks, and risks related to the reuse of cash received as collateral. The mutual fund's net asset value may change due to fluctuations of the value of the securities purchased by investing cash received as collateral. Due to exceptional market circumstances, the unitholder may also be exposed to liquidity risk involving, for instance, difficulties trading certain securities.

**Risk associated with small and medium capitalisations:**

The fund has the option of investing in small and medium capitalisations, which may involve a more significant and rapid decline in the value of the fund.

**Volatility risk:**

Volatility risk is the risk of change in a portfolio's price resulting from changes in the volatility of a risk factor. It generally applies to derivative portfolios, for which the volatility of its underlyings is an important factor in price influence. In option pricing formulas, volatility risk indicates the extent to which the return on the underlying asset fluctuates between now and the expiry of the option. The use of volatility futures (the VIX future) could expose (hedge) the portfolio to (against) fluctuations in volatility.

**Risk related to exposure to commodity markets:**

Commodity risk refers to the uncertainties of future market values caused by fluctuations in commodity prices. The future price of a commodity may be affected by various factors affecting regulatory or political changes, seasonal changes and technological advances, etc.

**Incorporating sustainability risks into investment decisions and likely impact of sustainability risks on performance**

1. As a financial market participant, the management company is subject to Regulation (EU) 2019/2088 of 27 November 2019 on the publication of sustainability information in the financial services sector (or "SFDR Regulation").

In this context, it has put in place a policy on integrating sustainability risks into its investment decision-making process.

Sustainability risk refers to an environmental, social or governance event or situation that, if it occurs, could have a material negative impact, whether actual or potential, on the value of the investment.

The sustainability risk policy focuses on the ten principles of the United Nations Global Compact ("UNGC") which defines the main areas of financial and non-financial risks: human rights, labour law, environment and anti-corruption. The management company uses service providers to identify companies with poor results in these areas and, if potential sustainability risks are identified, perform its own controls. As part of its strategy, the management company monitors sustainability risks on an ongoing basis.

The management company acts in the best interests of investors. Over time, sustainability risks can influence the performance of mutual funds through their investment in corporate, sector, regional and asset class issues. Although UCIs have their own management strategy, the management company's objective is to provide investors with competitive returns taking into account the risk profile. To achieve this, an in-depth financial analysis and a comprehensive assessment of sustainability risks are carried out as part of a broader risk assessment for each UCI.

The sustainability risk policy is available on the management company's website: [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

2. Companies that adequately manage sustainability risks are better able to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and therefore able to anticipate and adapt to long-term risks and opportunities. Similarly, when they are inadequately managed, sustainability risks may have a negative impact on the value of the underlying company or the competitiveness of the sovereign bond issuer country. Sustainability risks can materialise in various forms for the companies or governments in which the OPCs invest, such as (i) a decrease in turnover following a change in consumer preferences, negative impact on the workforce, social unrest and a decrease in production capacity; (ii) an increase in capital/operation costs; (iii) impairment and early decommissioning of existing assets; (iv) reputational damage due to fines and court decisions and loss of the right to carry out the business; (v) credit and market risk of sovereign bonds. All these risks may potentially impact the performance of the UCIs.

The potential impact of sustainability risks on the performance of UCIs will also depend on the investments of these UCIs and the materiality of the sustainability risks. The likelihood of sustainability risks occurring should be mitigated by their integration into the investment decision-making process. The potential impact of sustainability risks on the performance of UCIs based on ESG criteria is even more mitigated. However, there is no guarantee that these measures will fully mitigate or prevent the materialisation of sustainability risks on these UCIs. As a result, the likely impact on the performance of UCIs of a significant actual or potential decline in the value of an investment due to a sustainability risk will therefore vary and depends on several factors.

3. The Fund takes sustainability risks into account in the investment decision-making process. The management company incorporates sustainability risks by identifying ESG factors likely to have a significant financial impact on an investment's performance. Exposure to sustainability risk does not necessarily mean that the management company will refrain from taking or retaining a position. Rather, it is the management company's responsibility to take into account the sustainability risk assessments as well as other significant factors in the context of the company invested or the issuer, the management objective and the investment strategy of the Fund.

4. The Fund may invest significantly in derivative instruments, passive ETFs and funds that do not incorporate ESG criteria, for which sustainability risks are more difficult to take into account because the fund does not invest directly in the underlying asset.

At the date of the prospectus, no ESG integration methodology can be applied for these financial instruments,

5. The Fund's strategy does not include non-financial approaches. Principal adverse impacts on sustainability factors are therefore not taken into account.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation. It establishes an EU-wide classification system intended to provide businesses and investors with a common language to identify to what degree economic activities can be considered environmentally sustainable.

The investments underlying the fund do not take into account the EU criteria for environmentally sustainable economic activities.

- **Target subscribers and standard investor profile:**

A unit: All subscribers

R unit: Dedicated to HSBC Assurance Vie (France)

H unit: Institutional investors and Private Banking clients

B unit: Subscription for this unit is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or portfolio manager.

The Fund is intended for investors seeking a diversification instrument that combines equities and bonds in defined proportions.

Minimum recommended investment period: more than 5 years.

The amount that can be reasonably invested in this mutual fund depends on your personal situation. To determine this amount, investors must take into account their personal assets, their current needs and the recommended investment period, as well as their desire to take risks, or rather to favour a prudent investment. It is also strongly recommended that investments be sufficiently diversified so as not to expose them solely to the risks of this UCITS.

**Provisional measures prohibiting subscriptions to the fund from 12 April 2022:**

From 12 April 2022, pursuant to EU regulation no. 833/2014 as amended and EU regulation no. 765/2006 as amended, the subscription of units in this fund is prohibited to any Russian or Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or organisation established in Russia or Belarus except for nationals of a Member State of the European Union (EU) and natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).

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

- **Regulations for Automatic Exchange of Tax Information**

FATCA refers to Sections 1471 to 1474 of the US code, any current or future regulation or their official interpretations, any agreement concluded pursuant to Section 1471(b) of the Code, or any tax regulation, law, or practice adopted pursuant to any intergovernmental agreement concluded in relation to the implementation of these Sections of the US Code. FACTA was implemented in France through the signing of the intergovernmental agreement concluded between France and the United States on 14 November 2013 for the application of the US regulation Foreign Account Tax Compliance Act (FATCA).

US Code refers to the United States Internal Revenue Code of 1986;

Common Reporting Standard (CRS) refers to Council Directive 2014/107/EU of 9 December 2014 (DAC 2 Directive) amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation as well as the conventions entered into by France enabling the automatic exchange of information in tax matters. This is based on the regulations on the automatic exchange of information in tax matters drafted by the OECD.

The FATCA and CRS regulations were transposed into French law by Article 1649 AC of the French general tax code. They formalise the collection by financial institutions of information related to the status of a US Person and to the tax residence of their clients, particularly upon the opening of a financial account.

These financial institutions must send to the French tax authorities, for transmission to the corresponding foreign tax authorities, certain information relating to the reportable financial accounts of the US Person clients and clients with tax residence outside of France in an EU Member State or in a state with which an agreement covering the automatic exchange of information is applicable.

The determination of the financial institution upon which these obligations are incumbent depends on the holding arrangement of the units.

- **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 inception 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 inception 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 shall 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 make 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 make 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 financial 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.

Amounts distributable by a UCITS consist of:

1. The net income plus retained earnings and plus or minus the balance of accrued income;
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 in previous fiscal years that were not distributed or accumulated, plus or minus the balance of accrued capital gains.

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

Distributable amounts	A, R, H, and B units
Net earnings (1)	Accumulation
Net capital gains (2)	Accumulation

• **Characteristics of the units:**

The units are denominated in euros.

- **Subscription and redemption:**

Subscription requests are received at any time by your usual financial intermediary and centralised by HSBC Continental Europe and CACEIS Bank each day the net asset value is established at 12 noon (Paris time). They will be executed on the basis of the next net asset value (at an unknown price).

Settlements relating to subscription requests are carried out on the second business day following the date of establishment of the net asset value.

Redemption requests are received at any time by your usual financial intermediary and centralised by HSBC Continental Europe and CACEIS Bank each day the net asset value is established at 12 noon (Paris time). They will be executed on the basis of the next net asset value (at an unknown price).

Settlements relating to redemption requests are carried out on the 2nd business day (D+2) following the date of establishment of the net asset value.

Orders are executed in accordance with the table below:

Day D trading day	Day D trading day	D: NAV calculation day	D + 1 business day	D+2 business days	D+2 business days
Centralisation of subscription orders before 12:00 noon <sup>1</sup>	Centralisation of redemption orders before 12:00 noon <sup>1</sup>	Execution of the order at the very latest on D	Publication of the NAV	Subscription settlement	Redemption settlement

<sup>1</sup>except for potential deadlines specifically agreed upon with your financial institution.

**A unit:**

The initial net asset value of the unit is 26.68 euros.

Minimum number of units of the first subscription: 1 unit

Subscriptions and redemptions may be made in ten thousandths of units.

**R unit:**

The initial net asset value of the R unit is equal to the initial net asset value of the A unit on the launch date of the R unit.

Minimum number of units of the first subscription: 1 unit

Subscriptions and redemptions may be made in ten-thousandths of units.

**H unit:**

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

Minimum initial subscription amount: €5,000,000.

Subscriptions and redemptions may be made in ten-thousandths of units.

**B unit:**

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

Minimum number of units of the first subscription: 1 unit

Subscriptions and redemptions may be made in ten thousandths of units.

The addresses of HSBC Continental Europe and CACEIS Bank are as follows:

**HSBC Continental Europe**

38, Avenue Kléber  
75116 Paris

**CACEIS Bank**

89-91 rue Gabriel Péri  
92120 Montrouge



Unitholders are hereby notified that orders transmitted to marketers other than the establishments mentioned above must take into account the order transfer deadline which applies to said marketers regarding CACEIS Bank. Consequently, these promoters may apply their own deadlines, prior to the one mentioned above, in order to account for the time necessary to transmit orders to Caceis Bank.

- **Frequency of calculation of the NAV:**

Each trading day, with the exception of statutory public holidays in France and Luxembourg, days when the French markets are closed (official calendar of Euronext Paris SA) or the London stock exchanges (official LSE calendar) and New York (official NYSE calendar).

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

HSBC Global Asset Management premises. The net asset value of the UCITS is also available on the HSBC Global Asset Management website: [www.assetmanagement.hsbcfr/fr](http://www.assetmanagement.hsbcfr/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. Fees paid into the mutual fund compensate it for the expenses that it incurs by 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
Subscription fee not payable to the UCITS	Net asset value x Number of units	A, R, H, and B units: 2% maximum
Subscription fee paid to the UCITS	Net asset value x Number of units	None
Redemption fee not payable to the UCITS	Net asset value x Number of units	None
Redemption fee paid to the UCITS	Net asset value x Number of units	None

Exemption case: At the time of redemptions and subscriptions carried out simultaneously and of the same amount.

- *Fees and charges:*

Financial management fees and fees for administration services outside the management company cover all expenses charged directly to the SPF, with the exception of transaction fees.

Transaction fees include intermediation, i.e. brokerage, market taxes, etc., and transfers, as necessary, which may be deducted especially by the depository and the management company.

In addition to financial management fees and fees for administration services outside the management company, the management company may also include:

- performance commissions. These remunerate the management company when the mutual fund's objectives are exceeded. They are invoiced to the UCITS;
- transaction fees charged to the Fund;
- a share of income from temporary purchases and sales of securities.

	Fees charged to the Fund	Base	Scale rate
1	Financial management fees(*)	Net assets	<b>A and R units:</b> Maximum 1.20% including taxes.
			<b>H and B units:</b> Maximum 0.60% including taxes.
2	Operating and other service costs(**)	Net assets	<b>A and R units:</b> Maximum 0.30% including taxes <b>H and B units:</b> Maximum 0.30% including taxes
3	Maximum indirect costs (commissions and management fees)	Net assets	maximum 1% including taxes
4	Activity fees	Deduction from each transaction	None
5	Outperformance commissions	Net assets	None

\* A percentage of the management fees may be retroceded to third-party distributors in return for marketing the UCITS.

\*\* Operating and other service costs include:

*I. Fund registration and listing fees:*

- costs relating to registration of the UCI in other Member States (including costs invoiced by advisors (lawyers, consultants, etc.) for carrying out the marketing formalities in respect of the local regulator on behalf of the SGP);
- listing fees for UCIs and publication of net asset values for investors' information;
- distribution platform costs (excluding retrocessions); agents in foreign countries who interface with distribution

*II. Client and distributor information costs*

- the costs of compiling and distributing DICs/prospectuses and regulatory reports;
- costs relating to the communication of regulatory information to distributors;
- costs of providing information to unitholders by any means;
- information specific to direct and indirect unitholders; 1: Letters to unitholders, etc.;
- website administration costs;
- translation costs specific to the UCI.

*III. Data costs*

- costs of data used for redistribution to third parties;

*IV. Custodian, legal, audit, tax and other fees.*

- statutory audit fees;
- fees related to the custodian;

- fees for delegation of administrative and accounting management;
- tax costs including lawyer and external expert (recovery of withholding taxes on behalf of the fund, local tax agent, etc.);
- legal fees specific to the UCI.

*V. Fees relating to compliance with regulatory obligations and regulatory reporting*

- fees for submitting regulatory reports to the regulator specific to the UCI;
- fees for compulsory professional associations

*The following costs may be added to the above-listed fees charged to the UCITS:*

- contributions due for the management of the UCITS pursuant to paragraph 4 of section II of Article L. 621-5-3 of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the UCITS);
- exceptional and non-recurring costs for the recovery of receivables (e.g. Lehman) or proceedings to assert a right (e.g. class action).

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

The management company receives no remuneration for the repos and reverse repos.

The income and income generated by temporary purchases and sales of securities are fully acquired by the UCITS.

Operational costs and expenses relating to these transactions may also be borne by the management company and not be invoiced to the fund.

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

The management company selects brokers or counterparties according to a procedure consistent with the applicable regulations. In the context of this selection, the management company always upholds its best execution obligation.

The objective selection criteria used by the management company specifically include the quality of order executions, the rates applied, and the financial soundness of each broker or counterparty.

The counterparties, investment companies, and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that quality service is provided to the company. This is a key element in the general decision-making process that incorporates the impact of the service quality of the broker across all our departments: Management, Financial Analysis and Credit, Trading, and Middle Office.

Counterparty selection can involve an entity linked to the HSBC Group or the OPCVM's depositary.

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

## **IV - Commercial information**

All information concerning the UCITS can be obtained by contacting the management company directly:

**HSBC Global Asset Management (France)**

Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

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

## **HSBC Global Asset Management (France)**

e-mail: [hsbc.client.services-am@hsbc.fr](mailto:hsbc.client.services-am@hsbc.fr)

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

### **HSBC Continental Europe**

38 Avenue Kleber  
75116 Paris

### **CACEIS Bank**

89-91 rue Gabriel Péri  
92120 Montrouge

### Information on environmental, social and quality of governance (ESG) criteria

Pursuant to Article L.533-22-1 of the French Monetary and Financial Code, the policy on taking into account environmental, social and governance quality (ESG) criteria in the investment strategy is available on the management company's website [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

## **V - Investment rules**

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

## **VI - Overall risk**

The absolute VaR method is used to calculate aggregate exposure.

### Details about calculating global risk of the UCITS:

This method consists in calculating the value at risk (VaR) of a UCITS, defined as the maximum loss that it can endure over a given period with a determined probability called the "confidence level".

Calculated as the sum of par values of financial contracts used, the indicative leverage level of the UCITS is 40%.

The maximum, minimum, and average risk levels are stipulated in the Fund annual report.

## **VII - Asset valuation and accounting rules**

The asset valuation rules applied by the accounting manager are as follows, depending on the instruments held by the UCITS:

The mutual fund 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 an average of contributions.

Investment funds 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 instruments with a residual maturity of 3 months or less may be valued according to the straight-line method.

Repos are valued at the contract price.

Futures, options, or exchange transactions made on OTC markets, authorised by applicable UCI regulations, are measured at their market value or at an estimated value according to methods chosen 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.

European and foreign futures are valued on the basis of the clearing prices.

The valuation of equity counter-performance swaps is done:

- market conditions for the fixed income division
- depending on the price of the underlying security for the equity branch.

The valuation of Credit Default Swaps (CDS) comes from a model fed by market spreads.

Off-balance-sheet commitments in European and foreign futures markets are calculated as follows:

- FUTURES

$(Qty \times Nominal \times Daily\ rate \times Contract\ currency)$

- OPTIONS

$(Qty \times \delta) \times (Nominal\ of\ the\ underlying\ instrument \times Daily\ rate\ of\ the\ underlying\ instrument \times Contract\ currency)$ .

For swaps, the off-balance sheet commitment corresponds to the nominal amount of the contract plus or minus the interest differential, as well as the unrealised gain or loss recorded at the reporting date.

Interest is recognised according to the accrued interest method.

Items entered in the portfolio are entered at their acquisition price minus costs.

. - FUTURES

Futures contracts on derivative markets are valued at the settlement price on the valuation day.

. Options

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

. currency forwards

Contracts are valued at the exchange rate on the valuation date, taking into account the amortisation of the forward points.

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 proof therein are provided to the auditor in connection with its audits.

Valuation of financial collateral

Collateral is valued daily at the market price (mark to market).

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

Margin calls occur daily unless otherwise indicated in the master agreement covering these transactions on in case of agreement between the management company and the counterparty on the application of a trigger point.

### Swing pricing mechanism

The management company has implemented a swing pricing mechanism to adjust the fund's net asset value once a trigger threshold is reached in order to protect the interests of the fund's unitholders.

Under this mechanism, investors bear the portfolio adjustment costs – including transaction fees, bid/offer spreads and taxes or fees applicable to the UCITS – related to investments or disinvestments when there are significant numbers of subscriptions and redemptions.

When the net balance of investor subscription and redemption orders exceeds a predefined threshold, called the “trigger point”, the NAV is adjusted.

The NAV is adjusted up or down if the balance of subscriptions/redemptions is respectively positive or negative, so as to take into account the readjustment costs attributable to the net subscription and/or redemption orders.

The trigger point is expressed as a percentage of the fund's net assets.

The parameters for the trigger point and the NAV adjustment factor are determined by the management company and periodically reviewed.

The adjusted (“swung”) NAV is the fund's only NAV and is therefore the only NAV published and communicated to unitholders.

By applying swing pricing with a trigger point, it is possible that the UCITS's volatility will not come from only the volatility of the financial instruments in the portfolio.

In accordance with the regulatory provisions, the management company does not communicate the trigger thresholds and ensures that internal communication channels are restricted so as to safeguard the confidential nature of the information.

### Alternative practical methods in exceptional circumstances

Since the net asset value is calculated by a service provider from outside the management company, any potential issues with information systems used by the management company shall not affect the capacity of the mutual fund to have its net asset value determined and published.

In the event of an issue with the service provider's systems, the service provider's backup plan shall be implemented in order to guarantee continuity in the calculation of the NAV.

However, redemption by the fund of its units and issuance of new units may be temporarily suspended by the management company under Article L.214-30 of the French monetary and financial code in exceptional circumstances and if required by the interest of the unitholders.

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

- a) Trading on one of the markets on which a significant proportion of the mutual fund's investments are generally traded 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 sell all or some of the assets in the mutual fund or to invest 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 force majeure that temporarily deprives the management company of its management systems, or

d)The fund transfer transactions required for the sale 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 all cases of suspension, with the exception of ad hoc market communications, the unitholders shall be informed as soon as possible by means of a press notification. The information shall be provided beforehand to the AMF”.

### **VIII. Remuneration:**

The management company HSBC Global Asset Management (France) has implemented a remuneration policy adapted to its organisation and activities.

The purpose of this policy is to govern practices concerning the different remuneration of employees with decision-making power, control or risk-taking within the Group.

This remuneration policy has been defined in light of the economic strategy, objectives, values and interests of the management company belonging to the HSBC Group, the managed UCIs and their unitholders/shareholders.

The objective of this policy is not to encourage excessive risk-taking, particularly against the risk profile of the managed UCIs.

The Management Company has put in place appropriate measures to prevent conflicts of interest.

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

The remuneration policy is available on the website at the following address:  
[www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr) or free of charge upon written request to the Management Company.

*Document updated on:*

*1 July 2023*

# **MUTUAL FUND RULES HSBC SELECT DYNAMIC**

## **TITLE 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 duration 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 different classes of units may:

- be eligible for different income distribution methods (distribution or accumulation);
- be denominated in different currencies;
- incur different management charges;
- be charged different subscription and redemption fees;
- have different nominal values;
- be systematically hedged against risk, either partially or in full, as set out in the prospectus. This hedging is achieved using financial instruments that minimise the impact of hedging transactions on the UCITS's other unit classes;
- 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 or its Chairman, into 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 shall 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 Board of Directors of the Management Company 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 AIF in question or to perform one of the transactions listed in Article 411-16 of the AMF General Regulations (transfer of the AIF).

#### **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 NAV 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 traded 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 NAV 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 depositary within a maximum period of five days following the valuation date 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 fund's prospectus.

Pursuant to Article L. 214-8-7 of the French financial and monetary code, the redemption of units by the mutual fund as well as the issue of new units may be temporarily suspended by the management company in exceptional circumstances and if this is in interest of the unitholders.

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

The SICAV's Board of Directors may restrict or prevent the holding of shares of the FCP by any person or entity prohibited from holding units of the Fund (hereafter "Non-Eligible Person"), as defined in the "Target subscribers and typical investor profile" section of the prospectus.

To this end, the Board of Directors of the SICAV may:

- (i) Refuse to issue any share when it appears such issue would or could mean that said shares are directly or indirectly held for a Non-Eligible Person;
- (ii) At any time, request that any information it deems necessary to determine whether or not the beneficial owner of the shares in question is a Non-Eligible Person be provided to it by any person or entity whose name appears in the register of shareholders, along with a sworn statement;
- (iii) In the event of failure to transmit the information mentioned in (ii), or when a shareholder 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 by the unitholder of units in the Fund, compel the unitholder to sell its stake in the Fund or, in certain cases, proceed with the compulsory 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 the NAV following the formal decision of the Board of Directors, minus any applicable charges, duties, and commissions, which shall remain the responsibility of the Non-Eligible Person.

The formal decision of the Board of Directors 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 shares may submit his or her remarks to the Board of Directors.

The AIF may cease issuing units pursuant to Article L. 214-8-7(3) of the French monetary and financial code, temporarily or permanently, partially or fully, in objective situations resulting in the closing of subscriptions such as a maximum number of units issued, a maximum amount of assets reached, or the expiry of a specified subscription period. The trigger for this tool shall be subject to a disclosure by any means to the existing unitholders regarding its activation, as well as the threshold and the objective situation having led to the decision of partial or total closure. In case of partial closure, this disclosure by any means shall explicitly stipulate the modalities according to which the existing unitholders may continue to subscribe for the duration of this partial closure. Unitholders shall also be informed by any means of the decision by the AIF or the management company either to end the total or partial closure of subscriptions (once they have fallen below the trigger point) or not to end it (in the event of a change of threshold or change in the objective situation leading to activation of this tool). A modification of the objective situation invoked or the trigger point of the tool must always be made in the interest of the unitholders. The disclosure by any means stipulates the exact reasons for these modifications.

#### **ARTICLE IV - CALCULATION OF THE NAV**

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

### **TITLE II**

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

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

The Fund shall be managed by the management company according to the main guidelines defined for the Fund.

In all circumstances, the Management Company shall act on behalf of the unitholders and may alone exercise the voting rights attached to the securities included in the fund.

#### **ARTICLE V B - 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 C - TRADING ON A REGULATED MARKET AND/OR A MULTILATERAL TRADING SYSTEM**

The units may be admitted to trading on a regulated market and/or multilateral trading system in accordance with the regulations in force. In the event where the mutual fund whose units are traded on a regulated market has an objective based on an index, the Fund must take steps to ensure that the price of units remains meaningfully constant with its NAV.

#### **ARTICLE VI - DEPOSITARY**

The depositary 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. In particular, it must 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, it shall inform the AMF.

## **ARTICLE VII - STATUTORY AUDITOR**

A statutory auditor shall be appointed by the Board of Directors of the Management Company for a term of six financial years after approval from the AMF.

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 its 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.

It shall verify the accuracy of the composition of the assets and other information before publication.

The statutory auditor's fees shall be set by mutual agreement with the Board of Directors of the Management Company in accordance with a work schedule specifying the measures deemed necessary.

It shall certify the circumstances underlying any interim distributions.

The statutory auditor's fees shall be included in the administrative charges outside the management company.

## **ARTICLE VIII - FINANCIAL STATEMENTS AND MANAGEMENT REPORT**

At the end of each financial year, the management company shall draw up summary documents and shall establish a Fund management report for the financial year ended.

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

The Management Company shall hold these documents available for consultation by the unitholders for a period of four months from the close of the financial year 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.

## **TITLE III**

### **APPROPRIATION OF DISTRIBUTABLE AMOUNTS**

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

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

Amounts distributable by a UCITS consist of:

The net income plus retained earnings and plus or minus the balance of accrued income;

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 in previous fiscal years that were not distributed or accumulated, plus or minus 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 appropriation of distributable amounts is detailed in the prospectus.

## **TITLE 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 or AIF 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 unitholder.

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

If the fund's assets remain below the minimum level set in article 2 above for 30 consecutive days, the management company shall notify the AMF and either arrange a merger with another mutual fund or dissolve it.

The management company may dissolve the Fund early. In this case, it shall inform the unitholders of its decision, and subscription and redemption requests shall no longer be accepted after that date.

The management company shall dissolve the fund if it receives a request to redeem all its units, if the depositary ceases to operate and no other depositary 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 Statutory Auditor's report to the AMF.

The management company may decide to extend the Fund with the agreement of the depositary. 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 or the depositary with its consent 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 depositary shall continue in office until all liquidation operations have been completed.

**TITLE V**  
**CONTESTATION**

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

Any disputes relating to the Fund which may arise during its operating term or at the time of its liquidation either between unitholders or between the unitholders and the management company or the depositary shall be subject to the jurisdiction of the competent courts.

<i>Document updated on:</i>	<i>11 February 2019</i>
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