VISA 2023/172670-4173-0-PC
L'apposition du visa ne peut en aucun cas servir d'argument de publicité
Luxembourg, le 2023-03-20
Commission de Surveillance du Secteur Financier

EXANE FUNDS 2

PROSPECTUS

relating to the issue of shares of the

Investment Company with Variable Capital (SICAV)

governed by Luxembourg law

March 2023

Subscriptions for shares of the Company are valid only if made on the basis of the current Prospectus and the most recent semi-annual report if such report has been published since the most recent annual report. These documents form an integral part of this Prospectus.

DISCLAIMER

Before subscribing to shares, you are advised to read this prospectus carefully (hereinafter the "Prospectus") together with the Company's latest financial report, copies of which are available at the Company's registered office and the registered offices of any correspondents or entities that market the Company's shares. Subscription requests shall be made on the basis of the conditions and procedures set out in this Prospectus. Before investing in the Company, investors are advised to consult their own financial, legal and tax advisers in order to ascertain whether investing in the Company is suitable for them.

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Company (notably the right to participate in general shareholders' meetings) if the investor is registered himself and in his own name in the shareholders' register of the Company. In cases where an investor invests in the Company through an intermediary investing into the Company in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Company. Investors are advised to take advice on their rights.

This Prospectus may not be used for the purpose of a public offering or sales solicitation in any country or in any circumstances in which such an offering or solicitation is not authorised. Sub–Funds may be registered in countries to be marketed. It is vital that before subscribing, potential investors ensure that they are informed about the sub-funds, categories, or classes of shares that are authorised to be marketed in their country of residence and the constraints applicable in each of these countries.

In particular, the Company's shares have not been registered in accordance with any legal or regulatory provisions in the United States of America:

- the Company or its shares have not been, and will not be, registered under the U.S Securities Act of 1933 or qualified under any applicable U.S. state statutes, and the shares may not be transferred, offered and sold in the United State of America (including its territories and possessions) or to or for the benefit of, directly or indirectly, any U.S Person (as defined in Regulation S in the U.S. Securities Act of 1933), except pursuant to registration or applicable exemption;
- the Company or its shares shall not be transferred, offered or sold, directly or indirectly to a US Person as defined in CFTC regulation[1].

Consequently, the Company's shares may not be offered or sold to any type of US persons who are unauthorised persons within the meaning of Article 11 of the Company's Articles. Any failure to comply with these restrictions may constitute a violation of US securities laws. The Company's Board of Directors shall demand the immediate redemption of shares purchased or held by US persons, including investors who may have become US persons subsequent to the purchase of shares.

Notwithstanding the above, the shares may be subscribed by US investors within the meaning of the American regulation "FATCA". The Company draws the investors' attention to Section XII. "Taxation and Official Language" of the present Prospectus for more information in this respect.

In addition, no one should rely on information other than that disclosed in the Prospectus and the documents referred to therein that may be consulted by the public. The Company's Board of Directors shall be liable for the accuracy of the information contained in the Prospectus on its publication date.

The Company is registered in accordance with Part I of the law of 17 December 2010 on collective investment schemes (the "Law of 2010"). The Company's inclusion on this list does not indicate that the regulator has approved the content of the Prospectus or the quality of the shares issued by Exane Funds 2. Any indication to the contrary would be unauthorised and illegal.

Lastly, the Prospectus may be updated in order to add or remove any Sub-Funds, and to include any significant changes made to the structure and operating methods of the Company. Subscribers are therefore advised to obtain the most recent documents from one of the entities referred to below.
If the meaning of a word or sentence in any translation of this Prospectus is inconsistent or ambiguous, the English version shall prevail.

1 See interpretative Guidance and Policy Statement Regarding Compliance With Certain Swap Regulations.

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COMPANY ORGANISATION	
REGISTERED OFFICE	60, avenue J.F. Kennedy L-1855 Luxembourg
BOARD OF DIRECTORS	
Chairman of the board of directors	Mr Jihad Taleb
Director	Mr. Fabrice Bagès Administrative and Financial Manager Exane Asset Management
Director	Mr Pierre Séquier Chief Executive Officer Exane Asset Management
Director	Mr Eric Chinchon Independent, certified Director
MANAGEMENT COMPANY	Exane Asset Management 6 rue Ménars 75002 Paris France
BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY	
Chairman of the board of directors	Mr Benoît Catherine Deputy Chief Executive Officer Exane
Director	Mr Pierre Séquier Chief Executive Officer Exane Asset Management
Director	Mr Charles-Henri Nême Deputy Chief Executive Officer Exane Asset Management
Director	Mr Eric Lauri Deputy Chief Executive Officer Exane Asset Management
Director	Mrs Dominique Aubernon Chief Executive Officer Exane
Director	Mr Nicolas Chanut
Director	Mr Emmanuel Gendreau BNP Paribas

CONDUCTING PERSONS OF THE MANAGEMENT COMPANY	Mr Pierre Séquier Chief Executive Officer Exane Asset Management Mr Charles-Henri Nême Deputy Chief Executive Officer Exane Asset Management Mr Eric Lauri Deputy Chief Executive Officer Exane Asset Management
DEPOSITARY, DOMICILIARY AND LISTING AGENT, REGISTRAR AND TRANSFER AGENT, ADMINISTRATIVE AGENT	BNP Paribas, Luxembourg Branch 60, avenue J.F. Kennedy L-1855 Luxembourg
AUDITOR	PricewaterhouseCoopers Société Coopérative 2, rue Gerhard Mercator L-2182 Luxembourg

GLOSSARY OF TERMS

Appendix	The relevant sheet of the Prospectus containing specific information regarding each sub-fund.
Accumulation Share	A class of Shares in any Sub-Fund of the Company carrying no right to any distribution of income but the income attributable to such Shares is retained within the relevant Sub-Fund and reflected in the Net Asset Value of such Shares.
Administrative Agent	BNP Paribas, Luxembourg Branch or any successor company appointed by the Company as administrative agent of the Company in accordance with the requirements of the Regulatory Authority.
Another State	Any European country that is not a Member State and any country in America, Africa, Asia, Australia and Oceania.
Articles	The articles of association of the Company as amended from time to time.
Auditor	PricewaterhouseCoopers Société coopérative 2, rue Gerhard Mercator L-2182 Luxembourg
Benchmark Index	As defined is the relevant Appendix.
Benchmark	A point of reference against which the performance, risk characteristics or composition of a Sub-Fund may be measured, unless otherwise stated. The resemblance of the portfolio of a Sub-Fund to that of its Benchmark may vary from Sub-Fund to Sub-Fund, depending on factors such as the risk profile, investment objective and investment restrictions of the Fund, and the concentration of constituents in the Benchmark. Where an equity index used as a Benchmark is stated as 'Net', this means that it has been calculated net of withholding tax on dividends paid by the companies comprised in the index.
Benchmark Regulation	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as amended from to time to time.
Board of Directors	The board of directors of the Company, including duly authorised committees of the board of directors.
Business Day	A full banking business day other than Saturdays, or Sundays or public holiday, on which banks are opened all day for business in France.
Class	Category of Shares which may differ, inter alia, in respect of their specific charging structures, specific dividend policies, specific currencies or other specific features.
Company	Exane Funds 2.
Distribution Share	A Class of Shares of the relevant Sub-Fund which distributes earned dividend.
EU	The European Union.

"Euro" or **"EUR"**	The currency of the Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Economic Community, as amended by the Treaty on European Union.
Fixed Management Fee	The fixed management fee specified in the Appendix of each Sub-Fund.
General Meeting of Shareholders	General meeting of the Company's Shareholders.
Group of Companies	Companies belong to the same body of undertakings and which must draw up consolidated accounts in accordance with Council Directive 83/349/EEC of 13 June 1983 on consolidated accounts and according to recognised international accounting rules.
Initial Subscription Period	Subscriptions undertaken during the Sub-Fund's launch period.
Institutional Investor	Has the meaning used in Article 174 (2) of the Law of 2010, and includes in particular: - credit institutions and other financial sector professionals, based in Luxembourg or elsewhere, that invest either (i) in their own name or on their own account, or (ii) in their own name on behalf of an Institutional Investor or (iii) in their own name on behalf of a third party under a discretionary investment agreement, provided such third party has no direct claim against the Company; - insurance and reinsurance companies, including as part of a unit-linked endowment policy (*contrat d'assurance-vie*), provided that (i) the insurance company is the only subscriber in the Company and (ii) the insured and/or beneficiaries of such policies are not entitled to receive Shares in the Company on maturity or cancellation of said policy; - pension funds and schemes, provided the beneficiaries of these funds or plans have no direct claim against the Company; - UCIs based in Luxembourg or elsewhere, even if the investors in these schemes cannot be classified as Institutional Investors; - local authorities such as regional authorities, provinces, cantons and municipalities, if such local authorities invest their own funds; - holding companies and similar entities (i) whose shareholders are Institutional Investors or (ii) not all of whose shareholders are Institutional Investors, provided either (a) these companies are real companies with their own structures and business activities and hold significant financial interests, or (b) these companies can be regarded as 'family' holding companies (or similar entities) through which a family or a branch of a family holds significant financial interests; - manufacturing or financial groups; - foundations that hold other significant financial investments and exist independently of their beneficiaries.

	In particular, Institutional Investors include legal entities subscribing on their own account or on behalf of individuals pursuant to a discretionary investment agreement or a unit-linked endowment policy (contrat d'assurance-vie), pension funds and UCIs, as described in greater detail in Section VIII.1.A of the Prospectus.
Key Investor Information Document or KIID	Document required to be drawn up and published by the Company containing key information for investors, pursuant to article 159 of the Law of 2010.
Late Trading	Practice of accepting a subscription, conversion or redemption order that was received after the deadline for accepting orders ("**cut-off time**") on a given day.
Law of 2010	The law of 17 December 2010 relating to undertakings for collective investment, as the same may be amended from time to time.
Management Company	Exane Asset Management
Management Fees	The Fixed Management Fee and, as the case may be, the Variable Management Fee or Performance Fee.
Market timing	Practice by which an investor systematically subscribes, redeems or converts shares or units in the same fund within a short timeframe, by exploiting time differences and/or imperfections or shortcomings in the system that calculates the fund's net asset value.
Member State	A member state of the European Union. The States that are parties to agreement creating the European Area other than European Union Member States are considered to be equivalent to European Member States within the limits set in this agreement and the instruments relating thereto.
Mémorial	*Mémorial C, Recueil des Sociétés et Associations*.
MiFID II Directive	Directive 2004/39/CE of the European, Parliament and of the Council dated 21 April 2004 on markets in financial instruments, modifying directives 85/611/CEE and 93/6/CEE of the Council and the directive 2000/12/CE of the European Parliament and of the Council and repealing directive 93/22/CEE of the Council
Money Market Instruments	1) Instruments normally traded on the money market that are liquid and whose value may be determined accurately at any time. 2) Instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time.
Net Asset Value or NAV	The value of the assets of a Sub-Fund as calculated in accordance with the Articles and as described under the Section IX. "Net Asset Value" of the Prospectus.
OECD	The Organisation for Economic Cooperation and Development.
OTC	Over the Counter.
Other Regulated Market	1) Means a properly functioning, recognised, regulated market that is open to the public, *i.e.* a market (i) that complies with all the following criteria: liquid, multilateral in terms of the matching of orders (general matching of supply and demand so that a single price can be established), transparent (dissemination of the maximum amount of information offering parties placing

orders the option of tracking market movements to ensure their orders are effectively executed under the conditions at that point in time), (ii) whose securities are traded at set intervals, (iii) recognised by a State, by a public authority appointed by such a State, by another entity such as a professional association recognised by this country or by this public authority, and (iv) whose securities must be accessible for public trading.

2) A market, other than a Regulated Market, which is regulated, operates regularly and is recognised and open to the public, namely a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed in current conditions); (ii) on which the securities are dealt in at a certain fixed frequency, (iii) which is recognised by a state or a public authority which has been delegated by that state or by another entity which is recognised by that state or by that public authority such as a professional association and (iv) on which the securities dealt in are accessible to the public

Personal Data — The data processed for each Shareholder which includes the name, contact details (including their postal address or email address), tax identification number, bank account details, the amount invested and positions in the Company. Where the shareholder is a legal entity, the same categories of data shall apply to its representatives and ultimate beneficial owners.

Personal Data Protection Laws — Regulation (EU) No. 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as amended from time to time, and legal provisions on data protection applicable in the Grand Duchy of Luxembourg.

Prospectus — The prospectus of the Company as the same may be amended from time to time.

Registrar and Transfer Agent — BNP Paribas, Luxembourg Branch or any successor company appointed by the Company as registrar and transfer agent of the Company in accordance with the requirements of the Regulatory Authority.

Registration Fee or *taxe d'abonnement* — The annual registration fee payable by the Company.

Regulated Market — A regulated market as defined in the Council Directive 2004/39/EC dated 21 April 2004 on markets in financial instruments ("Directive 2004/39/EC") which has been repealed by the Directive 2014/65/EU (MiFID II) dated 15 May 2014, namely a multilateral system operated and/or managed by a market operator which provides or facilitates the meeting, within the entity itself and according to its non-discretionary rules, of multiple buyer and seller interests expressed by third parties for financial instruments, resulting in the conclusion of contracts involving financial instruments admitted for trading under its rules and/or systems, and which is approved and properly functioning in accordance with the provisions of Directive 2004/39/EC.

Reference Currency — The currency in which the Fund or each Sub-Fund is denominated.

RESA — *Recueil des Sociétés et Associations*.

SFTs	Securities financing transactions, which are defined in the SFTR as a repurchase or reverse-repurchase transaction, securities lending and securities borrowing, a buy-sell back transaction or sell-buy back transaction or a margin lending transaction.
SFTR	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.
Shareholder(s)	Holder(s) of registered Shares or bearer Shares in the Company.
Sub-Fund	Multiple sub-funds of Exane Funds 2.
Transferable Securities	(i) shares and other securities equivalent to shares ("shares"); (ii) bonds and other debt instruments ("debt securities") and (iii) any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, to the extent they do not qualify as techniques and instruments as referred to in Section V. "Financial instruments and techniques" of this Prospectus.
UCI	An undertaking for collective investment as defined by Luxembourg law.
UCITS	An undertaking for collective investment in transferable securities authorised according to Article 1(2) of the UCITS Directive.
UCITS Directive	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended by Directive 2014/91/EU of the European Parliament and Council of 23 July 2014 as regards depositary functions, remuneration policies and sanctions, as may be further amended in the future.
USD	The currency of the United States of America.
Valuation Date or Valuation Day	In relation to any Sub-Fund shall be the Business Day provided for in the relevant section of such Sub-Fund's Appendix, to the exclusion of a Business Day falling within a period of suspension of determination of Net Asset Value, as described in the Section IX. "Net Asset Value" of the Prospectus.
Variable Management Fee or Performance Fee	The variable management fee, as the case may be, specified in the each Sub-Fund's Appendix.
YTD Performance	The year-to-date performance.

PROSPECTUS RELATING TO THE PERMANENT OFFER OF SHARES OF THE SICAV EXANE FUNDS 2

I. GENERAL DESCRIPTION OF THE SICAV

1. THE COMPANY

Exane Funds 2 is an open-ended investment company with variable capital (*Société d'Investissement à Capital Variable* - SICAV) which has designated the Management Company. The Company was first incorporated as a self-managed SICAV in Luxembourg on 2 March 2006 for an indefinite term pursuant to Part II of the Law of 2010. By decision of the extraordinary general meeting held on 27 May 2011, the Company was converted into a SICAV governed by the provisions of Part I of the Law of 2010 and by the Law of 10 August 1915 on commercial companies, as amended.

The minimum capital is set at EUR 1,250,000 (one million two hundred and fifty thousand euros). The Company's capital shall at all times be equal to the net asset value (the “Net Asset Value”) of the Company's Sub-Funds and is represented by fully paid shares (the “Shares”) of no par value. The characteristics of these Shares are described in the section entitled "Shares".

Changes to the capital shall be carried out automatically without the need to advertise or register with the Luxembourg Trade and Companies Register, as is normally required for capital increases and capital reductions of limited companies.

The Company's Articles were published in the Mémorial on 23 March 2006 after having been filed with the District Court of and in Luxembourg, where they may be consulted. The Company’s Articles were last amended at the extraordinary General Meeting of Shareholders that was held on 13 November 2015. These amendments were published in the Mémorial on 10 February 2016.

The Company is registered with the Luxembourg Trade and Companies Register under number B 114 732.

The consolidated accounts shall be denominated in EUR.

2. SUB-FUNDS

Exane Funds 2 is incorporated in the form of a SICAV with Sub-Funds and as such offers investors the option of investing in a number of different Sub-Funds, each of which has its own portfolio of securities, money market instruments and other assets authorised by the law. Each Sub-Fund has a specific investment objective. The characteristics and investment policy of each Sub-Fund are defined in the Appendices, which can be found at the end of the Prospectus.

With regard to third parties, the Company constitutes a single and same legal entity. In accordance with Article 133 of the Law of 2010, the assets of a given Sub-Fund correspond exclusively to the debts, commitments and obligations relating to said Sub-Fund. With regard to Shareholders, each Sub-Fund is considered a separate entity.

This structure offers individual and institutional investors, within the meaning of Article 174 (2) of the Law of 2010, the advantage of being able to choose from various Sub-Funds and to switch from a given Sub-Fund to another Sub-Fund under the terms and conditions set out in the Section VIII. “Shares” under point 3. "Share Conversion ".

The Company has the option, at any time, of creating new Sub-Funds. Accordingly, the investment policy and terms and conditions of the offering shall be communicated at the appropriate time by means of an update to the Prospectus. Investors may also be advised of changes through the press, if so required by the regulations, or if the Board of Directors considers it appropriate. The Board of Directors may also liquidate certain Sub-Funds, in accordance with the procedure set out in the section "Liquidation of the Company - Closure and Merger of Sub-Funds or Classes".

The Net Asset Value of each Sub-Fund shall be denominated in the Reference Currency of the Sub-Fund, as stated in the description of each Sub-Fund.

II. MANAGEMENT AND ADMINISTRATION

The Company is managed and represented by a Board of Directors which reports to the General Meeting of Shareholders. The Company benefits from management, advisory, audit, asset custody, administration and distribution services. The roles and responsibilities relating to these functions are described below.

1. BOARD OF DIRECTORS

The Board of Directors assumes overall responsibility for the management and the administration of the Company including the overall management of the investments of the Company and for supervising its operations as well as determining and implementing the investment policies of each Sub-Fund. It may carry out all management and administration duties on behalf of the Company and exercise all rights attached directly or indirectly to the assets of the Company.

The list of Board members can be found in this Prospectus and in the interim reports.

2. MANAGEMENT COMPANY

The Company has appointed the Management Company in accordance with the Law of 2010 pursuant to a collective portfolio management agreement concluded on 12 October 2018 and effective as of 1st December 2018 (the "**Collective Portfolio Management Agreement**" or "**Agreement**").

Exane Asset Management is a management company approved in France by the *Autorité des marchés financiers* within the meaning of chapter 15 of the Law of 2010 under number GP01015. Incorporated on 20 February 2001 in the form of a French limited company (*société anonyme*) with a management board and a supervisory board under the laws of France, the company was transformed to a simplified limited company (*société par actions simplifiée)* on October 12th, 2009.
Its articles of incorporation are registered with the *Registre de Commerce et des Sociétés de Paris* under the number 434 692 828. Its fully paid-up share capital amounts to EUR 3.000.000.

Under the Collective Portfolio Management Agreement, subject to the overall supervision and control of the Board, the Management Company shall have among others:

- the responsibility of the investment management of the Company's assets, which includes the following duties, *inter alia*:
  - providing any advice or recommendations relating to future investments;
  - concluding contracts, buying, selling, exchanging and delivering any securities and any other assets;
  - exercising, on behalf of the Company, any voting rights attached to the securities belonging to the Company.
- the Company's administration;
- the implementation of the distribution and the marketing of the Shares of the Company.

The Management Company is permitted to delegate, under its responsibility and its supervision, one or several of its functions in order to execute its activities in a more efficient manner and subject to the prior approval of the Company and the Luxembourg regulatory authority.

The Management Company has delegated the central administration functions including registrar and transfer agent functions.

The Management Company's liability shall not be affected by the fact that it has delegated its functions and duties to third parties.

The Collective Portfolio Management Agreement is concluded for an indefinite period of time and may be terminated by either party upon three months' prior written notice. Notwithstanding the foregoing, the

agreement may be terminated by the Company with immediate effect in the specific circumstances provided by such agreement.

The Management Company shall at all times act in the best interest of the Shareholders and according to the provisions set forth by the Law of 2010, the Prospectus and the Articles.

The Management Company also acts as the management company of the SICAV Exane Funds 1.

Moreover, the Management Company will ensure that it has in place a remuneration policy that is consistent with sound and effective risk management and which does not encourage risk taking which is inconsistent with the risk profile of the Sub-Funds. The Management Company's remuneration policy integrates governance, balanced pay structure between fixed and variable components as well as risk and long-term performance alignment rules that are designed to be consistent with the business strategy, objectives, values and interests of the Management Company and the Company and the Shareholders and includes measures to avoid conflicts of interest. The Management Company ensures that the assessment of the performance is based on the long term performance of the Company and the actual payment of performance-based components of remuneration is spread over the same period. The Management Company has identified its staff members whose professional activity have a material impact on the risk profiles of the Sub-Funds, and shall ensure they comply with remuneration policy. The details of the up-to-date remuneration policy of the Management Company is available on: https://exane-am.remuneration_policy and a paper copy is available free of charge upon request to the registered office of the Management Company.

The Management Company shall receive, as remuneration for its functions, a Management Fee payable at the end of each quarter and calculated on the basis of the average net assets of each Sub-Fund for the quarter in question. The amount of this Management Fee is specified for each Sub-Fund in the relevant Appendix.

In addition to the Fixed Management Fee, a Performance Fee shall be paid, if applicable, to the Management Company.

3. DEPOSITARY BANK, DOMICILIARY AND LISTING AGENT

The custody and supervision of the Company's assets is entrusted to a depositary, which fulfils the obligations and duties set out in the Law of 2010.

Pursuant to a depositary agreement dated 1st December 2018 (the "**Depositary Agreement**"), the Company appointed BNP Paribas, Luxembourg Branch (hereinafter the "**Depositary** ") as depositary to hold on behalf of the Company all cash, securities and other assets belonging to the Company.

BNP Paribas, Luxembourg Branch is a branch of BNP Paribas. BNP Paribas is a licensed bank incorporated in France as a *Société Anonyme* (public limited company) registered with the *Registre du commerce et des sociétés Paris* (Trade and Companies' Register) under number No. 662 042 449, authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and supervised by the *Autorité des Marchés Financiers* (AMF), with its registered address at 16 Boulevard des Italiens, 75009 Paris, France, acting through its Luxembourg Branch, whose office is at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B23968 and supervised by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**").

Shareholders may consult a copy of the Depositary Agreement at the Company's registered office and the offices of the Depositary, during business hours.

Under the Depositary Agreement, the Depositary performs three types of functions, namely (i) the oversight duties (as defined in Art 34(1) of the Law of 2010), (ii) the monitoring of the cash flows of the Company (as set out in the Art 34(2) of the Law of 2010) and (iii) the safekeeping of the Company's assets (as set out in the Art 34(3) of the Law of 2010).

Under its oversight duties, the Depositary is required to:

1) ensure that the sale, issue, repurchase, redemption and cancellation of Shares effected by or on behalf of the Company are carried out in accordance with Luxembourg laws and the Articles,

2) ensure that the value of the Shares is calculated in accordance with Luxembourg laws and the Articles,

3) carry out the instruction of the Company and/or the Management Company unless they conflict with Luxembourg laws and the Articles,

4) ensure that, in transactions involving the Company's assets, the consideration is remitted to the Company within the usual time limits,

5) ensure that the Company's revenues are allocated in accordance with the Luxembourg laws and the Articles.

The overriding objective of the Depositary is to protect the interests of the Shareholders, which always prevail over any commercial interests.

Conflicts of interest may arise if and when the Company or the Management Company maintains other business relationships with BNP Paribas, Luxembourg Branch in parallel with an appointment of BNP Paribas, Luxembourg Branch acting as Depositary.

Such other business relationships may cover services in relation to:

- outsourcing/delegation of middle or back office functions (e.g. trade processing, position keeping, post trade investment compliance monitoring, collateral management, OTC valuation, fund administration inclusive of net asset value calculation, transfer agency, fund dealing services) where BNP Paribas or its affiliates act as agent of the Company or the Management Company, or

- selection of BNP Paribas or its affiliates as counterparty or ancillary service provider for matters such as foreign exchange execution, securities lending, bridge financing.

The Depositary is required to ensure that any transaction relating to such business relationships between the Depositary and an entity within the same group as the Depositary is conducted at arm's length and is in the best interests of the Shareholders.

In order to address any situations of conflicts of interest, the Depositary has implemented and maintains a management of conflicts of interest policy, aiming namely at:

- identifying and analysing potential situations of conflicts of interest;

- recording, managing and monitoring the conflict of interest situations either in:

    - relying on the permanent measures in place to address conflicts of interest such as segregation of duties, separation of reporting lines, insider lists for staff members;
    - implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new "Chinese wall" (i.e. by separating functionally and hierarchically the performance of its Depositary duties from other activities), making sure that operations are carried out at arm's length and/or informing the concerned shareholders, or (ii) refuse to carry out the activity giving rise to the conflict of interest;
    - implementing a deontological policy;
    - recording of a cartography of conflict of interests permitting to create an inventory of the permanent measures put in place to protect the Company's interests; or

- setting up internal procedures in relation to, for instance (i) the appointment of service providers which may generate conflicts of interests, (ii) new products/activities of the Depositary in order to assess any situation entailing a conflict of interest.

In the event that conflicts of interest do arise, the Depositary will undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Company and the Shareholders are fairly treated.

The Depositary may delegate to third parties the safe-keeping of the Company's assets subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depositary Agreement. The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that should arise from such an appointment. Such delegates must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments. The Depositary's liability shall not be affected by any such delegation.

A potential risk of conflicts of interest may occur in situations where the delegates may enter into or have a separate commercial and/or business relationship with the Depositary in parallel to the custody delegation relationship.

In order to prevent such potential conflicts of interest from crystalizing, the Depositary has implemented and maintains an internal organisation whereby such separate commercial and/or business relationships have no bearings on the choice of the delegate or the monitoring of the delegates' performance under the delegation agreement.

A list of these delegates and sub-delegates for its safekeeping duties is available on the website https://securities.cib.bnpparibas/app/uploads/sites/3/2021/11/ucitsv-list-of-delegates-sub-delegates-en.pdf . Such list may be updated from time to time. Updated information on the Depositary's custody duties, a list of delegations and sub-delegations and conflicts of interest that may arise, may be obtained, free of charge and upon request, from the Depositary.

BNP Paribas, Luxembourg Branch, being part of a group providing clients with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg. More pertinently, entities located in France, Belgium, Spain, Portugal, Poland, USA, Canada, Singapore, Jersey, United Kingdom, Luxembourg, Germany, Ireland and India are involved in the support of internal organisation, banking services, central administration and transfer agency service. Further information on BNP Paribas, Luxembourg Branch international operating model may be provided upon request by the Company and/or the Management Company.

The Depositary Agreement may be terminated by either party subject to 90 days' written notice sent by either party to the other party. The following provisions shall then apply:

- a new depositary shall be appointed within two months following the termination of the Depositary Agreement to undertake the duties and assume the responsibilities of the Depositary, as defined in the agreement signed to this end;

- if the Company decides to terminate the agreement, the Depositary shall continue to carry out its duties until all the Company's assets have been transferred to the new depositary;

- if the Depositary resigns, its obligations shall only terminate once a new depositary has been appointed and all the Company's assets have been transferred to the new depositary.

The Depositary's fees and charges, as detailed in the Appendices, shall be borne by the Company and shall be in line with industry practice in Luxembourg. They represent an annual percentage of the average net assets and are payable quarterly.

In addition, the Depositary shall undertake the functions of Domiciliary and Listing Agent for the Company, pursuant to an agreement signed on 3 March 2006, (the "Domiciliary and Listing Agent Agreement") as amended. In this context, it shall be responsible for the provisions described in the Domiciliary and Listing Agent Agreement.

The Company may terminate one or more of the functions referred to in this agreement by giving the Domiciliary and Listing Agent 90 days' written notice. The Domiciliary and Listing Agent may terminate its role by giving the Company 90 days' written notice.

4. ADMINISTRATIVE AGENT AND REGISTRAR AND TRANSFER AGENT

The Management Company has delegated the functions linked to the administration of the Company to BNP Paribas, Luxembourg Branch in accordance with the terms of the Administrative Agreement signed on 27 June 2014, as amended and novated on 1st December 2018 (the "**Administrative Agreement**").

The duties of administrative agent include, *inter alia*, the calculation and publication of the Net Asset Value of the Shares of each Sub-Fund, in accordance with the Law of 2010 and with the Company's Articles, and on behalf of the Company, all administrative and accounting services required in connection with the management of the Company.

The registrar and transfer agent functions notably include the handling of the Company's Share subscription, redemption and conversion requests and the maintaining of the Company's register of Shareholders. It is also responsible for the payment of dividends and the redemption proceeds to the Shareholders of the Company

The rights and obligations of BNP Paribas, Luxembourg Branch are governed by an agreement concluded for an indefinite period. The Company may terminate one or more functions referred to in this agreement by giving the Administrative Agent 90 days' written notice.

The Administrative Agent may terminate its own role by giving the Company 90 days' written notice. Notwithstanding the foregoing, the Management Company may terminate the Administrative Agreement with immediate effect when required by the investors' interest.

In accordance with current laws and regulations and with the prior agreement of the Management Company, and the Luxembourg regulatory authority, BNP Paribas, Luxembourg Branch is authorised to delegate, at its own expense, its duties or part thereof to any person or company it deems appropriate (hereinafter the "Agent(s)"), on the understanding that the Prospectus is updated beforehand and that the Administrative Agent retains full responsibility for the actions of said Agent(s). The fact that BNP Paribas, Luxembourg Branch has delegated its functions to third parties does not affect the responsibility of the Management Company.

As remuneration for its functions as Administrative Agent and registrar and transfer agent BNP Paribas, Luxembourg Branch shall receive a fee directly charged on the assets of the Company or of the relevant Sub-Fund as detailed in the Appendices.

5. DISTRIBUTORS AND NOMINEES

The Management Company may decide to appoint distributors/nominees to assist with the distribution of Shares in countries where the fund is marketed.

Distribution/nominee agreements shall be entered into by the Management Company and the various distributors/nominees.

The distributor shall send the Registrar and Transfer agent subscription, redemption and conversion requests together with the associated payments.

The nominees are banks or financial institutions appointed as distributors by the Management Company or by the company responsible for organising the distribution of the Company's Shares.

They act as intermediaries between investors and the Company. The nominee may request subscriptions, conversions or redemptions of Shares on behalf of the investor. These transactions will be recorded in the Sub-Fund's register of Shares in the name of the nominee.

The provisions of the distribution and nominee agreement stipulate, *inter alia*, that a client who has invested in the Company through a nominee may at any time ask for the Shares subscribed via the nominee to be transferred into his name. Any client requesting this option shall be recorded in his own name on the register of Shareholders on receipt of the transfer instruction from the nominee.

Shareholders may subscribe to Shares directly, by contacting the Company, rather than through a distributor/nominee.

If a nominee is appointed, said nominee shall apply the anti-money laundering procedures, as described in point 2.E Section VIII. "Shares".

The distributors/nominees are not authorised to delegate their functions, either in full or in part.

6. AUDITOR

PricewaterhouseCoopers Société Coopérative, Luxembourg, in its capacity as the Company's Auditor, has been appointed to audit the Company's accounts and annual financial statements.

III. OBJECTIVES AND INVESTMENT POLICY

The Company’s principal objective is to offer Shareholders the highest possible return on the capital invested, combined with risk diversification.

The Company's investment policy is determined by the Board of Directors, taking into account the political, economic, financial and monetary situation at the time. It varies from Sub-Fund to Sub-Fund, in accordance with the characteristics specific to each Sub-Fund, as described in the Appendices.

The Company allows Shareholders to change, under preferential conditions, their investment strategy and, where relevant, the investment currency by converting Shares of one Sub-Fund into Shares of another of the Company's Sub-Funds.

For each Sub-Fund the objective is to achieve maximum growth in the assets invested. The Company takes risks it considers to be reasonable to achieve the designated objective. However, in view of stock market fluctuations and other risks to which securities investments are exposed, it cannot guarantee that its objective will be achieved.

The investment policy shall be implemented in strict compliance with the principle of risk diversification and allocation. To this end, the Company, without prejudice to what may be specified for one or more Sub-Funds, shall be subject to the investment restrictions described in Section IV of this Prospectus.

In addition, the Company, without prejudice to what may be specified for one or more Sub-Funds, is authorised, in accordance with the procedures set out in Section V of this Prospectus, to utilise financial instruments and techniques in order to manage the portfolio effectively.

In accordance with the Law of 2010 and the applicable regulations, in particular Circular CSSF 11/512, the Company shall use a risk management method to enable it at all times to control and measure the risk associated with positions and the contribution of said positions to the portfolio's general risk profile.

As part of the risk management method, the Company uses the commitment approach to monitor and measure the global exposure of each Sub-Fund unless otherwise provided for under the relevant Appendix. This approach measures the global exposure related to positions on financial derivative instruments (“FDIs”) and other efficient portfolio management techniques which may not exceed the total net value of the portfolio of the relevant Sub-Fund.

The investments of the various Sub-Funds shall be subject to the restrictions laid down in the Law of 2010 and in this Prospectus.

IV. INVESTMENT RESTRICTIONS

With the principle of risk diversification in mind, the Board of Directors has the power to determine the Company's investment policy for each Sub-Fund, the Reference Currency and the approach to be adopted for managing the Company's affairs.

Unless provided for otherwise for a Sub-Fund in the relevant Appendix, the investment policy must comply with the restrictions and rules set forth below.

A. THE COMPANY'S INVESTMENTS MAY CONSIST OF:

(1) Transferable Securities and Money Market Instruments listed or traded on a Regulated Market.

(2) Transferable Securities and Money Market Instruments traded on an Other Regulated Market of a Member State.

(3) Transferable Securities and Money Market Instruments listed on a stock market of Another State or traded on an Other Regulated Market.

(4) Newly issued Securities and Money Market Instruments, provided:

- the issue conditions include the commitment that an application for an official listing on a Regulated Market, a stock market of Another State or an Other Regulated Market, as referred to in points (1) to (3), has been submitted;

- the listing is obtained within one year of issue.

(5) Units of UCITS and/or other UCIs within the meaning of Article 1, paragraph (2), points a) and b) of Directive 2009/65/EC, irrespective of whether they are based in a Member State, on condition that:

- these other UCIs comply with legislation requiring these schemes to be supervised in a manner that the CSSF (*Commission de Surveillance du Secteur Financier* – Luxembourg financial sector regulator) deems equivalent to that provided for by EU legislation, and that there is a satisfactory level of cooperation between these two bodies;

  (i) All Member States of the European Union;
  (ii) Member States of the European Free Trade Association(Switzerland, Iceland, Liechtenstein and Norway);
  (iii) Isle of Man, Jersey, Guernsey, USA, Canada, Hong Kong, Singapore and Japan.

- the level of protection offered to unitholders of these other UCIs is equivalent to that offered to unitholders of a UCITS and, in particular, that the rules relating to the segregation of assets, borrowings, lending, short selling of Transferable Securities and Money Market Instruments are equivalent to the requirements of Directive 2009/65/EC;

- semi and annual reports are issued on the activities of these other UCIs, so that the assets, liabilities, profits and transactions for the period in question can be valued;

- the proportion of the assets of the UCITS *or* other UCIs in which the Company plans to invest that can be invested in aggregate in units of other UCITS or other UCIs, does not exceed 10%.

(6) Deposits with a credit institution, which may be refunded or withdrawn on request and with a maximum maturity of 12 months, provided the credit institution has its registered office in a Member State or if the registered office of the credit institution is located in Another State, is subject to prudential rules considered by the CSSF to be equivalent to those provided for under EU legislation.

(7) Financial derivative instruments, including equivalent cash-settled instruments, which are traded on a Regulated Market or on an Other Regulated Market of the type listed in points (1), (2) and (3) above, and/or OTC derivative , provided that:

(i) the underlying consists of instruments listed in this Section A, financial indices, interest rates, foreign exchange or currency rates, in which the Company may make investments in accordance with its investment objectives;

- the counterparties to the OTC derivatives transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF; and

- OTC derivatives are reliably and transparently valued on a daily basis and may be sold, liquidated or closed out at the Company's discretion by a reverse transaction at any time and at fair market value;

(ii) in no event should these transactions cause the Company to diverge from its investment objectives.

The Company may in particular carry out options-related transactions, forward financial contracts and options on such contracts.

(8) Money Market Instruments other than those traded on a Regulated Market or on an Other Regulated Market, provided the issue or the issuer of these instruments is itself subject to regulations aimed at protecting investors and savings, and that these instruments are:

- issued or guaranteed by a central, regional or local authority, by a central bank of a Member State, by the European Central Bank, by the EU or by the European Investment Bank, by Another State or, in case of a Federal State, by one of the members making up the federation, or by an public international body of which one or more Member States is a member; or

- issued by a company whose securities are traded on the Regulated Markets or on the Other Regulated Markets referred to in points (1), (2) and (3) above; or

- issued or guaranteed by an institution subject to prudential supervision according to the criteria set down in EU law, or by an institution subject to and complying with prudential rules deemed by the CSSF to be at least as stringent as those provided for in EU legislation; or

- issued by other entities belonging to the categories approved by the CSSF, provided that investments in these instruments are subject to regulations intended to protect investors to the same extent as those stipulated in the first, second and third sub-paragraphs, and that the issuer is a company with capital and reserves of at least ten million euros (EUR 10,000,000) that produces and publishes its annual accounts in compliance with Directive 78/660/EEC, *i.e.* either an entity whose principal activity is group financing within a group that includes one or more listed companies, or an entity whose principal activity is the financing of securitisation vehicles using funding provided by a bank.

B. IN ADDITION, UNLESS A MORE RESTRICTIVE PROVISION IS INCLUDED IN THE INVESTMENT POLICY OF A SUB-FUND AND IS MENTIONED IN THE APPENDIX, THE COMPANY MAY, WITHIN EACH SUB-FUND

(1) Invest up to 10% of the Sub-Fund's net assets in Transferable Securities and Money Market Instruments other than those referred to in Section A, points (1) to (4) and (8).

(2) Hold cash and cash equivalents on an ancillary basis. This restriction may be lifted temporarily in exceptional circumstances if the Company believes that such a decision is taken in the interests of the Shareholders.

(3) Borrow up to 10% of the Sub-Fund's net assets, provided such borrowings are temporary. Commitments related to options contracts and purchases and sales of forward contracts are not treated as borrowings when calculating the investment limit.

(4) Purchase currencies through a back-to-back loan.

C. IN ADDITION, THE COMPANY SHALL OBSERVE, WITH REGARD TO THE NET ASSETS OF EACH SUB-FUND, THE FOLLOWING INVESTMENT RESTRICTIONS (PER ISSUER)

a) RULES GOVERNING DIVERSIFICATION OF RISK

In calculating the limits described in points (1) to (5) and (8) below, companies from the same Group of Companies shall be treated as one issuer.

In so far as an issuer is a legal entity with multiple sub-funds where the assets of one sub-fund correspond exclusively to the investors' rights relating to this sub-fund and those of the creditors whose interest arose as the result of the creation, operation or liquidation of this sub-fund, each sub-fund shall be treated as a separate issuer for the purpose of applying the rules governing diversification of risk.

- **TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS**

(1) A Sub-Fund may not acquire additional Transferable Securities and Money Market Instruments from one and the same issuer if, following this acquisition:

  (i) more than 10% of its net assets correspond to Transferable Securities or Money Market Instruments issued by this entity;

  (ii) the total value of the Transferable Securities and Money Market Instruments held with issuers in which it invests more than 5% per issuer exceeds 40% of the value of its net assets. This limit shall not apply to deposits held with financial institutions subject to prudential supervision and to OTC derivatives transactions with these institutions.

(2) A Sub-Fund may invest up to 20% of its assets in Transferable Securities and Money Market Instruments issued by a single Group of Companies.

(3) The 10% limit set in point (1) (i) is increased to 35% if the Transferable Securities and Money Market Instruments are issued or guaranteed by a Member State, by its local authorities, by Another State or by public international body of which one or more Member State(s) are member(s).

(4) The 10% limit set in point (1) (i) is increased to 25% for certain bonds, if said bonds are issued by a credit institution that has its registered office in a Member State and which is legally subject to special supervision by public authorities aimed at protecting the holders of such bonds. In particular, the sums raised from the issue of these bonds must be invested, in accordance with the legislation, in assets that, for the lifetime of the bonds, can cover the liabilities created by the bonds and which, in the event of the issuer's financial failure, would be used primarily for the repayment of principal and the payment of accrued interest. If a Sub-Fund invests more than 5% of its assets in such bonds, issued by the same issuer, the total value of these investments may not exceed 80% of the value of this Sub-Fund's net assets.

(5) The securities mentioned above in points (3) and (4) are not included when calculating the 40% threshold stipulated in point (1)(ii).

(6) Notwithstanding the limits described above, each Sub-Fund is authorised to invest, according to the principle of risk diversification, up to 100% of its assets in different issues of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, its local authorities, a member State of the Organisation for Economic Development and Cooperation (OECD) such as the United States or by public international body of which one or more Member State(s) are member(s), provided (i) these securities belong to at least six different issues and (ii) securities belonging to the same issue do not exceed 30% of the Sub-Fund's net assets.

(7) Without prejudice to the limits set in Section (b) below, the limits set in point (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by a single entity, whenever the Company's investment policy aims to replicate the composition of a particular stock or bond index which is recognised by the CSSF, on the following bases:

- the composition of the index is sufficiently diversified;
- the index constitutes a standard unit representative of the market to which it refers;
- it is advertised in an appropriate publication.

The 20% limit is increased to 35% if justified by exceptional market conditions, particularly on Regulated Markets where certain Transferable Securities or Money Market Instruments are predominant. Investment up to this limit is allowed for one issuer only.

- **BANK DEPOSITS**

(8) The Company may not invest more than 20% of each Sub-Fund's net assets on deposit with the same entity.

- **DERIVATIVES AND EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES**

(9) The counterparty risk in an OTC derivatives transaction or efficient portfolio management techniques may not exceed 10% of the Sub-Fund's net assets if the counterparty is one of the credit institutions referred to in Section A (6) above, or 5% of its assets in any other cases.

(10) Investments may be made in financial derivatives provided that the overall risk to which the underlying assets are exposed does not exceed the investment limits set in points (1) to (5), (8), (9), (13) and (14). If the Company invests in financial derivatives based on an index, these investments are not necessarily included in the limits set in points (1) to (5), (8), (9), (13) and (14).

(11) The Sub-Fund's counterparties are credit institutions and investment firms selected by the Management Company. They are selected and regularly valuated in accordance with the Management Company's best execution policy which is available on its website: www.exane-am.com (section: "statutory information"); or on request to the Management Company. The Sub-Fund's exposure due to a financial derivative instrument or a financial contract is set-up with a specific agreement executed between the Company acting for the account of the Sub-Fund and the counterparty.

(12) If a Transferable Security or Money Market Instrument includes an embedded derivative, this derivative must be taken into account when applying the provisions set forth in Section C, point (14) and in Section D, point (1), and evaluating the risks associated with derivatives transactions.

- **UNITS OF OPEN-ENDED FUNDS**

(13) A Sub-Fund may not invest more than 20% of its net assets in units of the same UCITS or another UCI, as defined in Section A, point (5).

- **COMBINED LIMITS**

(14) Notwithstanding the individual limits established in points (1), (8) and (9) above, a Sub-Fund may not combine:

- investments in Transferable Securities or Money Market Instruments issued by a single entity;

- deposits made with a single entity; and/or

- risks associated with OTC derivatives transactions or efficient portfolio management techniques with a single entity;

that exceed 20% of its net assets.

(15) The limits provided for in points (1), (3), (4), (8), (9) and (13) above may not be combined. Therefore, each Sub-Fund's investments in Transferable Securities or Money Market Instruments issued by the same entity, deposits with this entity or in derivatives or efficient portfolio management techniques traded with this entity in accordance with points (1), (3), (4), (8), (9) and (13) may not in total exceed 35% of this Sub-Fund's net assets.

b) RESTRICTIONS ON CONTROL

(16) The Company may not purchase voting shares that would allow it to exercise a significant degree of influence over the management of an issuer.

(17) The Company may not purchase more than 10% of a single issuer's non-voting shares; (ii) more than 10% of a single issuer's bonds; (iii) more than 10% of Money Market Instruments issued by a single issuer; or (iv) more than 25% of the units of a single UCITS and/or other UCI.

There is no obligation to comply with the limits set in points (ii) to (iv) if, at the time of acquisition, the gross amount of bonds or Money Market Instruments, or the net amount of securities issued, cannot be calculated.

The limits set in points (15) and (16) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities;

- Transferable Securities and Money Market Instruments issued or guaranteed by another State;

- Transferable Securities and Money Market Instruments issued by public international body of which one or more Member State(s) are member(s); and

- shares held in the capital of a company from Another State that is a third party, provided (i) this company invests its assets primarily in securities of issuers from this State when, (ii) pursuant to the legislation of this State such an equity interest constitutes for the Company the only means of investing in securities of issuers of this State, and (iii) this company complies in its investment policy with the risk diversification rules and limits on control set out in Section C, points (1) to (5), (8), (9) and (12) to (16) and with Section D, point (2);

- shares held as capital assets by subsidiary companies providing management, advisory or marketing services solely for the Company in the country where the subsidiary is based, in connection with the redemption of units at the request of Shareholders.

D. IN ADDITION, THE COMPANY MUST OBSERVE THE FOLLOWING INVESTMENT RESTRICTIONS

(1) Risks are calculated on the basis of the current value of underlying assets, counterparty risk,

foreseeable market developments and the time available to liquidate positions.

(2) Investments in units of UCIs other than UCITS may not exceed, in total, 30% of a Sub-Fund's net assets.

E. LASTLY, THE COMPANY SHALL ENSURE THAT EACH SUB-FUND'S INVESTMENTS COMPLY WITH THE FOLLOWING RULES

(1) A Sub-Fund may not acquire commodities, precious metal or certificates representing such commodities and precious metals, it being understood that transactions involving currencies, financial instruments, indices or securities as well as forward contracts, options contracts and swaps relating thereto are not considered transactions involving commodities within the meaning of this restriction.

(2) A Sub-Fund may not acquire property, unless such acquisitions are essential for the direct operation of its business activity.

(3) A Sub-Fund may not use its assets to guarantee securities.

(4) A Sub-Fund may not issue warrants or other instruments conferring the right to acquire Shares of said Sub-Fund.

(5) Without prejudice to the possibility for the Company to acquire bonds and other securities representing debts, in accordance with Part I of the Law of 2010, and to hold bank deposits, a Sub-Fund may not grant credit or act as a guarantor on behalf of third parties. This restriction shall not apply to the acquisition of Transferable Securities, Money Market Instruments or other financial instruments that are not fully paid-up, as listed in Section A, points (5), (7) and (8).

(6) A Sub-Fund may not undertake short selling of Transferable Securities or Money Market Instruments, or other financial instruments mentioned in points (5), (7) and (8) of Section A.

F. NOTWITHSTANDING ALL THE AFOREMENTIONED PROVISIONS

(1) While ensuring compliance with the principle of risk diversification, each Sub-Fund may, during a six-month period following its approval date, be exempted from Section C, points (1) to (9) and (12) to (14).

(2) The limits established previously may be disregarded during the exercise of subscription rights attached to Transferable Securities or Money Market Instruments that comprise the relevant Sub-Fund's assets.

(3) In the event of any limit being breached for reasons beyond the Company's control, or as a result of the exercising of subscription rights, the Company must aim primarily, through its sales transactions, to rectify the situation whilst taking Shareholders' interests into account.

The Board of Directors shall be entitled to impose other investment restrictions in so far as these limits are necessary to comply with the laws and regulations of the countries in which the Company's Shares are to be offered or sold.

G. MASTER FUND – FEEDER FUND STRUCTURE

(1) By way of exemption from point (12) of Section C above and provided the law applicable to the Company so permits, a sub-fund may be authorised to invest at least 85% of its assets in the units of another fund or its sub-fund.

(2) The sub-fund known as the feeder fund may invest up to 15% of its assets in one or more of the following items:

a) cash, to a limited extent, in accordance with point (2) of Section B above,

b) financial derivatives instruments that may be used solely for hedging in accordance with point 7 of Section A, points (9), (10) and (11) of Section C and point (1) of Section D.

H. INVESTMENT BY A SUB-FUND IN ONE OR MORE OTHER SUB-FUNDS

A Sub-Fund of the Company may subscribe, acquire and/or hold securities to be issued or that have been issued by one or more other Sub-Funds of the Company ("Target Sub-Funds") under the following conditions:

(1) the Target Sub-Fund may not in turn invest in the Sub-Fund that has invested in the Target Sub-Fund;

(2) the proportion of the assets that the Target Sub-Funds that are to be acquired may invest overall in the units of other UCITS and/or UCIs must not exceed 10%;

(3) any voting rights attached to the securities shall be suspended for as long as they are held by the Sub-Fund in question;

(4) in any event, as long as these securities are held by the Sub-Fund in question, their value shall not be taken into account when calculating the Company's net assets for the purposes of the minimum asset level imposed by the Law of 2010;

(5) management and subscription or redemption fees between the Sub-Fund and the Target Sub-Fund shall not be charged twice.

V. EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES

The Company may arrange for Sub-Funds to make use techniques and instruments relating to Transferable Securities and Money Market Instruments, such as securities lending transactions, repurchase and reverse repurchase agreements, provided that such techniques and instruments are used for the purposes of hedging and/or efficient portfolio management and/or investment purposes, in accordance with the conditions set out in this section and the investment objective and policy of the Sub-Fund, as set out in the relevant Appendix. The use of such techniques and instruments should not result in a change of the declared investment objective of any Sub-Fund or substantially increase the stated risk profile of the Sub-Fund.

A. GENERAL PROVISIONS

Unless stipulated otherwise for a given Sub-Fund, the Company may, in each Sub-Fund, use techniques and instruments involving Transferable Securities and Money Market Instruments, such as SFTs, provided these techniques and instruments are used for the purposes of sound portfolio management with a view to achieving one or more of its objectives. The provisions of CSSF Circular 14/592, CSSF Circular 08/356 and SFTR shall at all time be complied with.

In accordance with its investment objective, the Sub-Funds may enter into securities lending, repurchase agreement and reverse repurchase agreement transactions and buy sell back transactions. Any conflicts of interest identified by the Management Company are documented in its conflicts of interest policy available on its website at the following internet address: www.exane-am.com (section: "statutory information").

Each Sub-Fund may incur costs and fees in connection with efficient portfolio management techniques. In particular, a Sub-Fund may pay fees to agents and other intermediaries, which may be affiliated with the Depositary or the Management Company, in consideration for the functions and risks they assume. The amount of these fees may be fixed or variable. Information on direct and indirect operational costs and fees incurred by each Sub-Fund in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the Depositary or the Management Company, if applicable, will be available in the annual report.

Where these transactions involve the use of derivative instruments, the conditions and limits laid down

above in Section IV. "Investment Restrictions" must be complied with.

“Efficient portfolio management” (“**EPM**’) allows techniques and instruments to be used for the purpose of reducing risks and/or costs and/or increasing capital or income returns with a level of risk which is consistent with the risk profile and risk diversification requirements of the relevant Sub-Fund. “Investment purposes” refers to the use of techniques and instruments to fulfil the investment objectives of the relevant Sub-Fund. “Hedging purposes” refers to combinations of positions on derivative instruments and/or positions in cash realized for the purpose of reducing risks linked to derivatives and/or securities held by the relevant Sub-Fund.

Under no circumstances should the use of transactions involving derivative instruments or other financial instruments and techniques result in the Sub-Fund departing from the investment objectives described in the relevant Appendix.

Financial derivative instruments used by any Sub-Fund may include, without limitation, the following categories of instruments.

(A) **Options**: an option is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to buy or sell a specified amount of an underlying asset at an agreed price (the strike or exercise price) on or until the expiration of the contract. A call option is an option to buy, and a put option an option to sell.

(B) **Futures contracts**: a futures contract is an agreement to buy or sell a stated amount of a security, currency, index (including an eligible commodity index) or other asset at a specific future date and at a pre-agreed price.

(C) **Forward agreements**: a forward agreement is a customised, bilateral agreement to exchange an asset or cash flows at a specified future settlement date at a forward price agreed on the trade date. One party to the forward is the buyer (long), who agrees to pay the forward price on the settlement date; the other is the seller (short), who agrees to receive the forward price.

(D) **Interest rate swaps**: an interest rate swap is an agreement to exchange interest rate cash flows, calculated on a notional principal amount, at specified intervals (payment dates) during the life of the agreement.

(E) **Swaptions**: a swaption is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to enter into an interest rate swap at a present interest rate within a specified period of time.

(F) **Credit default swaps**: a credit default swap or CDS is a credit derivative agreement that gives the buyer protection, usually the full recovery, in case the reference entity or debt obligation defaults or suffers a credit event. In return the seller of the CDS receives from the buyer a regular fee, called the spread.

(G) **Total return swaps**: a total return swap is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses.

(H) **Contracts for differences**: a contract for differences or CFD is an agreement between two parties to pay the other the change in the price of an underlying asset. Depending on which way the price moves, one party pays the other the difference from the time the contract was agreed to the point in time where it ends.

B. LENDING AND BORROWING OF SECURITIES

Securities lending transactions consist in transactions whereby a lender transfers securities or instruments to a borrower, subject to a commitment that the borrower will return equivalent securities or instruments on a future date or when requested to do so by the lender, such transaction being considered as securities lending for the party transferring the securities or instruments and being considered as securities borrowing for the counterparty to which they are transferred.
Where specified in it the relevant Appendix, a Sub-Fund may enter into securities lending transactions as lender of securities or instruments.

1. Rules intended to ensure the successful conclusion of lending transactions:

Sub-Fund, may enter into securities lending transactions as lender of securities or instruments subject

to the provisions of this section. A Sub-Fund may lend and borrow securities with a view to improve its performance.
A Sub-Fund may only lend or borrow securities directly, or within a standardised system organised by a recognised securities clearing institution or by a first-class financial institution that is subject to prudential supervision rules regarded by the CSSF as being equivalent to those laid down in EU legislation and specialises in this type of transaction.

The Sub-Fund must ensure that the volume of securities lending transactions is kept at an appropriate level, or be able to ask for securities to be returned such that it can at all times meet its redemption obligations, and that these transactions do not prevent it from managing its assets as provided for in its investment policy.

In the course of its lending operations, the Sub-Fund must receive a guarantee that, at the time of entering into the contract, is at least equivalent in value to 90% of the total value of securities lent.

This guarantee must take the form of (a) cash and/or (b) bonds issued or guaranteed by an OECD Member State or by its local authorities or by supranational EU, regional or international institutions and organisations, and/or (c) shares or units issued by money market funds that calculate a daily net asset value and are rated AAA or equivalent, and/or (d) shares or units issued by investment funds that invest in the bonds or equities mentioned in points (e) and (f) below, and/or bonds issued or guaranteed by first-rate issuers offering adequate liquidity, and/or (f) shares listed or traded on a regulated market of an EU Member State or on the stock market of an OECD Member State, provided these shares or units are included in a major index.

This guarantee will not be required if the securities loan is executed through a recognised clearing institution or any other institution that agrees to provide the lender with a guarantee in accordance with the above requirements.

All revenues arising from securities lending and borrowing transactions net of direct and indirect operational costs and fees shall be returned to the relevant Sub-Fund. These costs and fees shall not include hidden revenue. The net revenues of the Sub-Funds arising from securities lending transactions together with the direct and indirect operational costs and the identity of the entities to which such costs are paid shall be disclosed in the Fund's annual report.

At the date of this Prospectus, the Fund does not engage in any securities lending and borrowing transactions. The Fund however reserves the right to resort, for each Sub-Fund, to such techniques within the above limits and conditions, as further described in the Sub-Fund Appendix.

2. Conditions and limits for lending and borrowing transactions:

The Sub-Fund may not dispose of securities that it has borrowed for the full term of the loan, unless it has a hedge using financial instruments that allows the Sub-Fund to return the borrowed securities on closing out the transaction.

The Sub-Fund may reinvest a guarantee received in cash in:

- shares or units issued by money-market funds that calculate the net asset value daily and are rated AAA or equivalent;
- short-term bank deposits;
- money market instruments as defined by Directive EC 2007/16;
- short-term bonds issued or guaranteed by a Member State of the European Union, Switzerland, Canada, Japan and the USA or by their local authorities or by EU, regional or global supranational institutions and organisations;
- bonds issued or guaranteed by first-rate issuers offering adequate liquidity; and
- reverse repurchase agreements.

C. OPTIONAL AND FIRM REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS

1. Repurchase and reverse repurchase transactions

Repurchase agreements consist of transactions governed by an agreement whereby a party sells securities or instruments to a counterparty, subject to a commitment to repurchase them, or substituted securities or instruments of the same description, from the counterparty at a specified price on a future date specified, or to be specified, by the transferor. Such transactions are commonly referred to as repurchase agreements for the party selling the securities or instruments, and reverse repurchase agreements for the counterparty buying them.

Firm repurchase transactions consist of transactions in which, on maturity, the seller is obliged to take back the assets sold under the repurchase agreement and the buyer is obliged to return the assets acquired under the repurchase agreement.

Where specified in the relevant Appendix for a given Sub-Fund, the Sub-Fund, may enter into repurchase agreements and/or firm repurchase transactions as buyer or seller of securities or instruments subject to the provisions of this section.

Each Sub-Fund may act either as the purchaser or the seller in the above transactions. However, its involvement in these transactions is subject to the following rules:

a) Rules intended to ensure the successful conclusion of lending transactions

A Sub-Fund may only use firm or optional repurchase/reverse repurchase agreements if the counterparties in these transactions are leading financial institutions that are subject to prudential supervision rules considered by the CSSF to be equivalent to those provided for in EU legislation and specialise in this type of transaction.

b) Terms and conditions and limits of these transactions

For the term of a firm repurchase agreement, the Company may not sell the securities involved in the agreement until the counterparty has repurchased the securities or the repurchase period has expired, unless the Sub-Fund has other forms of cover. The Sub-Fund must ensure that it maintains the scale of repurchase transactions at such a level that it is able to meet its redemption obligations at all times. The same conditions shall apply to reverse repurchase agreements, on the basis of a firm purchase and resale agreement in which the Sub-Fund is the purchaser (buyer).

If a Sub-Fund is the seller in a repurchase agreement, for the entire term of the agreement it can neither sell or pledge to a third party, or re-lend the securities lent under the repurchase agreement in any form, unless the Sub-Fund has other forms of cover. When a firm or optional repurchase agreement expires, the Sub-Fund must have the assets required to pay, if necessary, the price agreed for the return of the securities to the Sub-Fund.

The securities involved in the firm or optional repurchase agreement must conform to the Sub-Fund's investment policy and can only be short-term bank certificates or money market instruments as defined by Directive 2007/16/EC, sufficiently liquid bonds issued by non-government issuers or the securities referred to in points b, c and f of Section B, (i) above.

2. Buy sell back transactions

Buy-sell back transactions consist of transactions, not being governed by a repurchase agreement or a reverse repurchase agreement as described above, whereby a party buys or sells securities or instruments to a counterparty, agreeing, respectively, to sell to or buy back from that counterparty securities or instruments of the same description at a specified price on a future date. Such transactions are commonly referred to as buy-sell back transactions for the party buying the securities or instruments, and sell-buy back transactions for the counterparty, selling them.

Where specified in its Sub-Fund Appendix, a Sub-Fund may enter into buy-sell back transactions as buyer or seller of securities or instruments. Buy-sell back transactions are, in particular, subject to the

following conditions:

(i) The counterparty must be a first class financial institution from OECD subject to prudential supervision rules considered by the CSSF as equivalent to those provided by Community law and approved by the Management Company, that specialises in this type of transaction and that is of good reputation and a good rating; and

(ii) The Sub-Fund must be able, at any time, to terminate the agreement or recall the full amount of cash in a buy sell back transaction (on either an accrued basis or a mark-to-market basis) or any securities or instruments subject to a buy- sell back transaction. Fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow cash or assets to be recalled at any time.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the relevant Sub-Fund. In particular, fees and costs may be paid to agents of the Company and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services for an amount of maximum 50 % of the revenues generated from the use of these instruments. Such fees may be calculated as a percentage of gross revenues earned by the Company through the use of such techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary or the Management Company – will also be available in the annual report of the Company.

VI. COUNTERPARTY AND MANAGEMENT OF COLLATERAL FOR OTC FINANCIAL DERIVATIVE TRANSACTIONS

Each Sub-Fund may invest into financial derivative instruments that are traded "over-the-counter" ("**OTC**") including, without limitation, total return swaps or other financial derivative instruments with similar characteristics, in accordance with the conditions set out in this sections and the investment objective and policy of the Sub-Fund as detailed in the relevant Appendix.

The counterparties to any OTC financial derivative transactions, such as total return swaps or other financial derivative instruments with similar characteristics, entered into by the Company, for each Sub-Fund, are selected from a list of authorized counterparties established with the Management Company.

The counterparties to EMT must be establishments:

- authorised by a financial authority;
- subject to prudential supervision;
- and either be located in the EEA or in a country belonging to the Group of ten or have at least an investment grade rating. Considering such criteria, the legal form of the counterparties shall not be relevant;
- specialised in such transactions; and
- in accordance with the standard terms laid down by the ISDA, as applicable.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to under Investment Restrictions.

The annual report of the Company will contain details of (i) the identity of such counterparties, (ii) the underlying exposure obtained through financial derivative transactions, and (iii) the type and amount of collateral received by the Sub-Funds to reduce counterparty exposure.

In particular, each Sub-Fund may employ total return swaps (within the meaning of, and under the conditions set out in, applicable laws, regulations and CSSF circulars issued from time to time, in particular, but not limited to, the SFTR).

All revenues arising from total return swaps or other financial derivative instruments with similar characteristics (including, where applicable, Swap Agreements), net of fees and costs, will be returned to the Sub-Fund. The Company may pay fees and costs, such as brokerage fees and transaction costs,

to agents or other third parties for services rendered in connection with total return swaps or other financial derivative instruments with similar characteristics, upon entering into such swaps or other instruments and/or any increase or decrease of their notional amount, and/or out of the revenues paid to a Sub-Fund under such swap or other instruments, as compensation for their services. Recipients of such fees and costs may be affiliated with the Company or the Management Company, as may be applicable, as permitted by applicable laws. Fees may be calculated as a percentage of revenues earned by the Company through the use of such swaps or other instruments. Such fees and costs will amount to maximum 50% of the revenues generated from the use of total return swaps. If the Sub-Fund makes use of such swaps or other instruments, additional information on revenues earned through the use of such swaps or other instruments, the fees and costs incurred in this respect as well as the identity of the recipients thereof, will be available in the Annual Report.

A. GENERAL PRINCIPLES

Collateral received by a Sub-Fund are such as financial instruments or cash.

The level of collateral is defined in the risk management procedure of the Company.

Where there is a title transfer, collateral received should be held by the Depositary or one of its sub-custodians to which the Depositary has delegated the custody of such collateral. For other types of collateral arrangement (e.g. a pledge), collateral can be held by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral.

B. ELIGIBLE ASSETS AS COLLATERAL

Eligible assets as collateral are the following:

(i) liquidity;
(ii) bonds issued and/or guaranteed by an OECD Member State or by the territorial public authorities or by European, regional or world supranational institutions and bodies;
(iii) shares or units issued by UCIs of the monetary type calculating a net asset value on a daily basis and rated AAA or its equivalent;
(iv) shares or units issued by UCIs investing in bonds/equities mentioned under points (v) and (vi) below;
(v) bonds issued and/or guaranteed by high-quality issuers offering an adequate liquidity; or
(vi) shares quoted or negotiated on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD, on the condition that those shares are included in a major index.

C. APPLICABLE RULES FOR COLLATERAL

Where a Sub-Fund enters into OTC financial derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure should comply with the following criteria at all times:

(i) liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing;
(ii) valuation: collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitability conservative haircuts are in place;
(iii) issuer credit quality: collateral received should be of high quality;
(iv) correlation: the collateral received by the Sub-Fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
(v) collateral diversification: any collateral received other than cash should not represent more than 20% of the Sub-Fund net asset value, even if the Sub-Fund is exposed to different counterparties.

D. HAIRCUT POLICY

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts for each asset class taking into account the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests under normal and exceptional liquidity conditions.

Unless specific provision in the supplement, for each Sub-Fund:

- the level of collateral required across all efficient portfolio management techniques will be at least 100% of the exposure to the relevant counterparty;

- the maximum counterparty risk resulting from OTC transactions will be 10% of net assets.

This will be achieved by applying the haircut policy set out below:

	Financial instruments	**Discount**
(i)	Liquidity	0%
(ii)	bonds issued and/or guaranteed by an OECD Member State or by the territorial public authorities or by European, regional or world supranational institutions and bodies	[0%;10%]
(iii)	shares or units issued by UCIs of the monetary type calculating a net asset value on a daily basis and rated AAA or its equivalent	[0%;10%]
(iv)	shares or units issued by UCIs investing in bonds/equities mentioned under points (v) and (vi) below	[0%;40%]
(v)	bonds issued and/or guaranteed by high-quality issuers offering an adequate liquidity	[0%;40%]
(vi)	shares quoted or negotiated on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD, on the condition that those shares are included in a major index	[0%;40%]

Non cash collateral received shall not be re-invested, sold or pledged.

E. RULES GOVERNING USE OF CASH RECEIVED BY A SUB-FUND

Cash collateral received by a Sub-Fund should be:

(i) placed on deposit with entities prescribed in Section IV.A.(6) of this Prospectus;
(ii) invested in high-quality government bonds;
(iii) used for the purpose of reverse repo transactions provided the transactions are with credit institutions or investment firms subject to prudential supervision and that the Company, for each Sub-Fund, is able to recall at any time the full amount of cash on accrued basis;
(iv) invested in short-term money markets funds.

F. CERTAIN FINANCIAL INSTRUMENTS AND EPM RISKS

OTC financial derivative instruments

In general, there is less government regulation and supervision of transactions in OTC markets than of transactions entered into on organised exchanges. OTC derivatives are executed directly with the counterparty rather than through a recognised exchange and clearing house. Counterparties to OTC derivatives are not afforded the same protections as may apply to those trading on recognised exchanges, such as the performance guarantee of a clearing house.
The principal risk when engaging in OTC derivatives (such as non-exchange traded options, forwards, swaps or contracts for difference) is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations as required by the terms of the instrument. OTC derivatives may expose a Sub-Fund to the risk that the counterparty will not settle a transaction in accordance with its terms, or will delay the settlement of the transaction, because of a dispute over the terms of the contract (whether or not *bona fide*) or because of the insolvency, bankruptcy or other credit

or liquidity problems of the counterparty. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. The value of the collateral may fluctuate, however, and it may be difficult to sell, so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to a Company.

The Company may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Central clearing is designed to reduce counterparty risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks completely. The central counterparty will require margin from the clearing broker which will in turn require margin from the Company. There is a risk of loss by a Company of its initial and variation margin deposits in the event of default of the clearing broker with which the Company has an open position or if margin is not identified and correctly report to the particular Company, in particular where margin is held in an omnibus account maintained by the clearing broker with the central counterparty. In the event that the clearing broker becomes insolvent, the Company may not be able to transfer or "port" its positions to another clearing broker.

EU Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation or EMIR) requires certain eligible OTC derivatives to be submitted for clearing to regulated central clearing counterparties and the reporting of certain details to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty risk in respect of OTC derivatives which are not subject to mandatory clearing. Ultimately, these requirements are likely to include the exchange and segregation of collateral by the parties, including by the Company. While some of the obligations under EMIR have come into force, a number of the requirements are subject to phase-in periods and certain key issues have not been finalised by the date of this Prospectus. It is as yet unclear how the OTC derivatives market will adapt to the new regulatory regime. ESMA has published an opinion calling for the UCITS Directive to be amended to reflect the requirements of EMIR and in particular the EMIR clearing obligation. However, it is unclear whether, when and in what form such amendments would take effect. Accordingly, it is difficult to predict the full impact of EMIR on the Company, which may include an increase in the overall costs of entering into and maintaining OTC derivatives.

Investors should be aware that the regulatory changes arising from EMIR and other applicable laws requiring central clearing of OTC derivatives may in due course adversely affect the ability of the Sub-Funds to adhere to their respective investment policies and achieve their investment objective.

Investments in OTC derivatives may be subject to the risk of differing valuations arising out of different permitted valuation methods. Although the Company has implemented appropriate valuation procedures to determine and verify the value of OTC derivatives, certain transactions are complex and valuation may only be provided by a limited number of market participants who may also be acting as the counterparty to the transactions. Inaccurate valuation can result in inaccurate recognition of gains or losses and counterparty exposure.

Unlike exchange-traded derivatives, which are standardised with respect to their terms and conditions, OTC derivatives are generally established through negotiation with the other party to the instrument. While this type of arrangement allows greater flexibility to tailor the instrument to the needs of the parties, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if the agreement is deemed not to be legally enforceable or not documented correctly. There also may be a legal or documentation risk that the parties may disagree as to the proper interpretation of the terms of the agreement. However, these risks are generally mitigated, to a certain extent, by the use of industry-standard agreements such as those published by the International Swaps and Derivatives Association (ISDA).

Securities lending, repurchase and reverse repurchase agreements

Securities lending transactions, repurchase, reverse and repurchase agreements transactions and buy-sell back transactions involve certain risks and there can be no assurance that the objective sought to be obtained from the use of such techniques will be achieved.

The principal risk when engaging in securities lending transactions, repurchase and reverse repurchase agreements is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations to return securities or cash to the Sub-Fund as required by the terms of the transaction. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. However, there are certain risks associated with collateral management, including difficulties in selling collateral and/or losses incurred upon realization of collateral, as described below.

Securities lending transactions, repurchase and reverse repurchase agreements and buy-sell back transactions also entail liquidity risks due, *inter alia*, to locking cash or securities positions in transactions of excessive size or duration relative to the liquidity profile of the Sub-Fund or delays in recovering cash or securities paid to the counterparty. These circumstances may delay or restrict the ability of the Company to meet redemption requests. The Sub-Fund may also incur operational risks such as, *inter alia*, non-settlement or delay in settlement of instructions, failure or delays in satisfying delivery obligations under sales of securities, and legal risks related to the documentation used in respect of such transactions.

Collateral management

Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions, repurchase and reverse repurchase agreements is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. However, transactions may not be fully collateralised. Fees and returns due to the Sub-Fund may not be collateralised. If a counterparty defaults, the Sub-Fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-Fund could realise a loss due, *inter alia*, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the ability of the Sub-Fund to meet redemption requests.

A Sub-Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

VII. RISK MANAGEMENT

Luxembourg UCITS are subject to certain risk management rules as set forth in CSSF Circular 11/512.

The Management Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions in its portfolio and their contribution to the overall risk profile of its portfolio.

In accordance with the Law of 2010 and applicable regulations, in particular Circular CSSF 11/512, the Management Company uses a risk management process which enables it to assess the exposure of the Company to market, liquidity and counterparty risks, as well as to other material risks, including operational risks of the Company.

The global exposure of a Sub-Fund may be calculated with either the Value at Risk (VaR) approach or the commitment approach. As part of the risk management process, unless otherwise specified in the relevant Appendix the Management Company uses the commitment approach to monitor and measure its global exposure.

Commitment approach

Unless otherwise provided for under the relevant Appendix the Sub-Funds apply the commitment approach to calculate their global exposure due to the use of financial derivative instruments, in accordance with their commitments.

Each Sub-Fund applying the commitment approach to calculate its global exposure shall ensure that its

global exposure due to the use of financial derivative instrument will not exceed the total Net Asset Value of its portfolio.

Value at Risk methodology (VaR)

As specified in the Appendix certain Sub-Funds apply the Value at Risk approach (VaR) to calculate their global exposure.

The Value at Risk is a method measuring the potential loss of a given Sub-Fund due to market risks. The Value at Risk assesses the maximum potential loss over a period of 20 business days at a 99% confidence interval.

The Appendices of Sub-Funds using the Value at Risk methodology provides the expected level of leverage of the portfolio. Within this context, the leverage is an assessment of the total use of derivatives and refers to the sum of notional exposures of financial derivatives contracts used, without any compensation mechanism. In so far, as this calculation does not take into account any decrease or increase related to a financial instrument, nor any changes of sensibilities of the notional exposure of financial derivatives instruments to the market, it can mis-assess the real level of risk of a Sub-Fund.

The VaR approach may be absolute or relative.

(a) Absolute VaR approach

The absolute VaR calculation of a given Sub-Fund represents a percentage of its Net Asset Value with a maximum threshold of 20% as defined in the ESMA's guideline 10-788. The absolute VaR approach is generally an adequate method when a reference portfolio or benchmark is not available, for example, for Sub-Fund aiming at producing absolute returns.

(b) Relative VaR approach

The relative VaR approach is used for a Sub-Fund for which a reference portfolio or a benchmark exclusive of financial derivatives instruments and similar to the Fund's investment strategy has been defined. The relative VaR of a Sub-Fund consists of a multiple of the VaR of the reference portfolio or benchmark, and shall not be greater than twice the VaR of the reference portfolio.

VIII. SHARES

1. GENERAL PRINCIPLES

The Company's capital is represented by the assets of the Company's various Sub-Funds. Subscriptions are invested in the assets of the Sub-Fund in question.

A. Share classes

As indicated previously, the Board of Directors may create as many Sub-Funds as it considers necessary, in accordance with the criteria and terms and conditions defined by the Board.

Within a Sub-Fund, the Board of Directors may establish Share Classes corresponding to (i) Distribution Shares, or Accumulation Shares, and/or (ii) a specific structure for issue or redemption fees, and/or (iii) a specific structure for management or investment advisory fees, and/or (iv) a specific structure for fees payable to the distributors or the Company, and/or (v) the currency in which the Class may be offered, and/or (vi) the use of different hedging techniques, especially currency swaps or forwards, in order to protect, in the Reference Currency of the Sub-Fund concerned, the assets and returns expressed in the currency of the Share Class concerned, and/or (vii) any other specific feature applicable to a Share Class.

Unless indicated otherwise in the Appendices, Share Classes offered in a currency other than the Reference Currency of the Sub-Fund in question shall make systematic use of the hedging techniques referred to in point (vi) above. However, the Management Company is unable to guarantee that the risk will be perfectly hedged at all times.

The Board of Directors may also create Share Classes reserved for Institutional Investors, as defined in the Glossary.

The Shares of each Sub-Fund shall have no par value and shall not offer any preferential subscription rights when new Shares are issued. Each Share shall entitle the holder to one vote at General Meetings of Shareholders.

All the Company's Shares must be fully paid-up.

Before subscribing, investors should check which Share Classes are available for each Sub-Fund, in the Appendices.

Issues are undertaken at the subscription price on the applicable Valuation Day.

Shareholders may request the conversion of all or part of their Shares, in accordance with the limits and conditions set out in point 4 hereof.

B. Dividends

Accumulation Shares and/or Distribution Shares may be issued within each Sub-Fund and Share Class.

Without prejudice to the specific characteristics of one or more Sub-Funds, the main difference between Accumulation and Distribution Shares is that Accumulation Shares retain their income in order to reinvest it. Conversely, each year at the General Meeting of Shareholders for holders of Distribution Shares of each Sub-Fund in question, the Meeting will decide on the proposals of the Board of Directors to pay a dividend, which shall be calculated in accordance with the relevant statutory and regulatory limits.

If a dividend is distributed to the Distribution Shares, the assets attributable to Shares of this Class shall be reduced by the total amount of the dividend, while the net assets attributable to the Accumulation Shares shall remain unchanged.

Any payment of a dividend shall result therefore in an increase in the ratio between the value of the Accumulation Shares and that of the Distribution Shares of the Sub-Fund in question. This ratio is referred to as 'parity' in this Prospectus.

Shareholders may, at any time and on their own account, exchange their Distribution Shares for Accumulation Shares within a Sub-Fund's Class, and vice versa. This exchange shall be carried out on the basis of the parity at that time.

C. Form of Shares

Shares are issued in registered form.

D. Certificates and fractions of Shares

For registered Shares, Shareholders receive confirmation of registration in the Shareholders' register. Registered Share certificates are issued only at the express request of the Shareholder.

The Company may decide to issue fractions of Shares. These fractions of Shares do not confer a voting right on their holder, but enable them to participate in proportion to the net assets of the Company. Only whole Shares, irrespective of their Net Asset Value, entitle the holder to vote at General Meetings of Shareholders.

Fractions of Shares up to four decimal points may also be issued.

Registered Share certificates may be issued for all Shares and/or fractions of Shares subscribed.

2. SHARE SUBSCRIPTIONS

A. Important information

The Board of Directors reserves the right, in the interest of the Company, to:

- refuse all or part of a Share subscription/conversion request;
- buy back, at any time, Shares held by persons not authorised to buy or hold Shares of the Company.

The Board of Directors is authorised to set minimum subscription, conversion, redemption and holding amounts for each Class and each Sub-Fund. These amounts are stated for each Sub-Fund in the Appendices. If, following a redemption or a conversion, an investor holds within the same Sub-Fund or the same Class, Shares whose amount is less than the minimum holding amount, the Board of Directors may force the Shareholder to sell the remaining Shares.

B. Subscription procedures

All procedures relating to the Initial Subscription Period are explained in the description of each Sub-Fund.

At the end of the Initial Subscription Period, the issue of Shares shall take place on each Valuation Day in accordance with the terms and conditions provided for in the Appendices.

The Company may decide that for certain Sub-Funds, new subscriptions shall not be accepted after the Initial Subscription Period or when the Sub-Fund has reached its maximum size. Such restrictions governing new subscription requests shall be mentioned in the Appendices for the Sub-Funds.

Subscription formalities are completed by filling in and signing a subscription form.

The subscription price for the various Classes of Shares corresponds to the Net Asset Value per Class, calculated in accordance with Section IX. “Net Asset Value”, plus any subscription and/or distribution fees, the rates of which are indicated in the relevant Sub-Fund’s Appendix.

Subscription requests relating to a Sub-Fund must be received by the deadlines stipulated in each Appendix by the Registrar and Transfer Agent and at branches of other institutions designated by the Company, so that they can be processed, if accepted, on the basis of the Net Asset Value calculated using the closing prices available in Luxembourg on the Valuation Day. Subscription requests received after the deadlines specific to each Sub-Fund will be processed on the following Valuation Day.

C. Payment of subscriptions

Payment for Shares must be made to the Depositary in the Reference Currency of the relevant Sub-Fund or Class within the Sub-Fund in question, or in any other currency selected by the Board of Directors and stated, if applicable, in the relevant Sub-Fund's description, within the deadline for each Sub-Fund stipulated in the Appendices. Failing this, the Board of Directors reserves the right to force the sale of the Shares.

The Company may, under its responsibility and in accordance herewith, accept listed securities denominated in the currencies mentioned above as payment for a subscription if it considers this to be in the interests of the Shareholders. However, securities of companies accepted as payment for a subscription must be compatible with the relevant Sub-Fund's investment policy. In this case, the subscription shall be exempt from the subscription fee that would normally be paid to the Sub-Fund, if such a right is provided for under the Sub-Fund concerned.

For all securities accepted as payment for a subscription, a valuation report shall be prepared in accordance with current law by the Company's Auditor stating, in particular, the quantity, name and valuation method used for these securities. This report must also state the total value of the securities expressed in the currency of the relevant Sub-Fund. The investor in question shall bear the cost of this report. The value of the securities accepted as payment for a subscription shall be estimated, for the purposes of the transaction, at the latest market bid price quoted on the Valuation Day corresponding

to the Net Asset Value applicable to the subscription. The Company's Board of Directors may, at its discretion, reject any securities offered as payment for a subscription, without having to justify their decision.

Any taxes and brokerage fees payable in connection with the subscription shall be for the account of the subscriber. Under no circumstances may these charges exceed the maximum amount authorised by the laws, regulations and banking practices in the countries where the Shares are purchased.

D. Suspension of subscriptions

The Board of Directors may suspend or interrupt the issue of Shares of a Sub-Fund of the Company at any time. It may do so under the circumstances described in Section IX. “Net Asset Value”, under point D in particular.

If the Board of Directors decides to resume the issue of Shares of one or more Sub-Funds after having suspended issue for any period whatsoever, all pending subscriptions shall be executed on the basis of the same Net Asset Value corresponding to the Valuation Day following the resumption of calculation.

E. Anti-money laundering procedures

The anti-money laundering and anti-terrorism financing laws and regulations in force in Luxembourg, and the associated CSSF circulars, as amended, require UCIs such as the Company to be vigilant in preventing the use of such UCIs for money laundering and the financing of terrorism. An identification procedure has therefore been implemented for investors and, where applicable, their agents and beneficial owners. It states *inter alia* that for individuals, a photocopy of the investor's valid passport or identity card must be included with the subscription form, and/or for legal entities, a copy of the most up to date articles of incorporation, a recent extract from the Trade and Companies Register and a resolution containing a list of the persons authorised to commit the company and to represent it vis-à-vis third parties (these copies must be certified as a true copy by one of the following authorities: embassy, consulate, notary, local police or any other authority defined on a case-by-case basis by the Company). The Board of Directors may waive this identification procedure for subscriptions through professional financial sector intermediaries bound by obligations of vigilance equivalent to those provided for in Luxembourg’s anti-money laundering and anti-terrorism financing legislation.

In general, financial sector professionals subject to the anti-money laundering and anti-terrorism financing legislation of a country that has ratified the conclusions of the Financial Action Task Force (FATF) may be considered by the Board of Directors to be subject to identification requirements equivalent to those provided for in the Luxembourg legislation.

The Board of Directors may, at its discretion and in the interests of the Company, refuse any Share subscription (especially if the subscription forms have not been completed and all the requisite documents have not been supplied to the satisfaction of the Board of Directors). The Board of Directors is further authorised, at its discretion, in the interests of the Company and in compliance with its statutory obligations, to block and/or redeem Shares subscribed or held at any time and to terminate the particular business relationship.

Such information sent to the Board of Directors shall only be obtained for the purposes of complying with anti-money laundering and anti-terrorism financing legislation.

F. Prevention of late trading and market timing

Late trading is the practice of accepting a subscription, conversion or redemption order that was received after the deadline for accepting orders ("cut-off time") on a given day, and executing said order at a price based on the Net Asset Value applicable on the same day.

The Board of Directors considers the practice of late trading to be unacceptable, as it infringes the provisions of the Prospectus, which state that an order received after the cut-off time must be executed at a price based on the next applicable Net Asset Value. As a result, Share subscriptions, redemptions

and conversions shall be carried out at an unknown Net Asset Value. The cut-off time for subscriptions, redemptions and conversions is stated in the Appendices.

Market timing is the arbitrage technique by which an investor systematically subscribes, redeems or converts shares or units in the same fund within a short timeframe, by exploiting time differences and/or imperfections or shortcomings in the system that calculates the fund's net asset value.

The Board of Directors regards the practice of market timing as unacceptable, as it may hamper the Company's performance by increasing costs and/or diluting profits. The Board of Directors therefore reserves the right to reject subscription and conversion orders, or to apply, in addition to any applicable subscription, conversion or redemption fees, a maximum 2% fee on the value of these orders. The Company shall charge investors this fee if it suspects they are using such practices and shall, if necessary, take the necessary measures to protect the Company's other Shareholders.

Under no circumstances shall the Company be liable for any loss resulting from the rejection of an order.

3. REDEMPTION OF SHARES

Shareholders may request, on each Valuation Day, the redemption of all or part of the Shares they hold in return for a cash payment.

Redemption requests, which are considered to be irrevocable, should be sent to the Registrar and Transfer Agent or to the Company's registered office. They must contain the following information: full name and address of the person requesting the redemption, stating the number of Shares to be redeemed, the Sub-Fund to which these Shares belong, the Share Class and the currency in which the redemption should be made.

Redemption requests shall not be accepted after the cut-off times indicated in the relevant Sub-Fund's Appendix. All requests received prior to the cut-off times indicated for each Sub-Fund shall be executed at the Net Asset Value, calculated on the basis of the closing prices available in Luxembourg on the Valuation Day of the Sub-Fund in question. Redemption requests received after these cut-off times shall be processed on the next Valuation Day.

For each Share presented, the amount refunded to the Shareholder is equal to the Net Asset Value on the Valuation Day for the Sub-Fund concerned, less, where applicable, a redemption fee whose rates can be found in the Appendix for each Sub-Fund.

The redemption value may be greater than, less than or equal to the purchase value.

For each Sub-Fund, the proceeds from the redemption shall be paid at the intervals indicated in the Appendices.

In exceptional circumstances, the Board of Directors may, if expressly requested by investors, accept requests for redemptions in kind. For all securities delivered as payment for a redemption, a valuation report will be prepared by the Company's Auditor showing the quantity, name and valuation method used for these securities. This report shall also state the total value of the securities, expressed in the relevant Sub-Fund's currency. The Shareholder in question shall bear the cost of allocating the assets and of the report. The value of the securities delivered as payment for a redemption shall be estimated, for the purposes of the transaction, at the last market offer price listed on the Valuation Day with reference to the Net Asset Value applicable to the redemption. In the event of a redemption in kind, the Board of Directors shall ensure that such a redemption does not harm the interests of the remaining Shareholders.

Suspension of the calculation of the Net Asset Value of the Company's assets results, in addition to the suspension of Share issues, in the suspension of redemptions and conversions. Shareholders that have submitted redemption requests, whose execution has been postponed or suspended, shall be notified of such suspension by any appropriate means, in accordance with point D of Section IX. "Net Asset Value".

If, on a given Valuation Day, the total net redemption or conversion requests received for a Sub-Fund involves more than 10% of the relevant Sub-Fund's assets, the Board of Directors may decide to reduce or postpone any redemption and/or conversion requests received on a pro rata basis so as to reduce the number of Shares redeemed or converted on this day to 10% of the relevant Sub-Fund's assets. Any redemption and/or conversion request postponed in this manner shall be processed before any redemption requests received on the next Valuation Day, subject to the aforementioned 10% limit.

4. SHARE CONVERSIONS

Unless specified otherwise in the Appendices, Shareholders may ask to convert all or some of the Shares they hold into a given Class of a Sub-Fund:

- into Shares of another Class, denominated in the same currency, of the same Sub-Fund; or
- into Shares of the same Class, denominated in the same currency, of another Sub-Fund; or
- into Shares of another Class, denominated in the same currency, of another Sub-Fund.

In other words, unless specified otherwise in the Appendices, converting the Shares of a given Sub-Fund into Shares of another Class denominated in another currency of the same Sub-Fund or another Sub-Fund is not permitted.

The Company's Board of Directors may, for each Sub-Fund, decide to temporarily close subscriptions, including via Share conversions from another Class or another Sub-Fund into Shares of one or more Share Class(es).

A conversion is treated as a Share redemption followed by a Share subscription. Accordingly, such transactions must comply with both the redemption rules applicable to the original Sub-Fund and the subscription rules applicable to the new Sub-Fund, particularly with regard to holding limits, eligibility of Shareholders, etc.

The Registrar and Transfer Agent must be notified of any conversion request by post, telex or fax, stating the name of the Sub-Fund, the Class and the number of Shares to be converted, together with the name of the Sub-Fund and the Class into which the Shares are to be converted. If these details are not provided, the conversion shall be undertaken in Shares of the same Class.

Conversion requests received before the cut-off time indicated in the Appendix to the Sub-Fund in question shall be executed on the basis of the Net Asset Values of the applicable Valuation Day. Conversion requests received after these cut-off times will be processed on the following Valuation Day.

A conversion cannot be carried out if calculation of the Net Asset Value of one or more Classes concerned has been suspended (see point D in Section IX. “Net Asset Value”). In addition, in the event of a high number of requests, conversions may also be delayed under the same conditions as those applicable to redemptions.

The rate at which all or some of the Shares of a given Sub-Fund (the "Original Sub-Fund") are converted into Shares of another Sub-Fund (the "New Sub-Fund") is determined as precisely as possible using the following formula:

$$A = \frac{B \times C}{D}$$

A	being the number of Shares of the New Sub-Fund to be allocated;
B	being the number of Shares of the Original Sub-Fund to be converted;
C	being the Net Asset Value per Share of the Original Sub-Fund dated on the Valuation Day in question;
D	being the Net Asset Value per Share of the New Sub-Fund dated on the Valuation Day in question

Following the conversion, Shareholders will be notified of the number of Shares of the New Sub-Fund they

have been allocated following the conversion, and their price.

5. STOCK MARKET LISTING

On the decision of the Board of Directors, the Shares of the Company's Sub-Funds and Classes may be listed on the Luxembourg Stock Exchange.

In this case, the listing of Shares shall be indicated in the Appendix of the relevant Sub-Fund(s).

IX. NET ASSET VALUE

A. DEFINITION AND CALCULATION OF THE NET ASSET VALUE

The Net Asset Value per Share for each of the Company's Sub-Funds and Share Classes are calculated in Luxembourg by the Administrative Agent, under the responsibility of the Company's Board of Directors. The Net Asset Value is calculated in Luxembourg at least twice a month, on the days specified in the Appendices.

Net Asset Values are expressed in the Reference Currency of the Sub-Fund and Share Classes in question.

The value of the Shares of each Sub-Fund and Share Class is obtained by dividing the Net Asset Value of the assets allocated to the Sub-Fund and Class concerned by the number of Shares outstanding in this Sub-Funds and Class.

If the Board of Directors believes that the Net Asset Value calculated for a given Valuation Day is not representative of the true value of the Company's Shares, or if there have been significant movements on the stock markets concerned since the Net Asset Value was calculated, the Board of Directors may decide to update the Net Asset Value on that day. In these circumstances, all subscription, redemption and conversion requests received for that day will be honoured on the basis of the new Net Asset Value, updated prudently and in good faith.

B. DEFINITION OF BLOCKS OF ASSETS

For each Sub-Fund, the Board of Directors shall establish a separate pool of net assets. In dealings between Shareholders and between Shareholders and third parties, this pool shall be allocated solely to Shares issued for the Sub-Fund in question, if necessary taking into account the breakdown of this pool of assets between the various Share Classes of this Sub-Fund, in accordance with the provisions of this section.

To establish these various pools of assets that correspond to a Sub-Fund or to several Share Classes of a given Sub-Fund, the following rules shall apply:

(i) if several Share Classes relate to a given Sub-Fund, the assets allocated to these Classes shall be invested together in accordance with the relevant Sub-Fund's investment policy, subject to the specific features associated with these Share Classes;

(ii) income generated from the issue of Shares from a given Sub-Fund's Share Class shall be allocated in the Company's books to the Sub-Fund Class concerned, on the understanding that if several Share Classes are issued for this Sub-Fund, the corresponding amount shall increase the proportion of net assets of this Sub-Fund attributable to the Class of Shares to be issued;

(iii) assets, liabilities, income and costs relating to a Sub-Fund shall be allocated to the Share Class(es) corresponding to this Sub-Fund;

(iv) if an asset derives from another asset, this asset shall be allocated on the Company's books to the same Sub-Fund as the original asset, and whenever an asset is subsequently revalued, the increase or decrease in value shall be allocated to the corresponding Sub-Fund;

(v) if the Company incurs a liability attributable to an asset of a given Sub-Fund or to a transaction undertaken in relation to an asset of a given Sub-Fund, this liability shall be allocated to this Sub-Fund;

(vi) if an asset or a liability of the Company cannot be attributed to a given Sub-Fund, this asset or liability shall be allocated to all the Sub-Funds in proportion to the Net Asset Value of the Share Classes concerned, or in a manner to be decided by the Board of Directors in good faith;

(vii) following dividend distributions to holders of a Share Class, the Net Asset Value of this Class shall be reduced by the amount of these dividends.

C. ASSET VALUATION

The Net Asset Value per Share of each Class of the various Sub-Funds shall be calculated on the Valuation Day in question, on the basis of the underlying investments of the Sub-Fund concerned, as follows:

(i) the value of cash in hand or on deposit, sight drafts and bills and receivables, prepaid expenses, and accrued dividends and interest shall consist of the nominal value of these assets, except where it appears unlikely that this value will be paid or received in full. In the latter case, the value shall be calculated by deducting an amount appropriate to reflect the true value of these assets;

(ii) the valuation of Transferable Securities and Money Market Instruments (i) listed or traded on a Regulated Market or (ii) traded on Other Regulated Market or (iii) listed on a stock exchange of Another State or traded on an Other Regulated Market of Another State, is based on the last known closing price on the Valuation Day and if these Transferable Securities are traded on several markets, on the basis of the last known closing price on the main market for these securities on the Valuation Day. If the last known closing price of a given Valuation Day is not representative, the valuation shall be based on the probable market value estimated prudently and in good faith;

(iii) Transferable Securities that are not listed or traded on a Regulated Market or on an Other Regulated Market shall be valued on the basis of their probable market value, estimated prudently and in good faith;

(iv) the liquidation value of forward contracts and options contracts that are not traded on Regulated Markets or on Other Regulated Markets shall be equivalent to their net liquidation value determined on a basis applied consistently to each type of contract. The liquidation value of forward contracts or options contracts traded on Regulated Markets or on Other Regulated Markets shall be based on the last available settlement price for these contracts on the Regulated Markets or on Other Regulated Markets on which these forward contracts or options contracts are traded by the Company. However, if a forward contract or options contract cannot be liquidated on the day the net assets are valued, the basis used to determine the liquidation value of this contract shall be determined in a fair and reasonable manner;

(v) interest rate swaps shall be valued at their market value determined by reference to the applicable rate curves. Index swaps or swaps on financial instruments shall be valued at their market value determined by reference to the index or financial instrument in question. The valuation of swap contracts relating to these indices or financial instruments shall be based on the market value of these swap transactions;

(vi) practice permitting, liquid assets, Money Market Instruments and all other instruments may be valued at the last known closing prices on the Valuation Day or using the straight-line depreciation method. In the case of straight-line depreciation, the portfolio's positions shall be reviewed regularly in order to determine whether there is a discrepancy between valuations using the last known closing prices and valuations using straight line depreciation. If there is a difference likely to result in a dilution or to be detrimental to Shareholders, the appropriate

corrective measures may be taken, including, if necessary, the calculation of the Net Asset Value using the last known closing prices;

(vii) the values expressed in a currency other than the Reference Currency of the Sub-Fund in question shall be converted at the average exchange rate for the currency in question ruling on the Valuation Day. If exchange rates are not available, they shall be determined prudently and in good faith;

(viii) all other assets are valued on the basis of the probable market value, which must be estimated prudently and in good faith;

(ix) open-ended target UCIs are valued on the basis of their last net asset value available in Luxembourg;

(x) the value of contracts for difference shall be determined by reference to the market value of the underlying asset, taking into account the costs inherent in the transaction (i.e. borrowing costs, interest on collateral or cost of funding for the counterparty, as applicable);

(xi) the Board of Directors may, at its discretion, permit the use of another valuation method, if it believes that such a valuation would better reflect the true value of one of the Company's assets.

In determining the value of the Company's assets, the Administrative Agent shall base its calculations on information obtained from a variety of pricing sources (including brokers, administrative agents and fund managers) and directives received from the Board of Directors. Except in the case of manifest errors, and unless it has been negligent in evaluating this information, the Administrative Agent shall not be responsible for the prices provided by said pricing sources or any errors in the Net Asset Value that could result from incorrect prices. However, in the case of unlisted securities, the Administrative Agent may, with due care and attention, base its calculations on valuations provided (or validated) by the Board of Directors or by other specialists duly authorised by the Board of Directors or by any other pricing source in accordance with the valuation procedures drawn up by the Board of Directors.

If one or more pricing sources is subsequently unable to provide prices to the Administrative Agent and the valuation procedures defined by the Board of Directors are not applicable, the Administrative Agent shall immediately inform the Board of Directors or the Management Company who shall in turn inform the Board of Directors accordingly. The Board of Directors may then decide to suspend calculation of the Net Asset Value, in accordance with the procedures described below. If necessary, the Administrative Agent shall be authorised to not calculate the Net Asset Value, and consequently, to not determine the subscription and redemption prices.

Appropriate deductions shall be made for expenses to be borne by the Company and the Company's liabilities shall be taken into account using fair and prudent criteria. To this end, suitable provisions shall be booked and the Company's off balance sheet commitments may be taken into account, using fair and prudent criteria.

D. SUSPENSION OF CALCULATION OF THE NET ASSET VALUE AND OF SHARE ISSUES, CONVERSIONS AND REDEMPTIONS

1. The Board of Directors may at any time temporarily suspend the calculation of the Net Asset Value of the Shares of one or more of the Company's Sub-Funds, and of issues, redemptions and conversions of Shares of these Sub-Funds, in the following cases:

a) if one or more Regulated Markets, stock exchange in Another State or Other Regulated Markets that provide prices for a significant proportion of the assets of one or more of the Company's Sub-Funds (at least 50% of the net assets) is closed for periods other than normal holidays, or the transactions undertaken on these markets are suspended or subject to restrictions;

b) if the market of a currency in which a significant proportion of the assets of one or more of the Company's Sub-Funds is expressed is closed for periods other than normal holidays, or the transactions undertaken on these markets are suspended or subject to restrictions;

c) if the methods of communication normally used to determine the value of assets of one or more of the Company's Sub-Funds are suspended or interrupted or if, for any reason whatsoever, the value of one of the Company's investments cannot be determined as quickly and accurately as required;

d) If currency restrictions or restrictions on the movement of capital prevent the execution of transactions on behalf of the Company, or if purchases and sales on the Company's behalf cannot be executed at normal exchange rates;

e) if factors resulting *inter alia* from the political, economic, military, monetary and tax situation and beyond the Company's control, responsibility and capacity to act, prevent it from selling the assets of one or more of the Company's Sub-Funds and from determining the Net Asset Value of one or more of the Company's Sub-Funds in a normal and reasonable manner;

f) if the Board of Directors so decides, subject to compliance with the principle of the equal treatment of Shareholders and with the applicable laws and regulations, (i) on the calling of an extraordinary general meeting of Shareholders of the Company or of a Sub-Fund to approve the liquidation of the Company or of a Sub-Fund, or (ii) if the Board of Directors has the power, on its decision to liquidate a Sub-Fund.

2. Any suspension of calculation of the Net Asset Value of the Shares of one or more Sub-Funds that lasts more than three Business Days shall be advertised by any suitable means, in particular in newspapers that usually publish these prices. If this calculation is suspended, the Company shall immediately inform the Shareholders that have requested the subscription, redemption or conversion of Shares of this/these Sub-Funds in an appropriate manner.

During the suspension period, Shareholders that have submitted a Share subscription, redemption or conversion request may withdraw their request. If their request is not withdrawn, the Shares shall be issued, redeemed or converted by reference to the first calculation of the Net Asset Value undertaken following the end of the suspension period.

X. DIVIDENDS

1. DISTRIBUTION POLICY

The General Meeting of Shareholders shall decide, on the Board of Director's proposal, how to distribute the annual net profits as stated in the financial statements for the year ended 31 December each year.

It may decide to distribute to the holders of Distribution Shares their share of the net investment income and any realised or unrealised capital gains, less any realised or unrealised capital losses, and to capitalise in favour of the holders of Accumulation Shares the corresponding amounts due to them.

The General Meeting of Shareholders reserves the right to distribute the net assets of each Sub-Fund of the Company, subject to the statutory minimum capital limit.

Any resolution of the General Meeting of Shareholders approving the distribution of dividends to the Shareholders of a Sub-Fund shall be approved by the Shareholders of this Sub-Fund voting by majority, as indicated in the Articles.

The Board of Directors may decide to pay interim dividends to Shareholders of Distribution Shares.

2. PAYMENT OF DIVIDENDS

Dividends and interim dividends paid in respect of Distribution Shares shall be paid on the date and at the location specified by the Board of Directors.

Dividends and interim dividends paid but not claimed by a Shareholder within five years from the payment date shall lapse and revert to the relevant Sub-Fund.

No interest shall be paid on dividends or interim dividends announced and retained by the Company on behalf of the Shareholders concerned during the statutory limitation period for these dividends or interim dividends.

Distribution of income may only be required if the currency regulations in force in the beneficiary's country allow for payment thereof.

XI. COSTS BORNE BY THE COMPANY

1. GENERAL

The following costs and expenses shall be borne by the Company (this list is not exhaustive):

- incorporation costs, including the costs of printing certificates, the administrative fees required to set up the Company and of obtaining approval by the supervisory authorities, excluding any fees and costs borne by the Management Company;
- fees paid to the Management Company;
- fees paid to the Depositary ;
- fees paid to the Domiciliary and Listing Agent and, where appropriate, those of any correspondents;
- fees paid to the Administrative, Registrar and Transfer Agent and, where appropriate, those of any correspondents (e.g. any local paying agent in accordance with local UCITS passporting procedures);
- remuneration paid to any distributors;
- fees payable to any guarantor, as described in detail in the Appendix/ices of the relevant Sub-Fund(s);
- the Auditor's charges and fees;
- the charges and fees of a legal advisor;
- directors' fees, attendance fees, allowances and/or the refund of expenses paid to directors;
- the costs of publishing and printing documents for Shareholders, in particular the costs of printing and distributing interim reports, prospectuses and brochures;
- brokerage fees and commissions incurred by transactions in the portfolio's securities and costs of research and financial analysis;
- any duties and taxes due on its income;
- the *taxe d'abonnement* (Registration Fee) and fees due to the supervisory authorities, and costs related to distributions of dividends;
- advisory fees and other extraordinary costs, in particular consultancy fees or legal costs incurred in safeguarding the interests of Shareholders;
- annual stock market listing fees;
- subscriptions to professional associations and other organisations associated with the Luxembourg stock market (the "Stock Market") that the Company decides to join, in both its own and its Shareholders' interests.

These fees and expenses shall, in principle, be paid from the assets of the various Sub-Funds in proportion to their net assets.

All recurrent overheads shall be deducted initially from current income, and if this is insufficient, from realised gains.

With respect to the costs of research and financial analysis, the Management Company sets an annual budget for these expenses. The funding of this budget is divided equally between the different Sub-Funds sharing the same strategy and benefiting from the same research.

The Management Company only spends money on research if it is necessary to make an informed investment decision in the interest of the Sub-Funds. The management team decides on the allocation of this budget in accordance with this principle and regularly assess the relevance of the research and its value for money.

The Management Company maintains a research payment account funded on the basis of shared brokerage commission arrangements whereby a research fee is levied on the execution of transactions by certain investment service providers providing execution services, in addition to the execution fee. The Management Company defines and then controls the percentage of fees to be charged on each transaction so that the level of research fees charged is ultimately in line with the budgeted amount. The research fees collected are deposited in the research payment account maintained by the Management Company and may only be used to pay research fees to research providers.

Investors can obtain information about the research budget and estimated research fee for each Sub-Fund by contacting the Management Company directly via its website: www.exane-am.com.

The fees associated with the creation of any new Sub-Fund may, at the Board of Director's discretion, be borne by either the Management Company, subject to its approval, or by the Sub-Fund in question and amortised in the year following the creation of the Sub-Fund, or over any other period as determined by the Board of Directors, subject to a maximum of five years from the creation of the Sub-Fund.

In the event of the liquidation of a Sub-Fund, all unamortised costs associated with the creation of the Sub-Fund shall be borne by the Sub-Fund being liquidated.

2. INVESTMENTS IN OTHER UCITS AND/OR OTHER UCIs

No subscription or redemption fees shall be due from a Sub-Fund in respect of units of other UCITS and/or UCIs if such schemes are managed, directly or through a delegation agreement, by the Management Company, or by any other company with which the Management Company is connected by joint management or control, or as a result of a significant direct or indirect Share ownership.

If a Sub-Fund invests a significant proportion of its assets in other UCITS and/or other UCIs, the maximum level of management fees that may be invoiced to both the Sub-Fund and these other UCITS and/or other UCIs is indicated in the Appendix of the relevant Sub-Fund. The maximum percentage of management fees borne by the Sub-Funds and the UCITS and/or other UCIs in which they invest is stated in the Company's annual report.

3. INVESTMENTS BY A SUB-FUND IN ONE OR MORE OTHER SUB-FUNDS

Management, subscription or redemption fees shall not be charged twice when a Sub-Fund invests in one or more Target Sub-Funds.

4. DEPOSITARY, ADMINISTRATIVE AGENT, REGISTRAR AND TRANSFER AGENT, DOMICILIARY AND LISTING AGENT FEES

The Depositary, Administrative Agent, Registrar and Transfer Agent, Domiciliary and Listing Agent are entitled to charge a fee on the assets of each Sub-Fund calculated in accordance with current standard industry practices in Luxembourg, as described in the Appendices.

Moreover, any reasonable expenses and advances, including but not limited to, telephone, fax, email and postal charges incurred by the Depositary, Administrative Agent, Registrar and Transfer Agent, Domiciliary and Listing Agent in connection with their duties, including correspondents' charges, shall be payable by the Sub-Fund in question.

The costs directly payable by the Sub-Fund and invoiced by all the Sub-Fund's service providers (Depositary, Administrative Agent, Domiciliary Agent, Registrar and Transfer Agent, Auditor, legal advisor) shall be subject to an annual maximum of 0.2% of the Sub-Fund's net assets. Any costs in excess of the aforementioned limit shall be payable by the Management Company by deduction from its Fixed Management Fee.

Brokerage fees and/or securities borrowing fees paid to the Sub-Fund's financial intermediaries and counterparties are not included in this 0.2% limit. The same shall apply to any stock market taxes and stamp duty the Sub-Fund may have to pay on certain financial markets.

5. MANAGEMENT COMPANY'S FEES

A. General provisions:

Pursuant to the agreement entered into by the Company with the Management Company, the Company shall pay to the Management Company a Management Fee in accordance with the rates indicated in the description of each Sub-Fund and, if applicable, a performance fee.

The Management Fees paid to the Management Company are composed as follows:

- **Fixed Management Fee:** At the end of each quarter, the Management Company shall receive a Fixed Management Fee charged to the assets of the Sub-Fund and calculated as follows: a maximum annual rate (as indicated in the Appendix of each Sub-Fund) of the average net assets of the Sub-Fund attributable to the related Share Class.

- **Variable Management Fee or Performance Fee:** the Management Company may also receive, a Variable Management Fee of a certain percentage, as specified in the Appendix of each Sub-Fund, of the performance of the Fund over that of another index or Benchmark on the proportion of the assets attributable to the related Share Class as further detailed below.

B. Variable Management Fee:

The Variable Management Fee is calculated for each Reference Period (as defined below) using the mechanisms described below, and the calculation methods specified in the Appendix of a Sub-Fund.

Definitions and mechanisms:

The Variable Management Fee is calculated and accrued on a daily basis and is paid annually at the end of each Reference Period.

"**Reference Periods**" are periods during which the performance of a Sub-Fund is measured and compared with that of another index or Benchmark and at the end of which the mechanism for the compensation for past underperformance can be reset. A Reference Period starts on the date of the launch of a Sub-Fund or of a new share class or on the first Business day following the last crystallization date.

The Reference Periods are a minimum of one year, corresponding to a Sub-Fund's financial year, and a maximum of five (5) years. In the case of the launch of a new Sub-Fund or creation of a new Share Class during a Reference Period, the first Reference Period is increased by a period equal to the remainder of the financial year in progress at the date of launch or creation.

Any underperformance of a Sub-Fund is brought forward for a maximum period of five (5) years and needs to be recovered before a Variable Management Fee is accrued and paid. If a year of

underperformance is recorded and not compensated for at the end of a Reference Period, a new Reference Period will start from the end of the year in which this underperformance was recorded.

The Net Asset Value applicable to each Reference Period is the latest Net Asset Value for the previous period.

"**Crystallization Frequency**" means the frequency at which the accrued Variable Management Fee, if any, becomes payable to the Management Company. It is set for one year, except in the case of the launch of a new Sub-Fund or creation of a new Share Class, where the minimum Crystallisation Frequency for the first Reference Period is increased by a period equal to the remainder of the financial year in progress at the date of launch or creation.

The crystallization date occurs at the end of a financial year.

In the event of a redemption during a Reference Period, the proportion of the Variable Management Fee in respect of the Shares concerned shall be crystallised and shall therefore remain irrevocably due to the Management Company. This crystallised share of the Variable Management Fee shall be paid to the Management Company at the end of the relevant quarter.

In addition, no Variable Management Fee shall crystallise where a Sub-Fund or Share Class is merged with a newly established receiving UCITS or Sub-Fund with no performance history and with an investment policy not substantially different from that of this Sub-Fund. In that case, the performance reference period of this Sub-Fund shall continue applying in the receiving UCITS or Sub-Fund.

The Variable Management Fee should be calculated based on the net asset value per share, net of all costs (excluding the variable management fees) and by taking into account the same subscriptions and redemptions during the Reference Period.

Calculation methodology and examples of calculation are specified in the Appendix of each Sub-Fund.

The Management Company provides investors, upon request, with the calculation methodology of the foregoing Variable Management Fee.

XII. TAXATION AND OFFICIAL LANGUAGE

1. TAXATION

Investors in the Shares should be aware that they may be required to pay income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of a Sub-Fund, capital gains within a Sub-Fund, whether or not realised, income received or accrued or deemed received within a Sub-Fund etc., according to the laws and practices of the country where the Shares are purchased, sold, held or redeemed and in the country of citizenship, residence or domicile of the Shareholder. Investors should be aware of the fact that they might have to pay taxes on income or deemed income received by or accrued within a Sub-Fund. Taxes might be calculated based on income received and/or deemed to be received and/or accrued in a Sub-Fund in relation to their direct investments, whereas the performance of a Sub-Fund, and subsequently the return investors receive after redemption of the Shares, might partially or fully depend on the performance of underlying assets. This can have the effect that the investor has to pay taxes for income or/and a performance which he does not, or does not fully, receive.

The following information is of a general nature only and is based on the laws and practice in force in Luxembourg as of the date of issue of this Prospectus. It is subject to any change in law that may take effect after such date. It does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. Each investor is responsible to get appropriate advice in that respect. It is a description of the essential material Luxembourg tax consequences with respect to the Shares. Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax

consequences of subscribing for, buying, holding, redeeming, converting or selling the Shares under the laws of their country of citizenship, residence or domicile. Prospective investors should note that the levels and bases of, and reliefs from, taxation can change. Neither the Company nor their advisors are liable for any loss which may arise as a result of current, or changes in, applicable tax laws, practice and their interpretation by any relevant authority.

Please be aware that the residence concept used under the respective headings applies for Luxembourg income tax assessment purposes only. Any reference in the present tax section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax laws and/or concepts only. Also please note that a reference to Luxembourg income tax includes corporate income tax *(impôt sur le revenu des collectivités)*, municipal business tax *(impôt commercial communal)*, a solidarity surcharge *(contribution au fonds pour l'emploi)*, personal income tax *(impôt sur le revenu)* (as well as a temporary equalisation tax (*impôt d'équilibrage budgétaire temporaire*) regarding individuals). Corporate taxpayers may further be subject to net worth tax *(impôt sur la fortune)* as well as other duties, levies or taxes. Corporate income tax, municipal business tax and the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, solidarity surcharge and temporary equalisation tax. Under certain circumstances, where individual taxpayers act in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

A. Taxation of the Company

The Company is as a rule liable in Luxembourg to an annual Registration Fee (*taxe d'abonnement*) of 0.05% *per annum* such tax being payable quarterly. The taxable basis of the subscription tax is the aggregate net assets of the Company valued on the last day of each quarter of the civil year.

The subscription tax is however reduced to 0.01% for:

- UCIs whose exclusive object is the collective investment in money market instruments and the placing of deposits with credit institutions;
- UCIs whose exclusive object is the collective investment in deposits with credit institutions; and
- individual compartments of umbrella UCIs referred to in the Law of 2010, as well as for individual classes of securities issued within a UCI or within a compartment of a UCI, provided that the securities of such compartments or classes are reserved to one or more institutional investors.

Are further exempt from the subscription tax:

- the value of the assets represented by units held in other UCIs, to the extent such units have already been subject to the subscription tax provided by the amended law of 13 February 2007 relating to specialised investment funds or by the Law of 2010 relating to UCIs;

- UCIs, as well as individual compartment of umbrella UCIs, (i) whose securities are reserved for institutional investors and (ii) whose exclusive object is the collective investment in money market instruments and the placing of deposits with credit institutions and (iii) whose weighted residual portfolio maturity must not exceed 90 days and (iv) which have obtained the highest possible rating from a recognised rating agency. Where several classes of securities exist within the UCI or the compartment, the exemption only applies to classes whose securities are reserved for institutional investors;

- UCIs whose securities are reserved for (i) institutions for occupational retirement pension, or similar investment vehicles, created on the initiative of one or several employers for the benefit of their employees or (ii) companies of one or several employers investing funds they hold to provide retirement benefits to their employees;

- UCIs as well as individual compartments of UCIs with multiple compartments whose main objective is the investment in microfinance institutions;

- UCIs, as well as individual compartment, (i) whose securities are listed or traded on at least one stock exchange or regulated market operating regularly, recognised and open to the public and

(ii) whose sole object is to replicate the performance of at least one index (*i.e.* exchange-traded funds). Where several classes of securities exist within the UCI or the compartment, the exemption only applies to classes fulfilling condition (i) above.

Capital gains, dividends and interest received by the Company on its investments may be subject in the countries of source to irrecoverable taxation (*e.g.* withholding taxes).

No stamp or other tax is generally payable in Luxembourg in connection with the issue of the Shares by the Company. A fixed registration duty of EUR 75 is levied upon each amendment of the Articles.

Under current law in Luxembourg, no Luxembourg tax is payable on the realised capital appreciation of the assets of the Company.

The Company is considered in Luxembourg as a taxable person for value added tax ("VAT") purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Company could potentially trigger VAT and require the VAT registration of the Company in Luxembourg as to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability arises in principle in Luxembourg in respect of any payments by the Company to its Shareholders, to the extent that such payments are linked to their subscription to the Company's Shares and do not constitute the consideration received for any taxable services supplied.

B. Taxation of the Company's Shareholders

1) Tax residency of the Shareholders

A Shareholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposal of the Shares or the execution, performance or enforcement of his/her rights thereunder.

2) Income tax

2.1. Luxembourg resident Shareholders

Luxembourg resident individuals

Dividends and other payments derived from the Shares by a resident individual Shareholder, who acts in the course of the management of either his/her private wealth or his/her professional/business activity, are subject to income tax at the ordinary progressive rates.

Capital gains realised upon the disposal of the Shares by a resident individual Shareholder, who acts in the course of the management of his/her private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative and are thus subject to income tax at ordinary rates if the Shares are disposed of within 6 months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a resident individual Shareholder holds or has held, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the 5 years preceding the disposal, more than 10% of the share capital of the company whose shares are being disposed of. A Shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the 5 years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same 5-year period). Capital gains realised on a substantial participation more than 6 months after the acquisition thereof are taxed according to the half-global rate method (*i.e.* the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.
Capital gains realised on the disposal of the Shares by a resident individual Shareholder, who acts in the course of the management of his/her professional/business activity, are subject to income tax at

ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

Luxembourg resident companies

A Luxembourg resident company (*société de capitaux*) must include any profits derived, as well as any gain realised on the sale, disposal or redemption of Shares, in their taxable profits for Luxembourg income tax assessment purposes.

Luxembourg resident entities benefiting from a special tax regime

Shareholders who are Luxembourg resident companies benefiting from a special tax regime, such as (i) undertakings for collective investment subject to the Law of 2010, (ii) specialized investment funds subject to the amended law of 13 February 2007 and (iii) family wealth management companies governed by the amended law of 11 May 2007, are income tax exempt entities in Luxembourg, and profits derived from the Shares are thus not subject to Luxembourg income tax.

2.2. Luxembourg non-residents

A non-resident, who has neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable, is not liable to any Luxembourg income tax on income received and capital gains realised upon the sale, disposal or redemption of the Shares.

A non-resident having a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, must include any income received, as well as any gain realised on the sale, disposal or redemption of Shares, in its taxable income for Luxembourg tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

3) Other taxes

Net worth tax

A Luxembourg resident, as well as a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, are subject to Luxembourg net worth tax on such Shares, except if the Shareholder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the Law of 2010, (iii) a securitization company governed by the amended law of 22 March 2004 on securitisation, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a specialised investment fund governed by the amended law of 13 February 2007, (vi) a family wealth management company governed by the amended law of 11 May 2007 or (vii) a professional pension institution governed by the amended law of 13 July 2005. However, (i) a securitization company governed by the amended law of 22 March 2004 on securitization (ii) a company governed by the amended law of 15 June 2004 on venture capital vehicles and (iii) a professional pension institution governed by the amended law of 13 July 2005 remain subject to a minimum net wealth tax.

Other taxes

No inheritance tax is levied on the transfer of the Shares upon death of a Shareholder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

Gift tax may be due on a gift or donation of the Shares if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

C. Common Reporting Standard (CRS)

Capitalized terms used in this section should have the meaning as set forth in the Luxembourg law dated 18 December 2015 on the Common Reporting Standard (the "**CRS Law**"), unless provided otherwise herein.

On 9 December 2014, the Council of the European Union adopted the Directive 2014/107/EU amending the Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation which now provides for an automatic exchange of financial account information between EU Member States ("**DAC Directive**"). The adoption of the aforementioned directive implements the OECD's CRS and generalizes the automatic exchange of information within the European Union as of 1 January 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("**Multilateral Agreement**") to automatically exchange information under the CRS. Under this Multilateral Agreement, Luxembourg will automatically exchange financial account information with other participating jurisdictions as of 1 January 2016. The CRS Law implements this Multilateral Agreement, jointly with the DAC Directive introducing the CRS in Luxembourg law.

Under the terms of the CRS Law, the Company or its agents may be required to annually report to the Luxembourg tax authorities, the name, address, Member State(s) of residence, taxpayer identification number(s), as well as the date and place of birth of i) each reportable person that is an Account Holder within the meaning of CRS Law, ii) and, in the case of a Passive non-financial entity within the meaning of the CRS Law, of each Controlling Person(s) that is a reportable person. Such information may be disclosed by the Luxembourg tax authorities to foreign tax authorities.

The Company or its delegates assumes responsibility for the processing of data and shareholders are entitled to access the information reported to the Luxembourg tax authorities and to request that it be rectified if such information are incorrect or inaccurate. Any information obtained by the Company or its delegates should be treated in accordance with the provision "Personal Data Protection" (Section XVI.) of the Prospectus.

The Company's ability to satisfy its reporting obligations under the CRS Law will depend on each Shareholder providing the Company or its agents with the information, including information regarding direct or indirect owners of each Shareholder, along with the required supporting documentary evidence. Upon request of the Company, each Shareholder shall agree to provide the Company such information.

Although the Company will attempt to satisfy any obligation imposed on it to avoid any taxes or penalties imposed by the CRS Law, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a tax or penalty as result of the CRS Law, the value of the Shares held by the Shareholders may suffer material losses.

Any Shareholder that fails to comply with the Company's documentation requests may be charged with any taxes and penalties imposed on the Company attributable to that Shareholder's failure to provide the information and the Company may, in its sole discretion, redeem the Shares of that Shareholder.

Shareholders should consult their own tax advisor or otherwise seek professional advice regarding the impact of the CRS Law on their investment.

D. Impact of the American fiscal regulation "FATCA"

Pursuant to the provisions of American regulation "FATCA" ("Foreign Account Tax Compliance Act"), the Company has been registered as a « Reporting Model 1 FFI » under the Global Intermediary Identification Number (GIIN) JH0YHG.99999.SL.442.

Exane Asset Management is registered as a « Reporting Model 1 FFI » under the identifying GIIN number Y6YAJQ.99999.SL.250.

All shareholders are therefore required to provide to the Company any document required with a view to establish their status in respect of the FATCA regulation. Failure to provide this information may as a result subject the Company to a tax or a penalty. The Company reserves the right to claim from the person concerned the reimbursement of any payment made for this purpose. The Company reserves the right, in addition, to compulsorily redeem the shares of the relevant shareholder in breach.

The Company draws the attention of all investors to the fact that all data related to them may be transmitted to the relevant tax authorities depending on their status in respect of the FATCA regulation.

Shareholder is informed that the FATCA regulation may affect its personal tax situation. Shareholder shall remain informed of the requirement of the FATCA regulation. If there is any doubt about its obligations under the FATCA regulation, Shareholder is invited to consult its fiscal or financial personal advisor.

2. OFFICIAL LANGUAGE

The official language of this Prospectus and the Articles is English. However, the Company's Board of Directors and the Management Company, the Depositary, the Domiciliary and Listing Agent, the Registrar and Transfer Agent and Administrative Agent may, in their own right and on behalf of the Company, consider themselves as being bound by the translations into the languages of the countries where the Company's Shares are offered and sold. If there are any differences between the English text and any other language into which the Prospectus is translated, the English document shall prevail.

XIII. FINANCIAL YEAR - MEETINGS - REPORTS

1. FINANCIAL YEAR

The financial year runs from 1 January to 31 December each year.

2. SHAREHOLDERS' MEETINGS

The annual General Meeting of Shareholders shall be held at 11.00 am on the last Thursday in April, at the Company's registered office in Luxembourg. If this day is not a business day in Luxembourg, the annual General Meeting shall be held on the next business day.

Annual General Meetings shall be called by means of a notice, in accordance with the form and deadlines provided for under the Luxembourg law of 10 August 1915 concerning commercial companies as amended (the "**Law of 1915**").

Similarly, General Meetings shall deliberate under the conditions laid down by the Law of 1915.

Each Share, irrespective of its Net Asset Value, shall entitle the holder to one vote.

Shareholders of the Class(es) of Share(s) issued by a Sub-Fund may hold General Meetings at any time to deliberate on matters relating solely to said Sub-Fund.

Moreover, Shareholders of any Share Class may hold General Meetings at any time to deliberate on matters relating solely to that Class.

The resolutions taken at such meetings shall apply respectively to the Company or to the Sub-Fund and/or the Share Class concerned.

3. PERIODIC REPORTS

Annual reports dated 31 December and certified by the Auditor, and unaudited semi-annual reports dated 30 June shall be made available to Shareholders free of charge.

These periodic reports contain all the financial information relating to each of the Company's Sub-Funds and to the composition and valuation of their assets, as well as the consolidated position of all the Sub-Funds, expressed in EUR and prepared on the basis of the exchange rates ruling on the consolidation date.

The financial statements of each Sub-Fund shall be prepared in the currency of the Sub-Fund, but the consolidated financial statements shall be in EUR.

Annual reports shall be made available to Shareholders within four months following the end of the financial year. Semi-annual reports shall be published and made available to Shareholders within two months following the end of the half-year period.

XIV. LIQUIDATION OF THE COMPANY - CLOSURE AND MERGER OF SUB-FUNDS OR CLASSES

1. LIQUIDATION OF THE COMPANY

The liquidation of the Company shall be carried out in accordance with the conditions provided for under the Law of 2010.

A. MINIMUM ASSETS

If the Company's share capital falls below two thirds of the minimum capital, the Board of Directors shall submit a proposal for dissolution of the Company to the General Meeting of Shareholders deliberating without any quorum requirements and voting by simple majority of the Shares represented at the Meeting.

If the Company's share capital falls below one quarter of the minimum capital, the Board of Directors shall submit a proposal for dissolution of the Company to the General Meeting of Shareholders deliberating without any quorum requirements. The dissolution may be approved by Shareholders holding one quarter of the Shares represented at the Meeting.

The meeting must be convened such that it takes place within forty days from the date on which it is noted that the net assets have fallen below two thirds or one quarter, as applicable, of the minimum capital. In addition, the Company may be dissolved by decision of a General Meeting voting in accordance with the relevant provisions in the Company's Articles.

The decisions of the General Meeting or of the Court approving or ordering the dissolution and liquidation of the Company shall be published in the RESA and in two daily newspapers with adequate circulation, one of which must be a Luxembourg daily newspaper. These announcements shall be published at the request of the liquidator(s).

B. VOLUNTARY LIQUIDATION

If the Company is dissolved, the liquidation shall be carried out by one or more liquidators appointed in accordance with the Company's Articles and with the Law of 2010, which specifies how the net proceeds of the liquidation are to be allocated to the Shareholders, after deducting the liquidation costs.

Any sums not distributed at the end of the liquidation proceedings shall be deposited with the *Caisse des Consignations* (Bank for official deposits) in Luxembourg, for the benefit of the beneficiaries, until the end of the statutory limitation period.

The issue, redemption and conversion of Shares shall be suspended until the decision to dissolve the Company is taken.

2. CLOSURE AND MERGER OF SUB-FUNDS OR CLASSES

A. CLOSURE OF SUB-FUNDS OR CLASSES

If the assets of a Sub-Fund or Class fall below EUR 5 million, the level below which the Board of Directors considers it impossible to manage a Sub-Fund or Class effectively, it may decide to close this Sub-Fund or Class. The same shall apply if it decides to rationalise the range of products offered to its clients.

The Company's Shareholders, in particular the existing Shareholders of the relevant Sub-Fund or Class, shall be informed of the decision and the procedures relating to the closure by means of a notice in the daily newspapers referred to in point 1.C Section XVI. "Information - Documents Available to the Public" below. A notice relating to the closure of the Sub-Fund or Class shall also be sent to all the registered Shareholders of this Sub-Fund or Class.

Unless decided otherwise by the Board of Directors, the Shareholders of the Sub-Fund or Class in question shall not be able to request Share redemptions or conversions until the closure decision has been carried out.

The net assets of the Sub-Fund or Class in question shall be divided among the remaining Shareholders of the Sub-Fund or Class, after deduction of the closure costs. Any sums not distributed to their beneficiaries by the end of the liquidation proceedings for the Sub-Fund or Class concerned shall be deposited with the Depositary for a period of nine months. After this period, the assets shall be deposited with the *Caisse des Consignations* in Luxembourg, in favour of the beneficiaries, until the statutory limitation period expires.

B. MERGER OF THE COMPANY OR SUB-FUNDS

Without prejudice to the last paragraph of 1. "Company" below, only the Board of Directors may decide to proceed with a merger (within the meaning of the Law of 2010) of the Company or of one of the Sub-Funds, either as receiving or absorbed UCITS or Sub-Fund. Such merger shall be subject to the conditions and procedures imposed by the Law of 2010, in particular concerning the merger project and the information to be provided to the Shareholders, as follows:

1. Company

The Board of Directors may decide to proceed with a merger of the Company, either as receiving or absorbed UCITS, with:

- another Luxembourg or foreign UCITS (the "New UCITS"); or

- a sub-fund thereof;

and, as appropriate, to redesignate the Shares of the Company concerned as Shares of this New UCITS, or of the relevant sub-fund thereof as applicable.

In case the Company involved in a merger is the receiving UCITS (within the meaning of the Law of 2010), solely the Board of Directors will decide on the merger and effective date thereof.

In the case the Company involved in a merger is the absorbed UCITS (within the meaning of the Law of 2010), and hence ceases to exist, the General Meeting of the Shareholders has to approve, and decide on the effective date of such merger by a resolution adopted with no quorum requirement and at a simple majority of the votes cast at such meeting.

2. Sub-Funds

The Board of Directors may decide to proceed with a merger (within the meaning of the Law of 2010) of any Sub-Fund, either as receiving or absorbed Sub-Fund, with:

- another existing Sub-Fund within the Company or another sub-fund within a New UCITS (the "New Sub-Fund"); or

- a New UCITS,

and, as appropriate, to redesignate the Shares of the Sub-Fund concerned as shares of the New UCITS, or of the New Sub-Fund as applicable.

Shareholders will in any case be entitled to request, without any charge other than those retained by the Company or the Sub-Fund to meet disinvestment costs, the repurchase or redemption of their Shares, in accordance with the provisions of the Law of 2010.

XV. USE OF BENCHMARK INDICES

Benchmark indices mentioned in a Supplement are administered by the entity as identified in such Supplement acting as administrator within the meaning of the Benchmark Regulation. The status of

the listing on the register of administrators and benchmarks held by the ESMA is indicated in the relevant Supplement.

The Management Company maintains a written plan setting out the actions to be taken in the event that a benchmark it uses materially changes or ceases to be provided. This procedure is available to the Shareholders, free of charge, upon request.

XVI. SUSTAINABILITY RELATED DISCLOSURES

Pursuant to EU Regulation (EU) 201/2088 on sustainability -related disclosures in the financial services sector (the "SFDR"), the Management Company is required to disclose the manner in which Sustainability Risks (as defined below) are integrated into its investment decisions and the results of the assessment of the likely impacts of the Sustainability Risks on the returns of the Sub-Funds.

The impacts of the occurrence of a Sustainability Risk may be numerous and vary according to other specific risks, a region and/or from the asset class(es) to with the Sub-Funds are exposed. Generally, the occurrence of a Sustainability Risk affecting an asset can trigger a negative impact on its value, including a total loss, that could lead to a negative impact on the net asset value of the concerned sub-fund.

The assessment of the likely impact must therefore be conducted at a Sub-Fund's level and further details and specific information are given in the Supplement of each relevant Sub-fund.

"**Sustainability Risk(s)**" means an environmental, social or governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment made by the relevant Sub-Fund. Sustainability Risks can either represent a risk on their own or have an impact on other risks, such as, but without limitation, market risks, operational risks, liquidity risk or counterparty risk, contributing significantly to a Sub-Fund's exposure to these risks.

Sustainability Risks are linked, but not limited to, environmental (including climate-related events resulting from climate change or transition responses), social and/or employee matters (e.g. discrimination, labour relations, accident prevention….), respect for human rights, anti-corruption and anti-bribery matters as well as governance issues ("**Sustainability Factors**").

The assessment of Sustainability Risks is complex and may be based on ESG data which can be difficult to obtain, incomplete, approximated, out of date and/or otherwise materially inaccurate. Even if identified, no guarantee is given as whether these data will be correctly assessed.

When a Sub-Fund follows an extra-financial approach, through the implementation of an ESG investment process, Sustainability Risks intend to be mitigated, without assurance it is completely removed.
In the absence of a sufficiently broad range of comparable data and of sufficiently precise and stabilised regulatory texts, which does not currently allow to ensure that adverse impacts within the meaning of the SFDR regulation are taken into account, the Management Company does not consider principal adverse impacts of investment decisions on Sustainability Factors. This position may be reviewed as the underlying rules are finalised and the availability of reliable data increases over time.
Further information on the integration of Sustainability Risks into investment decisions can be found on the Management Company's website: exane-am.com.

XVII. PROTECTION OF PERSONAL DATA

Pursuant to the Personal Data Protection Laws, the Company, acting as data controller, collects, stores and processes, either electronically or using any other means, the Personal Data provided by shareholders at the time they subscribe for shares in order to provide the services they request and to comply with its legal obligations.

Investors may refuse to provide their Personal Data to the Company. In such circumstances, however, the Company may refuse a shareholder's share subscription request if it can no longer meet its

obligations towards that shareholder.

Personal Data is processed by the Company for the purpose of entering into contractual relationships with shareholders and providing them with the services they require (cf. the performance of a contract that the customer has entered into with the Company), for its legitimate interests and to meet its legal obligations. More specifically, Personal Data is processed in order to (i) maintain a register of shareholders, (ii) process share subscription, redemption and conversion requests and to pay dividends to shareholders, (iii) account administration, (iv) carry out late trading and market timing controls, (v) tax identification in accordance with the laws and regulations applicable in Luxembourg or other countries (including CRS Laws or FATCA regulation) and (vi) comply with anti-money laundering and terrorist financing obligations.

The legitimate interests referred to above include:

- the processing of data for the purposes described in (i) to (iv) above;
- the Company fulfilling and complying with its regulatory and statutory obligations; and
- the Company carrying on its business activities in accordance with market practices.

The Company shall take all necessary steps to ensure the accuracy and confidentiality of all Personal Data. The Company may delegate the processing of Personal Data to other entities (the "Recipient(s)"), in accordance with and within the limits provided for in the Personal Data Protection Laws, which, for the purposes described in this section, include the Management Company, the Custodian Bank, the Domiciliary and Listing Agent, the Registrar and Transfer Agent, the Administrative Agent, the Asset Management Company, the Auditor and the legal advisor.

The Recipients may, on their own responsibility, entrust the processing of such Personal Data to their own agents or service providers (the "**Sub-Recipients**"), which shall process such data solely in order to assist the Recipients in providing their services to the Company and/or to assist the Recipients in complying with their legal obligations.

The Recipients and Sub-Recipients may be located in the European Economic Area ("EEA") or outside the EEA. Where Personal Data is communicated to Recipients and/or Sub-Recipients located in a non-EEA country that does not ensure an adequate level of protection for personal data, data transfers to that country are made using standard contractual clauses approved by the European Commission. In this respect, investors are entitled to request a copy of those standard contractual clauses by writing to the Management Company at its registered office or at the following email address: dpo-eam@exane-am.com.

Recipients and Sub-Recipients, as the case may be, shall process Personal Data as data processors (when acting on the Company's instructions), or as data controllers in their own right (when processing Personal Data on their own behalf, i.e. for their own purposes and in compliance with their own legal obligations). Personal Data may also be transferred to governmental and public authorities, including the tax authorities, in accordance with applicable laws and regulations in this area. Personal Data may also be communicated to the Luxembourg tax authorities, which may, in turn, acting in the capacity of data controller, disclose that data to foreign tax authorities.

Shareholders are informed that they are entitled, subject to the conditions set out in the Personal Data Protection Laws, to:

i. access their Personal Data;
ii. request that it be rectified or updated without charge, when incorrect or inaccurate;
iii. request that it be deleted;
iv. object to the processing of their Personal Data;
v. request restrictions on processing; and
vi. exercise their right to data portability.

To exercise their rights, shareholders may contact the Company at the following email address: dpo-eam@exane-am.com.

Shareholders may also lodge a complaint with a supervisory authority responsible for personal data protection, including in particular the *Commission Nationale pour la Protection des Données* (National

Commission for Data Protection) at the following address: 1, Avenue du Rock'n'Roll, L-4361 Esch-sur-Alzette, Luxembourg, or where the shareholder resides in another Member State, with the locally competent supervisory authority.

Personal Data will only be stored for the period of time necessary for the purposes for which it is processed. This period takes account of statutory limitation periods.

XVIII. INFORMATION - DOCUMENTS AVAILABLE TO THE PUBLIC

1. SHAREHOLDER INFORMATION

A. NET ASSET VALUE

The Net Asset Values of the Shares of each Sub-Fund shall be available at the Company's registered office on each business day in Luxembourg. The Board of Directors may decide subsequently to publish these Net Asset Values in the newspapers of countries where the Company's Shares are offered or sold. They may also be obtained from the Administrative Agent and from banks that offer financial services.

B. ISSUE AND REDEMPTION PRICES

The issue and redemption prices of Shares of each of the Company's Sub-Funds are made available to the public, at the frequency indicated in the Appendices, by the Administrative Agent and by banks that offer financial services.

C. NOTICES TO SHAREHOLDERS

All other correspondence with the Shareholders shall be in the form of notices, which are either published in a daily or weekly Luxembourg newspaper and in the newspapers of countries where the Company's Shares are offered, or are sent to Shareholders at the addresses listed in the Shareholder register, or are communicated by any other means deemed suitable by the Board of Directors, including publication in the RESA, if so required under Luxembourg legislation.

2. DOCUMENTS AVAILABLE TO THE PUBLIC

The following documents shall be made available to the shareholders for consultation during normal business hours at the Company's registered office:

- the Company's Articles;
- the Company's Prospectus;
- the Key Investor Information Documents regarding each Sub-Fund;
- the Collective Portfolio Management Agreement between the Company and the Management Company;
- the Depositary Agreement;
- the Administrative Agreement;
- the Domiciliary and Listing Agent agreement concluded between the Company and BNP Paribas, Luxembourg Branch, dated 3 March 2006,
- information regarding procedure on clients' complaints handling;

- appropriate information on the "*best execution*" policy established by the Company in accordance with CSSF Circular 11/512, as amended from time to time, and any changes to such policy;

- the remuneration policy of the Management Company.

The agreements listed above may be amended by mutual agreement of the parties concerned.

The subscription form may be obtained on request from the Company's registered office.

A brief description of the strategy put in place by the Management Company for determining when and how voting rights attached to instruments held in the Company's portfolio are to be exercised shall be made available to investors in particular by way of the website www.exane-am.com.

APPENDIX I – EXANE FUNDS 2 – EXANE EQUITY SELECT EUROPE

(the "Sub-Fund")

IN COMPLIANCE WITH THE PROVISIONS OF PART I OF THE LAW 2010

1. INVESTMENT OBJECTIVE

The Sub-Fund's investment objective is to outperform its Benchmark Index over the recommended investment horizon.

2. BENCHMARK INDICATOR

The Benchmark indicator, denominated in EUR, is the MSCI Europe (the "Benchmark Index"). This index is calculated with net dividends reinvested, and is published by MSCI (Ticker Bloomberg: MSDEE15N).

This Benchmark Index does not strictly define the Sub-Fund's investment universe, but allows investors to assess the risk profile that they can expect when investing in the Sub-Fund. The composition of the Fund may deviate significantly from the Benchmark Index.

For the purposes of the Benchmark Regulation, as of the date of this prospectus, the administrator MSCI Limited of the MSCI Europe Index has not yet obtained an equivalence decision or a recognition as a third country administrator and is not listed on the register of administrators and benchmarks held by the ESMA.

3. INVESTOR PROFILE

The Sub-Fund is intended for all categories of investors seeking an active investment approach to the European equity markets.

The recommended minimum investment horizon is 5 years.

4. INVESTMENT POLICY

- **Investment universe and market exposure**

In regional terms, the investment universe is mainly European. The Sub-Fund has a strong concentration on shares issued by companies located in the European Union and the United Kingdom but may also have an ancillary exposure on shares issued by companies located in a country of the OECD.

The portfolio overall exposure (including both physical and derivatives positions) to the investment universe is meant to be 100% of net assets. Pure cash positions, if any, are limited and only transitory.

German Investment Funds Tax Act: The Sub-Fund will meet the criteria of an "equity fund" as defined in the German Investment Funds Tax Act (i.e at least 50% of the net asset value continuously invested in equities listed on a stock exchange or traded on a regulated market).

- **Investment approach**

The Sub-Fund is actively managed. The investment strategy is mostly based on a discretionary stock-picking approach. It relies on the strongest mid-term convictions stemming from the specific sector

expertise of the Management Company.
These investment ideas are based on the analysis of the fundamentals of the companies, and the appraisal of their absolute and relative strengths versus their sector. The analysis puts a particular emphasis on the assessment of the discrepancy between their estimated intrinsic value and their market value.

These investment ideas are then implemented through a disciplined portfolio construction process. Such a process aims at:

- maximizing the impact on the Sub-Fund performance of stock picking within sectors by concentrating the portfolio on a limited number of securities compared to the diversification of the Benchmark Index;
- controlling the portfolio biases relative to the Benchmark Index on factors such as sector allocation, country, market capitalisation, leverage…;
- incorporating environmental, social and governance (ESG) considerations relative to the Benchmark Index, through a screening process based on ESG ratings given by external sources, complemented by internal and external research, as further described in the **Appendix IV - SFDR**.

Rebalancing decisions will be implemented according to the defined investment objective.

- **Extra-Financial approach**

The Sub-Fund promotes environmental (E), social (S) and governance (G) characteristics as further described in the Environmental and/or Social Characteristics Annex relating to the Sub-Fund attached in the **Appendix IV - SFDR**. The Sub-Fund does not have a sustainable investment objective.

- **Investment technique and restrictions**

Positions are mostly taken through direct purchases of shares or other equivalent securities.

Derivatives traded over-the-counter or on the listed market such as swaps, CFDs (Contracts For Difference), forward contracts or futures can also be used for efficient portfolio management purposes.

The purchase of units of mutual funds by the Sub-Fund is limited strictly to European UCITS-compliant money market funds, up to a maximum of 10% of its net assets, for the purpose of managing the Sub-Fund's cash surpluses. These funds are selected with a view to preserving the capital rather than boosting performance.

Any use of derivatives will be kept consistent with the investment objective and will not lead the Sub-Fund to diverge from its risk profile.

The Sub-Fund's use of, or investment in, SFTs and total return swaps will be as follows:

Type of transactions	Under normal circumstances, it is generally expected that the principal amount of such transactions will not exceed a proportion of the Sub-Fund's net asset value indicated below. In certain circumstances this proportion may be higher.	The principal amount of the Sub-Fund's assets that can be subject to the transactions may represent up to a maximum of the proportion of the Sub-Fund's Net Asset Value indicated below.
Total return swaps / Contracts for differences	10%	50%

The Sub-Fund may invest in unfunded total return swaps with the following underlying: equity, indices on equity. The Sub-Fund will not employ any techniques and instruments relating to SFT, such as securities lending, repurchase and reverse repurchase transactions, buy-sell back or sell-buy back transactions, for the purposes of efficient portfolio management.

Typically investments in such instruments is made to adjust the portfolio's market exposure in a more cost efficient way.

5. SUB-FUND RISK PROFILE

Global exposure: the Sub-Fund applies the commitment approach to calculate its global exposure due to the use of financial derivative instruments as further explained in Section VII. “Risk Management” of the Prospectus.

The risks specific to this Sub-Fund are as follows:

- Capital risk: the Sub-Fund does not offer any guarantee with regard to the capital invested.

Investors may get back less than they originally invested.

- Equity risk: the Sub-Fund is exposed to the risk that the stock market value of the companies in which it invests may fall.

- **Risks associated with mid-cap companies:** the Sub-Fund may invest a limited part of its assets in securities of mid-cap companies, thereby exposing itself to greater risks than if it had invested in the securities of larger or longer established companies. Securities of mid-cap companies may be significantly less liquid and more volatile than those of companies with a larger market capitalisation.

- **Foreign exchange risk:** the Sub-Fund is exposed to the risk that the investment currencies could weaken against the portfolio’s base currency, the euro.

- **Counterparty risk:** the Sub-Fund may incur losses through its commitments vis-à-vis a counterparty on its swap, CFD or forward in the event of the counterparty’s default or its inability to fulfil its contractual obligations.

- **Risk associated with discretionary management**: discretionary management relies on the Management Company's expectations of evolution of the different markets and analysis of financial and extra-financial criteria, including ESG criteria. There is therefore a risk that the Sub-Fund may not be invested at all times in the best performing instruments.

- **Liquidity risk:** the markets in which the Sub-Fund participates may be subject to temporary illiquidity. These market distortions could have an impact on the pricing conditions under which the Sub-Fund may be caused to liquidate, initiate or modify its positions.

- **Sustainability Risks:** The Sub-Fund performance may be impacted by a broad spectrum of Sustainability Risks affecting the companies in which it invests. As the Sub-Fund is broadly diversified, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund. By taking into account ESG criteria within its investment process, it is however intended that the overall Sustainability Risk of the Sub-Fund is mitigated and therefore the potential impact of the Sustainability Risks on the value of the investments of the Sub-Fund should also be mitigated. No guarantee is given that the ESG criteria will completely remove the Sustainability Risks. Further information can be found in Section XVI. “Sustainability-related disclosures”.

- **Total return swaps**: Please refer to Section VI. under “Certain Financial Instruments and EPM Risks”.

The Sub-Fund’s relative performance mostly depends on a discretionary stock-picking within sectors, but can also be impacted by some associated deviations from the Benchmark Index (sector allocation, country, market capitalisation, leverage…).

6. REFERENCE CURRENCY OF THE SUB-FUND

EUR.

7. CLASSES OF SHARES

Share Class	ISIN CODE	Currency	Investor's Typology	Dividend Distribution Policy	Minimum Initial Subscription	Minimum Holding	Minimum Subsequent Subscription
A	LU0719864208	EUR	Institutional Investors[3]	Accumulation	10,000 EUR	None	None
D[1]	LU0942134445	EUR	Institutional Investors[3]	Distribution	100,000 EUR	None	None
F[2]	LU0782319551	EUR	Institutional Investors[3]	Accumulation	1,000,000 EUR	None	None
S	LU1443248544	EUR	Institutional Investors[3]	Accumulation	25,000,000 EUR	None	None
B	LU0719899097	EUR	All investors	Accumulation	1 Share	None	None
T	LU1929509963	EUR	Institutional Investors	Accumulation	25,000,000 EUR	None	None
J	LU1965304444	EUR	Institutional Investors	Distribution	25,000,000 EUR	None	None
C	LU0782319809	EUR	Management Company's employees and its affiliates (executive officers included).	Accumulation	1 Share	None	None

1: Class D shall be opened to subscription upon specific resolution of the Board of directors of the Company. Given its high level, the Board of Directors may decide to waive the minimum initial subscription amount for any subscription done by the Management Company for the purposes of the proper administration of the Class, subject to the equitable treatment of investors.

2: Class F is intended exclusively for Institutional Investors. Holding of Class F is restricted to investors who subscribed before 31 March 2013 and defined as seeding investors ("Seeding Investors").

Class F is closed to new subscriptions from Seeding Investors unless specific resolution from the Board of Directors.

3: Institutional Investors include, without limitation:
- legal entities subscribing on their own account or on behalf of clients, on a discretionary basis or pursuant to an investment advice provided on an independent basis or non-independent basis as defined by the MiFID II Directive, provided that in the latter case the distributor or the financial intermediary is exclusively remunerated by its client;
- legal entities subscribing on behalf of individuals or legal entities pursuant to a discretionary portfolio management mandate as defined by the MiFID II Directive;
- legal entities subscribing on behalf of individuals pursuant to a unit-linked endowment policy (*contrat d'assurance-vie*),
- pension funds; and
- UCIs.

Class S shall be opened to subscription from 18 July 2016 or, from the date the first subscription occurred. The initial price shall be 10,000 euros. Given its high level, the minimum of initial subscription on the class S can be reached gradually under the condition that the investor makes a commitment on a precise and time-limited investment. In accordance with the principle of equality of shareholders, the Management Company monitors the fulfilment of this condition under the responsibility of the Board of directors.

Class T shall be opened to subscription from 21 January 2019 or, from the date the first subscription occurred. The initial issue price shall be 10,000 euros.

Class J shall be opened to subscription from 18 March 2019 or, from the date the first subscription occurred. The initial issue price shall be 10,000 euros. Given its high level, the Board of Directors may decide to waive the minimum initial subscription amount for any subscription done by the Management Company for the purposes of the proper administration of the Class, subject to the equitable treatment

of investors.

Classes A, B, F, S, T and C shall capitalise their income.

Classes D and J shall distribute their income. However, the Board of Directors reserves the right to propose to the General Meeting of Shareholders to capitalise a dividend at any time.

The Shares of the Sub-Fund shall not be listed.

8. CALCULATION OF THE NET ASSET VALUE, VALUATION DAY, SUBSCRIPTIONS AND REDEMPTIONS,

The Net Asset Value is calculated each day by the Administrative Agent on the basis of the closing prices available in Paris on the Valuation Day.

Each business day on the Paris Stock Market is a Valuation Day. When the Paris Stock Market is closed, the Valuation Day is the next Business Day.

The Net Asset Value dated on the Day (D) is calculated and published on the Business Day following the Valuation Day (D+1).

Subscription and redemption orders will be processed at an unknown net asset value in accordance with the rules set out below, only on Paris Stock Market trading days. Orders are accepted for a set amount, or for a number of Shares at an unknown price.

Centralisation of orders	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date
12:00 (noon) CET on the Valuation Day (D)	Valuation Day (D)	First Business Day after the Valuation Day (D+1)	Two bank business days after the Valuation Day (D+2)

When the Paris Stock Market is closed, the Registrar and Transfer Agent shall not receive subscription and redemption requests.

“Paris Stock Market” shall mean the Euronext Paris regulated market. The days on which the Paris Stock Market is opened are worked out by the Euronext Paris’ calendar.

9. FEES STRUCTURE

Share Class	Fees payable by the Investor		Fees payable by the Sub-Fund			
	Subscription Fee	Redemption Fee	Fixed Management Fee (Maximum annual rate)	Variable Management Fee[1] (Maximum annual rate)	Service Providers’ Fee[2] (Maximum annual rate)	Registration Fee[3] (Annual rate)
A	None	None	0.90%	15% of the Performance Margin subject to underperformance compensation and positive YTD Performance	0.2%	0.01%

Share Class	Fees payable by the Investor		Fees payable by the Sub-Fund			
	Subscription Fee	**Redemption Fee**	**Fixed Management Fee (Maximum annual rate)**	**Variable Management Fee[1] (Maximum annual rate)**	**Service Providers' Fee[2] (Maximum annual rate)**	**Registration Fee[3] (Annual rate)**
D	None	None	0.90%	15% of the Performance Margin subject to underperformance compensation and positive YTD Performance	0.2%	0.01%
F	None	None	0.50%	15% of the Performance Margin subject to underperformance compensation and positive YTD Performance	0.2%	0.01%
S	None	None	0.85%	None	0.2%	0.01%
T	None	None	0.65%	15% of the Performance Margin subject to underperformance compensation as specified below	0.2%	0.01%
J	None	None	0.65%	15% of the Performance Margin subject to underperformance compensation as specified below	0.2%	0.01%
B	Maximum 2.5% charged by the selling intermediary	None	1.8%	15% of the Performance Margin subject to underperformance compensation and positive YTD Performance	0.2%	0.05%
C	None	None	0.30%	None	0.2%	0.05%

[1]Performance calculation:

"**Performance Margin**" means the positive difference between the performance of the Sub-Fund and that of the Benchmark, since inception, on the proportion of the assets attributable to the related Share Class. In case of Distribution Shares, the Benchmark shall be adjusted to reflect any dividend paid in respect of such Distribution Shares

"**Highest Recorded Performance Margin**" means the highest Performance Margin recorded at the end of each fiscal year over the Reference Period.

Any underperformance of the Sub-Fund is brought forward for a maximum period of 5 years and needs to be recovered before a Variable Management Fee is accrued and paid. If a year of underperformance is recorded and not compensated for at the end of a Reference Period, a new Reference Period will start from the end of the year in which this underperformance was recorded.

The Variable Management Fee is only activated and accrued when:

(1) The YTD Performance is positive;
(2) The Performance Margin is above the Highest Recorded Performance Margin; and when,
(3) The Performance Margin is positive.

If these conditions are verified, the actual Variable Management Fee will be computed as the percentage mentioned in the table above of the minimum between Performance Margin minus Highest Recorded Performance Margin and the YTD Performance.

Illustrative example:

This illustrative example does not represent the past performance of the Sub-fund nor is it an indicator of future results.

Year	Benchmark	Sub-Fund	Performance Margin	YTD Performance	Highest Recorded Performance Margin	YTD Performance Positive	Variable Management Fee
Y1	98	103	5	3	0	YES	0,45
Y2	90	98	8	-5	5	NO	0
Y3	95	105	10	7	8	YES	0,3
Y4	95	110	15	5	10	YES	0,75
Y5	90	105	15	-5	15	NO	0
Y6	100	95	-5	-10	15	NO	0
Y7	80	85	5	-10	15	NO	0
Y8	80	90	10	5	15	YES	0
Y9	85	96	11	6	15	YES	0
Y10	80	92	12	-4	15	NO	0
Y11	80	95	15	3	12	YES	0,45

Narrative :

Year	Explanation
Y1	During this first year, the Variable Management Fee is activated and accrued during the Reference Period when the Performance Margin is positive. At the end of the Reference Period, a performance fee is charged for an amount equal to 15% of the YTD Performance. The Performance Margin noticed at the end of this first Reference Period defines the Highest Recorded Performance Margin for the subsequent period.
Y2	The YTD Performance is not positive, thus no performance fee is accrued nor paid. There is no change in the Highest Recorded Performance Margin which will be used for the subsequent period.
Y3	At the end of the Reference Period, a performance fee is charged to the sub-fund for an amount equal to 15% of the difference between the Performance Margin and the Highest Recorded Performance Margin. The Performance Margin noticed at the end of this Reference Period defines the Highest Recorded Performance Margin for the subsequent period.
Y4	At the end of the Reference Period, a performance fee is charged to the sub-fund for an amount equal to 15% of the difference between the Performance Margin and the Highest Recorded Performance Margin. The Performance Margin noticed at the end of this Reference Period defines the new Highest Recorded Performance Margin for the subsequent period.
Y5	The Performance Margin is positive, but the YTD Performance is negative, thus no performance fee is accrued nor paid. The Performance Margin noticed at the end of this Reference Period defines the new Highest Recorded Performance Margin for the subsequent period.
Y6	The Performance Margin and the YTD Performance are both negative, thus no performance fee is accrued nor paid. The Highest Recorded Performance Margin recorded in Y5 will be used for the subsequent period.
Y7	The YTD Performance is negative, thus no performance fee is accrued nor paid. The Highest Recorded Performance Margin recorded in Y5 will be used for the subsequent period.
Y8	The Performance Margin and the YTD Performance are both positive, but the Performance Margin is below the Highest Recorded Performance Margin, thus no performance fee is accrued nor paid as the residual underperformance coming from Y6 is not yet compensated. The Highest Recorded Performance Margin recorded in Y5 will be used for the subsequent period.
Y9	The Performance Margin and the YTD Performance are both positive, but the Performance Margin is below the Highest Recorded Performance Margin, thus no performance fee is accrued nor paid as the residual underperformance coming from Y6 is not yet compensated. The Highest Recorded Performance Margin recorded in Y5 will be used for the subsequent period.
Y10	The Performance Margin and the YTD Performance are both positive, but the Performance Margin is below the Highest Recorded Performance Margin, thus no performance fee is accrued nor paid as the residual underperformance coming from Y6 is not yet compensated. The Performance Margin noticed at the end of this Reference Period defines the new Highest Recorded Performance Margin for the subsequent period.
Y11	At the end of the Reference Period, a performance fee is charged to the Sub-Fund for an amount equal to 15% of the YTD Performance. The residual underperformance coming from Y6 is no longer taken into account as the five-year period has elapsed. The Performance Margin noticed at the end of this Reference Period defines the Highest Recorded Performance Margin for the subsequent period.

Notwithstanding the above, the Variable Management Fee for the Share Classes T and J will be determined as follows:

- The Variable Management Fee is only activated and accrued when the Performance Margin is above the Highest Recorded Performance Margin.
- The Highest Recorded Performance Margin with respect to each of the Classes T and J means the highest Performance Margin recorded at the end of each Reference Period since inception of the relevant Class.
- If the condition is verified, the applicable Variable Management Fee will be computed as the percentage mentioned above of the difference between the Performance Margin and the

Highest Recorded Performance Margin.

- **For the avoidance of doubt, the Management Company may also receive a Variable Management Fee even in case of negative performance of the Share Class T or Share Class J as long as the Performance Margin of the relevant Share Class is above the Highest Recorded Performance Margin**.

The Variable Management Fee's calculation is further explained in Section XI. "Costs borne by the Company" under point 5 of the Prospectus.

[2]Service Providers' fees are further detailed in Section XI. "Costs borne by the Company" under point 1 4 of the Prospectus.

[3]The Registration Fee is further detailed in Section XII. "Taxation and Official Language" under point 1.A. of the Prospectus.

APPENDIX II – EXANE FUNDS 2 – EXANE EQUITY SELECT FOCUS EURO

(the "Sub-Fund")

IN COMPLIANCE WITH THE PROVISIONS OF PART I OF THE LAW 2010

1. INVESTMENT OBJECTIVE

The Sub-Fund's investment objective is to outperform its Benchmark Index over the recommended investment horizon.

2. BENCHMARK INDICATOR

The Benchmark indicator, denominated in EUR, is the MSCI EMU (the "Benchmark Index"). This index is calculated with net dividends reinvested, and is published by MSCI (Ticker Bloomberg: M7EM).

This Benchmark Index does not strictly define the Sub-Fund's investment universe, but allows investors to assess the risk profile that they can expect when investing in the Sub-Fund. The composition of the Fund may deviate significantly from the Benchmark Index.

For the purposes of the Benchmark Regulation, as of the date of this prospectus, the administrator MSCI Limited of the MSCI EMU Index has not yet obtained an equivalence decision or a recognition as a third country administrator and is not listed on the register of administrators and benchmarks held by the ESMA.

3. INVESTOR PROFILE

The Sub-Fund is intended for all categories of investors seeking an active investment approach to the Eurozone equity markets.

The recommended minimum investment horizon is 5 years.

4. INVESTMENT POLICY

- **Investment universe and market exposure**

In regional terms, the investment universe is mainly the Eurozone. The Sub-Fund has a strong concentration on shares issued by companies located in the Eurozone but may also have an ancillary exposure on shares issued by companies located in a country of the OECD.

More specifically, the Sub-Fund is eligible to the *Plan d'Epargne en Actions* ("PEA", a French long-term equity saving scheme).

The portfolio overall exposure (including both physical and derivatives positions) to the investment universe is meant to be 100% of net assets. Pure cash positions, if any, are limited and only transitory.

German Investment Funds Tax Act: The Sub-Fund will meet the criteria of an "equity fund" as defined in the German Investment Funds Tax Act (i.e at least 50% of the net asset value continuously invested in equities listed on a stock exchange or traded on a regulated market).

- **Investment approach**

The Sub-Fund is actively managed. The investment strategy is mostly based on a discretionary stock-picking approach. It relies on the strongest mid-term convictions stemming from the specific sector expertises of the Management Company.

These investment ideas are based on the analysis of the fundamentals of the companies, and the appraisal of their absolute and relative strengths versus their sector. The analysis puts a particular emphasis on the assessment of the discrepancy between their estimated intrinsic value and their market value.

These investment ideas are then implemented through a disciplined portfolio construction process. Such a process aims at:

- maximizing the impact on the Sub-Fund performance of stock picking within sectors by concentrating the portfolio on a limited number of securities compared to the diversification of the Benchmark Index;
- controlling the portfolio biases relative to the Benchmark Index on factors such as sector allocation, country, market capitalisation, leverage…;
- incorporating environmental, social and governance (ESG) considerations relative to the Benchmark Index, through a screening process based on ESG ratings given by external sources, complemented by internal and external research, as further described.in the **Appendix IV- SFDR**.

Rebalancing decisions will be implemented according to the defined investment objective.

- **Extra-Financial Approach**

The Sub-Fund promotes environmental (E), social (S) and governance (G) characteristics as further described in the Environmental and/or Social Characteristics Annex relating to the Sub-Fund attached in the **Appendix IV - SFDR**. The Sub-Fund does not have a sustainable investment objective.

- **Investment technique and restrictions**

Positions are mostly taken through direct purchases of shares or other equivalent securities.

Derivatives traded over-the-counter or on the listed market such as swaps, CFDs (Contracts For Difference), forward contracts or futures can also be used for efficient portfolio management purposes.

The purchase of units of mutual funds by the Sub-Fund is limited strictly to European UCITS-compliant money market funds, up to a maximum of 10% of its net assets, for the purpose of managing the Sub-Fund's cash surpluses. These funds are selected with a view to preserving the capital rather than boosting performance.

Any use of derivatives will be kept consistent with the investment objective and will not lead the Sub-Fund to diverge from its risk profile.

The Sub-Fund's use of, or investment in, SFTs and total return swaps will be as follows:

Type of transactions	Under normal circumstances, it is generally expected that the principal amount of such transactions will not exceed a proportion of the Sub-Fund's net asset value indicated below. In certain circumstances this proportion may be higher.	The principal amount of the Sub-Fund's assets that can be subject to the transactions may represent up to a maximum of the proportion of the Sub-Fund's Net Asset Value indicated below.
Total return swaps / Contracts for differences	10%	50%

The Sub-Fund may invest in unfunded total return swaps with the following underlying: equity, indices on equity. The Sub-Fund will not employ any techniques and instruments relating to SFT, such as securities lending, repurchase and reverse repurchase transactions, buy-sell back or sell-buy back transactions, for the purposes of efficient portfolio management.

Typically investments in such instruments is made to adjust the portfolio's market exposure in a more cost efficient way.

5. SUB-FUND RISK PROFILE

Global exposure: the Sub-Fund applies the commitment approach to calculate its global exposure due to the use of financial derivative instruments as further explained in Section VII. "Risk Management" of the Prospectus.

The risks specific to this Sub-Fund are as follows:

- **Capital risk:** the Sub-Fund does not offer any guarantee with regard to the capital invested.

Investors may get back less than they originally invested.

- **Equity risk:** the Sub-Fund is exposed to the risk that the stock market value of the companies in which it invests may fall.

- **Risks associated with mid-cap companies:** the Sub-Fund may invest a limited part of its assets in securities of mid-cap companies, thereby exposing itself to greater risks than if it had invested in the securities of larger or longer established companies. Securities of mid-cap companies may be significantly less liquid and more volatile than those of companies with a larger market capitalisation.

- **Foreign exchange risk:** the Sub-Fund is exposed to the risk that the investment currencies could weaken against the portfolio's base currency, the euro.

- **Counterparty risk:** the Sub-Fund may incur losses through its commitments vis-à-vis a counterparty on its swap, CFD or forward in the event of the counterparty's default or its inability to fulfil its contractual obligations.

- **Risk associated with discretionary management***:* discretionary management relies on the Management Company's expectations of evolution of the different markets and analysis of financial and extra-financial criteria, including ESG criteria. There is therefore a risk that the Sub-Fund may not be invested at all times in the best performing instruments.

- Liquidity risk: the markets in which the Sub-Fund participates may be subject to temporary illiquidity. These market distortions could have an impact on the pricing conditions under which the Sub-Fund may be caused to liquidate, initiate or modify its positions.

- Sustainability Risks: The Sub-Fund performance may be impacted by a broad spectrum of Sustainability Risks affecting the companies in which it invests. As the Sub-Fund is broadly diversified, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund. By taking into account ESG criteria within its investment process, it is however intended that the overall Sustainability Risk of the Sub-Fund is mitigated and therefore the potential impact of the Sustainability Risks on the value of the investments of the Sub-Fund should also be mitigated. No guarantee is given that the ESG criteria will completely remove the Sustainability Risks. Further information can be found in Section XVI "Sustainability-related disclosures".

- **Total return swaps**: Please refer to Section VI. under "Certain Financial Instruments and EPM Risks".

The Sub-Fund's relative performance mostly depends on a discretionary stock-picking within sectors, but can also be impacted by some associated deviations from the Benchmark Index (sector allocation, country, market capitalisation, leverage…).

6. REFERENCE CURRENCY OF THE SUB-FUND

EUR.

7. CLASSES OF SHARES

Share Class	ISIN CODE	Currency	Investor's Typology	Dividend Distribution Policy	Minimum Initial Subscription	Minimum Holding	Minimum Subsequent Subscription
A	LU2017788832	EUR	Institutional Investors[4]	Accumulation	1 Share	None	None
B	LU2017788915	EUR	All investors	Accumulation	1 Share	None	None
S	LU2017789137	EUR	Institutional Investors	Accumulation	25,000,000 EUR	None	None
F[3]	LU2336347864	EUR	Institutional Investors	Accumulation	10,000,000 EUR	None	None
C	LU2017789210	EUR	Management Company's employees and its affiliates (executive officers included) and any other investor authorised by the Board of Directors on a discretionary and exceptional basis	Accumulation	1 Share	None	None

[1]: Class A and Class C shall be opened to subscription from 8 July 2019 or, from the date the first subscription occurred. The initial subscription price shall be 100 euros.

[2]: Class B and Class S shall be opened to subscription upon specific resolution taken by two members of the Board of directors of the Company, determining the date upon which subscriptions will be received. The initial subscription price will be 100 Euros for Class B and 10,000 Euros for Class S.

[3]: Class F is intended exclusively for Institutional Investors. Holding of Class F is restricted to investors who subscribed before a date defined by the Board of Directors (the "**Class F Closing Date**") (the "**Seeding Investors**"). The Class F shall be closed to new subscriptions once a capacity as defined by the Board of Directors (the "**Class F Capacity**") is reached or if such Class F Capacity is not reached, at the latest as of the Class F Closing Date, However, the Board of Directors may decide to accept new subscriptions from Seeding Investors upon a specific resolution taken by two members of the Board of Directors. The Class F Closing Date and the Class F Capacity are disclosed to investors on the Management Company's website, until the Class F Closing Date.
Class F shall be opened to subscription from 26 April 2021 or, from the date the first subscription occurred. The initial subscription price shall be 10,000 euros.

[4]: Institutional Investors include, without limitation:
- legal entities subscribing on their own account or on behalf of clients, on a discretionary basis or pursuant to an investment advice provided on an independent basis or non-independent basis as defined by the MiFID II Directive, provided that in the latter case the distributor or the financial intermediary is exclusively remunerated by its client;
- legal entities subscribing on behalf of individuals or legal entities pursuant to a discretionary portfolio management mandate as defined by the MiFID II Directive;
- legal entities subscribing on behalf of individuals pursuant to a unit-linked endowment policy (*contrat d'assurance-vie*),
- pension funds; and
- UCIs.

Classes A, B, S and C shall capitalise their income.

The Shares of the Sub-Fund shall not be listed.

8. CALCULATION OF THE NET ASSET VALUE, VALUATION DAY, SUBSCRIPTIONS AND REDEMPTIONS,

The Net Asset Value is calculated each day by the Administrative Agent on the basis of the closing prices available in Paris on the Valuation Day.

Each business day on the Paris Stock Market is a Valuation Day. When the Paris Stock Market is closed, the Valuation Day is the next Business Day.

The Net Asset Value dated on the Day (D) is calculated and published on the Business Day following the Valuation Day (D+1).

Subscription and redemption orders will be processed at an unknown net asset value in accordance with the rules set out below, only on Paris Stock Market trading days. Orders are accepted for a set amount, or for a number of Shares at an unknown price.

Centralisation of orders	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date
12:00 (noon) CET on the Valuation Day (D)	Valuation Day (D)	First Business Day after the Valuation Day (D+1)	Two bank business days after the Valuation Day (D+2)

When the Paris Stock Market is closed, the Registrar and Transfer Agent shall not receive subscription and redemption requests.

"Paris Stock Market" shall mean the Euronext Paris regulated market. The days on which the Paris Stock Market is opened are worked out by the Euronext Paris' calendar.

9. FEES STRUCTURE

Share Class	Fees payable by the Investor		Fees payable by the Sub-Fund			
	Subscription Fee	Redemption Fee	Fixed Management Fee (Maximum annual rate)	Variable Management Fee[1] (Maximum annual rate)	Service Providers' Fee[2] (Maximum annual rate)	Registration Fee[3] (Annual rate)
A	Maximum 2.5% charged by the selling intermediary	None	0.90%	15% of the Performance Margin subject to underperformance compensation and positive YTD Performance	0.2%	0.01%
B	Maximum 2.5% charged by the selling intermediary	None	1.8%	15% of the Performance Margin subject to underperformance compensation and positive YTD Performance	0.2%	0.05%
F	None	None	0.55%	None	0.2%	0.01%

Share Class	Fees payable by the Investor		Fees payable by the Sub-Fund			
	Subscription Fee	**Redemption Fee**	**Fixed Management Fee (Maximum annual rate)**	**Variable Management Fee[1] (Maximum annual rate)**	**Service Providers' Fee[2] (Maximum annual rate)**	**Registration Fee[3] (Annual rate)**
S	None	None	0.85%	None	0.2%	0.01%
C	None	None	0.30%	None	0.2%	0.05%

[1]Performance calculation:

"**Performance Margin**" means the positive difference between the performance of the Sub-Fund and that of the Benchmark, since inception, on the proportion of the assets attributable to the related Share Class. In case of Distribution Shares, the Benchmark shall be adjusted to reflect any dividend paid in respect of such Distribution Shares

"**Highest Recorded Performance Margin**" means the highest Performance Margin recorded at the end of each fiscal year of the Reference Period.

Any underperformance of the Sub-Fund is brought forward for a maximum period of 5 years and needs to be recovered before a Variable Management Fee is accrued and paid. If a year of underperformance is recorded and not compensated for at the end of a Reference Period, a new Reference Period will start from the end of the year in which this underperformance was recorded.

The Variable Management Fee is only activated and accrued when:

(1) The YTD Performance is positive;
(2) The Performance Margin is above the Highest Recorded Performance Margin ; and when,
(3) The Performance Margin is positive.

If these conditions are verified, the applicable Variable Management Fee will be computed as the percentage mentioned above of the difference between the Performance Margin and the Highest Recorded Performance Margin.

Illustrative example:

This illustrative example does not represent the past performance of the Sub-fund nor is it an indicator of future results.

Year	Benchmark	Sub-Fund	Performance Margin	Highest Recorded Performance Margin	YTD Performance	YTD Performance Positive	Variable Management Fee
Y1	98	103	5	0	3	YES	0,75
Y2	90	98	8	5	-5	NO	0
Y3	95	105	10	8	7	YES	0,3
Y4	95	110	15	10	5	YES	0,75
Y5	90	105	15	15	-5	NO	0
Y6	100	95	-5	15	-10	NO	0
Y7	80	85	5	15	-10	NO	0
Y8	80	90	10	15	5	YES	0

Year	Benchmark	Sub-Fund	Performance Margin	Highest Recorded Performance Margin	YTD Performance	YTD Performance Positive	Variable Management Fee
Y9	85	96	11	15	6	YES	0
Y10	80	92	12	15	-4	NO	0
Y11	80	95	15	12	3	YES	0,45

Narrative :

Year	Explanation
Y1	During this first year, the Variable Management Fee is activated and accrued during the Reference Period when the Performance Margin is positive. At the end of the Reference Period, a performance fee is charged for an amount equal to 15% of the Performance Margin. The Performance Margin noticed at the end of this first Reference Period defines the Highest Recorded Performance Margin for the subsequent period.
Y2	The YTD Performance is not positive, thus no performance fee is accrued nor paid. There is no change in the Highest Recorded Performance Margin which will be used for the subsequent period.
Y3	At the end of the Reference Period, a performance fee is charged to the sub-fund for an amount equal to 15% of the difference between the Performance Margin and the Highest Recorded Performance Margin. The Performance Margin noticed at the end of this Reference Period defines the Highest Recorded Performance Margin for the subsequent period.
Y4	At the end of the Reference Period, a performance fee is charged to the sub-fund for an amount equal to 15% of the difference between the Performance Margin and the Highest Recorded Performance Margin. The Performance Margin noticed at the end of this Reference Period defines the new Highest Recorded Performance Margin for the subsequent period.
Y5	The Performance Margin is positive, but the YTD Performance is negative, thus no performance fee is accrued nor paid. The Performance Margin noticed at the end of this Reference Period defines the new Highest Recorded Performance Margin for the subsequent period.
Y6	The Performance Margin and the YTD Performance are both negative, thus no performance fee is accrued nor paid. The Highest Recorded Performance Margin recorded in Y5 will be used for the subsequent period.
Y7	The YTD Performance is negative, thus no performance fee is accrued nor paid. The Highest Recorded Performance Margin recorded in Y5 will be used for the subsequent period.
Y8	The Performance Margin and the YTD Performance are both positive, but the Performance Margin is below the Highest Recorded Performance Margin, thus no performance fee is accrued nor paid as the residual underperformance coming from Y6 is not yet compensated. The Highest Recorded Performance Margin recorded in Y5 will be used for the subsequent period.
Y9	The Performance Margin and the YTD Performance are both positive, but the Performance Margin is below the Highest Recorded Performance Margin, thus no performance fee is accrued nor paid as the residual underperformance coming from Y6 is not yet compensated. The Highest Recorded Performance Margin recorded in Y5 will be used for the subsequent period.
Y10	The Performance Margin and the YTD Performance are both positive, but the Performance Margin is below the Highest Recorded Performance Margin, thus no performance fee is accrued nor paid as the residual underperformance coming from Y6 is not yet compensated. The Performance Margin noticed at the end of this Reference Period defines the new Highest Recorded Performance Margin for the subsequent period.
Y11	At the end of the Reference Period, a performance fee is charged to the sub-fund for an amount equal to 15% of the difference between the Performance Margin and the Highest Recorded Performance Margin. The residual underperformance coming from Y6 is no longer taken into account as the five-year period has elapsed. The Performance Margin noticed at the end of this Reference Period defines the Highest Recorded Performance Margin for the subsequent period.

The Variable Management Fee's determination is further explained in Section XI. "Costs borne by the Company" under point 5 of the Prospectus.

[2]Service Providers' fees are further detailed in Section XI. "Costs borne by the Company" under point 1 4 of the Prospectus.

[3]The Registration Fee is further detailed in Section XII. "Taxation and Official Language" under point 1.A. of the Prospectus.

APPENDIX III – EXANE FUNDS 2 – EXANE PLEIADE FUND (the "Sub-Fund")

IN COMPLIANCE WITH THE PROVISIONS OF PART I OF THE 2010 LAW

1. INVESTMENT OBJECTIVES

The Sub-Fund aims to deliver an absolute, constant performance that is largely uncorrelated with traditional asset classes.

2. INVESTOR PROFILE

The Sub-Fund is intended for all categories of investors, and Institutional Investors in particular.

The recommended minimum investment horizon is two years.

In terms of risk, the Sub-Fund aims to maintain an annualised Net Asset Value volatility record of less than 5%.

3. INVESTMENT POLICY

Investment approach

The Sub-Fund implements a "long/short equity strategy" and is actively managed on a discretionary basis, depending on the Management Company's expectations.

The long/short equity strategy consists of simultaneously managing a portfolio of long positions on companies judged to be undervalued and a portfolio of short positions on companies judged to be overvalued.

The Sub-Fund references the €STR index solely for the purposes of the determination of the performance fees as described in Section 8 below. The Sub-Fund does not track the index, which does not determine the composition of the portfolio and which level is not taken into consideration in the implementation of the investment policy.

Management technique

Long positions are carried out either via the direct purchase of equities, or using derivatives, traded over the counter or on the listed market such as swaps, contracts for difference ("CFDs") or forward contracts that can provide exposure on long position for a value, a sector or a general index.

Short positions are taken using derivatives (swaps, CFDs or forward contracts) traded over-the-counter or on a listed market to enable the Management Company to sell a stock, sector or general index.

CFDs are over-the-counter financial contracts through which the Sub-Fund gains exposure to fluctuations (positive or negative, depending on the direction of the transaction) of equities, baskets of equities or baskets of indices, without having to own or borrow the underlying financial instruments.

The risk arising from single or multiple instances of exposure to a fall in the equities market should not be seen in isolation, but in the context of the overall portfolio and equivalent securities held long by the Sub-Fund. In this event, the risk linked to a sale of securities in this context is not absolute but must always be seen as a relative risk.

Investment decisions

Investment decisions rely on the specific sector expertise of the Management Company and are based on the combined analysis of the following approaches:

- top-down scenario: a macro-economic approach, anticipating growth in the various geographical areas within our universe; determining investment themes, monetary policies;
- cross-section sector analysis: changes in the value chain, maturity of local markets, M&A potential, regulations, position in the economic cycle;
- fundamental bottom-up approach: analysis of the strengths and weaknesses of companies, strategic positioning, earnings and balance sheet quality, valuations;
- analysis of fund flows: identification of the stock's market status, sector rotation and technical criteria.
- incorporating environmental, social and governance (ESG) considerations relative to the investment universe, through a screening process based on ESG ratings given by external sources, complemented by internal and external research, as further described in the **Appendix IV - SFDR**.

Stock picking weightings include two main parameters: the risk associated with the stock and the assessed level of convictions on the value.

Quantitative tools may be used as a help to decision-making, but final investment decisions will be at the Management Company's discretion.

Extra-Financial Approach

The Sub-Fund promotes environmental (E), social (S) and governance (G) characteristics as further described in the Environmental and/or Social Characteristics Annex relating to the Sub-Fund attached in the **Appendix IV - SFDR**. The Sub-Fund does not have a sustainable investment objective.

Investment universe

In geographical terms the investment universe of the Sub-Fund is global, with an emphasis on Europe.

Net exposure

The net exposure to equity markets should be seen as the difference between a long exposure and a short exposure (taking into account all physical positions or financial contracts) and varies between -5% and +20%.

Gross exposure

The expected level of the portfolio's total gross exposure to equity market risks (the sum of the long and hedged positions) shall be between 150% and 250% of the Sub-Fund's net assets. It may vary depending on the Management Company's expectations and the market conditions.

Use of Derivatives and Securities Financing Transactions

Any use of derivatives will be kept consistent with the investment objective and will not lead the Sub-Fund to diverge from its risk profile.

As a consequence of the portfolio construction (in particular when using derivatives) and for efficient portfolio management purposes, the Sub-Fund may manage a money market portfolio.

The money market portfolio is managed either through debt securities issued by sovereign, banking or private issuers with a maximum residual maturity of three (3) months and a minimum short-term rating equivalent to A1 on the Standard & Poor's rating scale or P1 on the Moody's rating scale completed by an internal review of the Management Company, or through money market funds.
The purchase of units of mutual funds within the Sub-Fund is limited strictly to European UCITS-compliant money market funds, up to a maximum 10% of the net assets, for the purpose of managing the Sub-Fund's cash surpluses. These funds are selected with a view to preserving the Company's capital rather than boosting performance.

The Sub-Fund's use of, or investment in, SFTs and total return swaps will be as follows:

Type of transactions	Under normal circumstances, it is generally expected that the principal amount of such transactions will not exceed a proportion of the Sub-Fund's net asset value indicated below. In certain circumstances this proportion may be higher.	The principal amount of the Sub-Fund's assets that can be subject to the transactions may represent up to a maximum of the proportion of the Sub-Fund's Net Asset Value indicated below.
Total return swaps (including Contracts for differences)	180%	250%

The Sub-Fund may invest in unfunded total return swaps with the following underlying: equity, indices on equity or undertakings for collective investment. The Sub-Fund will not employ any techniques and instruments relating to SFT, such as securities lending, repurchase and reverse repurchase transactions, buy-sell back or sell-buy back transactions, for the purposes of efficient portfolio management.

Typically investments in such instruments are made to adjust the portfolio's market exposure in a more cost efficient way.

4. RISKS SPECIFIC TO THIS SUB-FUND

Global exposure: the Sub-Fund applies the Absolute Value at Risk approach to calculate its global exposure due to the use of financial derivative instruments as further explained in Section VII. "Risk Management" of the Prospectus.

The expected leverage (sum of notional on financial contracts) shall be around 200% of the Sub-Fund's net assets. It may be lower or higher depending when there are exceptional circumstances like, for example, an important shift in the equity market.

The risks specific to this Sub-Fund are as follows:

- **Capital risk:** the Sub-Fund does not offer any guarantees with regard to the capital invested. Investors may get back less than they originally invested.

- **Equity risk:** Since the Sub-Fund is exposed to equity market risks, the Fund's Net Asset Value may fall if the equity markets fall. This risk may include:

  - **exposure to risk linked to investments in small- and mid-cap companies.** These securities may be significantly less liquid and more volatile than those of large cap companies;

  - **exposure to risk linked to emerging markets**, where operating and supervisory conditions may differ from the standards prevailing on the major international markets.

- **Risk related to arbitrage techniques:** the investment strategies of the Sub-Fund generate certain specific risks linked to the arbitrage technique. The arbitrage technique consists of a simultaneous investment in a portfolio of long positions on companies deemed undervalued and, as a hedge, a portfolio of short positions on companies deemed overvalued (via financial contracts). These risks may result in a fall in the value of the assets under management if the short positions outperform the long portfolio. In addition, the arbitrage technique used may also generate significant portfolio turnover.

- **Risk associated with discretionary management**: discretionary management relies on the Management Company's expectations of evolution of the different markets and analysis of financial and extra-financial criteria, including ESG criteria. There is therefore a risk that the Sub-Fund may not be invested at all times in the best performing instruments.

- **Interest rate risk:** the Sub-Fund may invest some of its assets in debt securities or money market instruments whose value is sensitive to fluctuations in interest rates linked to their reference monetary area.

- **Credit risk:** the Sub-Fund may be exposed to credit risk through investments in the debt securities of private issuers in order to manage the money market portfolio. Credit risk is the risk whereby an issuer cannot meet its liabilities. The probability of such an event is, however, very low as the Sub-Fund invests only in securities of leading issuers with maturities of less than three months.

- **Counterparty risk:** The Sub-Fund may incur losses through its commitments vis-à-vis a counterparty under its swap, CFD or forward in the event of the counterparty's default or its inability to fulfil its contractual obligations.

- **Foreign Exchange risk:** the Sub-Fund may hold assets denominated in currencies other than their reference currency in spite of hedging transactions designed to protect the Sub-Fund against this risk.

- **Liquidity risk:** the markets in which the Sub-Fund participates may be subject to temporary illiquidity. These market distortions could have an impact on the pricing conditions under which the Sub-Fund may be caused to liquidate, initiate or modify its positions.

- **Repurchase transaction / reverse repurchase transaction**: Please refer to Section VI. Under "Certain Financial Instruments EPM Risks".

- **Sustainability Risks:** The Sub-Fund performance may be impacted by a broad spectrum of Sustainability Risks affecting the companies in which it invests. As the Sub-Fund is broadly diversified, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund. By taking into account ESG criteria within its investment process, it is however intended that the overall Sustainability Risk of the Sub-Fund is mitigated and therefore the potential impact of the Sustainability Risks on the value of the investments of the Sub-Fund should also be mitigated. No guarantee is given that the ESG criteria will completely remove the Sustainability Risks. Further information can be found in Section XVI "Sustainability-related disclosures".

- **Total return swaps**: Please refer to Section VI. under "Certain Financial Instruments and EPM Risks".

The Sub-Fund's performance depends mainly on the quality of the stock selection undertaken by the Management Company, in the case of both long and short positions.

5. REFERENCE CURRENCY OF THE SUB-FUND

EUR.

6. CLASSES OF SHARES

Share Class	ISIN CODE	CURRENCY	Investor's Typology	Dividend Distribution Policy****	Minimum Initial Subscription	Minimum Holding	Minimum Subsequent Subscription
A	LU0616900691	EUR	Institutional Investors[5]	Accumulation	None	None	None
A USD	LU0616900857	USD[1]	Institutional Investors[5]	Accumulation	None	None	None
S[3]	LU2049492049	EUR	Institutional Investors	Accumulation	25 000 000 EUR	None	None
A CHF	LU0616900931	CHF[2]	Institutional Investors[5]	Accumulation	None	None	None
B EUR	LU0616900774	EUR	All investors	Accumulation	None	None	None
B GBP	LU0616901079	GBP[2]	All investors	Accumulation	None	None	None
B CHF	LU2474207979	CHF[2]	All investors	Accumulation	None	None	None

Share Class	ISIN CODE	CURRENCY	Investor's Typology	Dividend Distribution Policy****	Minimum Initial Subscription	Minimum Holding	Minimum Subsequent Subscription
R[4]	LU2153539155	EUR	All investors	Accumulation	25 000 000 EUR	None	None
C	LU2025518668	EUR	Investments from the Management Company's employees (including executive officers) and its affiliates either made directly or through funds managed by the Management Company; investments from funds of funds managed by the Management Company; discretionary management portfolio managed by the Management Company	Accumulation	1 Share	None	None

[1]Class A USD is intended exclusively for Institutional Investors. The Class is hedged against USD-EUR exchange risk under the conditions provided for in Section VIII. "Shares" under point 1.A of the Prospectus.

[2]Class A CHF is intended exclusively for Institutional Investors and Class B CHF and Class B GBP are intended for all investors. The share classes shall be opened to subscription upon specific resolution of the Board of Directors. They are hedged respectively against CHF-EUR and GBP-EUR exchange risk under the conditions provided for in Section VIII. "Shares" under point 1.A of the Prospectus.

[3] Class S shall be opened to subscription from 1st September 2019 or, from the date the first subscription occurred. The initial subscription price will be 10,000 Euros. Given its high level, the minimum initial subscription amount on the Class S can be reached gradually under the condition that the investor makes a commitment on a precise and time-limited investment. In accordance with the principle of equality of shareholders, the Management Company monitors the fulfilment of this condition under the responsibility of the Board of Directors.

[4] Class R is intended for all investors and shall be opened to subscription from 30 March 2020 or, from the date the first subscription occurred. The initial subscription price will be 100 Euros. Given its high level, the minimum initial subscription amount on the Class R can be reached gradually under the condition that the investor makes a commitment on a precise and time-limited investment. In accordance with the principle of equality of shareholders, the Management Company monitors the fulfilment of this condition under the responsibility of the Board of Directors. Furthermore the minimum initial subscription amount will be waived for any subscription done by the Management Company for the purposes of the proper administration of the Class.

[5]Institutional Investors include, without limitation:

- legal entities subscribing on their own account or on behalf of clients, on a discretionary basis or pursuant to an investment advice provided on an independent or non-independent basis as defined by the MiFID II Directive, provided in the latter case the distributor or the financial intermediary is exclusively remunerated by its client;
- legal entities subscribing on behalf of individuals or legal entities pursuant to a discretionary portfolio management mandate as defined by the MiFID II Directive;
- legal entities subscribing on behalf of individuals pursuant to a unit-linked endowment policy (*contrat d'assurance-vie*);
- pension funds and
- UCIs.

Share issues in the Sub-Fund shall be restricted to Accumulation Shares. The Shares of each Share Class of the Sub-Fund shall therefore capitalise their income.

The Shares of the Sub-Fund shall not be listed.

7. CALCULATION OF THE NET ASSET VALUE AND VALUATION DAY, SUBSCRIPTIONS AND REDEMPTIONS

The Net Asset Value is calculated each day by the Administrative Agent on the basis of the closing prices available in Paris on the Valuation Day.

The Valuation Day is each Business Day on the Paris Stock Market, or if this is a day on which the Paris Stock Market is closed, the next Business Day.

The Net Asset Value as of the Valuation Day (D) is calculated and published on the Business Day following the Valuation Day (D+1).

The Net Asset Value is calculated and published on the next Business Day.

The Administrative Agent does not calculate the Net Asset Value, centralise subscription or redemption orders or calculate and publish the previous day's Net Asset Value on days when the Paris Stock Market is closed.

Subscription and redemption orders will be processed at an unknown net asset value in accordance with the rules set out below, only on Paris Stock Market trading days. Orders are accepted for a set amount, or for a number of Shares at an unknown price.

Centralisation of orders	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date
4:00 p.m. CET on the Business Day before the Valuation Day (D-1)	Valuation Day (D)	First Business Day after the Valuation Day (D+1)	Two bank business days after the Valuation Day (D+2)

When the Paris Stock Market is closed, the Registrar and Transfer Agent shall not receive subscription and redemption requests.

"Paris Stock Market" shall mean the Euronext Paris regulated market. The days on which the Paris Stock Market is opened are worked out by the Euronext Paris' calendar.

8. SHARE CLASSES' FEES STRUCTURE

Share Class	Fees payable by the Investor		Fees payable by the Sub-Fund			
	Subscription Fee[4]	Redemption Fee	Fixed Management Fee (Maximum annual rate)	Variable Management Fee[3] (Maximum annual rate)	Service Providers' Fee[1] (Maximum annual rate)	Registration Fee[2] (Annual rate)
A	Maximum 5% retained by the Management Company	None	1.25%	20% of the Relative Performance subject to underperformance compensation and positive YTD Performance	0.2%	0.01%
A USD	Maximum 5% retained by the Management Company	None	1.25%	20% of the Relative Performance subject to underperformance compensation and positive YTD Performance	0.2%	0.01%
A CHF	Maximum 5% retained by the Management Company	None	1.25%	20% of the Relative Performance subject to underperformance compensation and positive YTD Performance	0.2%	0.01%
S	Maximum 5% retained by the Management Company	None	1.00%	20% of the Relative Performance subject to underperformance compensation and positive YTD Performance	0.2%	0.01%
B	Maximum 2.5% charged by the selling intermediary Maximum 5% retained by the Management Company	None	2.00%	20% of the Relative Performance subject to underperformance compensation and positive YTD Performance	0.2%	0.05%
R	Maximum 2.5% charged by the selling intermediary Maximum 5% retained by the Management Company	None	1.50%	20% of the Relative Performance subject to underperformance compensation and positive YTD Performance	0.2%	0.05%
B GBP	Maximum 2.5% charged by the selling intermediary Maximum 5% retained by the Management Company	None	2.00%	20% of the Relative Performance subject to underperformance compensation and positive YTD Performance	0.2%	0.05%

Share Class	Fees payable by the Investor		Fees payable by the Sub-Fund			
	Subscription Fee[4]	Redemption Fee	Fixed Management Fee (Maximum annual rate)	Variable Management Fee[3] (Maximum annual rate)	Service Providers' Fee[1] (Maximum annual rate)	Registration Fee[2] (Annual rate)
B CHF	Maximum 2.5% charged by the selling intermediary Maximum 5% retained by the Management Company	None	2.00%	20% of the Relative Performance subject to underperformance compensation and positive YTD Performance	0.2%	0.05%
C	None	None	0.30%	None	0.2%	0.05%

[1]Service Providers' fees are further detailed in Section XI. "Costs borne by the Company" under point 1 4. of the Prospectus.

[2]The Registration Fee is further detailed in Section XII. "Costs borne by the Company" under point1 A. of the Prospectus.

[3]Performance calculation:

"**Relative Performance**" means the difference between the year-to-date performance of the Sub-Fund and that of the:

- capitalised €STR since the beginning of the year, on the share of the assets attributable to the Class A, Class B, Class R and Class S shares;
- capitalised Fed Funds Effective Rate since the beginning of the year, on the share of the assets attributable to the Class A USD;
- capitalised SONIA since the beginning of the year, on the share of the assets attributable to the Class B GPB;
- capitalised SARON since the beginning of the year, on the share of the assets attributable to the Class A CHF and Class B CHF.

"**Highest Net Asset Value Recorded**" means the highest Net Asset Value recorded at the end of each fiscal year over the Reference Period.
Any underperformance of the Sub-Fund is brought forward for a maximum period of 5 years and needs to be recovered before a Variable Management Fee is accrued and paid. If a year of underperformance is recorded and not compensated for at the end of a Reference Period, a new Reference Period will start from the end of the year in which this underperformance was recorded.

The Variable Management Fee is only activated and accrued when:

(1) The YTD Performance is positive;
(2) The Net Asset Value is above the Highest Net Asset Value Recorded; and when,
(3) The Relative Performance is positive.

If these conditions are verified, the actual Variable Management Fee will be computed as the percentage mentioned above applied to the Relative Performance.

It is clarified that the application of the Variable Management Fee shall not result in the Net Asset Value falling below the **Highest Net Asset Value Recorded**.

Illustrative example :

This illustrative example does not represent the past performance of the Sub-fund nor is it an indicator of

future results.

Year	Index	NAV Sub-Fund	Highest Net Asset Value	Relative Performance	YTD Performance	Positive YTD Performance	NAV > Highest NAV	Variable Management Fee
Y1	-0,5	105	100	5,5	5	YES	YES	1,1
Y2	-0,5	104	105	-0,5	-1	NO	NO	0
Y3	-0,5	104	105	0,5	0	NO	NO	0
Y4	-0,2	99	105	-4,8	-5	NO	NO	0
Y5	0,1	103	105	3,9	4	YES	NO	0
Y6	0,5	104	105	0,5	1	YES	NO	0
Y7	0,5	110	104	5,5	6	YES	YES	1,1
Y8	1	115	110	4	5	YES	YES	0,8
Y9	1	96	115	-20	-19	NO	NO	0
Y10	2	92	115	-6	-4	NO	NO	0
Y11	3	119	115	24	27	YES	YES	4

Narrative :

Y1	During this first year, the Variable Management Fee is activated and accrued during the Reference Period when the Net Asset Value of the Fund and the YTD Performance are positive. At the end of the Reference Period, a performance fee is charged for an amount equal to 20% of the Relative Performance. The Net Asset Value noticed at the end of this first Reference Period defines the Highest Net Asset Value Recorded for the subsequent period.
Y2	The YTD Performance is not positive, thus no performance fee is accrued nor paid. There is no change in the Highest Net Asset Value Recorded which will be used for the subsequent period.
Y3	The YTD Performance is not positive, thus no performance fee is accrued nor paid. There is no change in the Highest Net Asset Value Recorded which will be used for the subsequent period.
Y4	The YTD Performance is not positive, thus no performance fee is accrued nor paid. There is no change in the Highest Net Asset Value Recorded which will be used for the subsequent period.
Y5	The YTD Performance is positive, but the Net Asset Value of the Fund is below the Highest Net Asset Value Recorded, thus no performance fee is accrued and paid as the residual underperformance coming from Y4 is not yet compensated. There is no change in the Highest Net Asset Value Recorded which will be used for the subsequent period.
Y6	The YTD Performance is positive, but the Net Asset Value of the Fund is below the Highest Net Asset Value Recorded, thus no performance fee is accrued and paid as the residual underperformance coming from Y4 is not yet compensated. The Net Asset Value noticed at the end of this Reference Period defines the new Highest Net Asset Value Recorded for the subsequent period.
Y7	The YTD Performance is positive, and the Net Asset Value of the Fund is above the Highest Net Asset Value Recorded. The residual underperformance coming from Y4 is now compensated. A performance fee is charged for an amount equal to 20% of the Relative Performance. The Net Asset Value noticed at the end of this Reference Period defines the new Highest Net Asset Value Recorded for the subsequent period.
Y8	The YTD Performance is positive, and the Net Asset Value of the Fund is above the Highest Net Asset Value Recorded. A performance fee is charged for an amount equal to 20% of the Relative Performance. The Net Asset Value noticed at the end of this Reference Period defines the new Highest Net Asset Value Recorded for the subsequent period.
Y9	The YTD Performance is not positive, thus no performance fee is accrued nor paid. There is no change in the Highest Net Asset Value Recorded which will be used for the subsequent period.

Y10	The YTD Performance is not positive, thus no performance fee is accrued nor paid. There is no change in the Highest Net Asset Value Recorded which will be used for the subsequent period.
Y11	The YTD Performance is positive, and the Net Asset Value of the Fund is above the Highest Net Asset Value Recorded. The residual underperformance coming from Y9 is now compensated. A performance fee is charged for a maximum amount equal to the difference between the Net Asset Value of the Fund and the Highest Net Asset Value Recorded.

For the purposes of the Benchmark Regulation, at the date of the last update of the prospectus:

- The €STR index is included in the list of critical indices maintained by the European Commission under the Benchmark Regulation
- the administrator of the Fed Funds Effective Rate benefits from the exemption from Article 2.2 of the Benchmark Regulation as a central bank and as such does not need to be registered on the ESMA Register.
- the administrator SIX of the SARON rate is listed on the ESMA Register.

[4]A subscription fee retained by the Management Company of 5% maximum of the net asset value per share may be applied, on a single or various share classes.

APPENDIX IV - SFDR

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 (SFDR) and Article 6, first paragraph, of Regulation (EU) 2020/852 (Taxonomy)

ANNEX SFDR - EXANE EQUITY SELECT EUROPE

Product name: EXANE FUNDS 2 - EXANE EQUITY SELECT EUROPE (the "**Sub-Fund**")

Legal entity identifier: 5299005L2J88PVP2KV43

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund's promotion of environmental and social characteristics consists of favouring, within each sector of activity, those companies that best address the environmental and social risks and factors they face and adapt their business models and strategies to these new challenges.

The Sub-Fund further ensures that the portfolio has a rating on (i) freedom of association policy and (ii) anti-corruption policy above its investment universe.

In addition, the Sub-Fund has an exclusion policy based in particular on strict exclusions for companies not complying with international conventions (Oslo/Ottowa), country exclusions (OFAC) and sectoral exclusions, as further detailed below.

Finally, the Management Company implements an active engagement approach in its investments, through an ongoing and documented dialogue with the invested companies and formalised in an engagement policy.
No specific index has been designated as a reference benchmark to determine whether the Sub-Fund is aligned with the environmental and/or social characteristics that it promotes.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The sustainability indicators used to measure the attainment of each of the promoted environmental or socal characteristics are as follows:

- ESG risk ratings on the Sub-Fund's porfolio, the MSCI Europe index (the "**Benchmark Index**") and initial investment universe (equiy market mainly European) attributed by an external source, a recognised market reference in ESG analysis adopting a sectoral risk approach consistent with the investment philosophy of the Sub-Fund, and those resulting from the Management Company's internal analysis entered in a proprietary tool "i-ESG";

- the difference between the average ESG risk rating of the portfolio and the average ESG risk rating of the Benchmark Index ;

- the share of investments involved in all the excluded activities described below.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not Applicable (N/A).

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not Applicable (N/A).

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☒ Yes,

the Management Company takes into consideration the principal adverse impacts ("PAIs") applicable to the Sub-Fund's strategy. The consideration of the PAIs is reflected in the integration and exclusion approaches (normative and sectoral):

Integration: The purpose of conducting ESG analysis is to mitigate key negative sustainability impacts. Particular attention is paid to the mitigation of PAIs covering the GHG emissions reduction trajectory (PAI 1) and working conditions of employees and in the value chain (PAIs 10 and 11).

For GHG emissions, the reduction targets, their validation by an independent body (SBTi), the associated capital expenditure and the level of communication (reflected in the CDP score) supporting their credibility are analysed.

With regard to working conditions, the Management Company closely monitors the international standards respected by companies (UNGP, OECD and ILO texts) and their inclusion in a code of conduct, the training provided for this purpose and due diligence practices, particularly in the sectors most prone to problems of forced labour and child labour (such as food production or clothing).

Exclusion: The exclusion policy covers the most important risks related to sustainability factors and is applied in a binding and continuous manner. In particular, the exclusion policy targets many controversial weapons as well as companies that are not compliant with the United Nations Global Compact principles, in line with PAIs 10, 11 and 14 covering these aspects. The discretionary exclusion list is also updated regularly to allow for dynamic consideration of the PAIs.

More information on how the PAI on sustainability factors have been taken into account will be available in the Sub-Fund's periodic reports.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Prior to any investment, the Management Company analyses each company from the perspective of its environmental (E), social (S) and governance (G) characteristics. The management team is particularly vigilant about the progress made by companies, the commitments they make for the future and any emerging controversies that may lead to rapid divestment.

Each investment opportunity is analysed in relation to ESG criteria, based on external data supplemented by an internal analysis based on the specific expertise of the Management Company.

The external data include ESG ratings and analysis supplied by a well-known market reference in ESG analysis, indicators developed by specialised players and ESG research provided by brokers.

ESG characteristics and the sustainability factors or risks associated with the investments are assessed by the Management Company through:

1. **an INTEGRATION approach**, favouring within each sector of activity, on the basis of ESG ratings supplied by the external source supplemented by internal analysis, companies that best address the sustainability risks or factors they face and adapt their business models and strategies to these new challenges. The assessment is made on a case-by-case basis, and on the basis of intra-sectoral comparisons.

   At least 90% of the securities in the portfolio (excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis) are subject to external and internal ESG analysis.

   The Management Company also undertakes to ensure that the average ESG risk rating of the portfolio attributed by the external source is better than that of the Benchmark Index and that the portfolio rating on (i) freedom of association policy and (ii) anti-corruption policy is better than that of its investment universe.

2. **an EXCLUSION policy**, consisting of (i) a list based on strict sub-sector exclusions related to controversial activities and values not complying with the United Nations Global Compact principles (details of which are available on https://exane-am/ESG investment process), (ii) a list based on country exclusions (OFAC) and (iii) a list of stock exclusions based on ESG considerations.

   This latter is based on a discretionary list stemming from the internal analysis of ESG characteristics of the relevant companies, this discretionary list being reviewed every six months to take into account any progress made, or disappointments noted.

   Further information on the exclusion lists is available on: https://exane-am/ESG investment process.

3. **a COMMITMENT approach**, that takes the form of a constant and documented dialogue with companies' management. Within this framework, the Management Company aims to encourage issuers towards greater transparency and comparability with regard to ESG issues and the precise objectives that they may set for themselves on these issues in the medium and long term, both through direct dialogue and by joining in with market initiatives.

Exceptionally, the Management Company may select an investment opportunity even if it has a low ESG rating (risk rating by the external source above 30), as a result of which certain investment decisions may not be ESG compliant.
However, this selection must remain exceptional and meet the following criteria :

- the internal analysis carried out by the Management Company concludes that the company concerned is subject to a high discount on its ESG rating;
- the company's management undertakes to make the necessary changes to significantly improve its ESG risk rating, without this being to the detriment of the company's profitability;
- regular exchanges with management are maintained.

These investment decisions and the monitoring of these criteria will be reviewed more frequently by the Management Company.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements used to select the Sub-Fund's investments include the following main elements:

- **<u>Integration approach:</u>**

  - <u>ESG Analysis > 90% of the portfolio</u>
    At least 90% of the securities in the portfolio (excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis) are subject to external and internal ESG analysis;

  - <u>ESG risk rating of the portfolio < ESG risk rating of the Benchmark index</u>
    This is to ensure that the weighted average of the ESG risk ratings (as attributed by the external source as mentioned above) of the portfolio is better (thus lower) than that of the Benchmark Index ;

  - <u>Better ESG rating of the portfolio on 2 Indicators</u>
    This is to ensure that the portfolio's rating (based on the external source) on each of the following two indicators is better than that of the investment universe, which is essentially the European equity market:

    - Freedom of association policy (external source rating on Human Capital issue) ;
    - Anti-corruption policy (external source score on Business Ethics issue);

  - Proportion of the portfolio with an ESG risk rating above 30 < to 15%

    This is to ensure that the proportion of securities with an ESG risk rating above 30 (as attributed by the external source) does not exceed 15% of the portfolio.

- **<u>Exclusion policy:</u>**

  This is to ensure that none of the Sub-Fund's positions violate the Sub-Fund's exclusion policies.

ESG data used for the selection process may potentially be inconsistent, missing or not accessible, particularly when such ESG data is provided by external providers:

- Missing or incomplete disclosure of ESG information by the issuing companies,
- Sometimes complex identification of information and factors relevant to the ESG analysis of the provider's model.

These points constitute methodological limitations to the ESG rating process used.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The investment universe (constituted by the 1150 first European market capitalization) is reduced by at least 20% for ESG considerations prior to the application of that investment strategy.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Firstly, governance practices are taken into consideration in the integration policy of the Sub-Fund, through the analysis of governance ratings, in particular in the field of Corporate Governance (including: Board structure, Remuneration policy, treatment of minority shareholders).

In addition, the Management Company engages in a regular dialogue with the management teams of the companies in which the Sub-Fund is invested in order to gain a better understanding of all these aspects. This dialogue constitutes a constructive approach by which the Management Company seeks to understand and analyse the issues and practices of the companies.

As the Sub-Fund intends to invest across all sectors, the Management Company is particularly vigilant with regard to the notion of transparency and quantifiable commitments from issuers regarding any planned progress over the next few years, ideally backed by empirically measurable criteria, which contribute materially to an improvement in practices.

The Management Company has formalised an engagement policy in order to enhance its approach of dialogue with the companies within the investment universe.

Shareholder engagement involves exercising voting rights on all long-term positions in the portfolio for which the Management Company is able to exercise voting rights, provided that the regulatory provisions and technical constraints imposed by the markets and custodians enable voting rights to be exercised optimally in the interest of the shareholders.

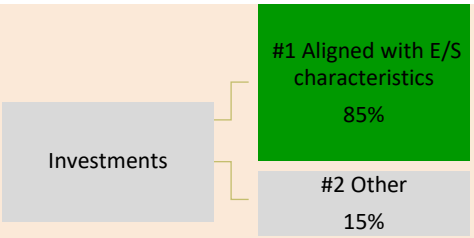
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?

A minimum of 85% of the securities in the portfolio will be invested in issuers aligned with the promoted E/S characteristics (#1 Aligned with E/S characteristics).

Investments included under "#2 Other" may be (i) instruments related to the money market pocket (debt securities and money market funds), (ii) cash held on an ancillary basis, and (iii) securities issued by issuers that are not aligned with the promoted E/S characteristics. These investments included under "#2 Other" may be invested in issuers that are not aligned with the promoted E/S characteristics (#2 Other).



#1 Aligned with E/S characteristics includes the Investments of the financial product used to attain the environmental or social characteristics by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned
with the environmental or social characteristics, nor are qualified as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The Sub-Fund's positions are mainly taken through the direct purchase of equities or equivalent securities.

Over-the-counter (OTC) derivatives or derivatives traded on regulated markets such as swaps, CFDs (contracts for difference), futures or forward may also be used to ensure efficient portfolio management.

These derivatives are either directly linked to an underlying asset (equity CFDs) allowing the integration of ESG characteristics into investment decisions or linked to an index representative of the investment universe or a given sector, in each case according to a transparent approach for rating purposes.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

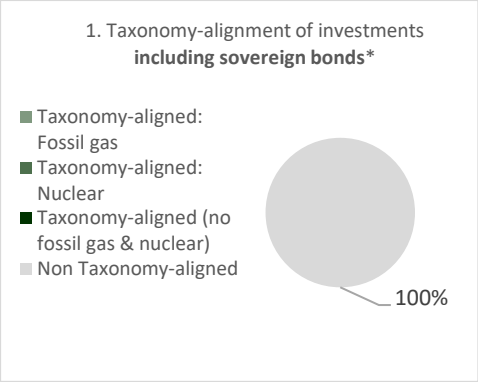
Non Applicable (N/A). The Sub-Fund does not currently commit to investing in any sustainable investments with an environmental objective aligned with the EU Taxonomy. However, this position will be reviewed as the underlying rules are finalised and the availability of reliable data increases over time.

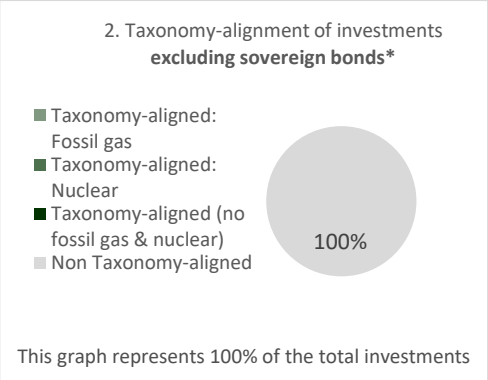
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[2]?**

☐ Yes:
☐ In fossil gas ☐ In nuclear energy

☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of investments in transitional and enabling activities?

As the Sub-Fund does not commit to invest any “sustainable investment” within the meaning of the Taxonomy Regulation, the minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation is therefore also set at 0%.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable (N/A)
The Sub-Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

Not Applicable (N/A).

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Investments included under "#2 Other" may be (i) instruments related to the money market pocket (debt securities and money market funds), (ii) cash held on an ancillary basis, and (iii) securities issued by issuers that are not aligned with the promoted E/S characteristics.

The money market pocket is subject to ESG analysis but none of the investments under “#2 Other” are subject to minimum or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.exane-am.com/s/exane-fonds?language=en_US&mktfam=la&fundId=a0e0O00000uoUQnQAM
In particular, the Management Company makes available on its website data relating to the Sub-Fund and its investment universe on the following indicators:

- Average carbon intensity of the portfolio (tCO2/mEUR of turnover; aggregated at portfolio level; scope 1 +2 of the GHG protocol);

- Freedom of association policy (note from external source on Human Capital issue);

- Anti-corruption policy (score from external source on Business Ethics issue);

- Proportion of the portfolio consisting of entities that may potentially be in non-compliance with one or more of the UN Global Compact principles.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: EXANE FUNDS 2 - EXANE EQUITY SELECT FOCUS EURO (the "**Sub-Fund**")

Legal entity identifier: 529900EVZS6B93SRGN82

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☐ It **promotes Environmental/Social (E/ characteristics** and while it does not l its objective a sustainable investment have a minimum proportion of ___% o sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in activities that qualify as environmen sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qual environmentally sustainable under t Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **w make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund's promotion of environmental and social characteristics consists of favouring, within each sector of activity, those companies that best address the environmental and social risks and factors they face and adapt their business models and strategies to these new challenges.

In addition, the Sub-Fund has an exclusion policy based in particular on strict exclusions for companies not complying with international conventions (Oslo/Ottowa), country exclusions (OFAC) and sectoral exclusions, as further detailed below.

Finally, the Management Company implements an active engagement approach in its investments, through an ongoing and documented dialogue with the invested companies and formalised in an engagement policy.

No specific index has been designated as a reference benchmark to determine whether the Sub-Fund is aligned with the environmental and/or social characteristics that it promotes.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of each of the promoted environmental or socal characteristics are as follows:

- ESG risk ratings on the Sub-Fund's porfolio, the MSCI EMU index (the "**Benchmark Index**") and initial investment universe (equiy market mainly in the Euro zone) attributed by an external source, a recognised market reference in ESG analysis adopting a sectoral risk approach consistent with the investment philosophy of the Sub-Fund, and those resulting from the Management Company's internal analysis entered in a proprietary tool "i-ESG";

- the difference between the average ESG risk rating of the portfolio and the average ESG risk rating of the Benchmark Index;

- the share of investments involved in all the excluded activities described below.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not Applicable (N/A).

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not Applicable (N/A).

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☒ Yes,

the Management Company takes into consideration the principal adverse impacts (PAIs) applicable to the Sub-Fund's strategy. The consideration of the PAIs is reflected in the integration and exclusion approaches (normative and sectoral):

Integration: The purpose of conducting ESG analysis is to mitigate key negative sustainability impacts. Particular attention is paid to the mitigation of PAIs covering the GHG emissions reduction trajectory (PAI 1) and working conditions of employees and in the value chain (PAIs 10 and 11).

For GHG emissions, the reduction targets, their validation by an independent body (SBTi), the associated capital expenditure and the level of communication (reflected in the CDP score) supporting their credibility are analysed.

With regard to working conditions, the Management Company closely monitors the international standards respected by companies (UNGP, OECD and ILO texts) and their inclusion in a code of conduct, the training provided for this purpose and due diligence practices, particularly in the sectors most prone to problems of forced labour and child labour (such as food production or clothing).

Exclusion: The exclusion policy covers the most important risks related to sustainability factors and is applied in a binding and continuous manner. In particular, the exclusion policy targets many controversial weapons as well as companies that are not compliant with the United Nations Global Compact principles, in line with PAIs 10, 11 and 14 covering these aspects. The discretionary exclusion list is also updated regularly to allow for dynamic consideration of the PAIs.

More information on how the PAI on sustainability factors have been taken into account will be available in the Sub-Fund's periodic reports.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Prior to any investment, the Management Company analyses each company from the perspective of its environmental (E), social (S) and governance (G) characteristics. The management team is particularly vigilant about the progress made by companies, the commitments they make for the future and any emerging controversies that may lead to rapid divestment.

Each investment opportunity is analysed in relation to ESG criteria, based on external data supplemented by an internal analysis based on the specific expertise of the Management Company.

The external data include ESG ratings and analysis supplied by a well-known market reference in ESG analysis, indicators developed by specialised players and ESG research provided by brokers.

ESG characteristics and the sustainability factors or risks associated with the investments are assessed by the Management Company through:

1. **an INTEGRATION approach**, favouring within each sector of activity, on the basis of ESG ratings supplied by the external source supplemented by internal analysis, companies that best address the sustainability risks or factors they face and adapt their business models and strategies to these new challenges. The assessment is made on a case-by-case basis, and on the basis of intra-sectoral comparisons.

   At least 90% of the securities in the portfolio (excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis) are subject to external and internal ESG analysis.

   The Management Company also undertakes to ensure that the average ESG risk rating of the portfolio attributed by the external source is better than that of the Benchmark Index.

2. **an EXCLUSION policy**, consisting of (i) a list based on strict sub-sector exclusions related to controversial activities and values not complying with the United Nations Global Compact principles (details of which are available on https://exane-am/ESG_investment_process), (ii) a list based on country exclusions (OFAC) and (iii) a list of stock exclusions based on ESG considerations.

   This latter is based on a discretionary list stemming from the internal analysis of ESG characteristics of the relevant companies, this discretionary list being reviewed every six months to take into account any progress made, or disappointments noted.

   Further information on the exclusion lists is available on: https://exane-am/ESG investment process.

3. **a COMMITMENT approach**, that takes the form of a constant and documented dialogue with companies' management. Within this framework, the Management Company aims to encourage issuers towards greater transparency and comparability with regard to ESG issues and the precise objectives that they

may set for themselves on these issues in the medium and long term, both through direct dialogue and by joining in with market initiatives.

Exceptionally, the Management Company may select an investment opportunity even if it has a low ESG rating (risk rating by the external source above 30), as a result of which certain investment decisions may not be ESG compliant.
However, this selection must remain exceptional and meet the following criteria :

- the internal analysis carried out by the Management Company concludes that the company concerned is subject to a high discount on its ESG rating;
- the company's management undertakes to make the necessary changes to significantly improve its ESG risk rating, without this being to the detriment of the company's profitability;
- regular exchanges with management are maintained.

These investment decisions and the monitoring of these criteria will be reviewed more frequently by the Management Company.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements used to select the Sub-Fund's investments include the following main elements:

- **Integration approach:**

  - ESG Analysis > 90% of the portfolio

    At least 90% of the securities in the portfolio (excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis) are subject to external and internal ESG analysis ;

  - ESG risk rating of the portfolio < ESG risk rating of the Benchmark index

    This is to ensure that the weighted average of the ESG risk ratings (as attributed by the external source as mentioned above) of the portfolio is better (thus lower) than that of the Benchmark Index ;

  - Proportion of the portfolio with an ESG risk rating above 30 < to 15%

    This is to ensure that the proportion of securities with an ESG risk rating above 30 as attributed by the external source does not exceed 15% of the portfolio.

- **Exclusion policy:**

  This is to ensure that none of the Sub-Fund's positions violate the Sub-Fund's exclusion policies.

ESG data used for the selection process may potentially be inconsistent, missing or not accessible, particularly when such ESG data is provided by external providers:

- Missing or incomplete disclosure of ESG information by the issuing companies,

- Sometimes complex identification of information and factors relevant to the ESG analysis of the provider's model.

These points constitute methodological limitations to the ESG rating process used.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Non Applicable (N/A). The Sub-Fund does not commit to a minimum rate of reduction in the scope of investments contemplated prior to the implementation of the investment strategy.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Firstly, governance practices are taken into consideration in the integration policy of the Sub-Fund, through the analysis of governance ratings, in particular in the field of Corporate Governance (including: Board structure, Remuneration policy, treatment of minority shareholders).

In addition, the Management Company engages in a regular dialogue with the management teams of the companies in which the Sub-Fund is invested in order to gain a better understanding of all these aspects. This dialogue constitutes a constructive approach by which the Management Company seeks to understand and analyse the issues and practices of the companies.

As the Sub-Fund intends to invest across all sectors, the Management Company is particularly vigilant with regard to the notion of transparency and quantifiable commitments from issuers regarding any planned progress over the next few years, ideally backed by empirically measurable criteria, which contribute materially to an improvement in practices.

The Management Company has formalised an engagement policy in order to enhance its approach of dialogue with the companies within the investment universe.

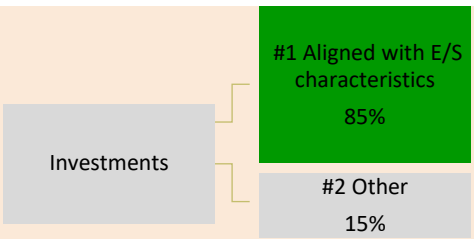
Shareholder engagement involves exercising voting rights on all long-term positions in the portfolio for which the Management Company is able to exercise voting rights, provided that the regulatory provisions and technical constraints imposed by the markets and custodians enable voting rights to be exercised optimally in the interest of the shareholders.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

A minimum of 85% of the securities in the portfolio will be invested in issuers aligned with the promoted E/S characteristics (#1 Aligned with E/S characteristics).
Investments included under "#2 Other" may be (i) instruments related to the money market pocket (debt securities and money market funds), (ii) cash held on an ancillary basis, and (iii) securities issued by issuers that are not aligned with the promoted E/S characteristics. Investments included under "#2 Other" may be invested in issuers that are not aligned with the promoted E/S characteristics (#2 Other).

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the Investments of the financial product used to attain the environmental or social characteristics by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

The Sub-Fund positions are mainly taken through the direct purchase of equities or equivalent securities.

Over-the-counter (OTC) derivatives or derivatives traded on regulated markets such as swaps, CFDs (contracts for difference), futures or forward may also be used to ensure efficient portfolio management.

In such case, these derivatives are either directly linked to an underlying asset (equity CFDs) allowing the integration of ESG characteristics into investment decisions or linked to an index representative of the investment universe or a given sector, in each case according to a transparent approach for rating purposes.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Non Applicable (N/A). The Sub-Fund does not currently commit to investing in any sustainable investments with an environmental objective aligned with the EU Taxonomy. However, this position will be reviewed as the underlying rules are finalised and the availability of reliable data increases over time.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

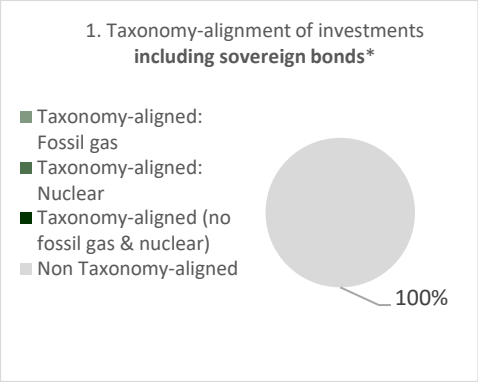
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

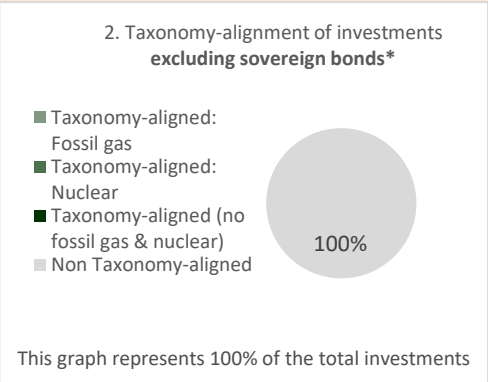
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[3]?**

☐ Yes:
☐ In fossil gas ☐ In nuclear energy

☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

As the Sub-Fund does not commit to invest any "sustainable investment" within the meaning of the Taxonomy Regulation, the minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation is therefore also set at 0%.

[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable (N/A)
The Sub-Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

Not Applicable (N/A).

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Investments included under "#2 Other" may be (i) instruments related to the money market pocket (debt securities and money market funds), (ii) cash held on an ancillary basis, and (iii) securities issued by issuers that are not aligned with the promoted E/S characteristics.

The money market pocket is subject to ESG analysis but none of the investments under "#2 Other" are subject to minimum or social safeguards.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.exane-am.com/s/exane-fonds?language=en_US&mktfam=la&fundId=a0e0X00000V9Ex0QAF

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: EXANE FUNDS 2 - EXANE PLEIADE FUND (the "**Sub-Fund**")

Legal entity identifier: 969500EKYUMBH0U1BN76

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund's promotion of environmental and social characteristics consists of favouring, within each sector of activity, those companies that best address the environmental and social risks and factors they face and adapt their business models and strategies to these new challenges.

In addition, the Sub-Fund has an exclusion policy based in particular on strict exclusions for companies not complying with international conventions (Oslo/Ottowa), country exclusions (OFAC) and sectoral exclusions, as further detailed below.
Finally, the Management Company implements an active engagement approach in its investments, through an ongoing and documented dialogue with the invested companies and formalised in an engagement policy.
No specific index has been designated as a reference benchmark to determine whether the Sub-Fund is aligned with the environmental and/or social characteristics that it promotes.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of each of the promoted environmental or socal characteristics are as follows:

- ESG risk ratings on the Sub-Fund's porfolio and initial investment universe (global, with an emphasis on Europe) attributed by an external source, a recognised market reference in ESG analysis adopting a sectoral risk approach consistent with the investment philosophy of the Sub-Fund, and those resulting from the Management Company's internal analysis entered in a proprietary tool "i-ESG";

- the difference between the average ESG risk rating of the long portfolio and the average ESG risk rating of the initial universe;

- the share of investments involved in all the excluded activities described below.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not Applicable (N/A).

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not Applicable (N/A).

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☒ Yes,

the Management Company takes into consideration the principal adverse impacts ("PAIs") applicable to the Sub-Fund's strategy. The consideration of the PAIs is reflected in the integration and exclusion approaches (normative and sectoral):

Integration: The purpose of conducting ESG analysis is to mitigate key negative sustainability impacts. Particular attention is paid to the mitigation of PAIs covering the GHG emissions reduction trajectory (PAI 1) and working conditions of employees and in the value chain (PAIs 10 and 11).

For GHG emissions, the reduction targets, their validation by an independent body (SBTi), the associated capital expenditure and the level of communication (reflected in the CDP score) supporting their credibility are analysed.

With regard to working conditions, the Management Company closely monitors the international standards respected by companies (UNGP, OECD and ILO texts) and their inclusion in a code of conduct, the training provided for this purpose and due diligence practices, particularly in the sectors most prone to problems of forced labour and child labour (such as food production or clothing).

Exclusion: The exclusion policy covers the most important risks related to sustainability factors and is applied in a binding and continuous manner. In particular, the exclusion policy targets many controversial weapons as well as companies that are not compliant with the United Nations Global Compact principles, in line with PAIs 10, 11 and 14 covering these aspects. The discretionary exclusion list is also updated regularly to allow for dynamic consideration of the PAIs.

More information on how the PAI on sustainability factors have been taken into account will be available in the Sub-Fund's periodic reports.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Prior to any investment, the Management Company analyses each company from the perspective of its environmental (E), social (S) and governance (G) characteristics. The management team is particularly vigilant about the progress made by companies, the commitments they make for the future and any emerging controversies that may lead to rapid divestment.

Each investment opportunity is analysed in relation to ESG criteria, based on external data supplemented by an internal analysis based on the specific expertise of the Management Company.

The external data include ESG ratings and analysis supplied by a well-known market reference in ESG analysis, indicators developed by specialised players and ESG research provided by brokers.

ESG characteristics and the sustainability factors or risks associated with the investments are assessed by the Management Company through:

1. **an INTEGRATION approach**, favouring within each sector of activity, on the basis of ESG ratings supplied by the external source supplemented by internal analysis, companies that best address the sustainability risks or factors they face and adapt their business models and strategies to these new challenges. The assessment is made on a case-by-case basis, and on the basis of intra-sectoral comparisons.

   At least 90% of the securities in the portfolio (excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis) are subject to external and internal ESG analysis.
   The Management Company undertakes to ensure that the average ESG risk rating of the long portfolio is better than that of its investment universe.

2. **an EXCLUSION policy**, consisting of (i) a list based on strict sub-sector exclusions related to controversial activities and values not complying with the United Nations Global Compact principles (details of which are available on https://exane-am/ESG investment process), (ii) a list based on country exclusions (OFAC) and (iii) a list of stock exclusions based on ESG considerations.

   This latter is based on a discretionary list stemming from the internal analysis of ESG characteristics of the relevant companies, this discretionary list being reviewed every six months to take into account any progress made, or disappointments noted.

   Further information on the exclusion lists is available on: https://exane-am/ESG investment process.

   The ESG exclusion applies to long positions in the portfolio only.

3. **a COMMITMENT approach**, that takes the form of a constant and documented dialogue with management of companies in long and short positions. Within this framework, the Management Company aims to encourage issuers towards greater transparency and comparability with regard to ESG issues and the precise objectives that they may set for themselves on these issues in the medium and long term, both through direct dialogue and by joining in with market initiatives.

Exceptionally, the Management Company may select an investment opportunity even if it has a low ESG rating (risk rating by the external source above 30), as a result of which certain investment decisions may not be ESG compliant.

However, this selection must remain exceptional and meet the following criteria :

- the internal analysis carried out by the Management Company concludes that the company concerned is subject to a high discount on its ESG rating;
- the company's management undertakes to make the necessary changes to significantly improve its ESG risk rating, without this being to the detriment of the company's profitability;
- regular exchanges with management are maintained.

These investment decisions and the monitoring of these criteria will be reviewed more frequently by the Management Company.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements used to select the Sub-Fund's investments include the following main elements:

- **Integration approach:**

  - ESG Analysis > 90% of the portfolio

  At least 90% of the securities in the portfolio (excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis) are subject to external and internal ESG analysis;

  - Long portfolio ESG risk rating < Investment universe ESG risk rating

  This is to ensure that the weighted average of the ESG risk ratings (as attributed by the external source as mentioned above) of the long equity portfolio is better (thus lower) than that of its investment universe, which is defined as the global equity, with an emphasis on Europe;

  - Proportion of the long portfolio with an ESG risk rating above 30 < to 15%

  This is to ensure that the proportion of securities in the long equity portfolio with an ESG risk rating above 30 as attributed by the external source does not exceed 15% of the long portfolio.

- **Exclusion policy:**

  This is to ensure that none of the Sub-Fund's long positions violate the Sub-Fund's exclusion policies.

ESG data used for the selection process may potentially be inconsistent, missing or not accessible, particularly when such ESG data is provided by external providers:

- Missing or incomplete disclosure of ESG information by the issuing companies,
- Sometimes complex identification of information and factors relevant to the ESG analysis of the provider's model.

These points constitute methodological limitations to the ESG rating process used.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Non Applicable (N/A). The Sub-Fund does not commit to a minimum rate of reduction in the scope of investments contemplated prior to the implementation of the investment strategy.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Firstly, governance practices are taken into consideration in the integration policy of the Sub-Fund, through the analysis of governance ratings, in particular in the field of Corporate Governance (including: Board structure, Remuneration policy, treatment of minority shareholders).

In addition, the Management Company engages in a regular dialogue with the management teams of the companies in which the Sub-Fund is invested in order to gain a better understanding of all these aspects. This dialogue constitutes a constructive approach by which the Management Company seeks to understand and analyse the issues and practices of the companies.

As the Sub-Fund intends to invest across all sectors, the Management Company is particularly vigilant with regard to the notion of transparency and quantifiable commitments from issuers regarding any planned progress over the next few years, ideally backed by empirically measurable criteria, which contribute materially to an improvement in practices.

The Management Company has formalised an engagement policy in order to enhance its approach of dialogue with the companies within the investment universe.

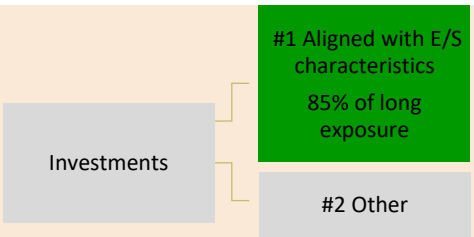
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

A minimum of 85% of the long exposure of the portfolio will be invested in issuers aligned with the promoted E/S characteristics (#1 Aligned with E/S characteristics).

Investments included under "#2 Other" may be (i) instruments related to the money market pocket (debt securities and money market funds), (ii) cash held on an ancillary basis, (iii) securities in the long portfolio issued by issuers that are not aligned with the promoted E/S characteristics and (iv) securities in the short portfolio. These investments included under "#2 Other" may be invested in issuers that are not aligned with the promoted E/S characteristics (#2 Other).

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the Investments of the financial product used to attain the environmental or social characteristics by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are necessary for the implementation of the Sub-Fund's long/short strategy.

These derivatives are either directly linked to an underlying asset (equity CFDs) allowing the integration of ESG characteristics into investment decisions or linked to an index representative of the investment universe or a given sector, in each case according to a transparent approach for rating purposes.

Long and short positions are not compensated in terms of ESG data (rating, CO2 emissions, carbon intensity).

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Non Applicable (N/A). The Sub-Fund does not currently commit to investing in any sustainable investments with an environmental objective aligned with the EU Taxonomy. However, this position will be reviewed as the underlying rules are finalised and the availability of reliable data increases over time.

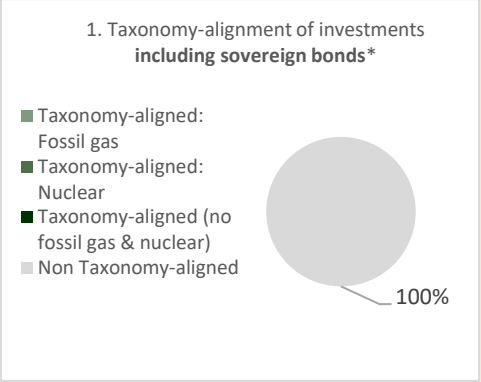
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[4]?**

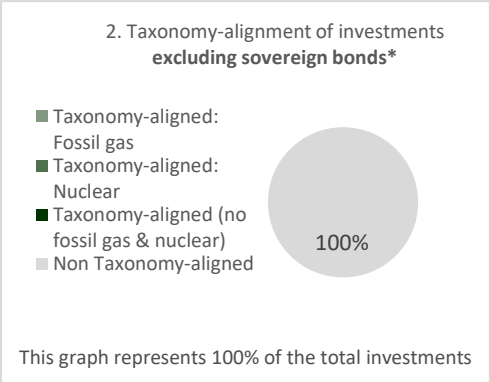
☐ Yes:
☐ In fossil gas ☐ In nuclear energy

☒ No

[4] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What is the minimum share of investments in transitional and enabling activities?

As the Sub-Fund does not commit to invest any "sustainable investment" within the meaning of the Taxonomy Regulation, the minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation is therefore also set at 0%.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable (N/A).
The Sub-Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

Not Applicable (N/A).

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Investments included under "#2 Other" may be (i) instruments related to the money market pocket (debt securities and money market funds), (ii) cash held on an ancillary basis, (iii) securities in the long portfolio issued by issuers that are not aligned with the promoted E/S characteristics and (iv) securities in the short portfolio.

The money market pocket and the short portfolio are subject to ESG analysis but none of the investments under "#2 Other" are subject to minimum or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.exane-am.com/s/exane-fonds?language=en_US&mktfam=pa&fundId=a0e0O00000uoUQUQA2