



Sextant INC.
ARIA EL French mutual fund (FCP ARIA EL)
Prospectus



AMIRAL GESTION
9 avenue Percier
75008 Paris

SEXTANT INC.

Simplified Prospectus - Section A: Statutory

Date of latest update: 23 June 2010

NOTE

The SEXTANT INC. Fund is a leveraged type UCITS with lightened investment rules. It is not subject to the same rules as UCITS for "all subscribers" and may therefore be more risky.

Only those people mentioned in the "eligible subscribers" section can buy units of the SEXTANT INC. Fund.

I. Overview

- ► **ISIN code:** FR0010422444 (A units)
FR0010434985 (Z units)
- ► **Name:** SEXTANT INC.
- ► **Legal form:** Fonds commun de placement ("FCP" investment fund)
governed by French law
- ► **Sub-funds/feeder fund:** None
- ► **Management company:** AMIRAL GESTION
- ► **Delegated financial manager:** None
- ► **Administration and accounting:** RBC Dexia Investor Services France
- ► **Custodian:** RBC Dexia Investor Services Bank France
- ► **Auditor:** MBV & Associés
- ► **Promoter / marketer:** AMIRAL GESTION
- ► **Guarantee or protection:** None
- ► **Recommended minimum investment period:** More than five years
- ► **Persons ensuring that the criteria regarding the capacity of the subscribers or buyers have been complied with and that the latter have received the required information:**

Any person selling this UCITS will be responsible for ensuring that the criteria regarding the capacity of the subscribers or buyers have been complied with and that the latter have received the required information.

II. Information on investments and management

- ► **Classification**
Diversified "FCP" investment fund
- ► **Fund of funds**
Investments in units or shares of UCITS may represent up to 100% of assets.
- ► **Investment objective**
The Fund's management objective is to achieve a positive absolute return through the selection of listed shares while reserving the right to possibly hedge partially or fully against market risk.
- ► **Benchmark indicator: None**



- No existing index is appropriate with regard to discretionary management.

- **► Investment strategies and asset allocation**

The main strategy is to build an equity portfolio concentrating bets on long positions in a very small number of securities (5 to 10 equities on average).

Occasionally the management company will sell short a limited number of equities considered overpriced from a fundamental viewpoint.

Equity selection according to the free choice and conviction of the managers will be based on conventional detailed fundamental analysis (stock picking) in addition to technical criteria at the time of buying and selling.

Each position will be initiated with a major quantified upside potential corresponding to the difference between the quoted price and the fundamental value, or "fair value", determined by us beforehand by proprietary financial analysis techniques.

The timing for each initiation of a position is refined by systematic technical analysis.

This is an essential supplement to fundamental analysis.

The portfolio will be built by a bottom-up approach based on individual stock picking. It will therefore not be the reflection of a balanced asset allocation or a macroeconomic scenario and may show geographic, sector or directional biases. These biases may be accentuated or attenuated by using derivative products.

SEXTANT INC. will have a maximum gross exposure limited to 400% (gross exposure obtained by adding up the long positions (300%) and short positions (100%)) and the Fund's net exposure will range between 0 and 300% of the net assets (long positions minus short positions).

SEXTANT INC. may be up to 100% invested in international equities. The manager will select securities in a discretionary manner without any geographic, sector or capitalization (large/mid/small) allocation constraints.

The Fund may also be up to 100% invested in money market instruments. These will be euro-denominated negotiable debt instruments of at most three months maturity

The Fund may also invest up to 100% of its assets in securities of other French and/or European coordinated UCITS, chiefly in the form of cash investment via euro-denominated money market funds.

Transactions on derivatives instruments and securities with embedded derivatives will be carried out

- to increase (by buying futures) or reduce (by selling futures) the portfolio's exposure to equity risk.
- in order to achieve partial fund exposure to or hedging against favourable or unfavourable index, commodity and currency trends;
- as part of strategies to optimise the return on shares in the portfolio;
- as part of strategies for the potential acquisition of shares at a price below the market price.

The FCP leverage on long and short positions will be financed through simple over-the-counter futures instruments such as "Contracts For Differences" (CFD). CFDs will be used in a regulated framework to facilitate share buying and selling transactions.

The main FCP counterpart will be NEWEDGE GROUP (UK Branch).

The FCP leverage on long positions may also be financed through a credit line or on overdraft granted by a lending institution.

The Fund may possibly place 100% of the assets with lending institutions for cash management or for investment if market conditions so require.

- **► Risk profile**

Your money will be chiefly invested in financial instruments selected by the management company. These instruments will be subject to the fluctuations and vagaries of the market. Details of the risks mentioned in this section can be found in the detailed memorandum.

- 1. Capital risk**

The Fund offers no guarantee or protection, and it is therefore possible that the capital initially invested may not be recovered in full.

- 2. Equity risk**

The investor is exposed to equity risk. Fluctuations in share prices can have a negative impact on the Fund's net asset value. When the share market falls, the net asset value will fall.

The Fund is exposed to companies which may have a small market capitalization. Such companies, due to their specific characteristics, may represent risks for the investor.

Subscribers are warned that the operating and monitoring conditions of the emerging markets to which the Fund is exposed may differ from the standards prevailing on the major international stock markets.

- 3. Risk related to the discretionary asset management and allocation style:**

The Fund's performance depends both on the equities selected by the manager and the manager's asset allocation. There is therefore a risk that the manager may not select the equities giving the best performance and that the asset allocation among the various markets may not be optimum.

- 4. Leverage risk:**

The small initial margins normally required to trade in the markets for futures and other derivatives and options make high leverage possible. As a consequence, a relatively small price change in a contract can generate large profits or substantial losses. This is especially true of options, because only a small fraction of the value of the underlying assets is required to invest in them.



This leverage makes it possible to earn significant profits, but creates a situation with a high level of risk and with the possibility of a substantial loss.

In periods of high market volatility, the margin requirements or the cost of option contracts can be increased significantly.

5. Short selling risk:

The Fund will use a short selling strategy.

The risk is that the Fund may be obliged to buy the security back at a price higher than its selling price if the price moves in the opposite direction to what the manager expected. Short selling entails a risk of theoretically unlimited loss if the price of the security rises.

6. Risk of CFD Counterpart:

To finance its leverage, the Fund employs simple over-the-counter future instruments such as 'Contracts For Differences (CFD)' whose main counterpart is NEWEDGE GROUP (UK Branch).

In this framework, the FCP is exposed to the following risks:

- Closing of the CFD by the counterpart lending institution who would decide to change or halt the financing granted by it;
- Loss of CFD value and no refund of the deposits granted by the FCP in accordance with CFD as a result of the lending institution bankruptcy.

7. Investment concentration risk:

Although the Fund endeavours to diversify its investments, it may have a small number of heavily weighted positions.

As a consequence, a loss on one of these positions may result in heavy losses for the Fund and a proportionally greater decline in net asset value than if the Fund had invested in a larger number of positions. To minimize this risk, the Fund limits its exposure to any given share issuer to 35% of its assets.

8. Interest-rate risk

The interest-rate risk is the risk of a rise in bond market rates, which causes a fall in bond prices and as a consequence a fall in the net asset value of the Fund.

9. Credit risk

The credit risk is the potential risk of downgrading of the issuer's signature, which will have a negative impact on the security's price and therefore on the net asset value of the Fund.

This Fund should be considered as partly speculative and intended in particular for investors aware of the risks inherent in investing in securities having a low or no rating.

For example, investment in high-yield securities may result in a significant fall in the net asset value.

10. Currency risk

Currency risk exists when the Fund holds securities or UCITS denominated in a currency other than the euro. Fluctuations of the euro relative to another currency could have a negative impact on the net asset value of the Fund.

• ► Eligible subscribers and typical investor profile

In accordance with Article 413-2 of the AMF General Regulations, the subscription to and purchase of units or shares of the Fund are reserved for:

1. The eligible investors mentioned in indent 1 of Article L.214-35-1 of the Code monétaire et financier (French Monetary and Financial Code);
2. The State, or in the case of a federal State, one or more of the members forming the federation;
3. The European Central Bank, central banks, the World Bank, the International Monetary Fund and the European Investment Bank;
4. Investors whose initial subscription is at least 10,000 euros and who have held for at least one year, in the financial sector, a professional position that has enabled them to acquire a knowledge of the strategy applied by the Fund to which they plan to subscribe;
5. Companies meeting two of the following three criteria, during the last year ended:
 - o Total corporate assets exceeding 20,000,000 euros;
 - o Turnover exceeding 40,000,000 euros;
 - o Shareholders' funds exceeding 2,000,000 euros.
6. Investors whose initial subscription is at least 10,000 euros and who hold deposits, life insurance products or a portfolio of financial instruments of total value greater than or equal to 1,000,000 euros;
7. Investors whose initial subscription is greater than or equal to 125,000 euros.

The "A" units are available to all investors. However, given the significant risk involved in equity investment, the Fund is primarily suitable for investors prepared to ride out the sharp fluctuations inherent in equity markets and having an investment horizon of at least five years.

The «Z» units are only available to:

- the management company
- the management company's staff (standing employees and managers) as well as their spouse, parents and children.
- for business mutual funds meant for the management company's staff



- financial companies offering life insurance or capitalization contracts for an amount equal to the value of the Z units in the life insurance or capitalization contract signed by one of the companies staff or by their spouse, parents and children.

SEXTANT INC. may be used within individual unit-linked life insurance policies.

The amount that can reasonably be invested in this Fund depends on the investor's personal situation. To determine this amount, the investor's personal wealth, his current needs and needs in five years' time, as well as his degree of risk aversion, must all be taken into account.

In all cases, investors are strongly advised to sufficiently diversify their investments to avoid being exposed solely to the risks of this Fund.

III. Information concerning costs, fees and taxation

• ► Subscription and redemption fees

Subscription and redemption fees are added to the subscription price paid by the investor and subtracted from the redemption price. The fees retained by the Fund offset the costs incurred by the Fund to invest or divest the assets entrusted to it. The fees not retained by the Fund go to the management company and/or the marketer.

Fees charged to the investor for subscriptions and redemptions	Base	Rate scale
Subscription fees not retained by the Fund	Net asset value x number of units	A units: 2% maximum Z units: Nil
Subscription fees retained by the Fund		Nil (A and Z units)
Redemption fees not retained by the Fund	Net asset value x number of units	A units: 1% maximum Z units: Nil
Redemption fees retained by the Fund		Nil (A and Z units)

Cases of exemption

Subscription and redemption fees are waived for subscriptions and redemptions executed for the same number of units, at the same net asset value and on the same date.

• ► Operating and management fees (excluding transaction costs)

These fees cover all the costs charged directly to the Fund, except transaction costs (see below). Transaction costs include intermediation costs (brokerage fees, stamp duty, etc.) and the turnover commission received in particular by the custodian and the management company.

To these operating and management fees may be added:

- Performance fees. These reward the management company for achieving performance exceeding the Fund's objectives.
- Turnover commission charged to the Fund.
- Part of the income from securities sale and repurchase transactions.

For more details concerning the fees actually charged to the Fund, refer to Section B of the simplified prospectus.

Management fees are provisioned whenever the Fund's net asset value is calculated.

Fees charged to the Fund ¹	Base	Rate scale
Fixed annual management fees	Net assets	A units: maximum 2% including tax Z units: maximum 0.1% including tax
Performance fees	A units: Fund annual performance exceeding 5% Z units: Nil	20% (including tax) -

Procedure for calculating performance fees (A units)

Performance fees are based on a comparison between the Investment Fund's performance and the benchmark, over the financial year.

Variable management fees will be charged by the management company as follows.

¹ - Including all fees other than transaction and fees related to investments in UCITS or investment funds.



The Investment Fund's performance is calculated according to the change in its net asset value:

- If, over the financial year, the Fund's performance exceeds 5%, the variable portion of management fees will represent 20% (including tax) of the difference between the Fund's performance and that of its benchmark.
- If, over the financial year, the Fund's performance is below the reference 5% level, the variable portion will be nil.
- If, during the financial year, the Fund's performance from the beginning of the year exceeds the benchmark calculated over the same period, this outperformance will be covered by a provision for performance fees when calculating the net asset value.
- If the Fund underperforms the benchmark between two net asset value calculations, any provision made previously will be adjusted by a provision reversal. Provision reversals are limited at most to the prior provisions.
- This variable portion of fees will be finally received at the end of the financial year only if the Fund's performance over the financial year exceeds that of the benchmark.

Maximum indirect fees

The Fund undertakes to invest only in UCITS for which the maximum fees do not exceed the following ceilings:

- Management fees : 3% including tax, excluding performance fees.
- Entry fees : 2%.
- Exit fees : 1%.

• ► Tax treatment

Dominant tax purpose: Not applicable

Since the Fund only proposes accumulation units, the tax treatment is the taxation of capital gains on marketable securities applicable in the country of residence of the unit holder, in accordance with the rules appropriate to the holder's situation.

Depending on your tax status, any capital gains and income resulting from the ownership of units of the Fund may be subject to taxation. The holders of Fund units are requested to consult their regular tax advisor or account manager in order to determine the tax rules applicable to their individual situation.

IV. Commercial information

• ► Terms of subscription and redemption

The original net asset value of the unit is set at 100 euros.

Subscription and redemption orders are centralized by the custodian:

RBC DEXIA INVESTOR SERVICES BANK FRANCE - Lending institution accredited by the CECEI - 105 rue Réaumur - 75002 Paris

at the latest the Friday prior to the establishment of the net asset value before 11:00 a.m. (or in D-5, D being the date of the establishment of the net asset value). Subscription and redemption requests arriving after 11:00 a.m. are based on the following net asset value as previously described.

Subscriptions are in number of shares (up to the thousandth) or in a cash amount and are treated in D+3. Redemptions are effectuated exclusively in number of shares (up to the thousandth) and are treated in D+3.

Nevertheless, in the case of subscription requests for issuer-registered units, these must be expressed in amount only and the corresponding funds must be transferred to the custodian at the latest in D-1. If not, the subscription is based on the following net asset value as mentioned above.

• ► End of financial year

Last business day in Paris in December.

• ► Dividend policy

Full capitalization of income. Booking of collected dividends.

• ► Date and frequency of calculation of net asset value

The net asset value is determined every Weeks on Friday, . However, if the Paris Bourse is closed on that day or if it is a holiday in France, the net asset value will be calculated the day before.

An approximate estimation of the valuation will be dated the last business day of the month, if this day is not a valuation day. This day's value is not used for subscription redemptions.

• ► Place and procedures for publication and communication of the net asset value

Unit holders may obtain all information regarding the Fund simply on request from the Fund management company. The net asset value is available at the management company and on the website <http://www.amiralgestion.com>.

• ► Base currency of fund units

Euro

• ► Summary of the investment offer



ISIN Code Units	Dividend policy	Base currency	Eligible subscribers	Minimum subscription amount	Fixed management fees	Performance fee	Subscription fees	Redemption fees	Initial net asset value
FR0010422444 A units	Accumulation	Euro	All subscribers complying with Article 413-2 of the AMF General Regulations	See section on eligible subscribers and investor profile	Maximum 2% including tax	20% (including tax) above 5% per annum	Maximum 2%	Maximum 1%	€100
FR0010434985 Z units	Accumulation	Euro	The management company and the management company's employees complying with Article 413-2 of the AMF General Regulations	See section on eligible subscribers and investor profile	Maximum 0.1% including tax	None	None	None	€100

• ► **Date of creation**

The Fund was approved by the Autorité des Marchés Financiers on 30 January 2007.

It was created in the form of a simple "ARIA" (accredited fund with lightened investment rules) on 9 February 2007; it was modified significantly on 30 December 2007 (introduction of at least 50% equity exposure) and was converted into a leveraged "ARIA" fund on 25 January 2008.

Additional information

The Fund's full prospectus, the latest annual report and the latest interim statement will be sent within one week simply on a written request by the unit holder to:

AMIRAL GESTION - 9 avenue Percier - 75008 Paris

These documents are also available on the website <http://www.amiralgestion.com>

Fund unit holders may consult the document on the management company's voting policy and the annual report detailing the conditions of exercise of voting rights on the website <http://www.amiralgestion.com>.

Date of publication of the prospectus: 23 June 2010

The AMF website (<http://www.amf-france.org>) contains further information on the list of regulatory documents and all the provisions relating to investor protection.

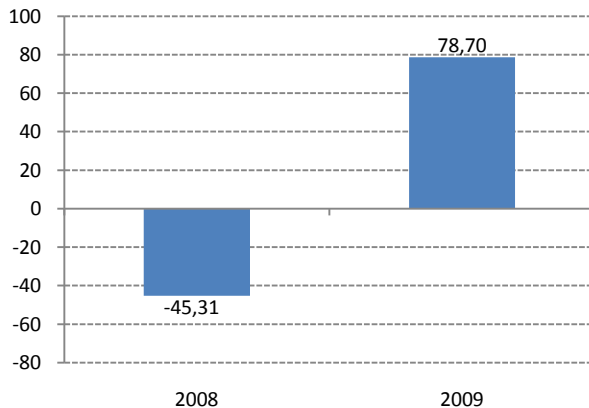
The present simplified prospectus shall be submitted to subscribers prior to subscription.



Simplified Prospectus - Section B: Statistics

“A” Units

Fund performance as at 31/12/2009



Observations:

The Fund changed its strategy on 30 December 2007 (with the introduction of at least 50% equity exposure). The Fund was converted into an "ARIA EL" (leveraged "ARIA" fund) on 25 January 2008.

Annualized performance	1 year
SEXTANT INC	78,70 %

Note:

- The indices are calculated without dividends, whereas the Fund only proposes accumulation units (net dividends are reinvested)
- Past performance is not necessarily a guide to future performance. The value of the units may go down as well as up.

Statement of costs charged to the Fund for the latest financial year ended 31/12/2009

Operating and management costs	1.96 %
Cost of investing in other UCITS or investment funds This cost reflects:	0.01 %
- Costs arising from the purchase of UCITS and investment funds;	0.01 %
- Deductions made for trailer fees negotiated by the management company of the investing fund.	None
Other costs charged to the Fund These other costs consist of:	0.11%
- Performance fees	None
- Turnover commission	0.11%
Total charged to the Fund during the past financial year	2.08%

Operating and Management Costs

These include all costs charged directly to the Fund except transaction costs and, where applicable, performance fees. Transaction costs include intermediation costs (brokerage fees, stamp duty, etc.) and the turnover commission (see below). Operating and management costs include, in particular, financial management fees, administrative and accounting management costs, and depository, custody and audit fees.

Costs arising from the purchase of UCITS and/or investment funds

Some UCITS invest in other UCITS or in foreign investment funds (target UCITS). For the purchase and ownership of a target UCITS (or an investment fund), the buyer UCITS incurs two types of costs evaluated here:

a) Subscription/redemption fees. However, the fraction of these fees retained by the target UCITS is considered as transaction costs and is therefore not counted here.

b) Fees charged directly to the target UCITS, which represent indirect costs for the buyer UCITS.

In some cases, the buyer UCITS may negotiate trailer fees, i.e. rebates on some of these fees. These rebates are deducted from the total costs actually incurred by the buyer UCITS.

Other costs charged to the Fund

Other costs may be charged to the Fund. These are as follows:

a) Performance fees. These reward the management company for achieving performance exceeding the Fund's objectives.

b) Turnover commission. The turnover commission is a fee charged to the Fund for each transaction on the portfolio. These fees are described in detail in the full prospectus. They accrue to the management company on the terms set out in Section A of the simplified prospectus.

Investors should note that these other costs may vary significantly from year to year and that the figures shown here are those observed in the past financial year.

Overview of transactions for the latest financial year ended 31/12/2009

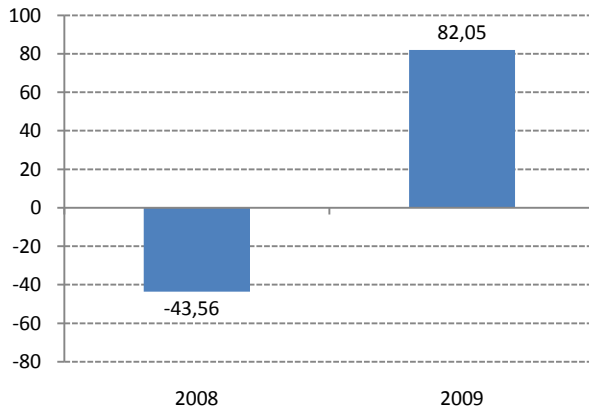
Transactions between the management company on behalf of the Fund managed by it and affiliated companies, relative to total transactions for the past financial year, accounted for:

Asset class	Transactions
Shares	0.00%
Debt securities	0.00%



“Z” Units

Fund performance as at 31/12/2009



Observations:

The Fund changed its strategy on 30 December 2007 (with the introduction of at least 50% equity exposure).

The Fund was converted into an "ARIA EL" (leveraged "ARIA" fund) on 25 January 2008.

Annualized performance	1 year
SEXTANT INC	82,05 %

Note:

- The indices are calculated without dividends, whereas the Fund only proposes accumulation units (net dividends are reinvested)
- Past performance is not necessarily a guide to future performance. The value of the units may go down as well as up.

Statement of costs charged to the Fund for the latest financial year ended 31/12/2009

Operating and management costs	0.10 %
Cost of investing in other UCITS or investment funds This cost reflects:	0.01 %
- Costs arising from the purchase of UCITS and investment funds;	0.01 %
- Deductions made for trailer fees negotiated by the management company of the investing fund.	None
Other costs charged to the Fund These other costs consist of:	0.11%
- Performance fees	None
- Turnover commission	0.14%
Total charged to the Fund during the past financial year	0.22%

Operating and Management Costs

These include all costs charged directly to the Fund except transaction costs and, where applicable, performance fees. Transaction costs include intermediation costs (brokerage fees, stamp duty, etc.) and the turnover commission (see below). Operating and management costs include, in particular, financial management fees, administrative and accounting management costs, and depository, custody and audit fees.

Costs arising from the purchase of UCITS and/or investment funds

Some UCITS invest in other UCITS or in foreign investment funds (target UCITS). For the purchase and ownership of a target UCITS (or an investment fund), the buyer UCITS incurs two types of costs evaluated here:

a) Subscription/redemption fees. However, the fraction of these fees retained by the target UCITS is considered as transaction costs and is therefore not counted here.

b) Fees charged directly to the target UCITS, which represent indirect costs for the buyer UCITS.

In some cases, the buyer UCITS may negotiate trailer fees, i.e. rebates on some of these fees. These rebates are deducted from the total costs actually incurred by the buyer UCITS.

Other costs charged to the Fund

Other costs may be charged to the Fund. These are as follows:

a) Performance fees. These reward the management company for achieving performance exceeding the Fund's objectives.

b) Turnover commission. The turnover commission is a fee charged to the Fund for each transaction on the portfolio. These fees are described in detail in the full prospectus. They accrue to the management company on the terms set out in Section A of the simplified prospectus.

Investors should note that these other costs may vary significantly from year to year and that the figures shown here are those observed in the past financial year.

Overview of transactions for the latest financial year ended 31/12/2009

Transactions between the management company on behalf of the Fund managed by it and affiliated companies, relative to total transactions for the past financial year, accounted for:

Asset class	Transactions
Shares	0.00%
Debt securities	0.00%



SEXTANT INC.

Statement by the subscriber

The objective of the present document is to identify the subscribers to the funds and to ensure their capacity to subscribe to an ARIA EL mutual fund.

I declare:

Surname and first name or business title

For legal entities, represented by

Acting as

Address

.....

I hereby state that: (tick the corresponding boxes - Boxes 1, 2, 3 and 4 are to be ticked in all cases, and one of the boxes 4.1 to 4.7)

- (1) I possess a full prospectus of the SEXTANT INC. fund;
- (2) I have read at least the simplified prospectus, and in particular the "Risk profile" section, and am acquainted with the content of the warning notice appearing in the full prospectus;
- (3) I have been warned that this UCITS is an UCITS with simplified investment rules (leveraged), and that it can adopt special investment rules;
- (4) I have been warned that this UCITS is reserved for the investors mentioned below and belong to one of the following categories:
 - (4.1) Investors whose initial subscription is at least 10,000 euros and who have held for at least one year, in the financial sector, a professional position that has enabled them to acquire a knowledge of the strategy applied by the Fund to which they plan to subscribe;
 - (4.2) Investors whose initial subscription is at least 10,000 euros and who own deposits, life insurance products or a portfolio of financial instruments of total value greater than or equal to 1,000,000 euros;
 - (4.3) Investors whose initial subscription is greater than or equal to 125,000 euros;
 - (4.4) Qualified investors mentioned in indent 1 of Article L. 214-35-1 of the Code Monétaire et Financier (French Monetary and Financial Code); (for example: portfolio managers, UCITS, insurance companies, management companies, etc.)
 - (4.5) State, or in the case of a federal State, one or more of the members forming the federation;
 - (4.6) European Central Bank, central banks, the World Bank, the International Monetary Fund and the European Investment Bank;
 - (4.7) Companies meeting two of the following three criteria, during the last year ended:
 - Total corporate assets exceeding 20,000,000 euros;
 - Turnover exceeding 40,000,000 euros;
 - Shareholders' funds exceeding 2,000,000 euros.

**Comparison with subscription form:**

- Bearer shares, subscribed through your bank

The present document must be returned by fax to +33 1 40 74 35 64 at the same time as you place your order with your bank, accompanied by a legible photocopy of a valid identification card (both sides or the first four pages of your passport).

- Initial subscription

- Subsequent subscription ⇔ date of initial subscription

Number of shares or amount invested

Intermediary bank

Date of order placement

Contacts (e-mail and telephone)

- Subscriber

- Intermediary bank

- Subscription for issuer-registered units

The « Statement by the subscriber » is to be completed directly on the issuer-registered units subscription form. It is therefore, not necessary to fill out this document.

Signed in, on

Mandatory handwritten statement:

"Read and approved. I hereby state that I have read the full prospectus, and in particular the "Risk profile" section. I recognize having been warned that the subscription to units of the SEXTANT INC. fund is reserved to the investors mentioned in Article 413-2 of the AMF General Regulations. I state that I subscribe on my own initiative without any canvassing by banking or finance institutions."

SIGNATURE OF THE SUBSCRIBER

(for legal entities, signature of their representative and company stamp)



AMIRAL GESTION
9 avenue Percier
75008 Paris

Detailed memorandum

NOTE

The SEXTANT INC. Fund is a leveraged type UCITS with lightened investment rules. It is not subject to the same rules as UCITS for "all subscribers" and may therefore be more risky.

Only those people mentioned in the "eligible subscribers" section can buy units of the SEXTANT INC. Fund.

I. General characteristics

A. UCITS Structure

- **Fund name:**

SEXTANT INC.

- **Legal form and member state in which the Fund is established:**

Fonds commun de placement ("FCP" investment fund) governed by French law.

Feeder fund: None

Sub-funds: None

- **Date of creation and expected life**

The Fund was approved by the Autorité des Marchés Financiers on 30 January 2007.

It was created in the form of a simple "ARIA" (accredited fund with lightened investment rules) on 9 February 2007 and was converted into a leveraged "ARIA" fund on 25 January 2008.

For a period of: 99 years

- **Summary of the investment offer**

ISIN Code Units	Dividend policy	Base currency	Eligible subscribers	Minimum subscription amount	Fixed management fees	Performance fee	Subscription fees	Redemption fees	Initial net asset value
FR0010422444 A units	Accumulation	Euro	All subscribers complying with Article 413-2 of the AMF General Regulations	See section on eligible subscribers and investor profile	Maximum 2% including tax	20% (including tax) above 5% per annum	Maximum 2%	Maximum 1%	€100
FR0010434985 Z units	Accumulation	Euro	The management company and the management company's employees complying with Article 413-2 of the AMF General Regulations	See section on eligible subscribers and investor profile	Maximum 0.1% including tax	None	None	None	€100

- **Where the latest annual report and interim statement can be obtained:**

The latest annual report and the latest interim statement will be sent within one week simply on a written request by the holder to:

AMIRAL GESTION - 9 avenue Percier - 75008 Paris

These documents are also available on the website:

<http://www.amiralgestion.com>

Further information can also be obtained, if necessary, from:

Vincent DUBOIS - +33 (0) 1 47 20 73 37 - E-mail: vd@amiralgestion.com



B. Fund management, administrative and supervisory bodies

- ▶ **Management company**

AMIRAL GESTION - 9 avenue Percier - 75008 Paris

"Société Anonyme" (plc) with a registered capital of 539,281 euros, fully paid up

Paris RCS (Corporate and Trade Register) 445 224 090

The management company was authorized as a Portfolio Management Company on 28 February 2003 by the Commission des Opérations de Bourse (Securities and Investment Board) under the number GC 03-001.

- ▶ **Depository and Custodian**

RBC DEXIA INVESTOR SERVICES BANK France - Lending institution accredited by the CECEI - 105 rue Réaumur - 75002 Paris

Subscription and redemption orders are centralized by the custodian.

- ▶ **Auditor:**

Cabinet MBV & ASSOCIES - 39 avenue de Friedland - 75008 Paris - Represented by Mr Etienne de BRYAS

- ▶ **Promoter(s):**

AMIRAL GESTION - 9 avenue Percier - 75008 Paris

- ▶ **Persons ensuring that the criteria regarding the capacity of the subscribers or buyers have been complied with and that the latter have received the required information:**

Any person selling this UCITS will be responsible for ensuring that the criteria regarding the capacity of the subscribers or buyers have been complied with and that the latter have received the required information.

- ▶ **Administration and accounting:**

RBC DEXIA INVESTOR SERVICES France - 105 rue Réaumur - 75002 Paris

The administrator performs calculation of net asset values and legal supervision of the fund.

- ▶ **External advisors:**

None

II. Operating and management procedures

A. General characteristics

- ▶ **Characteristics of the units**

Currency

The units are euro-denominated.

Rights attached to the classes of units:

In French law, a Fonds commun de placement ("FCP" investment fund) is a co-ownership of marketable securities (owned jointly) in which the rights of each co-owner are expressed in units and in which each unit corresponds to a fraction of the fund's assets. Each unit holder therefore has a co-ownership right to the assets of the Fund proportional to the number of units they own.

Liability management and registration procedures

The holding of liabilities of the FCP fund and thus the individual rights of each bearer is assured by the custodian, RBC Dexia Investor Services Bank France. The administration of bearer shares is effectuated by EUROCLEAR France. The custodian also assures the holding of registers for issuer-registered units

Voting rights:

Since it is a joint ownership, no voting rights are attached to the units issued by the FCP investment fund. Decisions concerning the Fund's operation are taken by the management company in the interests of the unit holders.

Form of the shares and decimalization

The shares issued are legally considered bearer shares or issuer-registered units. The shares are decimalized in thousandths of a part.

- ▶ **End of financial year**

Last business day in Paris in December.

- ▶ **Information on tax treatment:**

Dominant tax purpose

None.

At Fund level:

Due to their co-ownership structure, "FCP" funds benefit from fiscal transparency and are not liable to corporation tax in France. In particular, capital gains on sales of securities performed within the scope of the fund's investment objective are exempted from tax, provided that no natural person, acting directly or via an intermediary, own more than 10% of its units (Article 105-0 A, III-2 of the Code Général des Impôts (French General Tax Code).



At Unit holder level:

Unit holders are taxable directly on capital gains and losses, in accordance with the tax legislation.

On the principle of transparency, the tax authorities consider that the unit holder is the direct owner of a fraction of the financial instruments and liquid assets held in the Fund.

The applicable tax treatment is in principle that for capital gains on marketable securities in the country of residence of the unit holder, in accordance with the rules appropriate to his (her) situation (natural person, artificial person liable to corporation tax, institutional supplementary pension fund, other cases, etc.). The rules applicable to holders who are French residents are stipulated by the Code Général des Impôts (General Tax Code).

For any income distribution, the taxation of the unit holders depends on the type of securities held in the portfolio.

The tax treatment for the subscription and redemption of units issued by the Fund depends on the tax legislation applicable to the particular situation of the investor and/or the Fund's investment jurisdiction.

Investors who are not sure of their tax situation should contact a professional financial adviser. This consultation could, depending on the case, be invoiced by the investor's adviser and will in no case be paid for by the fund or the management company.

B. Particular provisions

- ▶ **ISIN codes**

FR0010422444 (A units)

FR0010434985 (Z units)

- ▶ **Classification**

Diversified "FCP" investment fund

- ▶ **Investment objective**

The Fund's management objective is to achieve a positive absolute return through the selection of listed shares while reserving the right to possibly hedge partially or fully against market risk.

- ▶ **Benchmark indicator: None**

No existing index is appropriate with regard to discretionary management.

- ▶ **Investment strategy and management policy**

The main strategy is to build an equity portfolio concentrating bets on long positions in a very small number of securities (5 to 10 equities on average).

Occasionally the management company will sell short a limited number of equities considered overpriced from a fundamental viewpoint.

Equity selection according to the free choice and conviction of the managers will be based on conventional detailed fundamental analysis (stock picking) in addition to technical criteria at the time of buying and selling.

Each position will be initiated with a major quantified upside potential corresponding to the difference between the quoted price and the fundamental value, or "fair value", determined beforehand by proprietary financial analysis techniques.

As regards selling discipline, the motives for sale will be both fundamental and technical: valuations far exceeding estimates, deterioration of the environment, weaker financial performance that could lead to disappointments, etc.

The timing for each initiation of a position is refined by systematic technical analysis.

This is an essential supplement to fundamental analysis.

The portfolio will be built by a bottom-up approach based on individual stock picking. It will therefore not be the reflection of a balanced asset allocation or a macroeconomic scenario and may show geographic, sector or directional biases. These biases may be accentuated or attenuated by using derivative products.

However, the fund will be built in such a way that it should give very dynamic and more volatile performance in bull periods and could offer satisfactory performance in bear periods due to the possibility of hedging by index futures, the purchase of index put options, short selling of individual equities and the possibility of not being invested.

SEXTANT INC. will have a maximum gross exposure limited to 400% (gross exposure obtained by adding up the long positions (300%) and short positions (100%)) and the Fund's net exposure will range between 0 and 300% of the net assets (long positions minus short positions).

The absolute potential of each investment initiated should generate an annualized portfolio performance of 15% to 25% with an associated volatility of around 10%.

- ▶ **Eligible assets**

Equities (0 to 100%)

SEXTANT INC. may be up to 100% invested in international equities.

The manager will select securities in a discretionary manner without any geographic, sector or capitalization (large/mid/small) allocation constraints.

Debt securities and money market instruments (0 to 100%)



The fund may be up to 100% invested in money market instruments consisting of euro-denominated negotiable debt instruments of at most three months maturity. These short-term instruments shall have at least an A-2 short-term Standard & Poor's rating or an equivalent rating by another rating agency such as Moody's or Fitch Rating.

The Fund may invest in all debt securities irrespective of the currency or signature quality.

For any securities not reputed "Investment Grade", i.e. not having at least a BBB- rating from Standard & Poor's or an equivalent rating from another rating agency such as Moody's or Fitch Rating, investments may be selected after undergoing in-depth in-house research at Amiral Gestion. The Fund may also invest in bond-related securities (convertible bonds, bonds with warrants, titre participatifs).

Investments in other UCITS and/or investment funds (0 to 100%)

The Fund may invest up to 100% of its assets in securities of other French and/or European coordinated UCITS, chiefly through cash investment in euro-denominated money market funds (which may be dynamic money market funds employing alternative management strategies). Accessorily, the Fund may invest in share or bond class UCITS compatible with the fund's management.

The Fund will never invest in investment funds outside the European Union, nor in venture capital funds or similar funds.

Derivative and securities with embedded derivatives

Transactions on derivatives instruments (buying of call or put options on indices, commodities or currencies and buying or selling of futures contracts on indices, commodities or currencies) and on securities with embedded derivatives will be carried out in order to achieve partial fund exposure to or hedging against favourable or unfavourable index, commodity and currency trends.

There will be no overexposure.

Financial futures contracts relating to commodity indices will be established in accordance with the 5/10-20/40 ratio.

Call options will be sold on shares while holding the underlying shares, as part of strategies to optimise the return on shares in the portfolio.

Call options will be sold without holding the underlying shares as part of the strategy of occasional short selling of shares considered overvalued.

Put options will be sold on shares as part of strategies for the potential acquisition of said shares at a price below the market price prevailing when the strategy was put in place.

The fund's leverage on long and short positions will be financed mainly via simple over-the-counter futures instruments such as Contracts For Differences (CFD).

The Contract For Difference (CFD) is a derivative product which operates on a similar principle to a fixed-term equity swap. This derivative allows the fund manager to take positions without investing in the underlying security. The CFD replicates the price and flow movements generated by the security but entails no transfer of ownership of securities.

CFDs will be used in a regulated framework to facilitate share buying and selling transactions. The fund's main counterparty will be Newedge Group (UK Branch).

Deposits

The Fund may possibly place 100% of the assets with lending institutions for cash management or for investment if market conditions so require.

Cash borrowing

The FCP leverage on long positions may also be financed through a credit line or on overdraft granted by a lending institution.

In accordance with Article 4 of Instruction No. 2006-04 of 24 January 2006, the financial instruments used are all so-called "simple" instruments. The fund described here is therefore of type A (Article 7 -1° of the same Instruction). The method adopted for calculating exposure is the so-called linear approximation method (Article 411-44-5 of the AMF General Regulations).

Securities sale and repurchase transactions

The Fund may borrow and lend securities with lending institution counterparties.

These security lending/borrowing transactions shall be concluded at market conditions.

Risk management procedure:

Fund risk control is performed by monitoring each day the leverage, volatility, liquidity and holding limits for each security and each sector.

In order to limit potential losses, the managers set themselves maximum loss thresholds for each position and apply stop loss techniques.

Likewise, to limit the Fund's losses, an excessive fall in the Fund's net asset value will lead the managers to reduce the leverage.

Daily portfolio monitoring is performed by an application software, DT ASSET, developed and tested by the software publishing firm Density. It already performs monitoring of the other three Amiral Gestion funds. The functionalities offered are as follows:

- Manager/Front Office/Middle Office interfaces
 - Electronic ticket entry, order placing, allocation and analysis in funds
 - Reconciliation with the back office
 - Historicization of all transactions
- Control, at all times, of compliance with regulatory ratios
 - Exposure ratios:
 - Maximum gross exposure of 300%
 - Gross short exposure of 100%
 - Gross long exposure of 200%



- Estimate of net asset value
- Looking up and tracking fund positions
- Data historicization.

This tool is very flexible and allows complete integration of the Front to Back and Risk Management functions.

Networked deployment enables the fund managers, Middle Office Manager and Internal Control Manager to obtain access to the portfolio in real time from their respective work stations.

- **► Risk profile**

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

1. Capital risk

The Fund offers no guarantee or protection, and it is therefore possible that the capital initially invested may not be recovered in full.

2. Equity risk

The main risk to which the investor is exposed is equity risk. Fluctuations in share prices can have a negative impact on the Fund's net asset value. When the share market falls, the net asset value will fall.

The Fund is exposed to companies which may have a small market capitalization. Such companies, due to their specific characteristics, may represent risks for the investor.

Subscribers are warned that the operating and monitoring conditions of the emerging markets to which the Fund is exposed may differ from the standards prevailing on the major international stock markets.

3. Risk related to the discretionary asset management and allocation style

The Fund's performance depends both on the equities selected by the manager and the manager's asset allocation. There is therefore a risk that the manager may not select the equities giving the best performance and that the asset allocation among the various markets may not be optimum.

4. Leverage risk

The small initial margins normally required to trade in the markets for futures and other derivatives and options make high leverage possible. As a consequence, a relatively small price change in a contract can generate large profits or substantial losses. This is especially true of options, because only a small fraction of the value of the underlying assets is required to invest in them.

This leverage makes it possible to earn significant profits, but creates a situation with a high level of risk and with the possibility of a substantial loss.

In periods of high market volatility, the margin requirements or the cost of option contracts can be increased significantly.

5. Short selling risk

The Fund will use a short selling strategy.

The risk is that the Fund may be obliged to buy the security back at a price higher than its selling price if the price moves in the opposite direction to what the manager expected. Short selling entails a risk of theoretically unlimited loss if the price of the security rises.

6. Risk of CFD Counterpart:

To finance its leverage, the Fund employs simple over-the-counter future instruments such as 'Contracts For Differences (CFD)' whose main counterpart is NEWEDGE GROUP (UK Branch).

In this framework, the FCP is exposed to the following risks:

- Closing of the CFD by the counterpart lending institution who would decide to change or halt the financing granted by it;
- Loss of CFD value and no refund of the deposits granted by the FCP in accordance with CFD as a result of the lending institution bankruptcy.

7. Investment concentration risk

Although the Fund endeavours to diversify its investments, it may have a small number of heavily weighted positions.

As a consequence, a loss on one of these positions may result in heavy losses for the Fund and a proportionally greater decline in net asset value than if the Fund had invested in a larger number of positions. To minimize this risk, the Fund limits its exposure to any given share issuer to 35% of its assets.

8. Interest-rate risk

The interest-rate risk is the risk of a rise in bond market rates, which causes a fall in bond prices and as a consequence a fall in the net asset value of the Fund.

9. Credit risk

The credit risk is the potential risk of downgrading of the issuer's signature, which will have a negative impact on the security's price and therefore on the net asset value of the Fund.

This Fund should be considered as partly speculative and intended in particular for investors aware of the risks inherent in investing in securities having a low or no rating.

For example, investment in high-yield securities may result in a significant fall in the net asset value



10. Currency risk

Currency risk exists when the Fund holds securities or UCITS denominated in a currency other than the euro. Fluctuations of the euro relative to another currency could have a negative impact on the net asset value of the Fund.

- ► **Recommended minimum investment period**

More than five years.

- ► **Eligible subscribers and typical investor profile**

Eligible subscribers

In accordance with Article 413-2 of the AMF General Regulations, the subscription to and purchase of units or shares of the Fund are reserved for:

1. The eligible investors mentioned in indent 1 of Article L.214-35-1 of the Code monétaire et financier (French Monetary and Financial Code);
2. The State, or in the case of a federal State, one or more of the members forming the federation;
3. The European Central Bank, central banks, the World Bank, the International Monetary Fund and the European Investment Bank;
4. Investors whose initial subscription is at least 10,000 euros and who have held for at least one year, in the financial sector, a professional position that has enabled them to acquire a knowledge of the strategy applied by the Fund to which they plan to subscribe;
5. Companies meeting two of the following three criteria, during the last year ended:
 - Total corporate assets exceeding 20,000,000 euros;
 - Turnover exceeding 40,000,000 euros;
 - Shareholders' funds exceeding 2,000,000 euros.
6. Investors whose initial subscription is at least 10,000 euros and who hold deposits, life insurance products or a portfolio of financial instruments of total value greater than or equal to 1,000,000 euros;
7. Investors whose initial subscription is greater than or equal to 125,000 euros.

The "A" units are available to all investors. However, given the significant risk involved in equity investment, the Fund is primarily suitable for investors prepared to ride out the sharp fluctuations inherent in equity markets and having an investment horizon of at least five years.

The «Z» units are only available to:

- the management company
- the management company's staff (standing employees and managers) as well as their spouse, parents and children.
- for business mutual funds meant for the management company's staff
- financial companies offering life insurance or capitalization contracts for an amount
- equal to the value of the Z units in the life insurance or capitalization contract signed by one of the companies staff or by their spouse, parents and children.

SEXTANT INC. may be used within individual unit-linked life insurance policies.

Investor profile

The Fund is intended for investors aware of the risks of equity markets.

The amount that can reasonably be invested depends on the investor's personal situation. To determine this amount, investors should take into account their personal wealth, their current needs and needs in five years' time, as well as their degree of risk aversion. Investors are also advised to sufficiently diversify their investments to avoid being over-exposed to the risks of this Fund. Purely as an indication, SEXTANT INC. should not represent more than 50% of the investor's financial assets.

In all cases, investors are strongly advised to sufficiently diversify their investments to avoid being exposed solely to the risks of this fund.

- ► **Calculation and allocation of income**

Accumulation.

- ► **Characteristics of the units or shares**

All units are euro-denominated and decimalized, divided into thousandths of units.

- ► **Calculation and procedures for publication of the net asset value**

The net asset value is determined every Weeks, on Friday.. However, if the Paris Bourse is closed on that day or if it is a holiday in France, the net asset value will be calculated the day before.

The most recent net asset value is available to unit holders:

- At Amiral Gestion head office.
- At the custodian head office
- By phone +33 (0)1 47 20 78 18
- On the website <http://www.amiralgestion.com>

- ► **Terms and conditions of subscriptions and redemptions**

The original net asset value of the unit is set at 100 euros.

Subscription and redemption orders are centralized by the custodian:



RBC DEXIA INVESTOR SERVICES BANK France - Lending institution accredited by the CECEI - 105 rue Réaumur - 75002 Paris

At the latest the Friday prior to the establishment of the net asset value before 11:00 a.m. (or in D-5, D being the date of the establishment of the net asset value). Subscription and redemption requests arriving after 11:00 a.m. are based on the following net asset value as previously described.

Subscriptions are in number of shares (up to the thousandth) or in a cash amount and are treated in D+3. Redemptions are effectuated exclusively in number of shares (up to the thousandth) and are treated in D+3.

Nevertheless, in the case of subscription requests for issuer-registered units, these must be expressed in amount only and the corresponding funds must be transferred to the custodian at the latest in D-1. If not, the subscription is based on the following net asset value as mentioned above.

C. Costs and fees

• ► Subscription and redemption fees

Subscription and redemption fees are added to the subscription price paid by the investor and subtracted from the redemption price. The fees retained by the Fund offset the costs incurred by the Fund to invest or divest the assets entrusted to it. The fees not retained by the Fund go to the management company and/or the marketer.

Fees charged to the investor for subscriptions and redemptions	Base	Rate scale
Subscription fees not retained by the Fund	Net asset value x number of units	A units: 2% maximum Z units: Nil
Subscription fees retained by the Fund		Nil (A and Z units)
Redemption fees not retained by the Fund	Net asset value x number of units	A units: 1% maximum Z units: Nil
Redemption fees retained by the Fund		Nil (A and Z units)

Subscription and redemption fees are not subject to VAT.

Cases of exemption

Subscription and redemption fees are waived for subscriptions and redemptions executed for the same number of units, at the same net asset value and on the same date.

• ► Operating and management fees (excluding transaction costs)

These fees cover all the costs charged directly to the Fund, except transaction costs (see below). Transaction costs include intermediation costs (brokerage fees, stamp duty, etc.) and the turnover commission received in particular by the custodian and the management company.

To these operating and management fees may be added:

- Performance fees. These reward the management company for achieving performance exceeding the Fund's objectives.
- Turnover commission charged to the Fund.
- Part of the income from securities sale and repurchase transactions.

For more details concerning the fees actually charged to the Fund, refer to Section B of the simplified prospectus.

Management fees are provisioned whenever the Fund's net asset value is calculated.

Fees charged to the Fund ²	Base	Rate scale
Fixed annual management fees	Net assets	A units: Maximum 2% including tax Z units: Maximum 0.1% including tax
Performance fees	A units: Fund annual performance exceeding 5% Z units: Nil	20% (including tax) -
Service provider receiving turnover commission (excluding brokerage fees): custodian	Deduction on each transaction	France €11.96 incl. tax per transaction, foreign €29.90 to €149.50 incl. tax depending on the market of transaction

Procedure for calculating performance fees (A units)

Performance fees are based on a comparison between the Investment Fund's performance and the benchmark, over the financial year.

Variable management fees will be charged by the management company as follows.

The Investment Fund's performance is calculated according to the change in its net asset value:

- If, over the financial year, the Fund's performance exceeds 5%, the variable portion of management fees will represent 20% (including tax) of the difference between the Fund's performance and that of its benchmark.
- If, over the financial year, the Fund's performance is below the reference 5% level, the variable portion will be nil.

² Including all fees other than transaction and fees related to investments in UCITS or investment funds.



- If, during the financial year, the Fund's performance from the beginning of the year exceeds the benchmark calculated over the same period, this outperformance will be covered by a provision for performance fees when calculating the net asset value.
- If the Fund underperforms the benchmark between two net asset value calculations, any provision made previously will be adjusted by a provision reversal. Provision reversals are limited at most to the prior provisions.
- This variable portion of fees will be finally received at the end of the financial year only if the Fund's performance over the financial year exceeds that of the benchmark.

Maximum indirect fees

The Fund undertakes to invest only in UCITS for which the maximum fees do not exceed the following ceilings:

- Management fees 3% including tax, excluding performance fees.
- Entry fee 2%.
- Exit fee 1%.

• ► **Transaction costs**

Intermediaries (brokers) will be chosen according to their specific competence in the equity area, and for the quality of their research, order execution and participation in private placements and initial public offerings, and finally their capability for block trading of small- and mid-cap shares.

Transactions on UCITS incur no costs other than the subscription and redemption fees of the issuer. Amiral Gestion preferably chooses UCITS for which it has been able to negotiate full exemption from fees not retained by the Fund.

III. Commercial information:

• ► **Where documents relating to the Fund can be obtained**

Information and documents relating to the Fund, its net asset value and the centralization of subscriptions and redemptions can be obtained by contacting the management company directly.

The Fund's full prospectus, the latest annual report and the latest interim statement will be sent within one week simply on a written request by the unit holder to:

AMIRAL GESTION - 9 avenue Percier - 75008 Paris

These documents are also available on the website:

<http://www.amiralgestion.com>

Further information can also be obtained, if necessary, from:

Vincent DUBOIS - +33 (0) 1 47 20 73 37 - E-mail: vd@amiralgestion.com

• ► **Procedures for publication of the net asset value**

The most recent net asset value is available to unit holders:

- At Amiral Gestion head office.
- At the custodian head office
- By phone +33 (0)1 47 20 78 18
- On the website <http://www.amiralgestion.com>

IV. Investment rules

REGULATORY RATIOS APPLICABLE TO THE FUND

The regulatory ratios applicable to the Fund are those applicable to UCITS investing more than 10% of their assets in UCITS described in articles R. 214-1 et seq. of the Code Monétaire et Financier (French Monetary and Financial Code) and more specifically those relating to leveraged UCITS with lightened investment rules, articles R 214-29 to R 214-31.

The method for calculating off-balance sheet commitments is that applying to type A UCITS, called the straight-line amortization method.

V. Asset valuation rules and accounting methods

A. Asset valuation rules:

• ► **Valuation method**

Financial instruments and securities traded on a regulated market are valued at market price.

• ► **Specific valuation methods**

- European bonds and equities are valued at the closing price, and non-European securities at the last known closing price.
- Negotiable debt instruments and similar instruments not traded in significant quantities are valued by applying an actuarial method, the rate adopted being that for issues of equivalent securities, adjusted if necessary by a spread to reflect factors intrinsic to the issuer and the security; however, negotiable debt instruments with a residual life less than or equal to three months and with no special sensitivity may be valued by the straight-line method.
- Negotiable debt instruments with a life of less than three months are valued at the negotiated purchase price; the discount or premium is amortized by the straight-line method over the life of the instrument.



- Negotiable debt instruments maturing at more than three months are valued at their market price.
- Units and shares of UCITS are valued at the latest known net asset value.
- Securities involved in sale and repurchase contracts are valued in accordance with the existing regulations as per the terms and conditions of the original contract.
- Options contracts on French equities traded on the regulated French Monep market are valued at the closing price on the valuation day.
- Other futures and options contracts traded on regulated French and European markets are valued at the closing price, converted into euros based on exchange rates on the valuation day where applicable.
- CFDs are valued at the closing price of the underlying assets converted into euros based on exchange rates on the valuation day.

Financial instruments which were not traded on the day of the asset valuation or for which the trading price was adjusted are valued at their probable trading value under the responsibility of the management company's Board of Directors. These valuations and the supporting evidence are reported to the auditor on the occasion of audits.

B. Bookkeeping methods

The bookkeeping method adopted for recording income from financial instruments is the collected dividend method.

Transaction costs are booked excluding fees.



Fund regulations

TITLE I : ASSETS AND UNITS

Article 1 Units and joint ownership

The rights of the co-owners are expressed in units, each unit corresponding to the same fraction of the fund's assets. Each holder of fund units has a co-ownership right to the fund's assets proportional to the number of units owned.

The duration of the Fund is 99 years starting from 09/02/2007 except in the case of early winding up or extension provided for in the present regulations.

Categories of units:

The characteristics of the various categories of units and their subscription conditions are specified in the simplified prospectus and the detailed memorandum of the Fund.

These various categories of units may:

- Have different dividend policies (distribution or accumulation);
- Be denominated in various currencies;
- Be subject to different management fees;
- Be subject to different subscription and redemption fees;
- Have different nominal values.

The units may be merged or divided.

The units may be split, upon a decision of the Board of Directors of the management company, into thousandths referred to as fractions of units.

The provisions of the regulations governing the issue and redemption of units shall apply to fractions of units whose value will always be proportional to that of the units they represent. Unless otherwise provided, all other provisions of the regulations relating to the units shall apply to fractions of units without any need to specify this. Finally, the Management Board of the management company may decide, at its own discretion, to sub-divide the units by issuing new units which shall be allocated to unit holders in exchange for their existing units.

Article 2 – Minimum asset value

The minimum initial asset value of the fund is 400,000 euros.

Units may not be redeemed if the assets of the Fund fall below 300,000 euros; in that case, and unless in the meantime the assets again exceed this amount, the management company shall take the necessary measures to merge or wind up the Fund within a period of thirty days.

Article 3 - Issue and redemption of units

Units may be issued at any time at the request of the holders based on their net asset value plus subscription fees, where applicable.

Redemptions and subscriptions are carried out under the conditions and in accordance with the procedures defined in the simplified prospectus and the detailed memorandum.

The investment fund units may be listed on the stock exchange in accordance with the existing regulations.

Subscriptions must be fully paid up on the day the net asset value is determined. Subscriptions may be paid in cash and/or by the transfer of marketable securities. The management company is entitled to refuse any securities offered and, to this effect, shall have a period of seven days from their deposit to make its decision known. If they are accepted, the securities transferred shall be valued in accordance with the rules laid down in Article 4 and the subscription shall be based on the first net asset value following acceptance of the securities in question.

Redemptions shall be made exclusively in cash, except in the event of liquidation of the Fund when the unit holders have explicitly agreed to be repaid in securities. Redemptions shall be settled by the custodian within a maximum of five days following the day of valuation of the units.

If, however, in exceptional circumstances, repayment requires prior realization of assets held in the fund, this period may be extended to a maximum of 30 days.

Except in the event of an inheritance or inter vivos distribution of estate among presumptive heirs, the sale or transfer of units between unit holders, or between unit holders and third parties, is considered as a redemption followed by a subscription; if this involves a third party, the amount of the sale or transfer shall, where applicable, be supplemented by the beneficiary to reach at least the minimum subscription amount stipulated by the simplified prospectus and the detailed memorandum.

Pursuant to article 214-30 of the Code Monétaire et Financier (French Monetary and Financial Code), the redemption of units by the Fund and the issue of new units may be temporarily suspended by the management company in exceptional circumstances and if this is deemed necessary to protect the interests of the unit holders.

When the net assets of the Fund are less than the amount stipulated by the regulations, no redemption of units may be performed.



A minimum subscription may be applied, in accordance with the procedures set out in the simplified prospectus and the detailed memorandum.

The Fund may cease to issue units pursuant to Article L. 214-19 indent 2 of the Code Monétaire et Financier in the following cases:

- The fund is dedicated to a maximum of 20 unit holders.
-
- The Fund is dedicated to an investor category the characteristics of which are defined precisely by the full prospectus of the Fund.
-
- In objective situations entailing the closure of subscriptions, such as a maximum number of units or shares issued, a maximum amount of assets reached, or the expiry of a fixed subscription period. These objective situations are defined in the detailed memorandum of the Fund.

Article 4 - Calculation of net asset value.

The net asset value of the units is calculated in accordance with the valuation rules appearing in the detailed memorandum of the full prospectus.

Contributions in kind may only consist of instruments, securities and contracts that are eligible to form assets of the Fund; they are valued in accordance with the valuation rules applicable for calculation of the net asset value.

TITLE II : FUND OPERATION

Article 5 - The management company

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

The management company shall act in all circumstances on behalf of the unit holders and may alone exercise the voting rights attached to the securities held in the fund.

Article 5 b - Operating rules

The instruments and deposits that are eligible to become assets of the Fund and the investment rules are described in the detailed memorandum of the full prospectus.

Article 6 - The custodian

The custodian is responsible for the custody of the assets held in the Fund, and for processing the orders received from the management company in relation to the purchase and sale of securities as well as those relating to the exercise of subscription and allotment rights attached to the securities held in the Fund. It shall perform all revenue collection and payments.

The custodian must ensure that decisions taken by the management company are lawful. Where applicable, it must take all protective measures it deems necessary. In the event of a dispute with the management company, it shall inform the Autorité des Marchés Financiers.

The management company shall provide the custodian with all the information required for it to carry out its checks, as part of its task of checking the legality of the Fund's decisions.

Article 7 - The auditor

An auditor shall be appointed for a term of six financial years, with the approval of the Autorité des Marchés Financiers, by the management company's Board of Directors or Management Board.

He shall perform the due diligence and checks provided for by law, and in particular he shall certify, whenever necessary, the fairness and validity of the accounts and information of an accounting nature contained in the management report.

His mandate may be renewed.

He shall inform the Autorité des Marchés Financiers and the management company of the Fund of any irregularities or errors noted by him in the course of his audit.

The auditor shall supervise asset valuation and determination of the exchange parities used in conversion, merger and split-up transactions.

He shall assess all contributions in kind and establish under his responsibility a report relating to their valuation and their remuneration.

He shall certify the accuracy of the composition of assets and other aspects prior to publication.

The auditor's fees shall be determined by mutual agreement between the auditor and the management company's Board of Directors or Management Board based on a work agenda specifying the due diligence considered necessary.

In the event of liquidation, he shall assess the value of the assets and establish a report on the conditions of such liquidation.

He shall certify the statements used as a basis for the payment of interim dividends.

His fees are included in the management fees.

Article 8 - Accounts and management report



At the end of each financial year, the management company shall establish the review documents and draw up a report on management of the Fund during the past financial year.

The list of assets and liabilities shall be certified by the custodian and all the above documents shall be checked by the auditor.

The management company shall make these documents available to the unit holders during the four months following the end of the financial year and shall inform them of the amount of income to which they are entitled. These documents shall be either sent by post at the explicit request of the unit holders, or made available to them at the management company or in the custodian's offices.

TITLE III : DIVIDEND POLICY

Article 9 – Dividend policy

The net profit for the financial year is equal to the amount of interests, arrears, dividends, bonuses and lots, directors' fees and all proceeds generated by the securities held in the Fund's portfolio, plus the income generated by temporary cash holdings, less management fees and borrowing costs.

The distributable income is equal to the net profit for the financial year plus retained earnings, plus or minus the balance of income accruals relating to the year ended.

The distributable income is accumulated in full, except income for which distribution is mandatory by law.

TITLE IV : MERGER - SPLIT-UP - WINDING UP – LIQUIDATION

Article 10 - Merger – Split-up

The management company may either transfer, in full or in part, the assets held in the fund to another UCITS under its management, or split the fund into two or more other investment funds under its management.

Such mergers and split-ups can only be performed one month after the unit holders have been notified of this. They give rise to the issue of a new certificate specifying the number of units owned by each holder.

Article 11 - Winding up – Extension

If the assets of the Fund remain, for thirty days, below the amount stipulated in Article 2 above, the management company shall inform the Autorité des Marchés Financiers of this and shall either merge the Fund with another investment fund or else wind up the Fund.

The management company may wind up the fund before maturity; it shall inform the unit holders of its decision, and from that date subscription and redemption orders will no longer be accepted.

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

The management company shall inform the Autorité des Marchés Financiers and the custodian by letter of the date and procedure adopted for winding up. It shall then send to the Autorité des Marchés Financiers the auditor's report.

The extension of a fund may be decided by the management company by agreement with the custodian. Its decision must be taken at least three months before expiry of the term of the fund and brought to the notice of the unit holders and the Autorité des Marchés Financiers.

Article 12 - Winding up

In the event of winding up, the management company shall be responsible for the liquidation operations. They shall, to this effect, have the fullest powers to realize the assets, pay any creditors and distribute the available balance among the unit holders in cash or in securities.

The auditor and the custodian shall continue to perform their work until the end of the liquidation operations.

TITLE V : DISPUTES

Article 13 - Competence - Election of domicile

Any disputes relating to the fund which might arise during the term of the Fund or at its liquidation, either between the unit holders or between unit holders and the management company or custodian, shall be subject to the jurisdiction of the competent courts.