

## SEXTANT BOND PICKING



Date of the last update: June 28<sup>th</sup>, 2018

## 1. General characteristics

### a. UCITS Structure

- Fund name**

SEXTANT BOND PICKING

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

French-law common fund ("Fonds commun de placement" or "FCP").

Feeder common fund : None

Segment common fund : None

- Creation date and expected life**

The Fund was approved by the Financial Market Authority on: 2 December 2016

It was created on: 30 March 2017

For a period of 99 years.

- Summary of the management offer**

ISIN Code Units	Dividend policy	Base currency	Eligible subscribers	Minimum subscription amount (1) (2)	Fixed mgt fee	Variable mgt fee	Subscription commission	Redemption commission	Initial net asset value
FR0013202132 A units	Accumulation	Euro	All subscribers	1 unit	1.25% maximum (tax incl.)	15% (tax incl.) for the fund's outperf. vs benchmark +300bps	1% maximum	Nil	100 €
FR0013202140 Parts « N »	Accumulation	Euro	All subscribers, but especially: -Marketing networks with the prior consent of the management co. - Or distributors and/or brokers with the prior consent of the mgt co. providing one of the following services: -Independent advice as defined by regulation MIF2 - Individual management under mandate	100 000€	0.85% maximum (tax incl.)	15% (tax incl.) of outperf. vs benchmark +350bps	5% maximum	Nil	Liquidation value of Class A shares on the day of creation



FR0013202157 Z units	Accumulation	Euro	Reserved for the fund management company, its employees and their parents and children, and for insurance companies for personnel life-insurance contracts	None	0.05% Maximum (tax incl.)	Nil	Nil	Nil	100 €
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<sup>(1)</sup> The management company or any component of the same group is exonerated from the obligation to subscribe the initial amount

<sup>(2)</sup> Subsequent subscriptions can be made in shares or fractions of shares where necessary

The mutual fund has three share categories. These categories notably differ in terms of their nominal value, management fees, subscription/redemption commissions, as well as the distribution network(s) for which they are destined. These differences are due to the fact that Class A shares are mainly for partners of the asset management company, third-party asset management companies, or acquired by investors directly. Class N shares are (i) reserved for marketing networks having received prior consent from the asset Management Company, or (ii) distributors and/or brokers having received prior consent from the asset management company and providing one of the following services: (a) independent advice as defined by regulation MIF2, or (b) individual management under mandate. Lastly, Class Z shares are reserved for the asset management company, employees, and persons described under the heading "subscribers concerned".

For each share category, the asset management company reserves the right not to activate it and thus delay its commercial launch.

#### ■ Indication of the place in which the last annual report and the last periodic statement can be obtained

The latest annual report and the latest interim statement, the last liquidation value of the fund, as well as past performances will be sent within one week simply upon written request by the holder to:

AMIRAL GESTION – 103 rue de Grenelle – 75007 Paris

These documents are also available on the Company's web site: <http://www.amiralgestion.com>.

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

**David POULET**

Tél: +33 (0) 1 47 20 73 39

E-mail: [dp@amiralgestion.com](mailto:dp@amiralgestion.com)

## b. Players

#### ■ Management Company

AMIRAL GESTION – 103 rue de Grenelle – 75007 Paris

Simplified joint-stock company (Société par actions simplifiée) with fully-paid-up capital of €629,983, registered in the Paris Companies Registry (Registre du commerce et des sociétés, R.C.S.) under number 445 224 090.

The management company was authorised as a Portfolio Management Company on 28 February 2003 by the Commission des Opérations de Bourse under number GC 03-001.

Financial management of funds is handled by the fund manager, in line with the strategy set out in the prospectus.

#### ■ Depository and Custodian

The functions of depository and custodian are assured by :

CACEIS BANK, credit institution authorised by ACPR, 1 place Valhubert - 75013 Paris

- The functions of the custodian, as defined by the relevant regulations, include safe custody of assets, overseeing the regularity of decisions taken by the fund manager, and tracking of liquidity flows of UCITs.

The custodian also holds the assets owned by the fund and sees that decisions taken by the fund manager are in line with legal and regulatory requirements, as well as those listed in the prospectus.

The custodian is also responsible for liabilities, following delegation by the fund manager, especially centralisation of subscription and redemption orders and the registration of holdings.

A description of the safe custody functions that have been delegated, the list persons delegated and sub-delegated by CACEIS BANK and information concerning conflicts of interest that may arise from such delegations, is available on the CACEIS website: [www.caceis.com](http://www.caceis.com). A hard copy is available on request. Updates to information can also be obtained by investors on request.



▪ **Institution in charge of centralizing subscription and redemption orders:**

Centralising subscription and redemption orders is performed by the account manager.  
CACEIS BANK, credit institution authorised by ACPR, 1 place Valhubert - 75013 Paris.

▪ **Auditors**

- **RSM Paris**, 26 rue Cambacérés - 75008 Paris

Represented by Etienne de BRYAS.

- **Deloitte & Associés**, Tour Majunga 6 place de la Pyramide - 92908 Paris-La Défense Cedex France

Represented by Jean-Pierre VERCAMER.

**Marketer(s)**

AMIRAL GESTION, 103 rue de Grenelle, 75007 Paris

The Marketers list is not necessarily exhaustive, especially since the UCIT is admitted on Euroclear. Therefore, some marketers may not be mandated or known by the Managing Company.

▪ **Administrative and accounting functions delegated by the fund management company**

CACEIS FUND ADMINISTRATION, 1 place Valhubert, 75013 PARIS

The representative assures the calculation of the net asset values and the legal follow-up of the Fund.

The fund management company is responsible for administration of the fund.

▪ **External advisors**

None

## 2. Operating and management procedures

### a. General characteristics

▪ **Units characteristics**

**Currency**

Units are denominated in euros (EUR).

**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**

Management of the Fund's liabilities and hence the individual rights of each unit holder is performed by the custodian, CACEIS BANK.

Administration of the bearer units is performed by EUROCLEAR France.

**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.

Voting rights attached to shares held by the fund are exercised by the fund management company which is the only body authorised to take decisions, in accordance with the regulations in force.

**Type of units**

Units are issued in bearer form. Subscriptions are acceptable in thousandths of units.



## ▪ End of financial year

Full-year accounts are closed on the last trading day of December. The first closing will take place on the day of the last liquidation value of December 2017.

## ▪ Information on tax treatment

### Dominant tax purpose

SEXTANT BOND PICKING may be used within unit-linked life insurance policies or endowment contracts.

### At Fund level

Due to their co-ownership structure, "FCP" funds benefit from fiscal transparency and are not liable to corporation tax in France. The fund is not liable for taxes on revenues received and generated as part of its management function.

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)).

Abroad (in countries where the fund invests), capital gains from divestment of foreign securities, and revenues received by the fund from foreign sources as part of its management function, may be liable for tax (generally in the form of withholding at source). Foreign taxes may, in some cases, be reduced or eliminated if a tax treaty exists.

### At Unit holder level

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

It is outside the scope of the present prospectus to summarize the tax implications for each investor acquiring, holding, divesting or redeeming shares in the fund.

These implications vary depending on the laws and customs of the country of residence, or domiciliation, or holding of shares, as well as the personal situation (natural person, legal entity liable to corporation tax, institutional supplementary pension fund, other cases, etc.).

Depending on your tax regime, your country of residence, or the jurisdiction from which you are investing in the fund, capital gains and revenue streams arising from your investment in the fund may be taxable. We advise you to consult a tax specialist about the possible consequences of buying, holding, divesting or redeeming shares in the fund, in accordance with taxation in your tax residence, ordinary residence, or your domicile.

The fund management company, and where appropriate the intermediary, cannot under any circumstances be held responsible for the tax consequences of a decision to buy, hold, divest or redeem shares in the fund.

Investors who hold one or more shares in the fund as part of a life insurance policy will be subject to the tax rules that apply to life insurance contracts.

## b. Particular provisions

### ▪ ISIN codes

FR0013202132	parts A
FR0013202140	parts N
FR0013202157	parts Z

### ▪ Classification

Mutual funds « Bonds and other international securities »

### ▪ Investment objective

The SEXTANT BOND PICKING fund seeks a net performance that exceeds:

The "Euro Constant Maturity Treasury (CMT) cash 3Y" index +100bps for A shares

The "Euro Constant Maturity Treasury (CMT) cash 3Y" index +140bps for N shares

The "Euro Constant Maturity Treasury (CMT) cash 3Y" index +230bps for Z shares

via a selection of international bonds, but without the selection seeking to reproduce the content of the index.

Minimum recommended placement duration: 3 years.



▪ **Benchmark indicator**

The "Euro Constant Maturity Treasury (CMT) cash 3Y" index is representative of the capitalised yield on 3Y government bonds.

The attention of investors is drawn to the fact that the management style is discretionary, the composition of the portfolio never seeks to reproduce, geographically or in sector terms, the benchmark index.

This index does not reflect the management of the Fund; the performance may therefore vary from the performance of the index.

▪ **Investment strategy and management policy**

To meet its management objective, SEXTANT BOND PICKING has invested mainly in international bonds. The investment universe includes public and private issuers, ones that are not rated by the rating agencies, ones that are considered speculative (non-investment grade) and complex bonds (convertibles, subordinated with the exception of CoCos, perpetuals...).

The selection process for bonds is based on a fundamental analysis (internal to the fund management company) of the risk attached to each issuer. Risk analysis notably takes account of:

- The cyclical nature of the business and its operating risks;
- The company's past results and its reputation;
- Regularity of cash generation (or shareholders' equity for financial institutions);
- Debt ratios (net debt/Ebitda, gearing) relative to sector norms, working capital requirements and the existence of tangible assets that can be sold by the issuer;
- Resources and liquidity requirements of the issuer and the structure of debt;
- Quality of the shareholder structure.

Construction of the portfolio is at the sole discretion of the fund manager, and depends on yield, credit risk, and sensibility (interest-rate risk and spreads) of the bonds selected.

On an ancillary basis, the fund may also invest in equities, notably ones that pay a high dividend, or as part of an arbitrage strategy during a market transaction.

A market arbitrage transaction involves buying a security, usually equity, that is the object of a takeover bid. The arbitrage may consist of:

- buying the stock at slightly below the bid price, with the difference remunerating (i) the time factor (carrying cost) and (ii) the risk that the deal does not happen.
- buying the stock at a price that is very slightly above the bid price of a bid that is certain to take place, in the hope of a possible counter bid.

This type of strategy, although very different from a bond, may have a similar risk/return profile.

Information concerning the sensitivity range within which the fund is managed is presented in the following table:

Interest-rate sensitivity range of the mutual fund	Geographic region of issuers	Currencies in which the UCI is invested	Exposure range in the region
0 – 7*	Developed countries **	The main currencies are the euro, USD, GBP, SGD and the currencies of other investment regions.	de 70% à 100% maximum
	Emerging markets *	The fund's total exposure to forex risks <20% of net assets	de 0 à 30% maximum



\* Target sensitivity is between 3 and 4;

\*\* Developed countries are those included in the MSCI World Index, a list of which can be found on <https://www.msci.com/world>. All other countries are classed as “emerging”. The exposure range is relative to net assets excluding liquidity and the UCI.

## Eligible assets

### Equities

SEXTANT BOND PICKING may invest between 0 and 10% of net assets in equities and assimilated securities (non-voting preference shares, investment certificates, founder shares), notably as part of an arbitrage deal.

The eligible equities may be listed on all regulated markets throughout the world, regardless of their market capitalization or sector.

### Debt securities and money market instruments

The fund may invest up to 100% of its net assets in bonds and money market instruments. The bond yields may be fixed or variable, convertible or not, issued by public, semi-public or private entities and there are no restrictions in terms of rating.

Net exposure to forex risks is below 20%, with net exposure to any one currency capped at 10%.

Since the management of funds is discretionary, there are theoretically no constraints on the breakdown.

Funds may be invested in securities assimilated to bonds i.e. ones that provide access to the capital of the issuer (eg convertible bonds, bonds with warrants attached, participation securities). These investments may be rated below ‘Investment Grade’, or may not be rated at all. They will be the object of financial analysis by the fund manager, similar to the analysis for equities.

The fund can invest up to 100% of net assets in speculative bonds that are considered “high yield” ie ones rated below BBB- by Standard & Poor’s, or paper that the fund manager’s analysis suggest is equivalent.

The fund management company does its own analysis of the risk/reward profile (profitability, credit, liquidity, maturity). As a result, the acquisition of a security, the decision to hold or divest (notably when the rating changes) is not based exclusively on the opinions of the main rating agencies, but is also based on an internal analysis by the fund manager of credit risks and market conditions.

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

There are no constraints concerning duration, sensitivity, or the split between public and private debt, as long as overall sensitivity of the portfolio is between 0 and 7. Target sensitivity is between 3 and 4.

The fund also invests in money market instruments, notably negotiable securities (CDs, treasury bills, medium-term bonds) euro-denominated negotiable debt instruments of at most twelve months maturity: the short-term securities used will benefit from a minimum rating (Standard & Poor’s A3/Moody’s P-3/Fitch Ratings F3) or, if unrated, must be deemed to be equivalent thereto according to the Management Company’s analysis.

However, the management company preferably chooses to invest cash in money market or dynamic money market funds.

### Investments in other UCITS/AIF and/or investment funds

The Fund may invest up to 10% of its assets in securities of other French and/or European coordinated UCITS compliant with article R.214-32-42 of the French Financial and Monetary Code, chiefly through cash investment in euro-denominated money market funds (which may be dynamic money market funds employing alternative management strategies). Additionally, 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.

The Fund does not intervene on securitisation vehicles.

### Derivatives and securities with embedded derivatives

In an effort to achieve its objective, the fund only uses simple futures whose commitment can be assessed by the engagement method:

- Nature of the markets concerned:

These instruments will be traded in euro zone and international markets that are regulated or organised.

Transactions on derivatives instruments (buying of call or put options on equities, indices, fixed-income securities or currencies, and buying or selling of futures on equities, indices, fixed-income securities 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 equities, index, fixed-income securities and currency trends.

There will be no overexposure.

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.

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.

#### **Deposits**

The Fund may use deposits within the regulatory limits to optimize the management of its cash and manage the different value dates for subscription/ redemption of the underlying money market. It can use up to 20% of its assets in deposits with the same credit institution.

This type of operation will be used in exceptional cases. The Fund may hold ancillary liquid assets, in particular to deal with redemptions by investors.

The fund may hold liquid assets on an ancillary basis, in particular to respond to redemptions of units by investors. The cash holding limit can be raised to 20% when exceptional market conditions justify this.

Cash lending is prohibited.

#### **Cash borrowing**

The fund may borrow cash, notably for transactions involving investment/divestment or subscription/redemption.

The Fund may borrow cash which shall not exceed 10% of its assets. Although its object is not to be structurally a cash borrower, the Fund may find itself in a debtor position due to transactions related to its cash payments (investments and divestments in progress, subscription and redemption transactions, etc.).

#### **Securities sale and repurchase transactions**

Use : Not applicable

#### **▪ Risk profile**

Your money will mainly be invested in financial instruments selected by the fund management company. These instruments are subject to market swings and risks. The risks identified by the fund manager are listed below, but this list is not exhaustive. Every investor should analyse the risk inherent to each investment he makes, where appropriate with a qualified financial advisor, and check that the investment is appropriate for his financial situation and his capacity for financial risk.

##### **Risk of loss of capital**

A capital loss occurs when a unit is sold at a price lower than its acquisition cost; asset value can decrease.

The Fund does not benefit from any guarantees or protection, it is therefore possible that the initially invested capital is not restituted in its integrality

##### **Risk arising from discretionary management**

The discretionary management style is based on anticipation of trends in financial markets.

The performance of the fund will depend on the issuers selected and asset allocation chosen by the fund manager. There is a risk that the fund manager will not select the best-performing securities, causing the value of the mutual fund to fall.

##### **Credit risk**

The fund mainly invests in fixed income products. There is therefore a credit risk that represents (i) the risk that the issuer will be downgraded, which would have a negative impact on the price of the security and thus on the value of the fund and (ii) the risk of default by the issuer, which would entail the loss of all or part of the value of the bond.

##### **Interest-rate risk**

The Fund may invest in interest rate products. The interest-rate risk is the risk of a fall in the value of a fixed-rate debt security when market rates rise.

##### **Risks arising from investment in speculative issues and/or unrated and/or subordinated paper with the exception of CoCos and/or hybrids and/or perpetuals:**



The fund can invest without limit in bonds with these characteristics. With this type of paper (i) market movements (upwards or downwards) are sharper and (ii) the risk of default, which entails the loss of all or part of sum invested, is higher. This impacts the value of the fund.

#### **Risk related to equity markets**

Degree of exposure to equity risk: 0 to 10%.

Equity market variations may lead to large swings in net assets, which may have a positive or negative impact on the liquidation value of the fund. A fall in share prices corresponds to the market risk.

#### **Liquidity risk**

The mutual fund may invest without limit in bonds whose outstandings are modest. Volumes traded are low and market movements (upwards or downwards) are thus wider and more rapid than for more liquid bonds, causing the liquidation value of the fund to move similarly.

On an ancillary basis, the fund may invest in equities, which may be large or small capitalisations. Trading volumes for these stocks is low. Market swings (upwards or downwards) are thus wider and more rapid than for large capitalisations, causing the liquidation value of the fund to move similarly.

#### **Risk linked to the use of derivatives**

Use of derivatives may involve, over short periods, sensible fluctuations of asset value, upward or downward.

#### **Currency risk:**

The Fund may invest in instruments denominated in foreign currencies outside the euro zone. Fluctuations of these currencies relative to the euro may have a positive or negative effect on the value of these instruments. The currency risk is a possible depreciation of these currencies relative to the euro.

Total exposure to currency risk will not exceed 20% of net value, with a net exposure of 10% for each currency.

#### **Risks specific to subordinated debt**

We remind investors that a bond is said to be subordinated when its redemption depends on the prior redemption of other bonds (e.g. senior and junior creditors and bondholders). Consequently, the subordinated bond will be redeemed after the ordinary debt has been repaid, but before shareholders. The yield on this type of bond is higher. In the event of occurrence of one or several events mentioned in the issuance documentation of the said subordinated debt, and more generally in case of a credit event affecting the issuer in question, there is a risk of a decrease in the fund's liquidation value. The use of subordinated bonds may expose the fund to the risk of cancellation or postponement of a coupon (at the sole discretion of the issuer), uncertainty about the redemption date or about the valuation/yield (the attractive yield on these securities should be viewed as a complexity premium).

#### ▪ **Recommended minimum investment period**

More than three years.

#### ▪ **Eligible subscribers and typical investor profile**

##### **Eligible subscribers**

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 three years.

Class N shares are for all subscribers and especially:

- Marketing networks having received prior consent from the asset management company
- Or distributors and brokers having received prior consent from the asset management company and providing one of the following services:
  - independent advice as defined by regulation MIF2
  - individual management under mandate

The "Z" units are reserved exclusively for:





- the management company,
- the mutual funds of the management company,
- the management company's personnel (regular employees and managers) as well as their domestic partners, parents and children,
- to the employees of the asset management company ARTEMID SA, private debt subsidiary of the asset management company,
- company investment funds intended for the management company's personnel,
- life and accumulation insurance companies for the equivalent of the amount that might be invested in a unit-linked policy representing Z units of the Fund as part of a life insurance policy or an accumulation policy taken out by a member of the management company's personnel as well as their domestic partners, parents and children.

SEXTANT BOND PICKING may be used within unit-linked life insurance policies or endowment contracts.

#### **FATCA**

Shares in this mutual fund are not, and will not be, registered in the USA, in accordance with the amendment to the US Securities Act of 1933, or subject to any US law. The shares must not be offered, sold or transferred to the US (including US territories and possessions), or benefit – directly or indirectly – a US person (as defined by regulation S of the US Securities Act of 1933) and assimilated (e.g. the American HIRE Act of 18 March 2010 and the FATCA Act).

#### **Investor profile**

The fund is suitable for investors who are aware of risks in fixed-income markets and who will not need liquidity during the recommended investment period (minimum three years), as they have the capacity, the means and the financial background to assess and assume the risks inherent to an investment in the fund. 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.

#### ▪ **Calculation and allocation of income**

Capitalisation.

#### ▪ **Characteristics of the units or shares**

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

#### ▪ **Minimum initial subscription**

The minimum initial subscription is 1 share (ie 100 euros) for subscribers to A shares and Z. For « N » subscribers, the minimum is 100,000 euros except for swaps of class « A » shares.

#### ▪ **Terms and conditions of subscriptions and redemptions**

Subscriptions and redemptions are acceptable for shares (expressible in thousandths of units), or for an amount (the number of shares being unknown). Initial subscriptions may be made in cash and/or kind (ie securities), provided the fund management company has given prior consent.

Subscription and redemption requests are centralised on the day before valuation day (D-1) before 10am (or before 10am on the preceding working day, if the order is not placed on a working day) with the custodian:

CACEIS BANK, Credit institution authorised by ACPR – 1 place Valhubert - 75013 Paris,

and are executed on the basis of the next net asset value calculated from the closing price on the day on which orders are centralized.

Subscription and redemption orders arriving after 10 a.m. are treated on the basis of the following net asset value.

The relevant settlements will be made two working days after valuation of the unit. The Investors are reminded that the requests transmitted to promoters, other than the institutions mentioned above, must take into account the fact that the centralization deadline of requests applies to so-called marketers vis-à-vis CACEIS BANK.



As a result, these distributors may apply their own cut-off time earlier than the one mentioned above, in order to take into account the time required to transmit requests to CACEIS BANK.

▪ **Method for determining the liquidation value and terms of publication**

The liquidation value is established on each day that the financial markets are open (D), with the exception of French bank holidays and/or days that the Paris stock market is closed. It is calculated on D+1 on the basis of closing prices on the day the liquidation value is determined (D) and published three days later (D+3) at the latest.

If the day on which the liquidation value is determined is a bank holiday or a day on which the stock market is closed (Euronext Paris calendar), it is established the following day.

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>

### 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 & expenses payable by the investor for subscriptions and redemptions	Base	Rate
Subscription fees payable to third parties	Net asset value x number of units	A Units : 1% maximum N Units: 5% maximum Z Units : None
Subscription fees payable to the Fund		None (A, N & Z Units)
Redemption fees payable to third parties		None (A, N & Z Units)
Redemption fees payable to the Fund		None (A, N & Z Units)

Subscription and redemption fees are not subject to VAT.

**Cases of exemption**

It is possible to make subscription/redemption orders simultaneously based on the same net asset value for a total of nil in transaction volume.

▪ **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.



- Share of revenues from temporary acquisitions and divestments of securities.

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 UCITS	Base	Rate
Management fees	Net assets	A Units: 1,25 % max incl. tax N Units: 0.85% max incl. tax Z Units: 0.05% max incl. tax
External Management costs (Auditor, custodian, distribution, lawyers, AMF contributions*)	Net assets	Units A, N, Z: 0.05% incl. tax
Maximum indirect fees (commissions and management fees)	Net assets	Accessories
Service provider receiving turnover commission (excluding brokerage fees) : Received by the depositary	Direct debit on each transaction	Variable according to the place of business: Since €6 Inc. taxes on financial instruments and money market products issued on the ESES Marches till € 90 incl. taxes for instruments issued to non-mature Foreign Markets
Outperformance fees	Net assets	A shares: 15% including tax of the mutual fund's outperformance vs the benchmark, plus 300bps N shares: 15% including tax of the mutual fund's outperformance vs the benchmark, plus 350bps Z Units : None

Only contributions due to the AMF for management of the collective investment undertaking (OPC) in accordance with Paragraph d), Section 3, Chapter II of Article L.621-5-3 of the French Monetary and Financial Code and possible one-off legal costs arising from debt collection are outside the scope of the three blocks of costs mentioned in the above table.

#### Procedure for calculating performance fees (A & N Units)

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

Performance 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, during the financial year, the Fund's performance exceeds the benchmark which is:
  - The "Euro Constant Maturity Treasury (CMT) cash 3Y" index +100bps for A shares
  - The "Euro Constant Maturity Treasury (CMT) cash 3Y" index +140bps for N shares

the performance fees will represent 15% (including tax) of the difference between the Fund's performance and that of its benchmark.

An initial calculation of variable management fees will be made for the period from creation of the mutual fund until 31 December 2018.

- If, over the financial year, the Fund's performance is below the benchmark level, the performance fees will be nil.

The calculation of outperformance commission will be based on the amount of net assets with which the performance was achieved, as well as subscriptions and redemptions. This method equates to comparing the assets of the Sextant Bond Picking fund to the assets of a fund tracking the benchmark index and applying the same flows of subscriptions and redemptions.

- 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



- These performance 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.

In case of redemptions, if there is a clause concerning variable management fees, the part that is proportional to the shares redeemed will be paid immediately to the fund management company.

These fees (part fixed and possibly variable) are entered directly in the fund manager's income statement.

#### ▪ **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.

### 3. Commercial information

#### ▪ **Indication of the place where documents relating to the Fund can be obtained**

Information and documents relating to the Fund, its net asset value and the centralization of Fund 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 – 103 rue de Grenelle – 75007 Paris.

These documents are also available on the Company's web site : <http://www.amiralgestion.com>.

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

Benjamin BIARD – Tél: +33 (0) 1 40 74 35 61 – E-mail: [bb@amiralgestion.com](mailto:bb@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>

#### ▪ **Environmental, Social and Governance quality Criteria (ESG)**

Information relating to the consideration of environmental, social and governance quality criteria (ESG) are available on the Company's web site : [www.amiralgestion.fr](http://www.amiralgestion.fr). They will also be included in the annual report.

#### ▪ **Composition of the portfolio**

The composition of the portfolio may be communicated to professional investors subject to control by the ACPR, the AMF or equivalent European authorities, or to their service providers, on condition of confidentiality, in order to allow them to make the required regulatory calculations arising from Directive 2009/138/CE (Solvability 2).

The communication will be made in accordance with AMF guidelines at least 48 hours after publication of the liquidation value.

For additional information, investors can contact the fund management company.



## 4. Investment rules

The UCITS complies with the ratios described in articles R.214-2 onward of the “Code Monétaire et Financier” (French Monetary and Financial Code).

The laws that apply to funds are those which regulate general investment funds mentioned in articles R.214-32-19 and the Monetary and Financial Code, as well as those which apply to its AMF classification “Bonds and other international debt securities”.

### Global risk calculation method:

Calculation of off-balance sheet commitments.

## 5. 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.

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.

#### ▪ The adjustment method for the liquidation value arising from Swing Pricing with a starting threshold

In order to avoid a negative impact on investors who remain in the mutual fund, an adjustment is made for those who subscribe or redeem large amounts of the mutual fund's outstandings, which may entail costs for those who enter or exit the mutual fund, which would otherwise be paid by investors present in the fund. So, if on the day that the liquidation value is calculated, total net subscription/redemption orders of investors in all share categories exceed a level predetermined by the fund manager and determined on the basis of objective criteria in percentage of the fund's net assets, the liquidation value may be raised or lowered to take account of the readjustment costs arising respectively from the net subscriptions/redemptions. The liquidation value of each category of share is calculated separately, but any adjustment has, in percentage terms, an identical impact on the overall liquidation value of each category of share.

The cost and threshold parameters are set by the fund manager and reviewed at least every 6 months. These costs are estimated by the fund manager on the basis of transaction costs, buy-sell ranges, as well as taxes payable by the fund.



To the extent that this adjustment is linked to net subscriptions/redemptions within the mutual fund, it is not possible to predict accurately if Swing Pricing will apply in the future. Consequently, it is not possible to predict accurately the frequency with which the fund manager may carry out such adjustments, which cannot exceed 2.5% of the liquidation value. Investors are informed that the volatility of the fund's liquidation value cannot solely reflect the securities in the portfolio, due to the application of Swing Pricing.

## 6. Remuneration policy

Amiral Gestion has implemented a remuneration policy in accordance with the AIFM directive and the UCITS V directive, as well as the directives and recommendations issued by the ESMA.

The remuneration policy is consistent and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, the regulations, the constitutional documents of the investment funds under management.

This policy is also in line with the interests of the UCIs and its investors.

Further details can be obtained in the company's website: <http://www.amiralgestion.com>, along with the employee compensation policy of Amiral Gestion, upon written request addressed to your manager.

Amiral Gestion's staff may be remunerated on a fixed base and a variable base. However, the variable part is marginal on the overall compensation paid to persons identified as a risk taker or equivalent within the meaning of these regulations.

All employees are eligible to the participation and profit sharing. All employees are also shareholders of Amiral Gestion. The share in the capital is gradual and depends on the individual contribution of each to the company. Thus, the interests of carriers and to Amiral Gestion employees are aligned to achieve the best long-term performance and the sustainability of the company.

All members of the company are directly interested in the success of all funds and income of the company to avoid reckless risk taking.

The complete remuneration policy for employees of Amiral Gestion and the total amount of remuneration in respect of the year, broken down according to the regulatory criteria are available free of charge upon written request to your manager: Amiral Gestion, 103 rue de Grenelle, 75007 Paris.



## Fund Regulation

*Date of last update: December 29<sup>th</sup>, 2017*

### 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 30 March 2017 2005 (except in the case of early dissolution 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.
- Be accompanied by systematic risk coverage, partial or total, defined in the Prospectus. This coverage is provided through financial instruments minimizing the impact of hedging on the other units;
- Be reserved for one or more marketing channels.

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 asset value of the Fund is 300 000 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 or one of the mentioned operations (411-16 of AMF General rules – UCIT mutation) 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 214-8-7 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. 214-8-7 of the "Code Monétaire et Financier" in objective situations entailing the closure of subscriptions, such as a maximum number of units or shares issued, a maximum

#### **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 bis - 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 Securities Commission (French AMF).

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

An auditor shall be appointed for a term of six financial years, with the approval of the Securities Commission (French AMF), 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 Securities Commission (French AMF) 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 management company establishes the list of assets and liabilities that 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 - Distributable incomes**

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:

1° the net profit for the financial year plus retained earnings, plus or minus the balance of income accruals relating to the year ended.

2° Capital gains, free of costs, minus capital losses free of costs relating to the financial year, plus net capital gains of the same nature realised during previous financial years and never distributed or capitalised, diminished or increased of the capital gains adjustment account balance.

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

## TITLE IV: MERGER – SPLIT-UP – DISSOLUTION – WINDING UP

### 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 - Dissolution – 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 Securities Commission (French AMF) 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 Securities Commission (French AMF) and the custodian by letter of the date and procedure adopted for winding up. It shall then send to the Securities Commission (French AMF) 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 Securities Commission (French AMF).

### Article 12 - Winding up

In the event of dissolution, 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.