

## CM-AM CASH ISR

### PROSPECTUS

**A UCITS compliant with European Directive 2009/65/EU.**

#### I - GENERAL CHARACTERISTICS

##### I-1 Form of the UCITS

► **Name:**

CM-AM CASH ISR

► **Legal form of and Member State in which the UCITS (Fund) was set up:**

French mutual fund (FCP)

► **Date of creation and expected duration:** The fund was approved on 07 January 2022 and formed on 18 February 2022 for a term of 99 years.

► **Overview of the management offer:**

| ISIN code                 | Allocation of amounts available for distribution | Currency | Initial net asset value | Eligible investors  | Minimum initial subscription amount*   |
|---------------------------|--|----------|-------------------------|---|--|
| IC unit:<br>FR0000979825  | Accumulation                                     | Euro     | <b>EUR 152,449</b>      | All investors   | 1 unit   |
| ID unit:<br>FR0010948190  | Distribution of net income                       | Euro     | <b>EUR 495,384.69</b>   | All investors   | 1 unit   |
| ES unit:<br>FR0013258886  | Accumulation                                     | Euro     | <b>EUR 100000</b>       | Units intended for feeder funds of CM-AM CASH ISR   | 1 unit   |
| RC unit:<br>FR0013353828  | Accumulation                                     | Euro     | <b>EUR 51,832.71</b>    | All investors   | 1 millionth of a unit  |
| RC2 unit:<br>FR0013400546 | Accumulation                                     | Euro     | <b>EUR 10</b>           | Portion reserved for Milleis Banque clients   | 1 millionth of a unit  |
| S unit:<br>FR001400DG78   | Total accumulation                               | Euro     | <b>EUR 100,000</b>      | All investors, particularly those subscribing via distributors/intermediaries providing a third-party management service or receiving fee-based advice without retrocession | 1 unit (except for funds managed by Crédit Mutuel Asset Management): one millionth of a unit |
| S2 Unit:<br>FR001400TDL0  | Total accumulation                               | Euro     | <b>EUR 100</b>          | All investors, particularly those subscribing via distributors or providing a third-party management service or receiving fee-based advice without retrocession             | 1 millionth of a unit  |

\* With the exception of UCIs managed by the asset management company.

► **Where the fund's rules and most recent annual and interim reports can be obtained if not here-appended:**

The most recent annual documents and the asset composition statement will be sent out within eight business days at the investor's request in writing to:

CREDIT MUTUEL ASSET MANAGEMENT  
Service Relations Distributeurs 128 boulevard Raspail – 75006 PARIS

##### I-2 Service providers

► **Asset Management Company:** CREDIT MUTUEL ASSET MANAGEMENT- 4, 128 boulevard Raspail – 75006 PARIS. A French "Société Anonyme" company approved by the *Commission des Opérations de Bourse* (now the *Autorité des Marchés Financiers* - AMF) and registered under No. GP 97-138.

The management company manages the fund's assets in the exclusive interest of its unitholders. In accordance with the applicable regulations, the asset management company has the financial, technical and human resources that are necessary to conduct its business effectively.

► **Depository and Custodian:**

**BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)** - 4 rue Frédéric-Guillaume RAIFFEISEN - 67000 STRASBOURG

The depository's functions include the custody of assets, verifying that the asset management company's decisions comply with regulations, monitoring the fund's cash flows, and, by delegation, serving as the fund's transfer agent and registrar. The depository will delegate the custody of assets held abroad to one or more local sub-custodians.

BFCM will serve as the fund's depository and the custodian of its assets and will be responsible for the processing of subscription and redemption orders by delegation. BFCM will also keep the register of the fund's units.

- a) Assignments:
  - 1. Custody of assets
    - i. Custodial services
    - ii. Registrar services
  - 2. Monitoring the compliance of the asset management company's decisions
  - 3. Monitoring liquidity flows
  - 4. Delegated liability management
    - i. Processing of subscription and redemption orders
    - ii. Keeping of the issuance register.

Potential conflicts of interest: the policy for dealing with conflicts of interests is available on BFCM's website at: <http://www.bfcm.creditmutuel.fr/>

A paper copy of this list may be obtained free of charge from: BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

- b) Delegated custodian: BFCM

The list of delegates and sub-delegates is available at: <http://www.bfcm.creditmutuel.fr/>

A paper copy of this list may be obtained free of charge from: BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

- c) Updated information is available to investors on request from: BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

► **Establishment in charge of centralising subscription and redemption orders - Establishment in charge of keeping registers of units or shares by delegation (Fund's liabilities):**

For units to be registered or already registered as bearer shares within Euroclear: the depository - BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

For registered units or units to be registered within the IZNES Shared Electronic Share Registration System (DEEP): IZNES Operations Department 20-22, rue Vernier - 75017 PARIS

► **Auditors:**

MAZARS – 61 rue Henri Regnault – 92075 PARIS LA DEFENSE

The Auditor certifies the accuracy and reliability of the fund's accounts. It checks the composition of net assets and financial and accounting information before publication.

► **Delegated accounting management:**

**CREDIT INDUSTRIEL ET COMMERCIAL (CIC)**

6, Avenue de Provence, 75009 PARIS

► **Distributors:** Banques et Caisses de Crédit Mutuel Alliance Fédérale and related

► **Advisers:** N/A

## II - FUND OPERATION AND MANAGEMENT

### II-1 General characteristics

► **Unit characteristics:**

- IC unit - ISIN code: FR0000979825
- ID unit - ISIN code: FR0010948190
- ES unit - ISIN code: FR0013258886
- RC unit - ISIN code: FR0013353828
- RC 2 unit - ISIN code: FR0013400546
- S unit - ISIN code: FR001400DG78
- S2 unit ISIN code: FR001400TDL0

• **Nature of the rights attached to the units:**

Each unitholder has a co-ownership right to the Fund's assets that is proportional to the number of units held.

• **Entry in a register:**

If units are held in bearer form, unitholders' rights are recorded in a personal account with the intermediary of their choice. If held in pure registered form, unitholders' accounts will be kept by the Fund and should they so wish by an intermediary of their choice for units held in administered registered form.

The rights of unitholders who have subscribed via the Shared Electronic Share Registration System (DEEP) are recorded in a personal account with the IZNES Shared Electronic Share Registration System (DEEP) for units in pure registered form.

• **Liability management:**

Subscription and redemption orders are centralised by BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM), for units to be registered or already registered as bearer shares within EUROCLEAR, and by IZNES in its capacity as centralising agent for units to be registered or already registered in pure registered form with the IZNES Shared Electronic Recording System (DEEP). These are then reflected in the bearer share issuer account held by BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM) as aggregator of the funds received.

These tasks are carried out through delegation by the asset management company.

• **Voting rights:**

Since the fund is an FCP fund, the units carry no voting rights and all decisions are taken by the management company. Information concerning the fund will be notified to unitholders either individually, through the press, via periodic documents or some other means.

• **Form in which units are held:**

The Fund's units are either in bearer admitted to Euroclear or in registered form admitted to DEEP IZNES.

- - All unit: Units in bearer form admitted to Euroclear.
- - IC, RC and RC2 units: Units in pure registered form admitted to DEEP IZNES

• **Decimalisation:**

Units are expressed in fractions of one-thousandth. RC, RC2, S and S2 units are expressed in millionths

► **Balance sheet date:** last Paris Bourse trading day of March.

**Balance sheet date for the first year:** last Paris Bourse trading in March 2022

► **Information on the tax system:**

The Fund is not subject to corporate income tax and unitholders enjoy tax transparency.

Depending on the unitholder's tax regime, the income and capital gains obtained from the Fund's units may be subject to taxation.

If prospective investors have a question about their tax situation, they should contact a tax advisor.

**II-2 Specific characteristics**

► **IC unit - ISIN code:** FR0000979825

**ID unit - ISIN code:** FR001094819

**ES unit - ISIN code:** FR0013258886

**RC unit - ISIN code:** FR0013353828

**RC 2 unit - ISIN code:** FR0013400546

**S unit - ISIN code:** FR001400DG78

**S2 Unit ISIN code:** FR001400TDL0

► **Classification:** Standard variable net asset value (VNAV) money market funds

► **Fund of fund:** Up to 10% of net assets

► **MMF approval date:** 22/01/2019

► **Management objective:**

This Fund is actively managed on a discretionary basis in compliance with a qualitative extra-financial filter in accordance with the policy implemented by Crédit Mutuel Asset Management and in compliance with the requirements of the French SRI label, based on an ESG integration and selectivity portfolio management approach.

Its investment objective is to provide a return, over the recommended investment period, that is equivalent to the performance of its benchmark index, the compounded €STR index, net of the actual management fees that apply to each unit class.

In the event of particularly low, negative or volatile interest rates, the net asset value of the Fund may fall structurally, which could have a negative impact on the performance of your Fund and compromise the management objective of capital preservation.

► **Benchmark:**

**COMPOUNDED €STR: The Euro Short-Term Rate (€STR)** tracks the overnight borrowing rate of the eurozone interbank market. It is published every market trading day (Target 2) by the ECB and is based on the previous day's trading.

Compounded €STR includes the impact of reinvested interest. Additional information about this index is available on the administrator's website: [https://www.ecb.europa.eu/stats/financial\\_markets\\_and\\_interest\\_rates/euro\\_short-term\\_rate/html/index.en.html](https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/euro_short-term_rate/html/index.en.html)

The European Central Bank, which is the administrator of the €STR benchmark index, is exempted from Article 2.2 the Benchmark Regulation since it is a central bank, and therefore does not have to be registered in ESMA's register.

In accordance with EU Regulation 2016/1011 of the European Parliament and of the Council of 8 June 2016, ASSET MANAGEMENT COMPANY (AMC) has a procedure for monitoring benchmark indices used the measures to be implemented in the event of substantial changes to an index or the transfer of supply of that index.

The fund's benchmark index does not assess or include environmental and/or social characteristics in its constituents.

## ► **Investment strategy:**

### **1 – Strategies employed**

In order to achieve its management objective, the Fund adopts an active management style aimed at achieving a performance close to that of the money market in a context of market risk comparable to that of this benchmark, while respecting the regularity of net asset value movements.

The Fund asset management company establishes an initial investment universe based on issuers included in the Bloomberg Barclays Euro Aggregate Corporate index and all issuers domiciled in OECD countries with an issuance programme. Stocks are picked from this universe, but up to 10% may also be picked from outside this universe, provided that they have an ESG score above the exclusion threshold in force for the universe and meet the subfund's investment criteria.

Within this universe, eligible instruments are money market instruments that meet the criteria of Regulation (EU) 2017/1131 on money market funds (MMFs) and term deposits from credit institutions.

This Fund incorporates environmental, social and governance criteria (ESG) within the meaning of Article 8 of Regulation (EU) 2019/2088, known as the "Sustainable Finance Disclosure" (SFDR) Regulation.

In its investment decisions, the fund management team endeavours to take account of the European Union's criteria for economic activities considered to be sustainable under the "Taxonomy" regulation (EU) 2020/852. Based on the issuer data currently available, the minimum percentage of alignment with the European Union Taxonomy is 0%.

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

The main negative impacts are also taken into account in the investment strategy and are supported by controversy monitoring and sector exclusion policies specific to Crédit Mutuel Asset Management, as described below, the ESG and Sustainable Investment score.

Pre-contractual information on the environmental or social characteristics promoted by the Fund is available in the appendix.

The investment process is based on an approach of ESG integration and selectivity in management, and breaks down into three steps:

#### **Step 1: Legal and sectoral exclusion policies and controversy management**

From the initial investment universe, the fund management team will apply a filter linked to Crédit Mutuel Asset Management's sector exclusion policies that it implements for the management of its funds. In addition to legal exclusions, sectoral exclusions have been implemented for controversial weapons, tobacco, coal and hydrocarbons.

Controversy management for each stock is specifically analysed, monitored and rated. The asset management company will exclude all companies with major controversies. At the same time, Crédit Mutuel Asset Management's financial and extra-financial analysis unit has set up a controversy escalation process (analysis and treatment) to monitor the companies concerned and determine whether they should be maintained or excluded.

Crédit Mutuel Asset Management classifies the companies in which it invests according to the severity, repeated nature and management of controversies, particularly in terms of financial impact, using the following codes:

- "green": authorised issuer in portfolio
- "yellow": reinforced vigilance
- "orange": prohibition on buying; if the issuer is in the portfolio, the position is frozen
- "red": exclusion from the portfolio

The controversy monitoring and sector exclusion policies are available on Crédit Mutuel Asset Management's website.

#### **Step 2: ESG filter:**

The extra-financial analysis carried out using the ESG stock picking process described below results in the exclusion of at least 25 % of the lowest-rated companies from the initial investment universe covered.

Crédit Mutuel Asset Management's proprietary ESG analysis is based on 3 complementary pillars:

- a. Environment (e.g. CO2 emissions, electricity consumption, waste recycling)
- b. Social (e.g. quality of social dialogue, employment of disabled people, employee training)
- c. Governance (e.g. the number of women on boards of directors, transparency of executive remuneration, the fight against corruption).

Extra-financial criteria are taken into account using an ESG analysis model developed by Crédit Mutuel Asset Management, which relies on selected suppliers of extra-financial data. This model assesses and rates issuers on performance indicators specific to each business sector.

Information on how the ESG analysis model works is available on the Crédit Mutuel Asset Management website.

A qualitative analysis complements the extra-financial analysis based on the model, with a view to validating the consistency of the information collected, in particular through interviews with the various stakeholders.

In addition, the extra-financial analysis unit has formalised a dialogue and commitment process designed to improve the way in which ESG issues (Corporate Responsibility and Sustainable Transition) are taken into account by the companies in which the Fund invests. The commitment process is based on dialogue with issuers and the monitoring of commitments made and results obtained in Crédit Mutuel Asset Management's proprietary ESG analysis model. Dialogue is at the heart of this approach, which aims to encourage better practices and, more generally, greater transparency on ESG issues.

In particular, this approach aims to assess the company's ability to integrate and innovate on the 3 pillars of our ESG integration approach in stock picking.

This stock picking process establishes an overall score of between 1 and 10 based on the company's contribution to ESG factors, and then classifies the companies into 5 distinct groups according to their extra-financial performance.

The Fund's ESG investment approach excludes securities classified as "Negative" (1) and "Not very involved" (2) as defined in the responsible investment policy available on the Crédit Mutuel Asset Management website.

Management focuses mainly on the "Committed" (4) and "Best in class" (5) classifications, as well as on the "Neutral" (3) classification, which is considered to be a pool of issuers monitored by ESG experts.

This approach excludes at least 25 % of the companies with the lowest ESG scores from the initial investment universe covered. All these excluded issuers represent the ESG exclusion list. This is established on a monthly basis and determines a minimum ESG score threshold below which the Fund cannot invest.

The extra-financial performance analysis methodology developed by Crédit Mutuel Asset Management is dependent on the exhaustiveness, quality and transparency of the data provided by the extra-financial rating agencies on issuers, which is a limitation of the analysis carried out.

### **Step 3: Financial analysis and portfolio building:**

**Financial analysis:** This new universe is analysed from a financial point of view (see below) to ensure that only stocks of clearly identified quality are retained:

- Sector analysis including the regulatory framework
- Synthesis of specialised external research,
- Growth & profitability
- Management & strategy
- Balance sheet quality (debt ratio, liquidity ratio, etc.)
- Valuation

This universe constitutes the list of securities eligible for investment.

When selecting and monitoring debt securities the asset management company does not automatically or exclusively rely on credit-rating agencies. It mainly relies on its own credit analysis, which ensures that all investment decisions are taken in the interest of unitholders.

### **Portfolio construction:**

This phase of the investment process involves actively tailoring the average maturity of the securities in accordance with the investment team's expectations of how the ECB's key interest rates, the money-market yield curve and the €STR rate will evolve over the month, and with the fund's classification. The allocation between variable and fixed rates will depend on the expected changes in interest rates. Credit risk is managed on a day-to-day basis by seeking to optimise the portfolio's return through a rigorous selection of issuers.

Instruments issued in a currency other than the euro are systematically hedged to cancel the currency risk.

Direct or indirect exposure to equity and commodity risk, even through financial contracts, is not allowed.

Companies with the highest ESG ratings will not, however, automatically be included in the construction of the portfolio, as their inclusion in the final portfolio remains at the discretion of the fund manager.

**The extra-financial analysis rate must be over 90%.** At least 90% of the active equities picked by the fund management team include extra-financial criteria and 90% of the funds selected by the fund management team have the French SRI label. The Fund may invest up to 10% of its net assets in units or shares of non-SRI-labelled funds.

## **2 – Assets (excluding embedded derivatives)**

The fund may invest in the following asset classes:

### **- debt securities and money market instruments:**

The portfolio consists of money market instruments meeting the criteria of Settlement(UE) 1131/EC and term deposits with credit institutions. The ensures that the instruments in the portfolio are of high credit quality through an internal process of analysis and assessment of high quality by the asset management company, or by reference, but not exclusively, to the short-term ratings of the ESMA-registered rating agencies which have rated the instrument and which the asset management company deems to be the most relevant, while avoiding any mechanical dependence on these ratings. If the instrument is not rated, the asset management company determines an equivalent quality using an internal process.

A money market instrument is not of high credit quality if it does not have at least one of the two highest short-term ratings determined by the asset management

In addition, the Fund may hold money market instruments issued or guaranteed by a local, regional or central authority of a Member State, the central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank rated at least Investment Grade according to the analysis of the management company or by reference to agency ratings.

The fund limits its investments to financial instruments with a maximum residual maturity of 2 years or less, provided that the rate can be revised within a maximum period of 397 days.

The weighted average maturity (WAM) is less than or equal to 6 months. The weighted average life (WAL) of financial instruments is less than or equal to 12 months.

The Fund invests mainly in fixed-rate, floating-rate, revisable or index-linked financial instruments, in compliance with the rating, maturity and life rules defined above: bonds, BTFs, BTANs, BMTNs, EMTNs complying with money market management criteria, Treasury notes, certificates of deposit, Treasury bills and similar securities.

In the event of a downgrade in the rating of fixed income products, particularly in the event of a change in the credit quality or market risk of a security identified by the rating agencies or by the asset management company, the asset management company carries out its own credit analysis to decide whether or not to sell the securities concerned.

By way of derogation, the Fund may invest up to 100% of its assets in various money market instruments issued or guaranteed individually or jointly by the Union, the national, regional or local authorities of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority (for example: European Central Bank, EU Member States (Germany, France, Italy, Spain etc), CDC, ACOSS, APHP, BPI) or the central bank of a third country (United States, Japan, United Kingdom, Norway, Switzerland, Canada, Australia), the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements or any other relevant international financial institution or organisation to which one or more Member States belong (IBRD - WORLD BANK, IMF, African Development Bank, Asian Development Bank).

#### **Internal credit rating assessment procedure:**

##### **I- Description of the scope of the procedure**

###### *Purpose of the procedure*

To enable investment in assets of good credit quality. Only issuers with a positive internal rating, i.e. with one of the 2 best short-term internal ratings, are authorised in money market funds. Only securities from issuers with one of the 2 best short-term internal ratings are authorised in money market funds.

###### *Scope of application*

The procedure is applied systematically to money market instruments.

##### **II- Description of participants of the procedure**

###### *People in charge of the various tasks*

- gather information and implementing the methodology: analysts and Risk Control;
- systematically validate the final assessment of credit quality: Risk Control;
- control the implementation: Permanent Control and Compliance;
- Review/validate methodology: Risk Committee.

The Risk Committee is chaired by the Managing Director of CREDIT MUTUEL ASSET MANAGEMENT, the other senior executives of CREDIT MUTUEL ASSET MANAGEMENT and CREDIT MUTUEL GESTION are automatically members.

The Risk Department chairs this committee and is represented by the Risk Director, the Head of Risk Control and the Head of Compliance and Internal Control.

##### **III- Frequency of assessment**

The groups and issuers in the entire management universe of CREDIT MUTUEL ASSET MANAGEMENT are analysed and rated at least once a year in accordance with an internal procedure. In the event of an event likely to have a negative impact on credit quality (e.g. a significant deterioration in the operating environment, a major acquisition, etc.), credit quality is systematically reviewed.

##### **IV- Description of the input and output parameters of the procedure**

The internal rating is based on the following elements:

- Quantitative aspects:
  - The financial profile of a group of issuers based on its financial data
  - Information on bond and CDS prices
  - Failure statistics
  - Financial indices
- Qualitative aspects: this section assesses an issuer's operational profile based on a set of criteria that make it possible to measure, among other things, the economic and regulatory environment, external support, and the positioning and quality of the issuer's management.
- Sectoral aspects: this block assesses the risk of the sector in which the issuer operates, based on criteria such as the intensity of competition, market concentration and profitability.
- adjustment factors: this block is used to adjust the rating when it is not sufficiently representative of the issuer's credit risk (major event impacting credit quality, etc.).

- Type of transmitter
- The liquidity profile of the instrument
- The asset class to which the instrument belongs

Issuers are analysed mainly on the basis of publicly available documents and information. Other sources of information can also be used:

- External credit analyses (S&P, Moody's) within the framework of subscriptions for the supply of credit ratings as well as databases of financial data;
- Documents obtained during investor presentations;
- Trade union websites;
- Press articles;
- Internal mobility;
- Information from Bloomberg, Thomson Reuters.

The result of the model is a score which is converted into a rating.

## **V- Description of methodology**

### Corporates

The internal score grid is based on the following elements:

- Sectoral Risk: this block assesses the risk of the sector in which the issuer operates, based on criteria such as the intensity of competition, profitability outlook, volatility of margins, market growth.
- Operational risk (excluding sector risk): this is made up of a number of criteria used to assess the issuer's level of competitiveness (market positioning, geographical diversification, etc.) and the expertise of its management.
- Financial risk: this covers all quantitative criteria based on the issuer's financial data (various ratios calculated from the balance sheet and income statement).
- Adjustment: this block is used to adjust the automatic rating resulting from the rating model when it is not sufficiently representative of the issuer's risk. In particular, the rating may be adjusted according to the strategic nature of the business and/or the unitholder's support capacity, especially when the unitholder is a government. Other factors such as the capacity to absorb shocks, the issuer's relationship with its banks, market perception or the issuer's management of financial risk may also be taken into account to adjust the rating.

Each criterion is rated from 1 to 5 (very weak to very strong) and weighted to obtain a score that is converted into a short-term internal rating. The weightings were determined by a group of experts on the basis of the ACPR's recommendations, advice from Standard & Poor's and an analysis of the practices of Moody's.

An analysis of various market data (CDS, bond prices, financial indices, etc.) is used to refine the ratings using monitoring.

Occasionally, and for reasons that are always justified by the analyst, the rating may be adjusted upwards or downwards.

### Sovereign members of the EU

Internal ratings are the transposition of external ratings issued by reference agencies: Standard & Poor's, Moody's and Fitch. The external rating used is the lower of the two best external ratings from the reference agencies. It is then transposed into internal notation according to a correspondence table. Special cases: when there are only two external ratings, the lower of the two is used for transposition. Where there is only one external rating, this is used for transposition.

Occasionally, and for reasons that are always justified by the analyst, the rating may be adjusted upwards or downwards.

### Financials

The scoring grid takes into account two main sets of criteria:

- Quantitative criteria, which make it possible to assess a group's financial profile on the basis of its latest financial data (ratios calculated mainly on the basis of the balance sheet and income statement + prudential ratios).
- Qualitative criteria to measure, among other things, the economic and regulatory environment, external support, and the positioning and quality of the group's management.

These criteria are all assessed on a scale from 5 (very good) to 1 (poor). The weightings of the various criteria and families of criteria reflect their relative importance in the analysis of the entity's credit risk.

In accordance with the classic "CAMEL" financial analysis model, the key ratios have been selected from the following four families:

- Profitability
- Capital
- Risks
- Refinancing and Liquidity

The four main families of ratios are supplemented by a number of indicators reflecting trends in key aggregates:

- Current profit trend
- GNP trend
- Growth of assets

The weighting of each ratio within its family is defined according to its level of importance, its degree and its quality of information in the various sources at our disposal.

For banks, particular attention is being paid to their appetite for market activities, which are a potential source of earnings volatility. This criterion will be assessed by analysing the following ratios:

- Net trading income/GNP
- Maximum or average total VaR/Equity
- Results of stress scenarios carried out by the bank
- Assessment of market risk exposure and management

The quantitative ratios in the grid do not always give a good indication of the quality of the bank's liquidity and refinancing. A more qualitative assessment criterion for these elements completes the set of ratios.

The score for 'overall liquidity management' is based on an assessment of the following points:

- Quality of primary liquidity: ability to cover short-term debt with rapidly available and fully negotiable assets.
- Easy access to refinancing on the markets:
  - Existence and capacity of the market to ensure liquidity;
  - Quality and stability of market reputation;
  - Amount of confirmed bank lines granted by Investment Grade banks;
  - Diversification of resources by maturity and type (ability to use alternative sources of refinancing such as covered bonds).
- Quality of asset/liability management and liquidity management: existence of appropriate procedures, tools and methods (gap analysis, stress scenarios).

This assessment must be completed by taking into account the regulatory ratios LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) published by the bank.

For all financial products, the various qualitative criteria are rated from 5 (Very Good) to 1 (Poor) and relate to the following five areas:

- Economic and banking environment
- External support
- Commercial positioning and diversification
- Management, strategy, procedures
- Outlook

A score is obtained by weighting the various quantitative and qualitative elements. It is then converted into an internal short-term rating. An analysis of various market data (CDS, bond prices, financial indices, etc.) is used to refine the ratings using monitoring.

Occasionally, and for reasons that are always justified by the analyst, the rating may be adjusted upwards or downwards.

## **VI- Description of the review framework**

The procedure for assessing credit quality and the relevance of the model is reviewed annually by the Risk Committee.

In the event of a significant change, the asset management company will modify its system to adapt it as closely as possible to the new situation. Temporarily, the information displayed in the bylaws may not accurately reflect the procedure. the asset management company will therefore update the description of the procedure as quickly as possible and in the best interests of unitholders, taking into account its operational constraints.

### **- units or shares in UCITS, AIFs and other investment funds:**

The Fund may invest up to 10% of net assets in French or foreign funds and in French general purpose investment funds (FIVG) that meet the requirements of Article R.214-13 of the French monetary and financial code and governed by Regulation (EU) 2017/1131.

These collective investments may be managed by the asset management company or by an affiliated company.

## **3- Derivative financial instruments**

### Type of markets used:

- Regulated markets
- Over-the-counter markets

### Risks which the fund manager may hedge or seek exposure to:

- Interest rate risk: hedging
- Currency risk: hedging

Within the limit of the weighted average maturity until maturity (WAM) and weighted average life until extinction (WAL) calculations and within the overall risk limit, the manager may take positions to hedge interest rate and currency risks.

### Nature of instruments used:

- futures contracts;
- options;
- swaps
- forward exchange contracts;

The fund manager does not use total return swaps.

### Strategy for using derivatives to achieve the investment objective:

Derivative financial instruments may be used to

- adjust the fund's cash position, particularly when it must accommodate a large volume of subscriptions and/or redemptions
- to changes in market conditions, such as a major market movement, or an improvement in liquidity or in the effectiveness of derivative instruments.

### Counterparties:

No counterparty has discretion as to the composition and management of the fund's portfolio nor regarding the assets that underlie derivative instruments. No portfolio transactions require the approval of a counterparty.

## **4- Securities with embedded derivatives:**

### Risks which the fund manager may hedge or seek exposure to:



- Interest rate risk: hedging and/or exposure
- Credit risk: hedging and/or exposure

Within the limits of the weighted average maturity to maturity (WAM) and weighted average life to maturity (WAL) calculations and up to 10% of net assets.

Nature of instruments used:

- callable securities
- putable securities
- structured securities/EMTNs,

The fund manager may use securities with embedded derivatives in accordance with the asset management company's programme of operations.

Strategy for using securities with embedded derivatives to achieve the investment objective:

The fund manager may use securities with embedded derivatives if such securities offer an alternative to other financial instruments or if they have no exact equivalent.

**5- Cash deposits:**

The fund may make deposits with one or more credit institutions in accordance with the applicable regulatory limits.

**6- Cash borrowing:**

N/A

**7- Securities financing transactions:**

The Fund may engage in securities financing transactions in order to manage its cash, while ensuring that risk exposure complies with its investment policy.

- Repurchase agreements: the fund may sell securities to another fund or other legal entity for an agreed price. The securities must be returned when the transaction is terminated.

Possible types of transactions:

The fund may engage in the following securities financing transactions:

- reverse repurchase agreements pursuant to the French Monetary and Financial Code
- repurchase agreements pursuant to the French Monetary and Financial Code

Types of trades:

- Cash management

All securities financing transactions will be carried out in accordance with the fund's best interests and must not cause the fund to deviate from its investment objective or take additional risks.

The fund must ensure that it is able to recover any securities that have been temporarily disposed of under a repurchase agreement, and to recover the full cash amount under a reverse repurchase agreement.

Types of assets that may be traded:

Securities that are eligible pursuant to the investment strategy and money-market instruments (for example: money market instruments such as negotiable debt securities with a positive rating)

Expected and permissible extent of use:

- Repurchase agreements: The expected level of utilisation is 8% of net assets. The fund reserves the right to use up to 10% of its net assets.
- Repurchase agreements: The expected level of utilisation is 10% of net assets. The Fund reserves the right to use up to 100% of its net

Remuneration:

The fund will be exclusively entitled to any income from the temporary acquisition or disposal of securities.

Selection of counterparties:

Counterparties may be selected from any geographic region, excluding the emerging countries, provided they have an Investment Grade based on the analysis of the Asset Management Company or of a credit-rating agency. They will be selected on the basis of the criteria of the asset management company's evaluation and selection procedure.

**► Contract constituting financial guarantees:**

When engaging in over-the-counter derivative transactions and securities financing transactions, the Fund may receive financial assets which serve as collateral to reduce its exposure to counterparty risk.

For OTC derivative transactions, this collateral will mainly be in the form of cash or financial securities. For securities financing transactions it will mainly consist of cash and eligible government bonds.

These bonds must be issued or guaranteed by a central government or local authority of an OECD member country, or by a supranational institution or body of EU, regional or global scope.

All collateral collected must comply with the following principles:

- Liquidity: All securities collateral must be highly liquid and rapidly tradable on a regulated market at a transparent price.
- Transferability: Collateral must be transferable at all times.
- Valuation: All collateral collected must be valued daily at the market price or using a pricing model. A conservative discount or haircut will be applied to securities that are significantly volatile or if their credit quality declines.
- Issuer credit quality: All collateral must be of high quality, as determined by the asset management company.

- Investment of cash collateral: Cash collateral must either be deposited with an eligible entity, invested in premium quality government bonds (with a credit rating that meets the criteria for money market funds and/or AIFs), invested in money market funds and/or AIFs, or used for reverse repo transactions with a credit institution,
- Correlation: the issuer of the collateral must be independent of the counterparty.
- Diversification: Exposure to any single issuer must not exceed 15% of net assets.
- Custody: All collateral received must be placed with the Depositary or one of its agents or a third party under its control, or with a third-party depositary subject to prudential supervision and which has no relationship with the provider of the collateral.
- Prohibition on re-using collateral: Non-cash collateral collected may not be sold, reinvested or pledged as collateral.

► **Risk profile:**

Your money will be invested mainly in financial instruments selected by the asset management company. These instruments will be subject to changes and uncertainties on the markets.

Unitholders may be exposed to the following risks:

- **Risk of capital loss:** This is the risk that a unit may be sold for less than its purchase price. The fund offers no capital guarantee or protection. The capital initially invested is subject to market fluctuations and may therefore not be fully recovered in the event of an unfavourable market development.

- **Discretionary management risk:** A discretionary investment style involves anticipating the behaviour of equity and/or fixed-income markets, and/or picking stocks. There is therefore a risk that the fund may not always be invested in the best-performing markets or securities. It may therefore not achieve its performance objectives and its net asset value may decline.

- **Interest-rate risk:** An increase in interest rates could decrease the value of fixed-income instruments and consequently the Fund's net asset value.

- **Credit risk:** If an issuer's credit-worthiness deteriorates or the issuer defaults on its obligation, the value of these securities may decline and cause the net asset value to decline.

- **Risk related to the impact of techniques such as derivatives:** Market behaviour may adversely affect positions held in derivatives and cause net asset values to decrease significantly over short periods.

- **Counterparty risk:** Counterparty risk is the aggregate risk of all over-the-counter transactions (i.e. financial contracts, securities financing transactions and collateral agreements) with a given counterparty. Counterparty risk measures the risk of loss if the counterparty is unable to meet its contractual obligations prior to the final settlement of the transaction's cash flow. This could adversely affect the net asset value.

- **Legal risk:** There is a risk that contracts with counterparties may be improperly drafted, particularly with regard to the use of efficient portfolio management techniques.

- **Operational risk:** This is the risk that a service provider may improperly execute or fail to execute a securities transaction. This risk only arises when engaging in securities financing transactions.

- **Sustainability risk:** This is the risk of an environmental, social or governance event or condition the occurrence of which could have a material adverse impact, actual or potential, on the value of an investment.

► **Capital guarantee or protection:** N/A

► **Subscribers concerned and profile of the typical investor:**

The ID unit is, in accordance with the terms set out in the prospectus, intended for all investors.

The IC unit is, in accordance with the terms set out in the prospectus, intended for all investors.

The ES unit is, in accordance with the terms set out in the prospectus, specifically intended for CM-AM CASH ISR feeder funds.

The RC unit is, in accordance with the terms set out in the prospectus, specifically intended for retail investors.

The R2 unit is, in accordance with the terms set out in the prospectus, specifically intended for Milleis Banque clients.

The S unit is, in accordance with the terms set out in the prospectus, intended for all investors, especially for investors subscribing via distributors/intermediaries providing a third-party management service or receiving fee-based advice without retrocession.

The S2 unit is, in accordance with the terms set out in the prospectus, intended for all investors, especially for investors subscribing via distributors/intermediaries providing a third-party management service or receiving fee-based advice without retrocession.

This Fund is aimed at investors looking for a very short-term investment for their cash, backed by top-quality issuers.

The maximum amount that can be reasonably invested in this fund depends on each investor's personal situation, which in turn depends on the investor's net worth, current needs, the investment period and the investor's willingness to take risks or preference for prudent investment. Investors are strongly recommended to diversify their investments so as not to limit their exposure to a single fund.

The Fund has not been registered with the US Internal Revenue Service pursuant to the US Securities Act of 1933. Its units/shares may therefore not be offered, sold or held, directly or indirectly, on behalf of or for the benefit of a 'US Person,' as defined under US regulations and in particular SEC Regulation S (Part 230-17 CFR 230.903), which may be viewed at <http://www.sec.gov/about/laws/secrulesregs.html>

► **Recommended investment period:** At least 7 days

► **Methods for determining appropriation of amounts available for distribution:**

The annual net income is the sum of the interest, arrears, dividends, premiums, bonuses, directors' fees and any other proceeds from the securities in the fund's portfolio, plus any proceeds from sums that were temporarily made available, after deduction of management fees and interest expenses.

Amounts available for distribution consist of:

- 1° Net income plus retained earnings and increased or decreased by the balance of the income adjustment account;
- 2° Realised capital gains, net of fees, less any realised capital losses, net of fees, recorded during the plus any net capital gains of the same kind recorded during previous periods that have not been distributed or accumulated, and plus or minus the balance of the capital gain adjustment account.

**Accumulation (IC, ES, RC, RC 2, S, S2 units):**

All distributable amounts are accumulated every year.

**Distribution (ID units):**

The asset management company may also decide during the Accounting Period to distribute one or more interim dividends, within the limit of the net income recorded at the date of this decision. The coupon is distributed within 5 months of the end of the period. The choice of whether to accumulate, distribute annually or retain all or part of the distributable amounts rests with the portfolio management company, in accordance with the following table:

|          |                                      | Total accumulation | Partial accumulation | Total distribution | Partial distribution | Total retention | Partial retention |
|----------|--------------------------------------|--------------------|----------------------|--------------------|----------------------|-----------------|-------------------|
| IC unit  | Net income                           | X                  |                      |                    |                      |                 |                   |
|          | Realised net capital gains or losses | X                  |                      |                    |                      |                 |                   |
| ID unit  | Net income                           |                    |                      | X                  |                      |                 |                   |
|          | Realised net capital gains or losses | X                  |                      |                    |                      |                 |                   |
| ES unit  | Net income                           | X                  |                      |                    |                      |                 |                   |
|          | Realised net capital gains or losses | X                  |                      |                    |                      |                 |                   |
| RC Unit  | Net income                           | X                  |                      |                    |                      |                 |                   |
|          | Realised net capital gains or losses | X                  |                      |                    |                      |                 |                   |
| RC2 unit | Net income                           | X                  |                      |                    |                      |                 |                   |
|          | Realised net capital gains or losses | X                  |                      |                    |                      |                 |                   |
| S unit   | Net income                           | X                  |                      |                    |                      |                 |                   |
|          | Realised net capital gains or losses | X                  |                      |                    |                      |                 |                   |
| S2 unit  | Net income                           | X                  |                      |                    |                      |                 |                   |
|          | Realised net capital gains or losses | X                  |                      |                    |                      |                 |                   |

► **Unit characteristics**

Subscriptions to a given unit class may be restricted to a specific category of investors on the basis of the objective criteria described in this section, such as the unit's initial net asset value and the minimum amount of the initial subscription.

The ID unit is, in accordance with the terms set out in the prospectus, intended for all investors.

The IC unit is, in accordance with the terms set out in the prospectus, intended for all investors.

The ES unit is, in accordance with the terms set out in the prospectus, specifically intended for CM-AM CASH ISR feeder funds.

The RC unit is, in accordance with the terms set out in the prospectus, specifically intended for retail investors.

The R2 unit is, in accordance with the terms set out in the prospectus, specifically intended for Milleis Banque clients.

The S unit is, in accordance with the terms set out in the prospectus, intended for all investors, especially for investors subscribing via distributors/intermediaries providing a third-party management service or receiving fee-based advice without retrocession.

The S2 Unit is, in accordance with the terms set out in the prospectus, intended for all investors, especially for investors subscribing via distributors/intermediaries providing a third-party management service or receiving fee-based advice without retrocession.

- Initial net asset value of an IC unit: EUR **152,449**
- Initial net asset value of an ID unit: EUR **495,384.69**
- Initial net asset value of an ES unit: EUR **100,000**
- Initial net asset value of an RC unit: EUR **51,832.71**
- Initial net asset value of an RC 2 unit: EUR **10**

- Initial net asset value of an S unit: EUR **100,000**
- Initial net asset value of an S2 unit: EUR **100**

The number of IC, ID and ES units is expressed in thousandths.  
The number of RC2, RC, S and S2 units is expressed in millionths.

**Initial minimum subscription amount for IC units:** 1 unit (with the exception of the Asset Management Company and funds it manages)

**Initial minimum subscription amount for ID units:** 1 unit

**Initial minimum subscription amount for RC units:** 1 millionth of a unit

**Initial minimum subscription amount for RC2 units:** 1 millionth of a unit

**Initial minimum subscription amount for S2 units:** 1 millionth of a unit

**Initial minimum subscription amount for ES and S units:** 1 unit

(except for CREDIT MUTUEL ASSET MANAGEMENT, which may subscribe for one thousandth of a unit from the first subscription)

**Minimum amount of subsequent subscriptions and redemptions of IC, ID and ES units:** 1 thousandth of a unit

**Minimum amount of subsequent subscriptions and redemptions of RC, RC2 and S2 units:** 1 millionth of a unit

#### ► Subscription and redemption methods:

Subscriptions and redemptions are handled by:

- For units to be registered or already registered as bearer shares within Euroclear: Banque Fédérative du Crédit Mutuel (BFCM)
  - For units to be registered or already registered within the IZNES Shared Electronic Share Registration System (DEEP): IZNES
- Subscriptions and redemptions are handled by the Fund's Depositary: Banque Fédérative du Crédit Mutuel (BFCM).

IC, ID, RC, RC2, ES units: Subscription orders may be placed for a specific number of units or a specific amount. Redemption orders must be expressed in units only.

S and S2 units: Subscription orders may be placed for a specific number of shares or a specific amount. Redemption orders are accepted for a specific number of units or a specific amount.

Subscriptions may be made by contribution of securities.

Subscription and redemptions orders are processed every business day at 12 noon

- Orders received before 12 noon will be executed at the previous day's net asset value.
- Orders received after 12 noon will be executed at that day's net asset value.
- Orders received after 12 noon on a Friday or on a day preceding a bank holiday and/or public holiday in France are executed on the basis of the net asset value on the Friday or on the last working day preceding a bank holiday and/or public holiday in France, and include the coupon for the weekend and/or bank holiday(s) and/or public holiday(s).

Orders will be executed as shown in the table below:

| D   | D   | D: the day the NAV is established <sup>2</sup> | D                              | D                                      | D                                    |
|---|---|--|--------------------------------|--|--------------------------------------|
| Subscription orders are processed before 12 noon <sup>1</sup> | Redemption orders are processed before 12 noon <sup>1</sup> | Orders are executed no later than day D        | Publication of net asset value | Subscriptions are settled <sup>1</sup> | Redemptions are settled <sup>1</sup> |

<sup>1</sup>Unless another cut-off time is agreed with your financial institution.

<sup>2</sup> The net asset value is established on D-1 and is not definitively acquired until the end of the centralisation of fund inflows

The net asset value of the fund on which subscription and redemption orders are executed may be recalculated between the time orders are placed and the time they are executed, to take account of any exceptional market events occurring in the meantime.

#### ► Date and frequency of net asset value calculation:

The fund's net asset value is calculated every business day, at closing prices, except on a day that the Paris Bourse is closed as per the Euronext SA calendar

#### ► Dissemination and publication of the net asset value:

It may be obtained from the asset management company or from the delegated asset manager.

#### ► Fees and charges:

##### Subscription and redemption fees

Subscription and redemption fees increase the subscription price paid by investors and reduce the redemption price they receive. The fees paid to the Fund are used to offset the costs incurred by the Fund to invest or disinvest the assets entrusted to it. Any fees that are not kept by the Fund are paid to the asset management company, distributors, or other service providers.

| Fees charged to investors upon subscription or redemption | Base                  | Maximum fee                               |
|---|-----------------------|---|
| Subscription fee not kept by the Fund                     | NAV × number of units | IC, ID, ES, RC, RC 2, S and S2 units: N/A |
| Subscription fee kept by the Fund                         | NAV × number of units | IC, ID, ES, RC, RC 2, S and S2 units: N/A |
| Redemption fee not kept by the Fund                       | NAV × number of units | IC, ID, ES, RC, RC 2, S and S2 units: N/A |
| Redemption fee kept by the Fund                           | NAV × number of units | IC, ID, ES, RC, RC 2, S and S2 units: N/A |

#### Operating and management fees

These fees and charges include all those charged directly to the Fund except for transaction fees.

Operating charges and fees for other services may include the following:

- Fund registration and listing fees
- Client information and distributor expenses
- Custodian fees, legal fees, audit fees, tax fees, etc.
- Costs of regulatory compliance and regulatory reporting
- Operating costs
- Data fees
- Know-your-client costs

|   | Fees and expenses charged to the Fund           | Base                        | Maximum fee   |                               |                               |                                 |                               |
|---|---|-----------------------------|---|-------------------------------|-------------------------------|---------------------------------|-------------------------------|
| 1 | Financial management fees                       | Net assets                  | IC, ID and S units: Max. 0.48% incl. tax  | ES unit: Max. 0.13% incl. tax | RC unit: Max. 0.63% incl. tax | RC 2 unit: Max. 0.68% incl. tax | S2 unit: Max. 0.53% incl. tax |
| 2 | Operating charges and fees for other services*  | Net assets                  | IC, ID and S units: Max. 0.02% incl. tax  | ES unit Max. 0.02% incl. tax  | RC unit: Max. 0.02% incl. tax | RC 2 unit: Max. 0.02% incl. tax | S2 unit: Max. 0.02% incl. tax |
| 3 | Turnover fees<br>Asset management company: 100% | Charged on each transaction | N/A   |                               |                               |                                 |                               |
| 4 | Performance fees                                | Net assets                  | IC, ID, ES, RC, RC2, S and S2 units: 40% (incl. tax) of performance, net of fixed management fees, in excess of the benchmark, the compounded €STR index + 0.03 %, even if this performance is negative |                               |                               |                                 |                               |

The non-recurring costs of debt collection debts on behalf of the Fund or of legal proceedings to enforce a claim may be added to the ongoing fees charged to the fund listed above.

\* The actual operating expenses and fees for other services may exceed the permissible maximum rate, in which case the asset management company will pay the excess. the asset management company may also have to make a provision for the maximum permissible fee if the actual "operating expenses and fees for other services" are lower than this fee.

#### Method used to calculate the outperformance fee:

(1) The performance fee is calculated using the benchmark method.

The supplement which applies a rate of 40% inclusive of tax represents the difference between:

- the net asset value of the fund net of fixed management fees before taking into account the outperformance fee provision, and
- the value of asset that has achieved a performance equal to that of the benchmark over the calculation period and recording the same variations linked to subscriptions/redemptions as the fund.

(2) As of the financial year of the fund opened on 01/01/2022, any underperformance of the fund against the indicator within the last five years will be offset before performance fees become payable. To this end, an extendible observation period of 1 to 5 rolling financial years is set up, with the calculation reset to zero each time a deduction is made from the outperformance fee.

The table below sets out these principles on the basis of example performance assumptions over a 19-year period:

|         | Net performance | Underperformance to be offset the following year | Payment of the outperformance fee |
|---------|-----------------|--|-----------------------------------|
| YEAR 1  | 5%              | 0%   | YES                               |
| YEAR 2  | 0%              | 0%   | NO                                |
| YEAR 3  | -5%             | -5%  | NO                                |
| YEAR 4  | 3%              | -2%  | NO                                |
| YEAR 5  | 2%              | 0%   | NO                                |
| YEAR 6  | 5%              | 0%   | YES                               |
| YEAR 7  | 5%              | 0%   | YES                               |
| YEAR 8  | -10%            | -10%   | NO                                |
| YEAR 9  | 2%              | -8%  | NO                                |
| YEAR 10 | 2%              | -6%  | NO                                |
| YEAR 11 | 2%              | -4%  | NO                                |
| YEAR 12 | 0%              | 0%*  | NO                                |
| YEAR 13 | 2%              | 0%   | YES                               |
| YEAR 14 | -6%             | -6%  | NO                                |
| YEAR 15 | 2%              | -4%  | NO                                |
| YEAR 16 | 2%              | -2%  | NO                                |
| YEAR 17 | -4%             | -6%  | NO                                |
| YEAR 18 | 0%              | -4%**  | NO                                |
| YEAR 19 | 5%              | 0%   | YES                               |

Out/underperformance is defined here as the fund's performance above/below the benchmark.

**Notes on the example:**

\* in year 12 to be carried forward to the next year (YEAR 13) is 0% (and not -4%) because the residual underperformance in year 8 which has not yet been offset (-4%) is no longer relevant as the five-year period has elapsed (the underperformance in year 8 is offset until year 12)

\*\* underperformance in year 18 to be carried forward to the next year (YEAR 19) is -4 % (and not -6%) because the residual underperformance in year 14 which has not yet been offset (-2%) is no longer relevant as the five-year period has elapsed (the underperformance in year 14 is offset until year 18)

(3) Each time a net asset value is calculated:

- In the event of outperformance in relation to the outperformance trigger threshold, a provision is set aside.
- In the event of underperformance in relation to the outperformance trigger threshold, a provision reversal is recorded up to the available provisions.

(4) In the event of outperformance, the fee is payable annually on the last net asset value of the financial year.

It is capped at the difference between the maximum fixed management fees rate provided by the prospectus and the fixed fees actually applied.

Actual fixed management fees and performance fees are capped on a daily basis at the maximum rate of fixed management fees provided for in the prospectus.

#### **Temporary purchases and sales of securities:**

The fund is entitled to all income from the use of efficient portfolio management techniques, net of direct and indirect operating costs.

#### **Selection of intermediaries:**

Intermediaries are selected and evaluated using procedures that are monitored.

All new relationships are examined and approved by an ad hoc committee before being validated by the Management.

Intermediaries are evaluated at least once a year. This evaluation is based on various criteria and most notably on the quality of order execution (e.g. execution price, execution speed and the quality of transaction settlement) and the effectiveness of research services (e.g. financial, technical and economic analyses and the pertinence of recommendations).

### **III – MARKETING INFORMATION**

All information concerning the fund may be obtained from the asset management company.

The Voting Policy and the report on the exercise of voting rights are available at [www.creditmutuel-am.eu](http://www.creditmutuel-am.eu) and may also be sent to any unitholder upon request to the management company at the following address:

- Asset Management Company:  
CREDIT MUTUEL ASSET MANAGEMENT

128 boulevard Raspail – 75006 PARIS.

In some cases, information on events that may affect the fund will be provided by Euroclear France and/or via various media in compliance with the applicable regulations and marketing policy.

Procedures have been implemented to prevent conflicts of interests from arising and to ensure that they are dealt with in the sole interest of unitholders.

#### **► ESG criteria**

Information on environmental, social and governance (ESG) investment criteria is available at [www.creditmutuel-am.eu](http://www.creditmutuel-am.eu) and in the annual report.

### **IV – INVESTMENT RULES**

Pursuant to the provisions of the French monetary and financial code, the rules that govern the composition of the fund's assets and its risk diversification must be observed at all times. If these limits are exceeded independently of the management company or following the exercise of a subscription right, the management company's priority objective will be to rectify this situation as quickly as possible, taking into account the interests of the unitholders of the Fund.

### **V – OVERALL RISK EXPOSURE**

The overall risk exposure to derivatives contracts is determined using the commitment approach.

### **VI – ASSET VALUATION AND RECOGNITION**

#### **RECOGNITION OF INCOME**

The fund recognises income on a cash basis.

#### **RECOGNITION OF SECURITIES TRANSACTIONS:**

The recognition of the portfolio security transactions does not include trading expenses.

#### **VALUATION METHODS**

The following rules apply to all valuations of assets:

**Listed equities and equivalent securities (both French and foreign):**

These securities are valued at their market price.

The price used for valuation depends on where the security is listed:

|                           |                              |
|---------------------------|------------------------------|
| European exchanges:       | Daily opening price.         |
| Asian exchanges:          | Daily closing price.         |
| Australian exchanges:     | Daily closing price.         |
| North American exchanges: | Previous day's closing price |
| South American exchanges: | Previous day's closing price |

If no quote for a given security can be obtained the previous day's closing price will be used.

**Bonds, EMTNs and equivalent debt securities (both French and foreign):**

These securities are valued at their market price:

The price used for valuation depends on where the security is listed:

|                           |                              |
|---------------------------|------------------------------|
| European exchanges:       | Daily opening price.         |
| Asian exchanges:          | Daily closing price.         |
| Australian exchanges:     | Daily closing price.         |
| North American exchanges: | Previous day's closing price |
| South American exchanges: | Previous day's closing price |

If no quote for a given security can be obtained the previous day's closing price will be used.

If the fund manager feels that the price quoted is not realistic, a price that more closely reflects actual market conditions will be estimated. Depending on the sources available, various methods may be used to estimate this price, such as:

- the application of an internal valuation model
- a price from a price contributor
- an average price from two or more contributors
- a price calculated using an actuarial method, from a credit or other spread and a yield curve,
- etc.

**Shares or units of UCITS, AIF and other funds in the portfolio:** These securities are valued on the basis of the Fund's most recent net asset value.

**Securitisation funds:** Securitisation funds listed on a eurozone market are valued at their daily closing price.

**Temporary acquisitions of securities:**

|                                |  |
|--------------------------------|--|
| Reverse repurchase agreements: | Valued at the contractual value. No repurchase agreements with a term exceeding 3 months   |
| Option repurchase agreements:  | Securities thus acquired are valued at the contractual value, since it is sufficiently certain that the seller will buy the securities back. |
| Securities borrowing:          | The borrowed securities and the corresponding debt are valued at the market price of the securities.   |

**Temporary disposals of securities:**

|                        |  |
|------------------------|--|
| Repurchase agreements: | Securities disposed of under a repurchase agreement are marked to market. The liability associated with these securities is maintained at the contractual value. |
| Securities lending:    | Securities that are lent are valued at their market price. These securities are recovered by the fund when the lending agreement expires.                        |

**Unlisted securities:**

Unlisted securities are valued on the basis of net assets, cash flows and prices paid during recent significant transactions.

**Negotiable debt securities:**

Negotiable debt securities acquired with a residual life are valued at their market value

Applicable market values:

**BTF/BTAN**

The yield to maturity at the daily rate published by the Banque de France.

**Other NDS:**

Other negotiable debt securities for which prices are regularly quoted will be valued at yield to maturity or at the daily market price. Securities for which prices are not regularly or realistically quoted will be valued using the yield to return method at a reference yield curve rate, which is adjusted to account for the issuer's intrinsic credit quality (credit spread of other).

**Futures contracts**

The market prices used to value futures contracts must correspond to the prices of the underlying securities.

These prices depend on where the contracts are traded.

Futures listed on European exchanges are valued using:

- the daily opening price or previous day's clearing price.

Futures listed on North-American exchanges are valued using

- the daily closing price or previous day's clearing price.

### **Options**

The market prices used for options observe the same rule as those used to value futures contracts and their underlying securities:

Options listed on European exchanges are valued using:

- the daily opening price or previous day's clearing price.

Options listed on North-American exchanges are valued using:

- the daily closing price or previous day's clearing price.

### **Swaps:**

Swaps are marked to market.

Index swaps are valued at the price provided by the counterparty, this price being independently verified by the asset management company.

When the quality and maturity of the securities swapped can be clearly determined, an overall assessment of these two factors is made.

### **Forward exchange contracts**

These contracts are used to hedge the currency risk of portfolio securities that are denominated in a currency other than the fund's currency, by borrowing an equivalent amount of the other currency. Forward currency transactions are valued at the interest rate of the foreign currency.

## **VALUATION OF OFF-BALANCE SHEET COMMITMENTS**

Commitments on futures and forward contracts are marked to market. The market value is the valuation price multiplied by the number of contracts and their nominal value. Forward contract commitments are valued at their nominal value, or lacking this at an equivalent amount.

Commitments on contingent transactions are determined on the basis of the underlying option equivalent. This translation involves multiplying the number of options by a delta. The delta value is determined using a Black-Scholes type mathematical model with the following parameters: the underlying price, the time until expiration, the short-term interest rate, the option's exercise price and the underlying's volatility. The presentation of the off-balance sheet commitment reflects the economic nature of the transaction and not the position in the option transaction.

Dividend swaps are recognised at their nominal value off the balance sheet.

Back-to-back and off-balance sheet swaps are recorded at nominal value.

|                           |
|---------------------------|
| <b>VII - Remuneration</b> |
|---------------------------|

Detailed information on our remuneration policy is available at [www.creditmutuel-am.eu](http://www.creditmutuel-am.eu) A paper copy is available free of charge on request from CREDIT MUTUEL AM – 128 boulevard Raspail – 75006 PARIS.



**FUND RULES****SECTION I - ASSETS AND UNITS****Article 1 - Co-ownership units**

Co-ownership rights are expressed in units, with each unit corresponding to the same percentage of the Fund's assets. Each unitholder has a co-ownership right to the Fund's assets that is proportional to the number of units held. The Fund's term begins on the date of its formation and ends 99 years later, unless the Fund is wound up prior to this or is extended as provided for in these rules.

The units may be divided, grouped or split by decision of the management company into tenths, hundredths, thousandths, ten-thousandths, or millionths, referred to as "fractional units".

Provisions herein governing the issue and redemption of units are applicable to fractional units, the value of which shall always be proportional to the value of the proportion they represent. All other provisions of the Fund Rules governing units apply to fractional units without need for further specification, unless otherwise stated.

When the swap is linked with securities that can be clearly identified in terms of quality and maturity, an overall assessment is made of these two factors.

**Article 2 - Minimum asset requirement**

Units cannot be redeemed if the Fund's assets fall below €300,000. If the Fund's assets remain below this amount for 30 days, the management company shall make the necessary provisions to liquidate the Fund or proceed with one of the measures mentioned in Article 411-16 of the AMF General Regulations (Fund transfers).

**Article 3 - Issuance and redemption of units**

Units shall be issued whenever subscribed by unitholders, at their net asset value plus a subscription fee if applicable.

Redemptions and subscriptions are carried out under the conditions and according to the procedures defined in the prospectus. Fund units may be listed on an exchange pursuant to the applicable regulations.

Subscriptions must be fully paid up by the date that the net asset value is calculated. They must be paid for in cash and/or financial instruments. The asset manager may refuse the securities offered in payment and has seven days from the date they are deposited to do so. If the securities are accepted they shall be valued as indicated in Article 4 and subscribed at the first net asset value calculated after the securities are accepted.

Units may be redeemed in cash and/or in kind. If a redemption in kind is for a representative portion of the portfolio assets Fund or the asset manager is only required to obtain the written and, signed consent of the redeeming unitholder. Where the redemption in kind does not correspond to a representative proportion of the portfolio's assets, all unitholders must signify their written agreement authorising outgoing unitholders to redeem their units in exchange for certain specific assets, as explicitly defined in the agreement.

Notwithstanding the above, if the Fund is an ETF, redemptions in the primary market may be made in kind, with the asset manager's consent and if this is in the interest of the unitholders, pursuant to the terms and conditions of the Fund's prospectus or rules. The assets are then delivered by the issuing account holder under the conditions defined in the Fund's Prospectus.

Redeemed assets will normally be valued in accordance with the rules set forth in Article 4 and redemptions in kind will be executed at the first net asset value that is determined after the securities are accepted.

Redemptions will be paid by the depositary / registrar within five days after unit valuation.

However, if under exceptional circumstances redemption requires the prior realisation of the Fund's assets, this period may be extended but shall not exceed 30 days.

Except in the case of inheritance or an *inter-vivos* distribution, the disposal or transfer of units between unitholders or from unitholders to a third party is equivalent to a redemption followed by a subscription. If a sale or transfer involves a third party the beneficiary shall, if necessary, supplement the amount of the transaction until the minimum subscription amount stipulated in the prospectus is reached.

In accordance with Article L. 214-8-7 of the French monetary and financial code, redemption of units by the Fund and the issuance of new units may be suspended provisionally by the management company if required by exceptional circumstances and in the interests of unitholders.

If the Fund's assets fall below the minimum regulatory amount, no Fund units shall be redeemed.

The Fund may cease to issue units pursuant to the third paragraph of Article L.214-24-41 of the French monetary and financial code, the Fund may stop issuing units in situations that objectively require subscriptions to be suspended, such as the reaching of a maximum number of units issued or a maximum amount of assets, or the expiration of a pre-determined subscription period. When this tool is triggered, existing holders will be informed by any means of its activation, as well as of the threshold and the objective situation that led to the partial or total closure decision.

In the event of a partial closure, this information by any means will explicitly specify the terms and conditions under which existing holders may continue to subscribe during the period of the partial closure. Unitholders shall also be informed using any appropriate means of any decision by the fund or the asset manager to either terminate the partial or total suspension of subscriptions (when the suspension trigger threshold is no longer exceeded), or to maintain the suspension of subscriptions (if the threshold or the objective situation that resulted in the suspension is modified). Such modification of the objective situation or of the suspension trigger threshold must always be made in the interest of unitholders. The exact reasons for these changes will be communicated by all available means.

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

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

Contributions in kind may only consist of securities or contracts that Funds are authorised to invest in and must be valued in accordance with the valuation rules that are used to determine the net asset value.

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

#### **Article 5 - The Asset Management Company**

The Fund is managed by the Asset Management Company in accordance with the Fund's strategy.

The Asset Management Company shall act on the behalf of unitholders under all circumstances and shall be the only party authorised to exercise the voting rights attached to the securities in the Fund's portfolio.

#### **Article 5b – Operating rules**

The Fund's prospectus describes the Fund's investment rules and the instruments and deposits in which the Fund may invest.

#### **Article 5c – Listing on a regulated market and/or a multi-lateral trading facility**

The units may be listed for trading on a regulated market and/or a multi-lateral trading facility, in compliance with applicable regulations. If the Fund's units are listed on a regulated market and it has an index-based investment objective, it must implement a means to ensure that the market price of its units does not deviate substantially from its net asset value.

#### **Article 6 – Depositary**

The Depositary shall be responsible for the tasks incumbent upon it under the applicable laws and regulations and for its contractual obligations to the Asset Management Company. It shall, in particular, ensure that the decisions taken by the asset Management Company are lawful. It shall, where appropriate, take any precautionary measures it deems necessary. In the event of a dispute with the Asset Management Company, it shall inform the AMF.

#### **Article 7 - Statutory auditor**

A statutory auditor is appointed by the Asset Management Company's executive body for a term of six financial years, subject to the approval of the AMF.

It certifies that the accounts are true and fair.

It may be reappointed.

The auditor shall inform the AMF as soon as possible of any event or decision concerning the Fund of which it gains knowledge in the course of its work and which may:

- 1) Constitute a breach of the legal or regulatory provisions applicable to this body and likely to have a significant effect on the financial situation, results or assets;
- 2) Adversely affect its operating conditions or continuity;
- 3) Result in a qualified opinion or a refusal to certify the accounts.

Asset valuations and the determination of exchange parities in transformations, mergers or demergers are carried out under the supervision of the auditor.

The auditor shall assess all contributions or redemptions in kind under its responsibility, except for redemptions in kind for an ETF on the primary market.

It checks the accuracy of the composition of assets and other items before publication.

The auditor's fees are agreed between the auditor and the board of directors or the management company on the basis of the estimated auditing work required.

It certifies the situations that serve as a basis for the distribution of down payments.

The statutory auditor's fees shall be included in the management fees.

#### **Article 8- Financial statements and management report**

At the close of each fiscal year, the management company shall draw up the financial statements and a report on the Fund's management for the year.

At least once every six months the management company will prepare an inventory of the Fund's assets under the depositary's supervision.

The Asset Management Company shall make these documents available to unitholders four months after the end of the financial year and shall inform them of the income to which they are entitled. These documents shall either be mailed to unitholders at their express request or made available to them at the Asset Management Company's premises.

### **SECTION 3 – ALLOCATION OF DISTRIBUTABLE AMOUNTS**

## **Article 9 - Allocation of distributable amounts**

The net income for the year is equal to the amount of interest, arrears, dividends, premiums, bonuses and directors' fees and all other income from securities that constitute the Fund's portfolio, plus income from temporary cash holdings, less management fees and borrowing costs.

The distributable amounts are made up of:

- 1° Net income plus retained earnings and increased or decreased by the balance of the income adjustment account;
- 2° capital gains, net of costs, less realised capital losses, net of costs, recorded during the financial year, plus net capital gains of the same nature recorded during previous financial years that have not been distributed or accumulated, less or increased by the balance of the capital gains adjustment account.

## **SECTION 4- MERGER - SPLIT - DISSOLUTION - LIQUIDATION**

### **Article 10 - Merger - Split**

The Asset Management Company may transfer all or part of the Fund's assets to another fund or split the Fund into two or more other funds.

Such mergers or splits may only be carried out after unitholders have been notified. A new certificate indicating the number of units held by each unitholder will be issued for this purpose.

### **ARTICLE 11 - Dissolution - Extension**

If the Fund's assets remain below the level indicated in Article 2 above for 30 days, the management company will duly inform the AMF and dissolve the Fund, unless it is merged with another fund.

The Asset Management Company may dissolve the Fund before it reaches its term. In this case it must inform the unitholders of its decision and after this date will not accept subscription or redemption orders.

The Asset Management Company shall also dissolve the Fund if the redemption of all units has been requested, if the depositary's appointment is terminated and no other depositary has been appointed, or upon expiry of the Fund's term if this term has not been extended.

The Asset Management Company shall inform the AMF by mail of the dissolution date and of the dissolution procedure adopted. It will then send a copy of the statutory auditor's report to the AMF.

The Asset Management Company may decide to extend the Fund's term, with the depositary's approval. It must make this decision at least three months before the Fund's term is to expire and inform unitholders and the AMF of this decision.

### **Article 12 - Liquidation**

In the event of dissolution, the duties of liquidator will be assumed by the Asset Management Company or failing this, by the liquidator appointed by the court at the request of any interested party. For this purpose, liquidators shall be entrusted with full powers to sell assets, pay off any creditors and distribute the remaining balance among the unitholders in the form of cash or securities.

The statutory auditor and the depositary shall continue to perform their duties until the liquidation is completed.

## **SECTION 5- DISPUTES**

### **ARTICLE 13 - Competent courts - Jurisdiction**

Any disputes concerning Fund that may arise during its lifetime or upon its liquidation, either between the unitholders or between the unitholders and the Asset Management Company or the depositary, shall be subject to the jurisdiction of the competent courts.