



**PROSPECTUS**

**CARMIGNAC  
SÉCURITÉ**

French UCITS

Under European Directive 2009/65/EC

# I. GENERAL CHARACTERISTICS

## 1. Structure of the UCITS

French Mutual Fund (FCP)

## 2. Name

CARMIGNAC SÉCURITÉ

## 3. Legal form and Member State in which the UCITS was established

French mutual fund (*Fonds Commun de Placement* – FCP) established in France, governed by European Directive 2009/65/EC

## 4. Creation date and intended lifetime

The fund was approved by the *Autorité des marchés financiers* on 12 January 1989. It was launched on 26 January 1989 for a period of 99 years (ninety-nine years).

## 5. Fund overview

CATEGORY OF UNITS	ISIN	ALLOCATION OF DISTRIBUTABLE INCOME	BASE CURRENCY	TARGET INVESTORS	MINIMUM SUBSCRIPTION AMOUNT INITIAL*	MINIMUM SUBSEQUENT SUBSCRIPTION*
AW EUR Acc	FR0010149120	Accumulation	EURO	All investors	None	None
A EUR Ydis	FR0011269083	Distribution	EURO	All investors	None	None
AW USD Acc Hdg	FR0011269109	Accumulation	USD (hedged)	All investors	USD 50,000,000	None

Hedged units are hedged against currency risk.

\* The minimum initial subscription amount does not apply to entities belonging to the Carmignac group or to funds that it manages.

## 6. Address at which the latest annual and semi-annual reports can be obtained

The latest annual reports and the composition of the assets will be sent to unitholders within eight business days upon written request to:

CARMIGNAC GESTION, 24, place Vendôme, 75001 PARIS

Contact: Communications department

Tel: +33 (0)1 42 86 53 35 - Fax: +33 (0)1 42 86 52 10

This information, the prospectus and KIID (Key Investor Information Document) are also available at

[www.carmignac.com](http://www.carmignac.com)

The AMF website ([www.amf-France.org](http://www.amf-France.org)) contains additional information on the list of regulatory documents and all the provisions relating to investor protection.

## II - PARTIES

### 1. Management company

CARMIGNAC GESTION, a *société anonyme* (public limited company), 24, place Vendôme, 75001 Paris, approved by the COB on 13 March 1997 under number GP 97-08.

### 2. Custodian

BNP PARIBAS SA, a credit institution approved by the Prudential Supervisory and Resolution Authority (ACPR), whose registered office is at 16, Boulevard des Italiens - 75009 Paris, France (postal address: 9, rue du Débarcadère - 93500 Pantin , France), registered in the Trade and Companies Register (RCS) of Paris under number 662 042 449, and subject to the control of the Financial Markets Authority (AMF).

*Description of the Custodian's role:* BNP PARIBAS S.A. carries out the tasks described in the regulations applicable to the fund:

- Safekeeping of fund assets
- Checking that decisions taken by the management company are lawful
- Monitoring the fund's cash flows.

The management company has also appointed the Custodian to manage the fund's liabilities, which includes centralising fund unit subscription and redemption orders, and keeping a register of fund units issued. The Custodian is independent of the management company.

*Identification and management of conflicts of interest:* potential conflicts of interest may be identified, especially in cases where the management company has business relations with BNP PARIBAS S.A. going beyond those relating to custody. To manage these situations, the Custodian has drawn up, and regularly updates, a conflict of interest management policy aimed at preventing any conflicts of interest that may result from these business relations. The aim of the policy is to identify and analyse potential conflicts of interest, and to manage and monitor these situations.

*Delegates:* BNP PARIBAS S.A. is responsible for the safekeeping of the fund's assets. However, the custodian may delegate its safekeeping activities to a sub-custodian in order to offer asset custody services in certain countries. The sub-custodian appointment and supervision process meets the highest quality standards, and includes the management of potential conflicts of interest that may arise through these appointments.

A description of the delegated custody tasks, a list of delegates and sub-delegates of BNP PARIBAS S.A., and information on conflicts of interest that may result from these delegations, are available at: <http://securities.bnpparibas.com/fr/solutions/depositary-bank-trustee-services.html>. Up-to-date information is made available to investors on request.

The list of sub-custodians is also available on [www.carmignac.com](http://www.carmignac.com). A paper copy of this list is available free of charge, on request, from Carmignac Gestion.

### 3. Statutory auditors

PriceWaterhouseCoopers France, 63 Rue de Villiers, 92208 Neuilly-sur-Seine  
 Authorised signatory: Mr Frédéric Sellam

### 4. Promoter(s)

Carmignac Gestion, *société anonyme* (public limited company), 24, place Vendôme, 75001 Paris

Fund units are admitted for trading by Euroclear. As such, some promoters may not hold mandates from or be known to the management company.

### 5. Accounting delegated to

CACEIS Fund Administration, a credit institution approved by the ACPR, 1-3 Place Valhubert, 75013 PARIS

CACEIS Fund Administration is the CREDIT AGRICOLE group entity specialising in fund administration and accounting for the group's internal and external clients.

On this basis, the management company has delegated the fund's accounting administration and valuation to CACEIS Fund Administration as account manager. CACEIS Fund Administration is responsible for valuing assets, calculating the fund's net asset value and producing periodic documents.

### 6. Centralising agent

Carmignac Gestion has appointed BNP PARIBAS S.A. to manage the fund's liabilities and, to this end, centralise and process requests to buy and sell fund units. As issuance account keeper, BNP PARIBAS S.A. manages relations with Euroclear France for all procedures requiring this organisation's involvement.

a) Centralising agent for subscription and redemption requests as delegated by the management company

BNP PARIBAS S.A.: registered office is located at 16, Boulevard des Italiens - 75009 Paris, France; postal address: 9, rue du Débarcadère - 93500 Pantin, France.

b) Other establishments responsible for receiving subscription and redemption requests

CACEIS Bank, Luxembourg Branch (Pre-centralising agent)

5, Allée Scheffer

L-2520 Luxembourg

### 7. Institutions responsible for ensuring compliance with the centralisation cut-off time as delegated by the management company

BNP PARIBAS S.A.: registered office is located at 16, Boulevard des Italiens - 75009 Paris, France; postal address: 9, rue du Débarcadère - 93500 Pantin, France.

### 8. Registrar

BNP PARIBAS S.A.: registered office is located at 16, Boulevard des Italiens - 75009 Paris, France; postal address: 9, rue du Débarcadère - 93500 Pantin, France.

## III - OPERATING AND MANAGEMENT PROCEDURES

### GENERAL CHARACTERISTICS

#### 1. Characteristics of the units or shares:

- Rights attached to the units:

Each unitholder has a co-ownership right in and to the assets of the fund proportional to the number of units they hold.

- Custodian:

BNP PARIBAS S.A. assumes the role of custodian. Units are admitted for trading by Euroclear France.

- **Voting rights:**

Specific characteristics of an FCP: no voting rights are attributed to the ownership of units; all decisions are taken by the management company.

- **Fractions of units (if any):**

Unitholders may subscribe and redeem thousandths of units.

- **Form of units:**

Units are issued in bearer or administered registered form. They may not be issued in pure registered form.

- **Year-end:**

The accounting year ends on the date of the last net asset value of the month of December.

- **Tax regime:**

The fund is governed by the provisions of appendix II, point II. B. of the Agreement between the government of the French Republic and the government of the United States of America intended to improve compliance with tax obligations internationally and implement the law concerning respect for tax obligations applicable to foreign accounts signed on 14 November 2013.

Investors are reminded that the information that follows only constitutes a general overview of the French tax regime applicable to investments in a French fund according to current French legislation. Investors are therefore advised to assess their personal situation with their usual tax adviser.

#### At fund level

Due to their co-ownership structure, FCPs are not subject to corporation tax in France; they therefore enjoy a certain level of transparency. Therefore, income received and earned by the fund in the course of its investment activities is not taxable at this level.

Abroad (in the investment countries of the fund), gains realised on the sale of foreign transferable securities and foreign income received by the fund in connection with its investment activities may in some cases be taxable (generally in the form of withholding tax). Foreign taxes may, in limited cases, be reduced or waived if any tax treaties apply.

#### At unitholder level:

##### - Unitholders resident in France

Gains or losses realised by the fund, income distributed by the fund as well as gains or losses recorded by the unitholder are subject to the applicable tax regime.

##### - Unitholders resident outside France

Subject to tax treaties, taxes imposed in article 150-0 A of the *Code Général des Impôts* (CGI), the French General Tax Code, do not apply to gains realised at the time of the redemption or sale of units of the fund by persons who are not resident in France for tax purposes within the meaning of article 4 B of the CGI, or whose registered office is located outside France, provided that these persons have not directly or indirectly held more than 25% of the units at any time in the five years prior to the redemption or sale of their units (CGI, article 244 bis C).

Unitholders resident outside France shall be subject to the provisions of the tax legislation in force in their countries

of residence.

Investors holding one or more units in the fund through a life insurance policy will be taxed at the rates applicable to life insurance policies.

### **SPECIFIC PROVISIONS**

#### **1° ISIN**

UNIT CLASSES	ISIN
AW EUR Acc	FR0010149120
A EUR Ydis	FR0011269083
AW USD Acc Hdg	FR0011269109

#### **2° CLASSIFICATION**

Bonds and other debt securities denominated in euro.

#### **3° INVESTMENT OBJECTIVE**

The fund's objective is to outperform its reference indicator over a recommended investment horizon of two years.

The fund seeks to invest sustainably and applies a socially responsible investment approach. The ways in which the socially responsible investment approach is followed are described in annexe "Environmental and/or social characteristics" below, and can be found on [www.carmignac.com](http://www.carmignac.com)

#### **4° REFERENCE INDICATOR**

The reference indicator is the ICE BofA 1-3 Year All Euro Government Index calculated with coupons reinvested. This index tracks the performance of sovereign debt denominated in EUR publicly issued by Eurozone Member States on the euro bond market or the issuer's domestic market, with a residual period remaining to the final maturity of under three years. It is calculated with coupons reinvested.

The fund's reference indicator has not been entered in the register kept by ESMA since 1 January 2021, although this has no effect on the Fund's use of the reference indicator, in accordance with ESMA position 80-187-610. The management company may replace the reference indicator if it undergoes substantial modifications or ceases to be published. For any additional information on the index, please refer to the provider's website: <https://indices.theice.com/>

This fund is an actively managed UCITS. An actively managed UCITS is one where the investment manager has discretion over the composition of its portfolio, subject to the stated investment objectives and policy. The fund's investment universe is at least partly derived from the Reference indicator. The fund's investment strategy is not dependent on the indicator. Therefore, the Sub-fund's holdings and weightings may substantially deviate from the composition of the indicator. There is no limit set on the level of such deviation.

#### **5° INVESTMENT STRATEGY**

##### ***Main features of UCITS management:***

Modified duration range	[-3; 4]
Geographic area of securities issuers	All geographic areas

Modified duration is defined as the change in portfolio capital (as %) for a change in interest rates of 100 basis points. The range of sensitivity of your fund to credit spreads may vary significantly from the modified duration range referred to above, owing in particular to investments on the credit market.

#### a) Strategies used

The fund aims to outperform the reference indicator by exposing the portfolio to interest rates in the Eurozone and, occasionally, to interest rates outside the Eurozone, and by exposing the portfolio to international credit markets through investments in debt securities or money market instruments issued by international governments and corporations, or through derivatives.

The fund is free to vary its foreign exchange market exposure within the limit of 10% of the net assets.

As the fund is managed on a flexible, active basis, its asset allocation may differ substantially from that of its reference indicator. In the same way, the fund's modified duration may differ substantially from that of its reference indicator (within the range defined above).

The investment strategy is based largely on the manager's analysis of the yield spread between different maturities (yield curves), between different countries and between the different ratings of bonds offered by corporate and public issuers. The selection criteria for bonds are therefore based on the issuing company's fundamentals and the evaluation of quantitative factors such as the yield premium they offer compared to government bonds.

#### Fixed income strategy:

Investments on fixed income markets are chosen on the basis of expected international economic scenarios and an analysis of the various central banks' monetary policies. This determines the fund's overall modified duration. The portfolio's modified duration may vary from -3 to +4.

The fund mostly invests on eurozone markets but occasionally on international markets.

These investments on fixed income markets are determined by:

- the allocation of modified duration between the different fixed income markets;
- the allocation of modified duration between the different segments of the yield curve;

#### Credit strategy:

Investments on credit markets are chosen on the basis of expected international macroeconomic scenarios and financial research into issuers' solvency. This research determines the fund's overall level of credit exposure. The fund invests on all international markets.

These investments on credit markets are determined by:

- selecting securities on the basis of an internal analysis, itself largely based on profitability, creditworthiness, liquidity, maturity and, for distressed issuers, the prospect of recovering the investment
- the government/corporate bond allocation
- the credit allocation to debt securities and public or private money market instruments or corporate bonds according to rating, sector, subordination

#### Foreign exchange strategy:

The portfolio manager's decisions regarding exposure to the foreign exchange market are made on the basis of a global macroeconomic analysis, in particular of the outlook for growth, inflation and monetary and fiscal policy of the different economic zones and countries. This research determines the fund's overall level of currency exposure. The fund invests on all international markets. These investments on the foreign exchange market, which depend on expectations of changes for various currencies, are determined by

- the currency allocation across the various regions through exposure generated by actual securities denominated in foreign currencies
- the currency allocation across the various regions directly through currency derivatives

The investment universe for all strategies includes emerging countries.

The portfolio continuously respects the 30% limit on cumulative net exposure to credit derivatives (for exposure), contingent convertible bonds, currency risk and any other high yield bond instrument.

### **b) Extra-financial characteristics**

The Sub-Fund promotes environmental and/or social characteristics pursuant to article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”). Information on the environmental and/or social characteristics of this Sub-Fund is available in the annex to this Prospectus.

### **c) Description of asset categories and financial contracts as well as their contribution to the investment objective being achieved**

#### ***Equities***

None

#### ***Debt securities and money market instruments***

The fund is predominantly invested in (short- and medium-term) transferable debt securities, money market instruments, fixed or floating rate bonds (covered and uncovered) and/or inflation-linked bonds in Eurozone countries. The fund may invest in corporate or government issuers.

It may invest up to 20% of its assets in securities denominated in a currency other than the euro, though the fund's exposure to non-euro interest rate and currency risk remains ancillary.

The weighted average rating of the debt instruments held directly by the fund or through investment in funds shall be at least investment grade according to at least one of the major rating agencies. However, the fund reserves the right to invest in “high yield” bonds issued by corporate and sovereign issuers up to a limit of 10% of net assets for each category of issuer.

Up to 10% of the fund's assets may be invested in securitisation instruments. The instruments concerned are mainly Asset-Backed Securities (ABS), Enhanced Equipment Trust Certificates (EETC), Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS) and Collateralised Loan Obligations (CLO).

For all of these assets, the management company will carry out its own analysis of the risk/reward profile of the securities (profitability, creditworthiness, liquidity, maturity). As a result, the decision to buy, hold or sell a security (particularly where the rating has changed) is not solely based on the rating criteria, but also reflects an internal analysis of credit risks and market conditions carried out by the management company.

There are no restrictions on direct investments in securities, nor in terms of duration or allocation between government and corporate issuers.

#### ***Currencies***

Net exposure to currencies other than the fund's valuation currency, including emerging market currencies,



generated through actual securities or derivatives, is limited to 10% of the net assets.

The fund uses them for exposure or hedging purposes.

### **Derivatives**

In order to achieve its investment objective, the fund may invest in futures traded on Eurozone and international – including emerging – regulated, organised or over-the-counter markets for exposure or hedging purposes.

The derivative instruments liable to be used by the portfolio manager are options, futures, forwards, swaps and CDS (credit default swaps) involving one or more underlying instruments (actual securities, indices, baskets) in which the portfolio manager may invest.

The fund may use total return swaps (TRS) under the terms of which a counterparty transfers the total financial performance of an underlying asset (including interest and remuneration, capital gains and losses resulting from price fluctuations) to another counterparty. These TRS are used for exposure or hedging purposes and relate to securities (including baskets of securities) such as bonds and eligible bond indices. The expected proportion of assets under management that may be involved in such transactions is 10% of the net assets. However, this exposure may be higher, although it is limited to 20% of the fund's net assets. The fund receives 100% of the net income generated by the TRS, after deduction of direct and indirect operating costs. The use of TRS presents a counterparty risk, as described in the "Risk profile" section.

These derivatives allow the portfolio manager to expose the fund to the following risks, while respecting the portfolio's overall constraints:

- fixed income
- credit (up to 30% of the net assets - maximum of 10% for exposure)
- currencies

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

Interest rate derivatives are used to gain long or short exposure, hedge against interest rate risk, or simply adjust the portfolio's modified duration.

Credit derivatives on a single issuer or on credit indices are used to gain long or short exposure to the creditworthiness of an issuer, group of issuers, economic sector, country or region, or to hedge against the risk of default by an issuer, group of issuers, economic sector, country or region, or to adjust the fund's total exposure to credit risk.

Currency derivatives are used to gain long or short exposure, hedge exposure to a currency, or simply adjust the fund's overall exposure to currency risk. They may also be used to pursue relative value strategies, where the fund takes simultaneous long and short positions on foreign exchange markets. The fund also holds forward exchange contracts traded over-the-counter to hedge against currency risk on hedged units denominated in currencies other than the euro.

Derivative transactions may be concluded with counterparties selected by the management company in accordance with its "Best Execution/Best Selection" policy and the approval procedure for new counterparties. These counterparties are credit institutions or investment companies established in a European Union member state, having a minimum credit rating of BBB- (or equivalent) from at least one of the main credit rating agencies. Derivatives are subject to guarantees; the section entitled "Contracts as Collateral" contains information on how these work and on their characteristics. It should be noted that these counterparties have no discretionary decision-making powers over the composition or management of the fund's portfolio or over the underlying assets of financial

derivative instruments.

Investments in derivative markets are limited to 100% of the fund's net assets (cf. section VI. "Overall Risk")

### ***Securities with embedded derivatives***

The fund may invest in securities with embedded derivatives (particularly warrants, puttable/callable bonds, credit-linked notes (CLN), EMTN and subscription certificates following corporate actions resulting in the award of this type of security, etc.) traded on Eurozone, or occasionally international, regulated or over-the-counter markets in order to achieve the investment objective.

These securities with embedded derivatives allow the portfolio manager to expose the fund to the following risks, while respecting the portfolio's overall constraints:

- fixed income
- credit (up to 30% of the net assets - maximum of 10% for exposure)
- currencies

The manager may invest up to 8% of the net assets in contingent convertible bonds ("CoCos"). These securities often deliver a higher return (in exchange for higher risk) than conventional bonds due to their specific structure and the place they occupy in the capital structure of the issuer (subordinated debt). They are issued by banks under the oversight of a supervisory authority. They may have bond and equity features, being hybrid convertible instruments. They may have a safeguard mechanism that turns them into ordinary shares if a trigger event threatens the issuing bank.

The risk associated with this type of investment is limited to the amount invested for the purchase of the securities with embedded derivatives.

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

The portfolio manager uses securities with embedded derivatives, as opposed to the other derivatives mentioned above, to optimise the portfolio's exposure or hedging by reducing the cost of using these financial instruments or gaining exposure to several performance drivers.

The risk associated with this type of investment is limited to the amount invested in its purchase. In all cases, the amounts invested in securities with embedded derivatives, excluding callable/puttable bonds and contingent convertible bonds, may not exceed 10% of the net assets.

The fund may also invest up to 100% of its net assets in callable bonds and puttable bonds. These transferable debt securities have an optional component allowing for early redemption subject to certain conditions (holding period, occurrence of a specific event, etc.) on the initiative of the issuer (in the case of callable bonds) or at the request of the investor (in the case of puttable bonds).

### ***UCIs, investment funds, trackers or Exchange Traded Funds (ETF)***

The fund may invest up to 10% of its net assets in:

- units or shares of French or foreign UCITS,
- units or shares of French or foreign AIFs,
- foreign investment funds;

provided that the foreign UCITS, AIF or investment fund meets the criteria of article R214-13 of the French Monetary and Financial Code.

The fund may invest in funds managed by Carmignac Gestion or an affiliated company.

The fund may use trackers, listed index funds and exchange-traded funds.

#### ***Deposits and cash***

The fund may use deposits in order to optimise its cash management and to manage the various subscription or redemption settlement dates of the underlying funds. These trades are made within the limit of 20% of the net assets. This type of transaction will be made on an exceptional basis.

The fund may hold cash on an ancillary basis, in particular in order to meet its redemption obligations in relation to investors. However, the limit on cash holdings may be raised to 20% of the fund's net assets to protect investors' interests if market conditions so justify.

Cash lending is prohibited.

#### ***Cash borrowings***

The fund may borrow cash without any intention of being a structural borrower of cash. The fund may find itself temporarily overdrawn due to flow-related trading (investments and divestments pending, subscriptions/redemptions) within the limit of 10% of the fund's net assets.

#### ***Temporary purchase and sale of securities***

For efficient portfolio management purposes, and without deviating from its investment objectives, the fund may allocate up to 20% of its net assets to temporary purchases/sales (securities financing transactions) of securities eligible for the fund (essentially equities and money market instruments). These trades are made to optimise the fund's income, invest its cash, adjust the portfolio to changes in the assets under management, or implement the strategies described above. The transactions consist of:

- Securities repurchase and reverse repurchase agreements
- Securities lending/borrowing

The expected proportion of assets under management that may be involved in such transactions is 10% of the net assets.

The counterparty to these transactions is CACEIS Bank, Luxembourg Branch. CACEIS Bank, Luxembourg Branch, does not have any power over the composition or management of the fund's portfolio.

Within the scope of these transactions, the fund may receive/give financial guarantees (collateral); the section entitled "Collateral management" contains information on how these work and on their characteristics.

Additional information on fees linked to such trades appears under the heading "Fees and expenses".

## **6° CONTRACTS AS COLLATERAL**

Within the scope of OTC derivatives transactions and temporary purchases/sales of securities, the fund may receive or give financial assets constituting guarantees with the objective of reducing its overall counterparty risk.

The financial guarantees shall primarily take the form of cash in the case of OTC derivatives transactions, and cash and government bonds/Treasury bills (etc.) in the case of temporary purchases/sales of securities.

All financial guarantees received or given are transferred with full ownership.

The counterparty risk involved in OTC derivatives transactions and the risk involved in temporary purchases/sales of securities may not, in aggregate, exceed 10% of the Fund's net assets where the counterparty is one of the credit institutions defined in the regulations in force, or 5% of its net assets in all other cases.

In this regard, any financial guarantee (collateral) received and serving to reduce counterparty risk exposure shall comply with the following:

- it shall take the form of cash or bonds or treasury bills (of any maturity) issued or guaranteed by OECD member states, by their regional public authorities or by supranational institutions and bodies with EU, regional or worldwide scope;
- it shall be held by the Custodian of the fund or by one of its agents or a third party under its supervision or by any third-party custodian subject to prudential supervision and which is not linked in any way to the provider of the financial guarantees;
- in accordance with the regulations in force, they shall at all times fulfil liquidity, valuation (at least daily), issuer credit rating (at least AA-), counterparty correlation (low) and diversification criteria, and exposure to any given issuer shall not exceed 20% of the net assets.
- financial guarantees received in the form of cash shall be mainly deposited with eligible entities and/or used in reverse repurchase transactions, and to a lesser extent invested in first-rate government bonds or treasury bills and short-term money market funds.

Government bonds or treasury bills received as collateral are subject to a discount of between 1% and 10%. The management company agrees this contractually with each counterparty.

## 7° RISK PROFILE

The fund invests in financial instruments and, where applicable, funds selected by the management company. The performance of these financial instruments and funds depends on the evolution and fluctuations of the market.

The risk factors described below are not exhaustive. It is up to each investor to analyse the risk associated with such an investment and to form his/her own opinion independent of CARMIGNAC GESTION, where necessary seeking the opinion of any advisers specialised in such matters in order to ensure that this investment is appropriate in relation to his/her financial situation.

a) **Risk associated with discretionary management:** discretionary management is based on the expected evolution of the financial markets. The fund's performance will depend on the companies selected and asset allocation chosen by the management company. There is a risk that the management company may not invest in the best performing companies.

b) **Interest rate risk:** Interest rate risk is the risk that the net asset value may fall in the event of a change in interest rates. When the modified duration of the portfolio is positive, a rise in interest rates may lead to a reduction in the value of the portfolio. When the modified duration of the portfolio is negative, a fall in interest rates may lead to a reduction in the value of the portfolio.

c) **Credit risk:** Credit risk is the risk that the issuer may default. Should the quality of issuers decline, for example in the event of a downgrade in their rating by the financial rating agencies, the value of the bonds may drop and lead to a fall in the fund's net asset value.

Furthermore, a more specific credit risk linked to the use of credit derivatives, such as credit default swaps, exists. CDS may also involve indices.

Aim of the manager's use of CDS	Loss of value on the CDS position
Sell protection	In the event that the issuer of the underlying security is downgraded
Purchase protection	In the event of the upgrading of the issuer of the underlying security

This credit risk is controlled by a qualitative analysis carried out by the team of credit analysts on the evaluation of companies' solvency.

d) **Risk of capital loss:** the portfolio is managed on a discretionary basis and does not guarantee or protect the capital invested. A capital loss occurs when a unit is sold at a lower price than that paid at the time of purchase.

e) **Emerging market risk:** the operating and supervision conditions of emerging markets may deviate from the standards prevailing on the major international markets, and price variations may be high.

f) **Risk associated with high yield bonds:** a bond is considered a high-yield bond when its credit rating is below "investment grade". The value of high yield bonds may fall more substantially and more rapidly than other bonds and negatively impact the net asset value of the fund which may decrease as a result.

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

h) **Currency risk:** currency risk is linked to exposure – through investments and the use of forward financial instruments – to a currency other than the fund's valuation currency. For units denominated in a currency other than the euro, the currency risk linked to fluctuations in the euro versus the valuation currency is residual thanks to systematic hedging. This hedging may generate a performance differential between units in different currencies.

i) **Counterparty risk:** counterparty risk measures the potential loss in the event of a counterparty defaulting on over-the-counter financial contracts or failing to meet its contractual obligations on temporary purchases or sales of securities. The fund is exposed to it through over-the-counter financial contracts agreed with various counterparties. In order to reduce the fund's exposure to counterparty risk, the management company may establish financial guarantees in favour of the fund.

j) **Risk associated with investment in contingent convertible bonds (CoCos):** risk related to the trigger threshold: these securities have characteristics specific to them. The occurrence of the contingent event may result in a conversion into shares or even a temporary or definitive writing off of all or part of the debt. The level of conversion risk may vary, for example depending on the distance between the issuer's capital ratio and a threshold defined in the issuance prospectus. Risk of loss of coupon: with certain types of CoCo, payment of coupons is discretionary and may be cancelled by the issuer. Risk linked to the complexity of the instrument: as these securities are recent, their performance in periods of stress has not been established beyond doubt. Risk linked to late or non repayment: contingent convertible bonds are perpetual instruments repayable only at predetermined levels with

the approval of the relevant authority. Capital structure risk: unlike with the standard capital hierarchy, investors in this type of instrument may suffer a capital loss, which holders of shares in the same issuer would not incur. Liquidity risk: as with the high yield bond market, the liquidity of contingent convertible bonds may be affected significantly in the event of market turmoil.

k) **Risk associated with temporary purchases and sales of securities:** the use of these transactions and management of their collateral may carry certain specific risks, such as operational risks and custody risk. Use of these transactions may therefore have a negative effect on the fund's net asset value.

l) **Legal risk:** This is the risk that contracts agreed with counterparties to temporary purchases/sales of securities, or over-the-counter forward financial instruments, may be drafted inappropriately.

m) **Risk associated with the reinvestment of collateral:** the fund does not intend to reinvest collateral received, but if it does, there would be a risk of the resultant value being lower than the value initially received.

n) **Sustainability risk:** refers to an event or an environmental, social or governance factor that, if it were to occur, could have a significant real or potential impact on the value of investments and, ultimately, on the net asset value of the fund.

✓ Incorporation of sustainability risk into investment decisions

The fund's investments are exposed to sustainability risks, representing a real or potential threat to maximising long-term risk-adjusted rewards. The management company has therefore incorporated the identification and assessment of sustainability risks into its investment decisions and risk management processes, through a three-step procedure:

1) Exclusion: Investments in companies that the Management Company believes do not meet the Fund's sustainability standards are excluded. The Management Company has established an exclusion policy that, amongst other things, provides for corporate exclusions and tolerance thresholds for business in fields such as controversial weapons, tobacco, adult entertainment, thermal coal production and electricity generation. For more information, please refer to the exclusion policy available in the "Responsible Investment" section of the management company's website :<https://www.carmignac.com>.

2) Analysis: the Management Company incorporates an ESG analysis alongside a traditional financial analysis to identify sustainability risks from issuers in the investment universe, covering more than 90% of corporate bonds and equities. Carmignac's proprietary research system, START, is used by the Management Company to assess sustainability risks. For more information, please refer to the ESG incorporation policy and to details of the START system available in the "Responsible Investment" section of the management company's website :<https://www.carmignac.com>.

3) Engagement: The management company works with issuers on ESG-related matters to raise awareness and gain a better understanding of sustainability risks to portfolios. This engagement may concern a specific environmental, social or governance matter, a long-term impact, controversial behaviour or proxy voting decisions. For more information, please refer to the engagement policy available in the "Responsible Investment" section of the management company's website :<https://www.carmignac.com>.

✓ Potential impact of sustainability risk on the fund's returns

Sustainability risks can have adverse effects on sustainability in terms of a significant real or potential negative impact on the value of investments and net asset value of the fund, and ultimately on investors' return on investment.

There are several ways in which the management company may monitor and assess the financial significance of sustainability risks on a company's financial returns:

- Environment: the Management Company believes that if a company does not take into account the environmental impact of its business and the production of its goods and services, then it may lose natural capital, incur environmental fines, or suffer lower demand for its goods and services. Where relevant, a company's carbon footprint, water and waste management, and supply chain, are therefore all monitored.
- Social: The Management Company believes that social indicators are important in monitoring a company's long-term growth potential and financial stability. These policies on human capital, product safety checks and client data protection are just some of the important practices that are monitored.
- Governance: The Management Company believes that poor corporate governance may present a financial risk. The independence of the board of directors, composition and skills of the executive committee, treatment of minority shareholders, and remuneration, are the key factors studied. Companies' approach to accounting, tax and anti-corruption practices is also checked.

The principle of "do no significant harm" only applies to the underlying investments of the financial product that consider the European Union's criteria regarding environmentally sustainable economic activities. The underlying investments of the remainder of this financial product do not consider the European Union's criteria regarding environmentally sustainable economic activities.

## 8° TARGET SUBSCRIBERS AND INVESTOR PROFILE

Units of this fund have not been registered in accordance with the US Securities Act of 1933. They may therefore not be offered or sold, either directly or indirectly on behalf of or for the benefit of a US person, as defined in Regulation S. Furthermore, units of this fund may not be offered or sold, either directly or indirectly, to US persons and/or to any entities held by one or more US persons as defined by the US Foreign Account Tax Compliance Act (FATCA).

Aside from this exception, the Fund is open to all investors.

Investors include institutions (such as associations, pension funds, paid leave funds and all non-profit organisations), legal entities and natural persons seeking a low-risk investment profile. The fund's investment policy meets the needs of certain company treasurers, institutions subject to tax and high net worth individuals.

The appropriate amount to invest in this fund depends on the personal situation of the investor. To determine this amount, the investor's assets, current and future financial requirements and degree of risk aversion must all be taken into account. It is also recommended that investments be sufficiently diversified so as to avoid exposure exclusively to the risks of this fund.

## 9° ALLOCATION OF DISTRIBUTABLE INCOME

DISTRIBUTABLE INCOME	ACC UNITS	DIS UNITS
Allocation of net income	Accumulation (dividends are recorded on an accruals basis)	Distributed or carried forward as decided by the management company
Allocation of net realised capital gains or losses	Accumulation (dividends are recorded on an accruals basis)	Distributed or carried forward as decided by the Management Company

#### 10° FREQUENCY OF DISTRIBUTIONS

No dividends are distributed for accumulation units.

With regard to distribution units, the portion on which distributable income is payable shall be decided by the management company and is paid annually on Ydis units.

Payment of distributable income is made annually within five months of the financial year-end.

#### 11° CHARACTERISTICS OF THE UNITS

EUR units are denominated in euro. Thousandths of units may be issued.

USD units are denominated in US Dollars. Thousandths of units may be issued.

Hedged units are hedged against currency risk.

#### 12° SUBSCRIPTION AND REDEMPTION PROCEDURES

Orders are executed on the basis of the table below:

D	D	D, NAV DATE	D+1	D+3	D+3
Centralisation of subscription requests before 6pm <sup>1</sup>	Centralisation of redemption requests before 6pm <sup>1</sup>	Order execution by D at the latest	NAV publication	Settlement of subscriptions	Settlement of redemptions

<sup>1</sup> Unless another deadline is agreed with your financial institution.

#### *Procedures for transferring from one unit class to another*

As the fund is made up of several unit classes, a redemption of one class of units followed by a subscription to another class of units constitutes, for tax purposes, a sale in return for payment of a consideration likely to generate a taxable gain.

#### *Date and frequency of the net asset value*

The net asset value is calculated daily according to the Euronext Paris calendar, with the exception of public holidays in France. The list of these holidays can be obtained from the centralising agent on request.

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

Subscriptions and redemptions resulting from a request transmitted after the cut-off time mentioned in the prospectus (late trading) are prohibited. Subscription/redemption requests received by the centralising agent after



6pm shall be considered to have been received on the subsequent net asset value calculation day.

The period between the date the subscription or redemption request is centralised and the settlement date by the custodian to the bearer is three business days for all units. If one or more holidays (Euronext holidays and French public holidays) occur during this settlement period, then the period will be extended accordingly.

The management company respects the principles set out in AMF position 2004-07 regarding market timing and late trading practices. Its compliance with these practices is notably reflected in a confidentiality agreement signed with each professional investor as per Directive 2009/138/EC (Solvency II), such that sensitive information on the portfolio's composition will be used only to meet prudential obligations.

### **Institutions responsible for ensuring compliance with the centralisation cut-off time as delegated by the management company**

BNP PARIBAS S.A.: registered office is located at 16, Boulevard des Italiens - 75009 Paris, France; postal address: 9, rue du Débarcadère - 93500 Pantin, France.

Investors are reminded that requests transmitted to intermediaries other than BNP PARIBAS S.A. must take into consideration the fact that the cut-off time for the centralisation of requests applies to said intermediaries vis-à-vis BNP PARIBAS S.A.. Accordingly, these intermediaries may impose their own cut-off time, earlier in the day than that mentioned above, to allow time for their orders to be sent to BNP PARIBAS S.A..

### **Place and means of publication of the net asset value**

CARMIGNAC GESTION, address: 24, place Vendôme, 75001 Paris.

The net asset value announced at 3pm each day shall be used for the calculation of the subscriptions and redemptions received before 6pm on the previous day. The net asset value is shown at CARMIGNAC GESTION. The net asset value will be published on the CARMIGNAC GESTION website: [www.carmignac.com](http://www.carmignac.com)

## **13° FEES AND EXPENSES**

### **a) Subscription and redemption fees**

Subscription fees increase the subscription price paid by the investor, while redemption fees decrease the redemption price. The fees charged by the FCP serve to offset the costs incurred by the FCP to invest and disinvest investors' monies. Fees not paid to the FCP are attributed to the management company, the fund promoter, etc.

FEES AND EXPENSES PAYABLE BY THE INVESTOR FOR SUBSCRIPTIONS AND REDEMPTIONS	BASIS	RATE
Maximum subscription fee payable to third parties, inclusive of tax	net asset value X number of units	1%
Subscription fee payable to the fund	net asset value X number of units	None
Redemption fee payable to third parties	net asset value X number of units	None
Redemption fee payable to the fund	net asset value X number of units	None

### **b) management and administration fees**

	Fees charged to the fund	Basis	Rate
1 and 2	Financial management and administration fees external to the management company (Maximum rate)	Net assets	AW EUR Acc unit: 1% inclusive of tax AW EUR Ydis unit: 1% inclusive of tax AW USD Acc Hdg unit: 1% inclusive of tax
4	Transaction fees charged by the management company	Maximum payable per transaction	Bonds: 0.05% inclusive of tax
5.	Performance fee	Net assets	None

*Financial management fees include any retrocessions paid to external companies or entities of the group to which they belong, mainly the delegates of financial management or the distribution intermediaries of the UCITS. These retrocessions are generally calculated as a percentage of the management company's external financial management and administrative costs. The management company has implemented a system to ensure compliance with the principle of fair treatment of holders. In principle, no preferential treatment is granted except in the case of preferential financial treatment granted in the form of a negotiated rebate of part of the management fees to certain investors, granted for objective reasons such as a significant subscription commitment, or a long-term investment commitment from institutional investors. It may happen that these discounts are made to investors having a legal or economic link with the management company. It is recalled that the retrocessions paid to intermediaries for the marketing of the fund are not considered as preferential treatment.*

*Other fees charged to the fund:*

- Contributions payable to the AMF for fund administration in accordance with d) of 3° of II of article L.621-5-3 of the French Monetary and Financial Code are charged to the Fund.
  - Research costs (See "*Research and Inducements*" below)
  - Extraordinary, one-off costs for recovering a debt or exercising a right (e.g. class action), only where the outcome is in the fund's favour, and when the fund has actually received the money.
- Information on these charges is also provided ex-post in the fund's annual report.

**Calculation and distribution of the proceeds of temporary purchases and sales of securities**

All income generated by effective portfolio management techniques, net of direct and indirect operating costs, is returned to the fund.

With respect to temporary sales of securities (lending/borrowing), fees payable to the lending agent, Caceis Bank, Luxembourg Branch, may not exceed 15% of income generated on these transactions. With respect to temporary purchases of securities (reverse repurchase transactions), the fund is the direct counterparty in such transactions and receives the full amount of the remuneration.

The management company does not receive any remuneration in respect of temporary purchases and sales of securities. For further information, please refer to the fund's annual report.

**Payments in kind**

Carmignac Gestion does not receive payments in kind for its own account or on behalf of third parties as defined in the General Regulation of the *Autorité des marchés financiers*. For further information, please refer to the Fund's annual report.

**Choice of intermediaries**

Carmignac Gestion uses a multi-criteria approach in order to select intermediaries that guarantee the best execution of stock market orders.

The criteria applied are both quantitative and qualitative and depend on the markets for which the intermediaries provide services, in terms of both geographical area and instruments.

The analysis criteria include, inter alia, the availability and proactivity of the intermediary representatives, the financial situation of the intermediaries, their speed, the quality of the processing and execution of orders and intermediary costs.

#### **Research and inducements**

The management company (or any financial management delegate) will not procure any research service unless it is needed to reach an informed decision in the fund's best interests. Before procuring the research service, fund managers and/or analysts will check that it is appropriate, justify their request with evidence, and assess how reasonable the service is. The request is reviewed by a local compliance officer. The budget is allocated in such a way as to distribute the research cost fairly between the different funds. Generally speaking, investment decisions relating to funds with similar investment objectives and mandates are taken on the basis of the same research service. In their best interests, funds sharing a similar strategy and benefitting from the same research service will share costs. The management team allocates the budget. The management company collects the money from the funds only when fees payable to the research service are due. Carmignac collects funds' research costs in the separate research payment account (RPA), as available monies. The fund bears the cost of financial research. Investors and potential investors may obtain the total budget and the estimated research budget for each fund using the "Research payment account disclosure form" available at [www.carmignac.com](http://www.carmignac.com).

## **IV - COMMERCIAL INFORMATION**

Publication of information about the Fund:

The latest annual and semi-annual reports shall be sent to unitholders within one week upon written request to: CARMIGNAC GESTION, 24, place Vendôme, 75001 PARIS

The prospectus and information regarding the facilities carrying out the tasks identified in Article 92 of Directive 2009/65/EC are available on the website: [www.carmignac.com](http://www.carmignac.com)

Information on the management company's consideration of environmental, social and governance (ESG) criteria in its fund range is available on the [www.carmignac.com](http://www.carmignac.com) website and appears in the annual reports of funds that take these criteria into account.

Contact: Communications department - Tel: +33 (0)1 42 86 53 35 - Fax: +33 (0)1 42 86 52 10

## **V - INVESTMENT RULES**

The FCP shall respect the regulatory limits applicable to standard French UCITS under European directive 2009/65/EC.

## **VI - OVERALL RISK**

Overall risk is calculated using the commitment method.

Investments in derivative markets are limited to 100% of the fund's net assets.

## VII - ASSET VALUATION RULES

### 1. Valuation rules:

#### a) Methods used for the valuation of balance sheet items and futures and options

##### Investments in securities

Securities purchased are recorded at their acquisition price excluding fees, and securities sold are recorded at their sale price excluding fees.

Securities, futures and options held in the portfolio denominated in other currencies are converted into the accounting currency on the basis of exchange rates observed in Paris on the valuation day.

The portfolio is valued according to the following methods:

##### French securities

- on the spot market, deferred settlement system: based on the latest valuation carried out by the management company

French government bonds are valued on the basis of the mid price of a contributor (a primary dealer selected by the French Treasury), supplied by an information server. This price is subject to a reliability check by means of a comparison with the prices of several other primary dealers.

##### Foreign securities

Listed foreign securities: on the basis of the latest price available.

French and foreign securities whose prices have not been determined on the valuation day are valued at the last officially published price or at their probable sale price under the responsibility of the management company. Justification is sent to the statutory auditor at the time of the audit.

##### Funds

They are valued at the latest redemption price or the latest net asset value available.

##### Money market instruments and synthetic assets composed of a money market instrument backed by one or more interest rate and/or currency swaps ("asset swaps")

For those traded in large volumes and which have a residual maturity greater than three months: at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.).

For those not traded in large volumes and which have a residual maturity greater than three months: at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) for equivalent money market instruments whose price shall be incremented or decreased, where applicable, by a differential representing the issuer's specific characteristics and by applying an actuarial method.

For those with a residual maturity of three months or less: on a straight-line basis.

In the case of a debt security valued at the market price whose residual maturity falls below or is equal to three months, the last rate used shall be frozen until the final repayment date, unless the security's modified duration requires valuation at the market price (see the previous paragraph).

*Temporary purchases and sales of securities in accordance with the terms and conditions provided for in the agreement*  
 These transactions are valued according to the conditions provided for in the agreement.

Certain fixed income transactions whose maturity is greater than three months may be valued at the market price.

*Futures and options transactions*

Forward purchases and sales of currencies are valued in consideration of the amortisation of any positive or negative balance carried forward.

**b) Off-balance sheet transactions**

*Transactions on regulated markets*

- Futures transactions: these transactions are valued according to the markets on the basis of the settlement price. The commitment is calculated as follows: price of futures contract x nominal value of contract x quantities.
- Options transactions: these contracts are valued according to the markets on the basis of the opening price or the settlement price. The commitment is equal to the conversion of the option into the underlying equivalent. It is calculated as follows: delta x quantity x ratio or nominal value of the contract x price of the underlying equivalent.

*Transactions on over-the-counter markets*

Interest rate transactions: valuation at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) and, if necessary, by applying an actuarial method.

Interest rate swap transactions: for those with a residual maturity greater than three months: valuation at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) and by applying an actuarial method.

Backed or non-backed transactions:

- Fixed rate/Variable rate: nominal value of the contract
- Variable rate/Fixed rate: nominal value of the contract
- For those with a residual maturity of three months or less: valued on a straight-line basis.
- In the case of an interest rate swap transaction valued at the market price whose residual maturity is less than or equal to 3 months, the last rate used shall be frozen until the final repayment date, except in the case of modified duration requiring valuation at the market price (see the previous paragraph).

The commitment is calculated as follows:

- Backed transactions: nominal value of the contract
- Non-backed transactions: nominal value of the contract
- Other transactions on over-the-counter markets
- Interest rate, foreign exchange or credit transactions: valuation at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) and, if necessary, by applying an actuarial method.

The commitment is shown as follows: nominal value of the contract.

**2. Accounting method**

Income is recorded on an accruals basis.

Transaction fees are recorded net of expenses.

### 3. Accounting currency

The fund's financial statements are recorded in euro.

## VIII. REMUNERATION

The management company's remuneration policy promotes risk management without excessive risk taking. These practices comply with the objectives and interests of the fund managers, funds managed, and fund investors in order to avoid conflicts of interest.

The remuneration policy has been designed and implemented to promote the continuing success and stability of the management company, while allowing it to attract, develop and retain motivated, high-performing staff.

The remuneration policy establishes a structured remuneration system with a sufficiently high fixed component and a bonus system that rewards risk takers for creating long-term value. A significant percentage of risk-takers' variable remuneration is deferred for three years. The deferred portion is linked to the performance of funds representative of the investment strategies implemented by the company, ensuring that the long-term interests of investors in the funds managed are taken into account. Bonuses are only ultimately paid out if this is congruent with the management company's financial position.

The remuneration policy was approved by the Board of Directors of the management company. The provisions of the remuneration policy are re-evaluated on a regular basis by the Remuneration and Appointments Committee and are adjusted to fit the changing regulatory framework. Details of the remuneration policy, including a description of how the remuneration and benefits are calculated, as well as information on the remuneration and nominations committee, can be found at [www.carmignac.com](http://www.carmignac.com). A printout of the policy is available free of charge upon request.

## APPENDIX

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

Product name: CARMIGNAC SECURITE Legal entity identifier: 969500EBHLOT9UB25E97

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

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

The fund applies a “best-in-universe” approach (identifying companies whose activities are sustainable) and a “best-efforts” approach (consisting in favouring issuers that exhibit an improvement or strong prospects in terms of ESG practices and performance over time) in order to invest sustainably via a strategy based on four pillars: 1) ESG integration, 2) negative screening, 3) positive screening and 4) active stewardship to promote environmental and social characteristics.

The “positive screening” pillar entails at least 10% of the fund’s net assets being invested in sustainable investments. Sustainable investments are defined as:

- 1) Bonds such as green, social or sustainable bonds issued by public or corporate issuers, and bonds linked to sustainable development (“sustainability-linked bonds”)
- 2) Bonds issued by companies deriving at least 50% of their income from goods and services linked to business activities that positively align with at least one of the nine United Nations Sustainable Development Goals selected for this fund, out of 17, or investing at least 50% of their CapEx in such activities: (1) No poverty, (2) Zero hunger, (3) Good health and well-being, (4) Quality education, (6) Clean water and sanitation, (7) Affordable and clean energy, (9) Industry, innovation and infrastructure, (11) Sustainable cities and communities and

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

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



(12) Responsible consumption and production. To find out more about the United Nations sustainable development goals, please visit <https://sdgs.un.org/goals>.

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

This fund uses sustainability indicators derived from its four-pillar approach to measure the attainment of each of the environmental or social characteristics it promotes:

- 1) **Coverage rate of ESG analysis:** ESG integration, through ESG rating via Carmignac's proprietary "START" (System for Tracking and Analysis of a Responsible Trajectory) platform, is applied to at least 90% of securities (excluding cash and derivatives).
- 2) **Reduction of the investment universe:** negative screening and exclusions of unsustainable activities and practices, reflected in low ESG scores from START, MSCI and ISS ("Institutional Shareholder Services") ESG, are carried out based on the following indicators: (a) practices that are harmful to society and to the environment, (b) controversies concerning the OECD guidelines and the UN Global Compact principles, (c) controversial weapons, (d) thermal coal production, (e) energy producers that have not set a target for alignment with the Paris Agreement, (f) companies involved in tobacco production and (g) companies involved in adult entertainment.
- 3) **Positive screening:** at least 10% of the fund's net assets are invested in sustainable investments, as defined above. The minimum levels of sustainable investments with environmental and social objectives are 1% and 3% of the fund's net assets, respectively.
- 4) **Active stewardship:** companies' environmental and social engagement efforts leading to an improvement in companies' sustainable development policies are measured using the following indicators: (a) level of active engagement and voting policies, (b) number of engagement efforts, (c) voting rate and (d) participation in shareholder (or bondholder) meetings.

Moreover, as regards monitoring principal adverse impacts ("PAI"), and in accordance with Annex 1 to Commission Delegated Regulation (EU) 2022/1288, the fund monitors 16 mandatory environmental and social indicators, and 2 optional indicators to demonstrate the impact of sustainable investments with respect to these indicators: greenhouse gas (GHG) emissions, carbon footprint, GHG intensity of investee companies, exposure to companies active in the fossil fuel sector, share of non-renewable energy consumption and production, energy consumption intensity per high impact climate sector, activities negatively affecting biodiversity-sensitive areas, emissions to water, hazardous waste and radioactive waste ratio, water usage and recycling (optional choice), violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, unadjusted gender pay gap, board gender diversity, exposure to controversial weapons, excessive pay ratio (optional choice). Sovereign issuers are monitored for violations of social norms with respect to their GHG intensity.

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

The fund invests at least 10% of its net assets in green, social or sustainable bonds, or sustainability-linked bonds, as well as in bonds issued by companies deriving at least 50% of their revenue from goods or services linked to, or investing at least 50% of their CapEx in, business activities that positively align with at least one of the nine United Nations Sustainable Development Goals



("SDGs"), out of a total of 17, selected for this fund: (1) No poverty, (2) Zero hunger, (3) Good health and well-being, (4) Quality education, (6) Clean water and sanitation, (7) Affordable and clean energy, (9) Industry, innovation and infrastructure, (11) Sustainable cities and communities and (12) Responsible consumption and production.

A company is considered "aligned" if it derives at least 50% of its revenue from activities that are deemed to contribute to one or more of the nine SDG above, or if at least 50% of its CapEx is invested in such activities. These 50% thresholds indicate significant commitment from the company with respect to its contribution and growth projects.

In order to determine which companies are aligned, the management company has identified a robust company classification system and mapped 1,700 different business activities. Furthermore, the management company uses the "SDG Compass", a resource created by the GRI ("Global Reporting Initiative"), the United Nations Global Compact and the World Business Council for Sustainable Development, to identify the business activities that contribute to each SDG. Carmignac has also created "investable themes" corresponding to business activities. The management company filters each business activity in the classification system based on these themes, sorting the relevant business activities into Carmignac's "investable themes" and using SDG targets to verify their suitability. Once the 50% revenue or investment threshold is reached for a given issuer, the total weight of that holding is considered aligned.

The minimum levels of sustainable investments with environmental and social objectives are 1% and 3% of the fund's net assets, respectively.

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

All the fund's investments (not just sustainable investments) are assessed for compliance with global standards on environmental protection, human rights, employment practices and anti-corruption measures, through controversy screening. Specifically, the investments are analysed on the basis of the minimum safeguards in place to ensure that their business activities comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

In addition, the fund ensures that these activities do no significant harm to the environmental objectives.

The aim of engagement on controversial behaviour is to put a stop to companies violating the UNGC Guiding Principles and/or OECD Guidelines for Multinational Enterprises and to establish suitable management systems to prevent such breaches from recurring. Where engagement efforts are unsuccessful, the company is considered excluded. Cases warranting enhanced engagement are selected every quarter based on need. The emphasis placed on the engagement process may differ depending on the level of exposure.

***How have the indicators for adverse impacts on sustainability factors been taken into account?***

Indicators for adverse impacts are monitored on a quarterly basis. Adverse impacts are identified based on severity. After discussion with the investment team concerned, a plan of action including an execution schedule is drawn up.

In general, dialogue with the company is the preferred plan of action in order to influence the mitigation of adverse impacts by the company concerned. In such cases, engagement with the company is included in Carmignac's quarterly engagement plan,



in accordance with Carmignac's engagement policy. Divestment may be an option, with an exit strategy determined in advance within the limits of this policy.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Detailed description:*

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

The management company applies a screening process for controversies regarding the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights to all of the fund's investments.

The management company acts in accordance with the principles of the United Nations Global Compact (UNGC), the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the Organisation for Economic Co-operation and Development (OECD) guidelines allowing multinational enterprises to assess the standards applicable to them, including, but not limited to, violations of human rights, employment law and standard practices relating to climate.

The fund applies a controversy screening process to all its investments. Companies implicated in major controversies regarding the environment, human rights and international employment law, among other infractions, are excluded. The screening process identifies controversies on the basis of the OECD Guidelines for Multinational Enterprises and the principles of the United Nations Global Compact. This is generally referred to as "standards-based screening" and it includes restrictive screening controlled and measured using Carmignac's proprietary ESG system "START". Company controversies are researched and rated using data extracted from the ISS ESG database.

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

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

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



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



**Yes**, the management company is committed to applying the regulatory technical standards ("RTS") referred to in Annex 1 to Commission Delegated Regulation (EU) 2022/1288, which describes 16 mandatory environmental and social indicators, and 2 optional indicators to demonstrate the impact of sustainable investments with respect to these indicators: greenhouse gas (GHG) emissions, carbon footprint, GHG intensity of investee companies, exposure to companies active in the fossil fuel sector, share of non-renewable energy consumption and production, energy consumption intensity per

high impact climate sector, activities negatively affecting biodiversity-sensitive areas, emissions to water, hazardous waste and radioactive waste ratio, water usage and recycling (optional choice), violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, unadjusted gender pay gap, board gender diversity, exposure to controversial weapons, excessive pay ratio (optional choice). Sovereign issuers are monitored for violations of social norms with respect to their GHG intensity.

The principal adverse impacts of investment decisions on sustainability factors are set out in table 1 (in accordance with Annex 1 to Commission Delegated Regulation (EU) 2022/1288) of Carmignac's policy on this subject. This information is disclosed in the annual reports.

No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance

The fund invests at least 10% of its net assets in green, social or sustainable bonds, or sustainability-linked bonds, as well as in bonds issued by companies deriving at least 50% of their revenue from goods or services linked to, or investing at least 50% of their CapEx in, business activities that positively align with at least one of the nine United Nations Sustainable Development Goals (“SDGs”), out of a total of 17, selected for this fund: (1) No poverty, (2) Zero hunger, (3) Good health and well-being, (4) Quality education, (6) Clean water and sanitation, (7) Affordable and clean energy, (9) Industry, innovation and infrastructure, (11) Sustainable cities and communities and (12) Responsible consumption and production. The minimum levels of sustainable investments with environmental and social objectives are 1% and 3% of the fund’s net assets, respectively.

Non-financial analysis is applied as part of the investment strategy through the following processes, which actively reduce the fund’s equity and corporate bond investment universe. The initial investment universe prior to the reduction includes around 2,500 issuers and is made up of the ICE BofA Global Corporate, ICE BofA Global Non-Financial High Yield, and ICE BofA Emerging Market Corporate Plus indices. The investment universe and the fund are periodically reviewed to maintain their alignment for the purposes of reducing the universe.

The investment universe is assessed in light of the ESG risks and opportunities recorded in Carmignac’s proprietary ESG platform, START.

### **Negative screening of corporate bonds:**

The fund applies standards-based, restrictive negative screening at company level to exclude certain sectors and activities.

negative screening and exclusions of unsustainable activities and practices are carried out based on the following indicators: (a) practices that are harmful to society and to the environment, (b) controversies concerning the OECD guidelines and the UN Global Compact principles, (c) controversial weapons, (d) thermal coal production, (e) energy producers that have not set a target for alignment with the Paris Agreement, (f) companies involved in tobacco production and (g) companies involved in adult entertainment.

Companies with high ESG risk, reflected by their respective ESG ratings, are also excluded. Companies with an MSCI rating for the environmental or social pillars of below 2.5, or with an overall MSCI rating of “B” or “CCC”, are excluded from the fund’s investment universe. Companies with a START score of “C” or above (on a rating scale of “A” to “E”) may re-enter the fund once the management company has carried out ad-hoc analysis and engaged with the company in question.

The aim of engaging with companies on environmental and social matters is to improve their sustainability policies (in terms of active engagement and voting policies, number of engagements, voting percentage and proportion of objectives fully achieved during shareholder/bondholder meetings).

At issuer level (for equities and corporate bonds), investments that are not sustainable investments are assessed to ensure compliance with global standards on environmental protection, human rights, employment practices and anti-corruption measures through controversy screening (“standards-based” approach). These investments are analysed on the basis of the minimum safeguards in place to ensure that their business activities comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

### **Screening of sovereign bonds:**

- 1) Government issuers are first examined from a macroeconomic angle.
- 2) Applicable exclusions of countries based on regulatory standards and sanctions are applied.
- 3) Environmental, social and governance indicators are calculated using a proprietary ESG rating system based on publicly available data.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to select investments, and to attain each of the environmental or social characteristics promoted by this financial product, are:

- 1) At least 10% of the fund's net assets are invested in green, social or sustainable bonds, or sustainability-linked bonds, as well as in bonds issued by companies deriving at least 50% of their revenue from goods or services linked to, or investing at least 50% of their CapEx in, business activities that positively align with at least one of the nine sustainable development goals ("SDGs") listed above.
- 2) The minimum levels of sustainable investments with environmental and social objectives are 1% and 3% of the fund's net assets, respectively.
- 3) The investment universe is actively reduced.
- 4) ESG analysis is applied to at least 90% of securities.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund is not required to comply with any minimum rate to reduce the equity investment universe prior to the application of its investment strategy.

● ***What is the policy to assess good governance practices of the investee companies?***

To assess good governance practices, the fund uses Carmignac's proprietary ESG system ("START"), which collates automated key indicators on governance for over 7,000 companies, including: 1) percentage of independent members of the audit committee, average term of office for members of the board of directors, gender diversity on the board of directors, size of the board of directors, independence of the remuneration committee as regards sound management structures, and 2) director remuneration, sustainability incentives for directors, and the highest remuneration in terms of staff remuneration. Human resources are covered by Carmignac's "S" indicators (in particular staff satisfaction, the gender pay gap and staff turnover) within "START".

As regards tax, the fund recognises the companies in its investment universe that adhere to the OECD Guidelines for Multinational Enterprises on tax matters and encourages transparency where necessary.

Furthermore, as a signatory to the Principles for Responsible Investment ("PRI"), the management company expects the companies in which the fund invests to:

- 1) Publish a comprehensive tax policy describing the company's approach to tax responsibility;
- 2) Report on their tax governance and risk management processes to the competent authorities; and
- 3) File appropriate returns in each of the countries in which they operate (country-by-country reporting, "CBCR").

These considerations inform the management company's actions with respect to companies and its votes in favour of greater transparency, for example via support for shareholder resolutions.

As regards sovereign issuers, the following governance criteria are assessed: ease of doing business, tax positioning, debt ratio expressed per year of tax receipts, current account balance and economic freedom.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



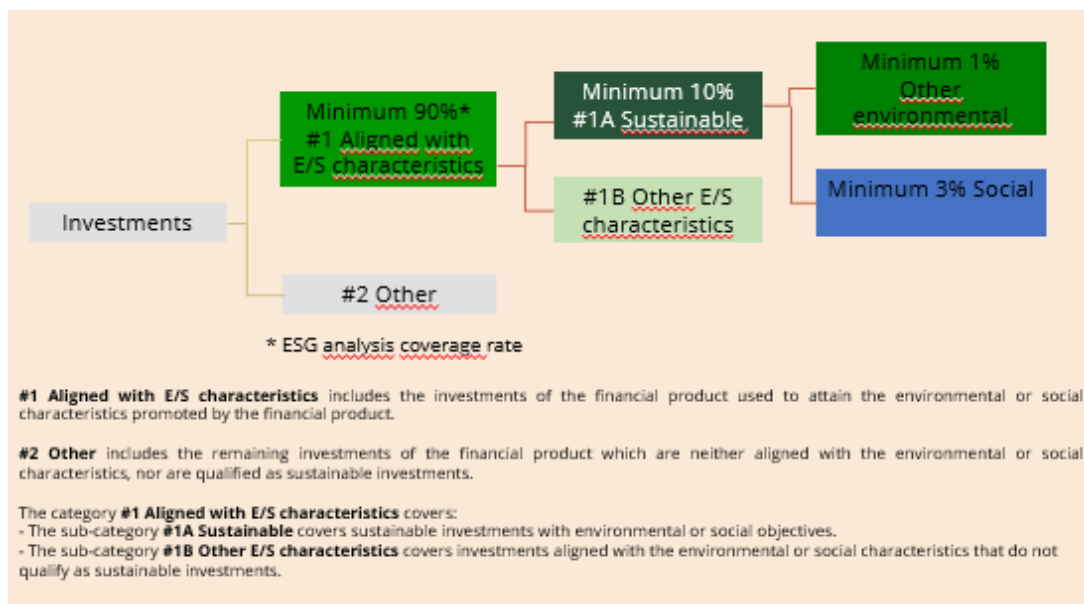
## What is the asset allocation planned for this financial product?

### Asset allocation

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



At least 90% of the fund's investments are intended to attain the environmental or social characteristics it promotes, in accordance with the binding elements of the investment strategy.

The fund invests at least 10% of its net assets in green, social or sustainable bonds, or sustainability-linked bonds, as well as in bonds issued by companies deriving at least 50% of their revenue from goods or services linked to, or investing at least 50% of their CapEx in, business activities that positively align with at least one of the nine United Nations Sustainable Development Goals ("SDGs"), out of a total of 17. The minimum levels of sustainable investments with environmental and social objectives are 1% and 3% of the fund's net assets, respectively. As well as making sustainable investments accounting for at least 10% of the net assets, the fund may target companies deriving less than 50% of their revenue, or even none of their revenue, from activities aligned with the United Nations SDGs.

In addition to cash and derivatives (which may be used for the purposes of efficient portfolio management and/or hedging and/or exposure, as applicable), this category includes investments in corporate bonds or in sovereign bonds that are not classed as sustainable investments. Such investments are carried out in strict compliance with the fund's investment strategy and in order to implement the fund's investment strategy. All these investments are subject to ESG analysis (including via our proprietary ESG model for sovereign bonds). For corporate bonds, minimum safeguards are assessed to ensure that their business activities comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. These instruments are not used to attain the environmental or social characteristics promoted by the fund.

### ● *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

The use of derivatives does not contribute to the attainment of the fund's environmental and/or social characteristics.

To the extent that the fund uses derivatives linked to a single underlying, exclusions defined at management company level apply. Moreover, the fund applies a netting calculation (netting a long position against short positions in an equivalent issuer in the form of

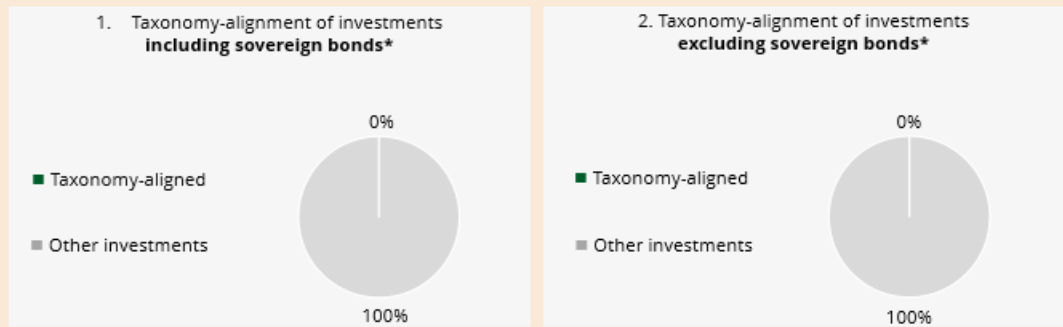
derivatives) with a view to illustrating the portfolio's ESG rating and carbon emissions and measuring adverse impacts.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The minimum level of alignment with the Taxonomy, i.e. the minimum share of the fund's investments deemed to contribute on an ongoing basis to the above environmental objectives, is 0% of assets. The actual level of alignment with the Taxonomy is calculated and published annually.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### ● What is the minimum share of investments in transitional and enabling activities?

The minimum share of these investments is 0% of assets.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the net assets.



### What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with a social objective is 3% of the net assets.



### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The remainder of the portfolio (i.e. beyond the minimum share of 90%) may also promote environmental and social characteristics but is not systematically covered by ESG analysis. These assets may include securities for which ESG analysis may be carried out after the financial instrument in question is acquired by the fund. Cash (and equivalent instruments) and derivatives (used for hedging or exposure purposes) are also included under "#2 Other".

At corporate issuer level, investments that are not sustainable investments are assessed to ensure compliance with global standards on environmental protection, human rights, employment practices and anti-corruption measures through controversy screening ("standards-based"

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

approach). These investments are analysed on the basis of the minimum safeguards in place to ensure that their business activities comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

N/A.

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

N/A.

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

N/A.

- *How does the designated index differ from a relevant broad market index?*

N/A.

- *Where can the methodology used for the calculation of the designated index be found?*

N/A.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



**Where can I find more product specific information online?**

**More product-specific information can be found online on the website:** [www.carmignac.fr](http://www.carmignac.fr), in the “Funds” and “Responsible Investment” sections.



# MANAGEMENT REGULATIONS OF THE FCP

## CARMIGNAC SÉCURITÉ

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### TITLE 1: ASSETS AND UNITS

#### ARTICLE 1 - CO-OWNERSHIP UNITS

The co-owners' rights are represented by units, with each unit corresponding to the same fraction of the fund's assets. Each unitholder has a co-ownership right in and to the assets of the fund proportional to the number of units they hold.

The duration of the fund is 99 years from its creation, except in the cases of early dissolution or extension provided for in these regulations (see article 11).

The characteristics of the various classes of units and their eligibility requirements are described in the FCP's prospectus.

The different classes of units may:

- benefit from different dividend policies (distribution or accumulation);
- be denominated in different currencies;
- be charged different management fees;
- be charged different subscription and redemption fees;
- have a different nominal value.
- be systematically hedged against risk, either partially or completely, as described in the prospectus. This hedging is taken out via financial instruments that minimise the impact of hedging transactions on the FCP's other unit classes.

The units may be merged or divided.

The Board of Directors of the management company may decide that the units shall be sub-divided into tenths, hundredths, thousandths or ten thousandths, with such subdivisions being 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 shall always be proportionate to that of the units they represent. Unless otherwise provided, all other provisions of the regulations relating to units shall apply to fractions of units without any need to make a specific provision to that end.

Lastly, the Board of Directors of the management company may decide, at its own discretion, to sub-divide the units by issuing new units, which shall be allocated to unitholders in exchange for their existing units.

#### ARTICLE 2 - MINIMUM AMOUNT OF ASSETS

Units may not be redeemed if the FCP's assets fall below EUR 300,000; if the assets remain below this amount for a period of 30 days, the management company shall make the necessary provisions to liquidate the fund in question, or to carry out one of the operations mentioned in article 422-17 of the AMF General Regulation (transfer of the

fund).

### ARTICLE 3 - ISSUE AND REDEMPTION OF UNITS

Units are issued at any time following receipt of subscription requests from unitholders, on the basis of their net asset value plus a subscription fee, where applicable.

Subscriptions and redemptions are executed under the conditions and according to the procedures defined in the prospectus.

Units of the fund may be admitted to an official stock exchange listing in accordance with the regulations in force.

Subscriptions must be fully paid up on the day the net asset value is calculated. They may be made in cash and/or by a contribution in kind in the form of financial instruments. The management company is entitled to refuse any securities offered and, for that purpose, must announce its decision within seven days of the date on which the securities were tendered. If they are accepted, the securities tendered are valued according to the rules laid down in article 4, and the subscription is based on the first net asset value following acceptance of the securities concerned.

Redemptions may be in cash and/or in kind. If a redemption in kind corresponds to a share of the portfolio's assets, then the management company need only obtain the signed written agreement of the outgoing unitholder. Where a redemption in kind does not correspond to a share of the portfolio's assets, all unitholders must give their written agreement authorising the outgoing unitholder to redeem their units against certain particular assets, as specifically listed in the agreement.

By derogation from the above, if the fund is an ETF, redemptions on the primary market may, with the portfolio management company's agreement and in unitholders' best interests, be in kind under the terms set out in the fund's regulations or prospectus. The assets are then delivered by the registrar under the terms set out in the fund prospectus.

In general, redeemed assets are valued according to the rules laid down in article 4 and the redemption in kind is based on the first net asset value following acceptance of the relevant securities.

Redemptions are settled by the registrar within a maximum of five days from the valuation day of the units.

However, if in exceptional circumstances the redemption requires the prior sale of assets held in the fund, this deadline may be extended to a maximum of 30 days.

With the exception of a succession or an inter vivos gift, the sale or transfer of units between unitholders, or unitholders and third parties, is treated as a redemption followed by a subscription; if this involves a third party, the sale or transfer amount must, where applicable, be supplemented by the beneficiary in order to at least reach the minimum subscription amount stipulated by the prospectus.

Pursuant to article L.214-8-7 of the French monetary and financial code, the management company may temporarily suspend the redemption of units or the issue of new units by the FCP when exceptional circumstances and the interests of the unitholders so require.

If the net assets of the FCP have fallen below the minimum threshold set by the regulations, no redemptions may be carried out.

A minimum subscription may be applied according to the procedures set out in the prospectus.

Pursuant to articles L.214-8-7 of the French monetary and financial code and 411-20-1 of the AMF general regulation, the management company may decide to cap redemptions in exceptional circumstances and if deemed necessary to protect the interests of unitholders. The means by which the capping system works and unitholders are notified must be described in detail.

In application of the third paragraph of article L.214-8-7 of the French monetary and financial code, the fund may stop issuing some or all units temporarily or permanently in objective situations leading to the closure of subscriptions, such as a maximum number of units issued, a maximum amount of assets reached or the expiry of a fixed subscription period. Existing unitholders will be informed of this decision by any means, as well as of the trigger point and the objective situation that led to the partial or complete closure. In the case of partial closure, this notification will specifically mention the means by which existing unitholders may continue to subscribe during the period of partial closure. The management company also informs unitholders by any means of a decision to end the partial or total closure of subscriptions (when they fall below the trigger point again), or not to end it (if the trigger point is changed or there is a development in the objective situation that led to the closure decision). A change in the objective situation cited or the trigger point must always be made in unitholders' best interests. Information stating the exact reasons for these changes may be given by any means.

The fund manager can restrict or prevent (i) the holding of units by any individual or legal entity not entitled to hold units under the terms of the "Target investors" section of the prospectus (hereinafter, the "Non-Eligible Person") and/or (ii) the registration in the fund's register of unitholders or the transfer agent's register (the "Registers") of any intermediary who does not come under one of the categories indicated below ("Non-Eligible Intermediary"): active Non-Financial Foreign Entities (active NFFEs), US Persons who are not Specified US Persons and Financial Institutions that are not Non-Participating Financial Institutions\*.

The portfolio manager may also restrict or prevent the holding of units by any investor (i) who is, or is suspected – on the basis of objective criteria – of being directly or indirectly in breach of the laws and regulations of any country or any government authority, or (ii) who, in the FCP management company's opinion, may inflict such damage on the FCP or management company that would not otherwise have been inflicted or borne.

The terms followed by an asterisk (\*) are defined in the Agreement between the government of the French Republic and the government of the United States of America intended to improve compliance with tax obligations internationally and implement the law concerning respect for tax obligations applicable to foreign accounts signed on 14 November 2013. At the time of writing these Management Regulations, the text of this Agreement is available here: [http://www.economie.gouv.fr/files/usa\\_accord\\_fatca\\_14nov13.pdf](http://www.economie.gouv.fr/files/usa_accord_fatca_14nov13.pdf)

To this end, the management company can:

- (i) refuse to issue any units if it seems that said issue would or could result in said units being held by a Non-Eligible Person or a Non-Eligible Intermediary being entered in the Registers;
- (ii) request that all information which it deems necessary in order to determine whether or not the beneficial owner of the units in question is a Non-Eligible Person be provided at any time from any intermediary whose name appears in the Registers of unitholders, accompanied by a solemn declaration; and
- (iii) if it considers that the beneficial owner of the units is a Non-Eligible Person or that a Non-Eligible Intermediary is entered in the Registers of unitholders of the fund, proceed with the compulsory redemption of all the units held by the Non-Eligible Person or all the units held via the Non-Eligible Intermediary, after a period of 10 working days. The compulsory redemption shall be carried out using the last known net asset value, increased if applicable by the applicable charges, fees and commissions, which shall be borne by the unitholders concerned by the redemption.

**ARTICLE 4 - CALCULATION OF THE NET ASSET VALUE**

The net asset value is calculated in accordance with the valuation rules specified in the prospectus.

Contributions in kind may comprise only stocks, securities or contracts admissible as assets of UCITS; contributions and redemptions in kind are valued according to valuation rules governing the calculation of the net asset value.

**TITLE 2: MANAGEMENT OF THE FUND****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 in the exclusive interests of the unitholders and has the exclusive right to exercise the voting rights attached to the securities held in the fund.

**ARTICLE 5A - OPERATING RULES**

The instruments and deposits which are eligible to form part of the fund's assets as well as the investment rules are described in the prospectus.

**ARTICLE 6 - THE CUSTODIAN**

The custodian carries out the duties incumbent upon it under the legal and regulatory provisions in force as well as those to which it has contractually agreed with the management company. In particular, it must ensure that decisions taken by the portfolio management company are lawful. Where applicable, it must take all protective measures that it deems necessary. In the event of a dispute with the management company, it shall inform the *Autorité des marchés financiers*.

**ARTICLE 7 - THE STATUTORY AUDITOR**

A statutory auditor is appointed by the Board of Directors of the management company for a term of six financial years, subject to the approval of the *Autorité des marchés financiers*.

The statutory auditor certifies the accuracy and consistency of the financial statements. The statutory auditor may be re-appointed. The statutory auditor is obliged to notify the *Autorité des marchés financiers* promptly if, in the course of its duties, it becomes aware of any fact or decision concerning the fund which is liable to:

1. constitute a breach of the legal and regulatory provisions governing this undertaking and is likely to have significant consequences for its financial position, income or assets;
2. impair its continued operation or the conditions thereof;
3. lead to the expression of reservations or a refusal to certify the financial statements

Assets will be valued and exchange ratios will be determined for the purpose of any conversion, merger or split under the statutory auditor's supervision. The statutory auditor assesses any contribution or redemption in kind under its responsibility, except when an ETF is redeemed in kind on the primary market. The statutory auditor shall check the accuracy of the composition of the assets and other information before any publication. The statutory auditor's fees are determined by mutual agreement between the statutory auditor and the Board of Directors of the management company on the basis of an agenda indicating all duties deemed necessary. The statutory auditor certifies positions serving as the basis for the payment of interim dividends. The statutory auditor's fees are included in the management fees.

**ARTICLE 8 - THE FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT**

At the end of each financial year, the management company prepares the financial statements and a report on the management of the fund during the last financial year.

The management company establishes a list of the FCP's assets at least biannually and under the supervision of the custodian.

The management company shall make these documents available to unitholders within four months of the financial year-end and shall notify them of the amount of income attributable to them: these documents shall be sent by post if expressly requested by the unitholders, or made available to them at the offices of the management company.

### TITLE 3: ALLOCATION OF DISTRIBUTABLE INCOME

#### ARTICLE 9 - Allocation of distributable income

Distributable income is made up of:

1. Net income plus retained earnings, plus or minus the balance of the income equalisation account for the last financial year.
2. Realised capital gains, net of expenses, minus realised capital losses, net of expenses, recognised during the financial year, plus net capital gains of a similar nature recognised during previous financial years and which have not been distributed or accumulated, plus or minus the balance of the capital gains equalisation account.

The sums mentioned in points 1 and 2 may be distributed in full or in part independently of each other.

DISTRIBUTABLE INCOME	ACC UNITS	INC UNITS
Allocation of net income	Accumulation (dividends are recorded on an accruals basis)	Distributed or carried forward as decided by the management company
Allocation of net realised capital gains or losses	Accumulation (dividends are recorded on an accruals basis)	Distributed or carried forward as decided by the management company

Payment of distributable income is made annually within five months of the financial year-end.

Payment of distributable income payable quarterly is made within one month of the end of each calendar quarter.

### TITLE 4: MERGER - SPLIT - DISSOLUTION - LIQUIDATION

#### ARTICLE 10 - MERGER - SPLIT

The management company may either merge all or part of the assets of the fund with another UCITS under its management or with a UCITS managed by another company, or split the fund into two or more mutual funds under its management.

Such mergers or splits may only be carried out after unitholders have been notified. Such mergers or splits give rise to the issue of a new certificate indicating the number of units held by each unitholder.

#### ARTICLE 11 - DISSOLUTION - EXTENSION

If the assets of the fund remain below the amount set in article 2 above for thirty days, the management company shall inform the AMF and shall dissolve the fund, except in the event of a merger with another fund.

The management company may dissolve the fund before term. It shall inform the unitholders of its decision, after which no further subscription or redemption requests shall 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 such term is extended.

The management company shall inform the AMF by post of the dissolution date and procedure. It shall send the statutory auditor's report to the AMF.

The fund's extension may be decided by the management company subject to the agreement of the custodian. Its decision must be taken at least three months before the expiry of the fund's term and must be notified to the unitholders and the AMF.

#### **ARTICLE 12 - LIQUIDATION**

In the event of dissolution, the management company or designated liquidator shall act as liquidator. Otherwise, the liquidator shall be appointed by the court at the request of any interested party. To this end, they shall be granted the broadest powers to realise assets, pay off any creditors and allocate the available balance among the unitholders in the form of cash or securities.

The statutory auditor and the custodian shall continue to carry out their functions until the end of the liquidation.

### **TITLE 5: DISPUTES**

#### **ARTICLE 13 - JURISDICTION - ADDRESS FOR SERVICE**

All disputes relating to the fund that may arise during the term of the fund or during its liquidation, either among the unitholders or between the unitholders and the management company or the custodian, shall be submitted to the courts having jurisdiction.

**Facilities Agent: BNP PARIBAS SECURITIES SERVICES**

In connection with the Fund recognition under section 264 of the Financial Services and Markets Act 2000 Financial Services and Markets Act 2000, the Fund maintains in the United Kingdom the facilities as set out in the rules contained in the Collective Investment Schemes Sourcebook (COLL 9.4) published by the FSA as part of the FSA's Handbook of Rules and Guidance governing recognized schemes.

The facilities will be located at the offices of the Facilities Agent at BNP PARIBAS SECURITIES SERVICES, operating through its branch in London: 10 Harewood Avenue, London, NW1 6AA UNITED KINGDOM during usual business hours on any weekday (other than UK public holidays).

At these facilities, any person may:

1. Inspect (free of charge) a copy (in English) of:
  - (a) the Fund's Regulations, the Material Contracts, and any subsequent amendments thereto;
  - (b) the most recent Prospectus issued by the Fund, as the same may be amended and supplemented from time to time;
  - (c) the most recent Key Investor Information Document (KIID) issued by the Fund;
  - (d) the latest annual and half-yearly reports of the Fund;
  - (e) Any other documents required from time to time by COLL to be made available.
2. Obtain a copy of any of the above documents (free of charge in the case of documents (b), (c) and (d));
3. Obtain information (in English) about the prices of units;
4. Redeem or arrange for the redemption of its units and obtain payment in relation to such redemption; any redemption requests received by the UK Facilities Agent shall be sent to the administrator of the Fund, for processing.
5. Make a complaint about the operation of the Fund, which complaint the Facilities Agent will transmit to the Fund; and
6. Obtain free of charge, details or copies of any notices which have been given or sent to unit holders.

**Annex: Pursuant to Article 92 of Directive 2009/65/EC, facilities made available to unitholders in a UCITS managed by Carmignac Gestion**

- A) Processing subscription, repurchase and redemption orders and make other payments to unitholders relating to the units of the UCITS, in accordance with the conditions set out in the documents required pursuant to Chapter IX of Directive 2009/65/EC:

Country	Austria	Germany	Belgium	Spain	France	Ireland	Italy*	Luxembourg	Netherlands	Sweden
Facility	Please contact BNP PARIBAS S.A., a credit institution approved by the ACPR, 16, Boulevard des Italiens, 75009 PARIS, France postal address : 9, rue du Débarcadère, 93500 Pantin *In Italy, please contact: Banca Sella Holding S.p.A. (Sella), ALLFUNDS BANK S.A.U. - Succursale di Milano, (AFB), CACEIS Bank Italy Branch, (CACEIS), Monte dei Paschi di Siena S.p.A. (MPS), RBC Investor Services Bank S.A. Milan Branch (RBC), Société Générale Securities Services (SGSS), State Street Bank International GmbH – Succursale Italia (State Street).									

- B) Providing information on how orders referred to in point (a) of article 92 of Directive 2009/65/EC can be made and how repurchase and redemption proceeds are paid:

Country	Austria	Germany	Belgium	Spain	France	Ireland	Italy	Luxembourg	Netherlands	Sweden
Facility	Please refer to the prospectus of the fund available on the website of the management company ( <a href="http://www.carmignac.com">www.carmignac.com</a> ) or please contact the management company of the UCITS: CARMIGNAC GESTION, Société Anonyme, 24 Place Vendôme 75001 Paris, France									

- C) facilitating the handling of information and access to procedures and arrangements referred to in Article 15 of Directive 2009/65/EC and relating to the investors' exercise of their rights arising from their investment in the UCITS in the Member State where the UCITS is marketed:

Country	Austria	Germany	Belgium	Spain	France	Ireland	Italy	Luxembourg	Netherlands	Sweden
Facility	Please refer to the prospectus of the fund available on the website of the management company ( <a href="http://www.carmignac.com">www.carmignac.com</a> ) or please contact the management company of the UCIT : CARMIGNAC GESTION, Société Anonyme, 24 Place Vendôme 75001 Paris, France									

- D) Making the information and documents required pursuant to Chapter IX available to investors under the conditions laid down in Article 94 of the Directive 2009/65/EC for the purposes of inspection and obtaining copies thereof:

Country	Austria	Germany	Belgium	Spain	France	Ireland	Italy	Luxembourg	Netherlands	Sweden
Facility	The prospectus, KIID and the last annual and semi-annual reports are available on the website of the management company ( <a href="http://www.carmignac.com">www.carmignac.com</a> ) and from the management company of the UCITS: CARMIGNAC GESTION, Société Anonyme, 24 Place Vendôme 75001 Paris, France									



E) Providing investors with information relevant to the tasks that the facilities perform in a durable medium:

Country	Austria	Germany	Belgium	Spain	France	Ireland	Italy	Luxembourg	Netherlands	Sweden
Facility	Information are available on the website of the management company ( <a href="http://www.carmignac.com">www.carmignac.com</a> ) and from the management company of the UCITS: CARMIGNAC GESTION, Société Anonyme, 24 Place Vendôme 75001 Paris, France									

F) Contact point for communicating with the competent authorities:

Country	Austria	Germany	Belgium	Spain	France	Ireland	Italy	Luxembourg	Netherlands	Sweden
Facility	PricewaterhouseCoopers, Société coopérative, Global Fund Distribution ("PwC GFD"), 2, rue Gerhard Mercator B.P. 1443 L-1014 Luxembourg									