

## COVEA OBLIGATIONS CONVERTIBLES

UCITS governed by Directive 2009/65/EU

### 1. General Characteristics

#### 1.1 Form of UCITS

<b>Name</b>	COVÉA OBLIGATIONS CONVERTIBLES, hereinafter referred to as "the Fund", "the UCITS" or "the UCI"
<b>Legal form of UCITS</b>	Undertaking for Collective Investment (UCI)
<b>Founding Member State of UCITS</b>	France
<b>Inception date and expected lifetime</b>	This UCI was established on 18/09/2001 for a period of 99 years.

#### Summary of the management offer

The UCITS is not compartmentalised.

Unit type	ISIN Code	Appropriation of income	Appropriation of capital gains	Unit listing currency	Subscribers concerned	Minimum initial subscription amount
A(C) Unit	FR0000978736	Capitalisation	Capitalisation	EUR	All subscribers	None
I(C) Unit	FR0011070762	Capitalisation	Capitalisation	EUR	Legal persons and UCI	EUR 100,000
I(D) Unit	FR0013317674	Distribution	Capitalisation	EUR	Reserved for legal entities and UCIs	EUR 100,000

#### Where to find the latest annual report and latest interim status report

The latest annual and interim documents are sent out within eight business days upon receipt of a written request submitted by unitholders to:

Covéa Finance  
8-12 rue Boissy d'Anglas 75008 Paris  
E-mail: [communication@covea-finance.fr](mailto:communication@covea-finance.fr)

These documents are also available on the website: [www.covea-finance.com](http://www.covea-finance.com)

### 2. Stakeholders

<b>Management company</b>	COVÉA FINANCE SASU 8-12 rue Boissy d'Anglas 75008 Paris Approved by the Autorité des Marchés Financiers under number GP 97 007.
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<b>Depository</b>	<p>CACEIS BANK 1-3, place Valhubert 75013 PARIS</p> <p>The duties of the depository include the missions spelt out by the regulations in force. It comprises the custody of assets, oversight of the legality and soundness of decisions taken by the Management Company and monitoring cash flow of the UCITS.</p> <p>The depository acts independently from the Management Company.</p> <p>The description of any subsequent delegated custody duties, the list of delegates and sub-delegates of CACEIS Bank as well as information on conflicts of interest that may arise from these delegations are available on the CACEIS website at the address: <a href="http://www.caceis.com">www.caceis.com</a> (Section: veille réglementaire/réglementation Ucits V).</p> <p>Updated information is provided by the depository at the request of investors.</p>
<b>Custodian</b>	<p>CACEIS BANK 1-3, place Valhubert 75013 PARIS</p>
<b>Institution in charge of centralising subscription / redemption orders by delegation from the Management Company</b>	<p>CACEIS BANK 1-3, place Valhubert 75013 PARIS</p>
<b>Institution in charge of keeping unit or share registers (UCI liabilities)</b>	<p>CACEIS BANK 1-3, place Valhubert 75013 PARIS</p>
<b>Statutory auditors</b>	<p>KPMG Audit Tour Eqho 2 avenue Gambetta CS 60055 92066 Paris La Défense Represented by Mr Gérard Gaultry</p>
<b>Marketing agent</b>	<p>COVEA FINANCE SASU (Entity of COVÉA Group) 8-12 rue Boissy d'Anglas 75008 Paris</p>
<b>Delegation of administrative and accounting management</b>	<p>CACEIS Fund Administration 1, place Valhubert 75013 PARIS</p> <p>The delegation of administrative and accounting management deals particularly with accounting processes and the promotion of the UCI, as well as the production of regulatory reporting (periodic updates, annual reports, etc.).</p>
<b>Advisors</b>	<p>None</p>

### 3. Operating and management procedures

#### 3.1 General Characteristics

##### **Characteristics of units:**

<b>Rights attached to the unit category</b>	Each unitholder has a co-ownership right to the Fund's assets proportional to the number of units held.
<b>Registration Liability accounting</b>	The units are admitted in Euroclear and handled following the usual payment/delivery procedures. Units are recorded as liabilities by the depository: CACEIS BANK 1-3, place Valhubert 75013 PARIS
<b>Voting rights</b>	As the UCI's transferable securities are jointly owned, no voting rights are attached to the units. Decisions on the UCI are taken by the Management Company in the best interests of the unitholders.
<b>Form of units</b>	Bearer units
<b>Decimalisation</b>	Ten-thousandths
<b>Closing date:</b>	Last net asset value for the month of December

##### **Tax regime:**

The UCITS is not subject to French corporation tax. The fiscal transparency principle applies to the bearer.

The bearer's fiscal status depends on whether they are a resident or non-resident corporate entity or private individual.

Income distributed is liable for personal income taxes for residents, except in the specific cases of withholding tax or corporate tax for corporate bodies.

The latent capital gains or losses generated by corporate bodies liable for corporate tax will be recognised in the taxable income following a taxation procedure applicable to their category.

Dividends received by a non-resident unitholder are liable for withholding tax, subject to the existence of a tax agreement with the unitholder's country.

Generally, the Fund's unitholders are encouraged to contact their tax advisor.

##### **Tax withheld at source and "FATCA" tax regulations**

The US Foreign Account Tax Compliance Act ("FATCA") on fiscal compliance of foreign accounts came into force on 1 July 2014.

This act aims at preventing tax evasion by US persons residing outside the United States of America by requiring financial institutions to send to the US tax authorities information relating to income paid to these American taxpayers ("US persons") as well as a tax withholding system on income and gains after redemption from American sources.

Under the Inter-Governmental Agreement ("IGA") signed between France and the US authorities, investors are informed that data concerning them may be disclosed to third parties to comply with FATCA provisions (tax authorities, depositories, distributors, service providers and any related entities).

A withholding tax of 30% may be applied to investors at fault who fail to provide certain required information.

## 3.2 Specific provisions

### **ISIN Code**

A(C) Unit	FR0000978736
I(C) Unit	FR0011070762
I(D) Unit	FR0013317674

### **Classification**

None

### **Management objective**

The UCITS's management objective is to seek to enable the Unit-holder to participate, within an investment horizon of at least five (5) years, in the performance of financial markets, interest rates and equities by investing on a discretionary basis in convertible bonds and equivalent financial instruments or strategies.

### **Benchmark indicator**

The UCI has no benchmark indicator.

The management objective is inconsistent with the existence of a benchmark indicator. Such a comparison would only mislead the unitholders.

However, for information purposes and with hindsight, the UCI's performance may be compared to the ECI Europe index, which is representative of the composition and liquidity of the convertible bonds market of the Europe zone. This index consists of convertible bonds whose characteristics, the size of the issue and the underlying meet predefined criteria, guaranteeing average convexity and proper liquidity. They are calculated with net dividends reinvested. They are published by Exane and available on the website: [www.exane.com](http://www.exane.com).

### **Investment strategy**

#### Description of strategies used:

The management of the UCITS is proactive and discretionary.

The strategy is to select bond or monetary financial instruments, especially convertible bonds. The strategy will focus on:

- Investments based on the fundamental financial characteristics of the companies;
- Investments based on the technical characteristics and the relative valuation;
- investments in the shorter term aimed at exploiting more rapid movements of market interest rates, the level of remuneration of corporate debt securities, equity markets and the volatility of options;

Performance will be determined primarily from the following factors:

- Management of share sensitivity: through allocation by type of instrument and by maturity: differentiating between securities with more or less high deltas.
- Selection of securities: the choice of issuers will depend on an in-depth analysis in an environment of clearly identified signatures. Covéa Finance and its teams of managers/analysts will independently carry out their own analyses of the books of the issuing companies with a view to determining the timeliness and soundness of the investment.

Macroeconomic and financial markets analysis will influence asset allocation and risk allocation; whereby this includes in particular bond sensitivity and the exposure of the fund to the equity market.

The investment strategy implemented by the management team is divided into two successive phases:

To craft the investment strategy, the management team relies firstly on the Economic and Financial Outlooks ("EFOs"). Three times a year, the EFO Committee presents the macroeconomic scenarios by region or by country (unemployment rate, inflation, GDP growth, interest rates) selected by the management company. The committee also highlights the findings of the management committees set up by the management company to select securities directly.

Secondly, an "interest rate" investment committee meeting and a "credit" investment committee meeting are held monthly. Their respective agenda alternate between sovereign interest rate developments and credit market developments. These committees clarify or invalidate the general guidelines laid down during the EFOs based on market developments. Interest rate UCI portfolios are monitored by a specific committee, namely the "Interest Rate" UCI Investment Committee that meets once a month. The Committee finalises the selection of securities based on the companies' key financial metrics, technical characteristics and valuation.

The UCI systematically adopts the Management Company exclusion policy applied by all UCIs in the Covéa Finance portfolio and featured on its website. This policy entails the statutory and thematic exclusions. It is available on the Covéa Finance website at the address: [www.covea-finance.com](http://www.covea-finance.com).

The Fund's exposure to the various risks is as follows:

- Exposure to equity risk of up to 60% of net assets;

This will involve Large Caps and Small and Mid Caps to a maximum threshold of 30% of net assets.

- Exposure to rate risk of up to 100% of net assets;

- Exposure to exchange risk of up to 50% of net assets;

#### Description of asset categories

Equities and/or similar securities:

The Fund is invested to a maximum exposure of 60% of net assets in securities giving or capable of giving direct or indirect access to the capital or voting rights of companies with head office in an OECD member country.

The weight accorded to large caps over small and/or mid-caps is not fixed, it varies depending on market opportunities and the relative valuations between different securities regardless of the sector concerned. However, investment in Small or Mid Caps will not exceed 30% of net assets.

#### Debt securities and money market instruments:

The UCITS portfolio shall be invested at up to a maximum threshold of 100% of assets in bond-type or monetary-type financial instruments, especially:

- Bonds and debt securities convertible or exchangeable into shares

The assets of the UCITS may be invested according to opportunities in convertible or exchangeable bonds selected on the international market in OECD and/or European Union member countries. The Mutual Investment Fund may invest in all economic sectors and all regions, and companies of all sizes.

These bonds are, among others:

- Convertible bonds. These also include convertible bonds with redeemable share subscription warrants ("OCABSAs"), convertible bonds with low coupon and redemption premium, zero coupon convertible bonds, conversion option bonds and/or bonds exchangeable for new or existing shares ("OCEANES");

- Bonds redeemable in shares ("ORAs, ORANES, ORABSAs");

- Bonds exchangeable for shares;

- Equity securities;

- Similar securities (EMTN, medium-term securities, warrants, equity warrants, etc.);

- Bonds with subscription warrants and/or similar instruments (e.g. bonds with purchase option for an underlying share (call warrant), etc.);

- Any other conventional or synthetic convertible bonds.

- Bonds and other debt securities

As part of management of the UCITS liquidity, the manager may use short, medium and long-term debt securities traded on French and/or foreign markets, such as negotiable debt securities (e.g. short-term securities, euro commercial paper.) and fixed or variable rate bonds (i.e. non-convertible, non-indexed).

The investment made by the UCITS in such securities is not subject to any condition as to the nature of the proposed issues trading (primary or secondary market) and the quality of the issuer (private or public).

Moreover, the duration and the proposed credit risk level are not stipulated and the UCITS may invest without reference to any specific financial rating criteria.

Rating criteria:

The Management Company does not make use solely or systematically of the ratings issued by rating agencies, and also carries out its own in-house analysis. In the event of rating deterioration, the assessment of the rating constraints will take into account the interest of the holders, the market conditions, and the analysis of the Management Company itself on the rating of these rate products.

Other characteristics: The UCITS will be subject to the following exposure limits:

Interest rate sensitivity range	From 0 to 8
Currency/Region	Any European Union/OECD currency
Exchange risk exposure	50% maximum

Share or units of Undertakings for Collective Investment:

The Fund may invest up to 10% of its assets in units or shares of undertakings for collective investments including exchange-traded funds (ETF) comprising:

- Shares or units of French or foreign UCITS;
- Units or shares of French AIFs or foreign investment funds that comply with four requirements of Article R214-13 of the Monetary and Financial Code.

The aforementioned UCIs may be managed by the Management Company.

Derivative instruments:

The UCITS may have recourse to derivatives within the overall maximum limit of 100% of its net assets.

Type of investment markets:

- Regulated
- Organised
- Over-the-counter

Risks on which the manager wishes to intervene:

- Equity
- Interest rates
- Credit
- Foreign exchange
- Other risks: volatility

Type of interventions:

- Hedging
- Exposure
- Arbitrage

Type of instruments used:

- Stock market interest rate/equity/currency/volatility and/or index futures
- Stock market interest rate/equity and/or index options
- Exchange/rate swaps
- Forward foreign exchange

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

Forward and/or conditional financial instruments are part of the investment process due to their liquidity and their cost effectiveness. The underlying items concern asset categories used directly.

Such instruments may also be used to create synthetic exposure, or slight overexposure in cases of major subscription or redemption flows or in the case of special circumstances (market fluctuations)

Interest rate futures (forward contracts) are used in put or call as substitutes, cheap and liquid, for paper securities in order to adjust the overall exposure of the portfolio to the rate risk. More especially, they may be used to increase or decrease the sensitivity of the portfolio or to manage the interest rate risk exposure on the different segments of the curve or to cover the interest rate risk of a current position.

Equity/index futures related to equity markets are used to adjust the equity exposure (exposure or hedging), in order to achieve the management objective.

Volatility futures are used for a hedging or exposure commensurate with the degree of implicit volatility of the key equity market indices in order to take advantage of a rise/drop in the absolute level of the volatility index.

Interest rate options are used to benefit from an increase/decrease in volatility and/or to adjust the portfolio's overall exposure to the interest rate risk.

Stock market equity/index options are used to adjust the equity exposure or hedge an equity risk (e.g.: remove the equity component of a convertible bond). Equity/index options related to equity markets also enable the fund to benefit from an increase/decrease in volatility.

Rate swaps can be used to move from a floating rate bond to a fixed rate bond (and vice versa) depending on the manager's rate expectations, while maintaining the credit spread offered by the bond issuer.

Foreign exchange swaps, foreign exchange forward transactions, currency futures, currency index futures and foreign exchange options are used to hedge the UCITS's currency exposure (e.g. where for a given issuer and a given maturity, the issuer's bonds yield higher returns in another currency converted into euros than directly in euros).

These derivatives may also be used for purposes of arbitrage in order to buy or sell a financial instrument aimed at taking advantage of any variances that may exist at a given time between two markets or two maturity dates on the same market.

The interest rate risk of the above-mentioned instruments is taken into account in the sensitivity range permitted.

#### Securities with embedded derivatives:

Risks on which the manager wishes to intervene:

- Interest rates
- Credit
- Equity

Type of interventions:

- Hedging
- Exposure

Type of instruments used:

- Convertible bonds (0 to 100% of net assets)
- Bonds with issuer's or bearer's call option (callable/puttable bonds);
- Financial securities warrants
- Other warrants
- Other capital or debt securities with a financial contract (including certificates).

- Medium-term debt securities with remuneration and/or valuation depending on the aforementioned underlyers and indexes representing these underlyers.

#### Strategy for using securities with embedded derivatives:

The UCITS may be invested in securities with embedded derivatives like debt securities or EMTNs with interest or indexed repayment; financial securities subscription warrants, warrants, medium-term debt securities with interest and/or a valuation based on the aforementioned underlyers and indices representative of the said underlyers within a limit of 40% of net assets, with a view to hedging the portfolio against or exposing it to interest rate and/or credit and/or equity risks.

The UCITS may invest in bonds with issuer's or bearer's early redemption option (callable/puttable bonds) up to a limit of 100% of net assets.

Additionally, the UCITS may be invested in conventional or synthetic convertible bonds, in a range from 0 to 100% of net assets.

#### Deposits

Deposits with a term of less than 12 months, made with a credit institution based in a Member State of the European Union or a party State to the European Economic Area may be used to finance cash flow to a maximum limit of 10% of net assets.

#### Cash loans:

In carrying out an investment in anticipation of a market growth or more temporarily as part of major redemption operations, the manager may borrow cash to a maximum limit of 10% of net assets.

#### Cash:

To meet the management objective, the UCI may hold cash within a maximum limit of 10% of net assets. However, when exceptional market conditions so warrant, the UCI may raise this limit to 20% insofar as this cash level, when added to the exposure to the elements mentioned in III of Article R.214-21 and Article R.214-32-29 of the French Monetary and Financial Code, does not exceed 30% of net assets.

#### Temporary purchases and sales of securities:

The UCITS may implement techniques for the temporary transfer or acquisition of financial instruments.

This may involve lending/borrowing of securities, and/or reverse repos and/or interest-rate products (debt securities and monetary market instruments) within a maximum limit of 100% of its net assets, with the right to recall the total cash amount for reverse repo transactions against payment at any time or to terminate the transaction it had contracted.

The tentative proportion of assets under management, which will be used for temporary securities acquisition and/or transfer transactions may account for 10% of the net assets.

Any subsequent temporary acquisition or transfer of securities will be carried out under market conditions and pursuant to the regulations. These transactions will be carried out with the aim of managing cash flow and/or optimising the income of the UCI.

The counterparties of these operations will be credit institutions having a minimum "Investment Grade" rating and whose registered offices are located in a member country of the OECD. They will be selected by a counterparty selection committee according to the criteria determined by the management company. Additional information on remuneration is provided in the fees and commissions section.

The assets received by the UCI from temporary purchases and sales of securities will be held by the fund depository.

The assets received by the UCI in the context of effective management techniques are considered as financial guarantees.

#### Information on financial guarantees:

In over-the-counter derivative transactions and temporary acquisition/transfer of securities, the UCITS may receive financial assets as collateral and aimed at reducing its exposure to counterparty risk.

There is no correlation policy given that the UCI will only receive cash as financial guarantee (collateral).



In this respect, any financial guarantee received must fulfil the following criteria:

Financial guarantees in cash will be:

- deposited with eligible entities;
- invested in high quality government bonds;
- used in a reverse repurchase agreement;
- invested in money market undertakings for collective investment (UCIs).

The risks associated to cash reinvestments depend on the type of assets or operations and may include liquidity risks or counterparty risks.

Maximum usage level of the different instruments:

The overall exposure to directly held securities, shares and units of the UCI as well as financial futures may amount to 200% of net assets (i.e. up to 100% of net assets in directly held securities and shares of the UCI, and up to 100% of net assets in derivatives) within the limits of the predefined exposure categories. This commitment limit takes into account any instruments with embedded derivatives.

**Risk profile**

Your money will be invested primarily in financial instruments selected by the Management Company. These instruments will be subject to market fluctuations.

The investor's risk exposure in investing in the Fund is as follows:

Risk related to discretionary management

The management style applied to the Fund is based on selection of securities. There is thus a risk that the selected securities may not be the best performing ones. The Fund's performance may not be consistent with the management objectives. The Fund's net asset value may also perform negatively.

Risk of capital loss:

The Fund does not benefit from any guarantee or protection. Therefore the capital initially invested may not be recovered in full.

Volatility risk specific to holding convertible bonds:

This are fluctuations in the Fund's net asset value based on changes in the value of the conversion option. This risk is reflected in the fact that the Fund's performance may be disconnected from market performance, leading to a loss in its net asset value.

Equity risk:

This risk arises from fluctuations in equities markets that can have a negative impact on variations in the Fund's net asset value in case of a fall in equity markets.

Credit risk

This risk arises from the failure or deterioration in the credit quality of a rate instruments issuer. The value of these rate instruments may fall, thereby leading to a drop in the Fund's net asset value.

Currency risk

This is the risk of a drop in the value of the investment currencies in relation to the Fund's reference currency, namely the euro. This risk will be represented by the share of the portfolio not invested in euros. Currency fluctuations compared with the euro may have a negative impact on the Fund's net asset value (where the exposure to these currencies is not hedged).

Interest-rate risk

The interest-rate risk is the risk associated with a rise in interest rates, which causes a drop in debt security prices and/or money market instruments that may lead to a decline in the Fund's net asset value.

Risk from investing in derivatives and/or securities with embedded derivatives

The Fund may use derivatives and/or securities with embedded derivatives. When used as part of an exposure strategy on a bearish market or as a hedging strategy on a bullish market, this may have a negative impact on the Fund's net asset value.

#### Counter-party risk:

This is the risk of losses incurred due to the failure of a market participant or its inability to satisfy its contractual obligations and to honour its commitments. This failure may lead to a drop in the Fund's net asset value. This risk stems from over-the-counter transactions concluded with counterparties.

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

A(C) Unit	All subscribers
I(C) Unit	Legal persons and UCI
I(D) Unit	Reserved for legal entities and UCIs

The UCITS is aimed at all types of investors, both retail and institutional.

It can also be used for unit-linked life insurance policies.

The fund is intended for investors with high risk tolerance, who are looking for exposure to the convertible bonds market in particular and to a mixed exposure to interest rate and stock markets.

The minimum recommended investment duration is 5 years.

This UCITS may not be offered for sale, sold, marketed or transferred to the United States (including its territories and possessions) nor directly or indirectly benefit a US person or entity, US citizens or a "US Person" as defined by the FATCA act of 2010.

The reasonable amount to be invested in this UCITS will depend on the unitholder's personal situation, which must take into account their personal assets, current needs, the recommended investment period as well as their risk aversion. Investors are also advised to diversify their investments sufficiently so as not to be exposed solely to the risks of this UCITS.

#### **Calculating and allocating income**

##### Net income:

A(C) Unit	Capitalisation
I(C) Unit	Capitalisation
I(D) Unit	Distribution

##### Net realised capital gains:

A(C) Unit	Capitalisation
I(C) Unit	Capitalisation
I(D) Unit	Capitalisation

#### **Distribution frequency**

##### Net income:

A(C) Unit	Not applicable
I(C) Unit	Not applicable
I(D) Unit	Annually

##### Net realised capital gains:

A(C) Unit	Not applicable
I(C) Unit	Not applicable
I(D) Unit	Not applicable

#### **Characteristics of the units**

Unit currency: EUR

A(C) Unit	Fractioning into 1/10,000th of a unit
I(C) Unit	Fractioning into 1/10,000th of a unit
I(D) Unit	Fractioning into 1/10,000th of a unit

Initial net asset value of the units:

A(C) Unit: 100 euros

I(C) Unit 100 euros

I(D) Unit: 100 euros

### **Subscription and redemption procedures**

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

The net asset value is calculated daily following the Euronext Paris calendar, excluding on official public holidays in France.

#### Subscription and redemption procedures:

Orders are executed in line with the following table:

Business D	Business D	Business D: the day the NAV is determined	Business D+1 (calculation) Business D+2 (publication)	Business D+2	Business D+2
Centralisation of subscription orders before 1.00 pm	Centralisation of redemption orders before 1.00 pm	Execution of the order at the latest on D	Calculation and publication of the net asset value	Subscription settlement	Redemption settlement

Subscriptions/redemptions are made by amount or in number of units.

In the event of a simultaneous redemption and subscription for the same number of units, the corresponding subscription is carried out at the same net asset value as that of the redemption.

The net asset value is available from COVEA Finance SASU and on the website: [www.covea-finance.com](http://www.covea-finance.com).

The institution appointed to receive subscriptions/redemptions is: CACEIS BANK, 1-3 Place Valhubert - 75013 PARIS.

Holders should take note that orders forwarded to marketing agents other than the aforementioned institution must comply with the fact that the deadline for centralising orders equally applies to the said marketing agents with regard to CACEIS Bank. As a result, these marketing agents may apply their own deadline, earlier than that mentioned above in order to take account of the time required to forward orders to CACEIS Bank.

### **3.3 Fees and commissions**

#### **Subscription and redemption fees**

Subscription and redemption fees are added to the subscription price paid by the investor or deducted from the redemption price. The fees paid to the UCITS are to compensate for the charges incurred by the UCITS in investing or divesting the entrusted assets. Any remaining commission fees go to the Management Company and the marketing agents.

<b>Investor's costs deducted during subscription and redemption</b>	<b>Base</b>	<b>Rate / Scale</b>
Subscription/redemption fees earned by the UCITS	Net asset value x Number of units	<b>A(C) Unit:</b> 1.00 % maximum <b>I(C) Unit:</b> None <b>I(D) Unit:</b> None
Subscription/redemption fees earned by UCITS	Net asset value x Number of units	<b>A(C) Unit:</b> None <b>I(C) Unit:</b> None <b>I(D) Unit:</b> None
Redemption fee not earned by the UCITS	Net asset value x Number of units	<b>A(C) Unit:</b> None <b>I(C) Unit:</b> None <b>I(D) Unit:</b> None
Redemption fee earned by the UCITS	Net asset value x Number of units	<b>A(C) Unit:</b> None <b>I(C) Unit:</b> None <b>I(D) Unit:</b> None

### Operating and management fees

These fees include all the fees charged directly to the UCITS, excluding transaction fees. Transaction fees include intermediation expenses (brokerage, stock exchange taxes etc.) and transfer fees, if applicable, which may be levied by the depository.

The following fees may also be charged in addition to management fees:

Outperformance fees. These compensate the management company if the UCITS exceeds its objectives. They are therefore charged to the UCITS;

Transfer commissions charged to the UCITS;

	<b>Fees charged to the UCITS</b>	<b>Base</b>	<b>Rate / Scale</b>
1	Financial management fees (incl. VAT)	Net assets	<b>A(C) Unit:</b> 1.00 % maximum <b>I(C) Unit:</b> 0.40 % maximum <b>I(D) Unit:</b> 0.40 % maximum
2	Administration fees outside the Management Company*	Net assets	None
3	Maximum indirect costs, tax inclusive (management fees and expenses)	Net assets	Not concerned
4	Transfer commission	Charge on each transaction	None
5	Outperformance fee	Net assets	None

\*External administrative charges are fully borne by the Management Company.

For more information on the fees actually charged to the UCITS, kindly refer to the "Fees" section of your Key Investor Information Document (KIID).

The Management Company does not charge any payment in kind from its intermediaries (Article 322-44 of General Regulations of AMF).

### **Income from temporary purchases and sales of securities:**

Fees related to temporary securities acquisition/transfer transactions are borne by the Management Company.

Any subsequent remuneration from temporary acquisition/transfer of securities will accrue exclusively to the UCITS.

For further information, the investor may refer to the annual report of the UCITS.

### **Procedure for the selection of intermediaries:**

The Management Company's negotiating teams are required to carry out their transactions on financial markets via certain intermediaries whose names appear on an authorised list drawn up by an indexing committee.

A selection and evaluation committee meets once a year to assess the performance of the intermediaries selected based on several quantitative criteria.

The latter committee meets in the presence of the negotiating teams responsible for the selection and evaluation of the intermediaries as well as managers, middle office heads, legal officers and internal auditors.

Monthly ad hoc committee meetings may also be held, particularly in case of a major change in the performance of an authorised intermediary, market conditions or a specific development at Covéa Finance.

Compliance with the list of intermediaries is subject to control by the Compliance and Internal Audit Officer.

Intermediaries execution and selection policies are available on the Covéa Finance website at the address: [www.covea-finance.com](http://www.covea-finance.com).

## 4. Commercial information

The UCITS is likely to be the subject of an investment by portfolios under the discretionary management of the Management Company.

### **Publication of information on the UCITS:**

The latest annual and interim reports from the Fund are available on the website [www.covea-finance.fr](http://www.covea-finance.fr).

All information on the UCITS is readily available at:

Covéa Finance

8-12 rue Boissy d'Anglas, 75008 Paris

E-mail: [communication@covea-finance.fr](mailto:communication@covea-finance.fr)

All subscription and redemption requests relating to the UCITS are centralised with:

CACEIS BANK

1-3, place Valhubert

75013 PARIS

### **Environmental, Social and Governance (ESG) Quality Criteria:**

Information on procedures for the fulfilment of criteria on social, environmental and governance quality targets in the process of investing this UCITS, outlined in Article L533-22-1 of the Monetary and Financial Code, equally features on the management company's website, namely <http://www.covea-finance.fr> as well as in annual reports of the UCITS and the management company.

## 5. Investment regulations

The UCITS will comply with the rules of eligibility and investment limits applicable to UCITS laid down in the French Monetary and Financial Code and the General Regulations of the AMF (Autorité des Marchés Financiers).

Refer to the "Investment Strategy" section of the Prospectus for information on the specific investment rules and ratios applicable to the Fund.

## 6. Overall risk

The overall risk is measured using the commitment calculation method.

## 7. VII – Asset valuation and accounting rules

### **1 -Valuation methods:**

The net asset value of the unit and/or share is calculated, taking into account the following valuation methods:

#### **General rules:**

-Portfolio inflows are recorded at their acquisition price (excluding charges) and outflows at their transfer price (excluding charges).

-Cash, deposits and financial instruments held in portfolio and denominated in foreign currency are converted to the UCI's accounting currency at the exchange rate of the valuation day.

#### **Financial instruments traded on a regulated or similar market:**

- Securities of the "Shares and similar securities" category traded on a French or foreign regulated market are valued at the closing price of their main market.

- Bonds and similar securities are valued at the market price based on "contributed pricing".

However: Securities for which the price is yet to be recorded at the valuation date or for which the price has been rectified, shall be valued at their probable trading value under the supervision of the Management Company. These valuations and the justification thereof are reported to the auditor during the latter's audits.

•Negotiable debt securities and similar securities:

i. Treasury bonds and similar securities (BTF, T-bill, Letras, BOTS, etc.), as well as medium-term marketable securities and similar securities with a maturity above one year are all valued at the market price based on contributed rates.

ii. Short-term marketable securities and similar securities (ECP, NEU CP, etc.) with a maturity below one year are valued daily using a spread and a representative composite yield curve in the investment universe.

• UCI units and shares Mutual Fund shares and UCI units are valued at the last known net asset value.

#### **Financial contracts:**

- Transactions on financial futures or options negotiated on organised markets:

Transactions on financial futures or options traded on French or foreign organised markets are valued at the settlement price or the market value.

- Over-the-counter (OTC) transactions:

Futures or options transactions, or swap transactions carried out on OTC markets and authorised by the regulations on UCIs are valued based on market conditions or at a value estimated following the procedure outlined by the Management Company.

#### **Temporary acquisition and transfer of securities:**

- Temporary acquisition of securities: Securities acquired under repurchase agreements or borrowed securities are recorded as securities purchased for the amount indicated in the contract, plus interest receivable.

- Temporary transfer of securities: Securities transferred under repurchase agreements are recorded as securities sold and valued at their current value. Debts representing securities transferred under repurchase agreements, such as those from borrowed securities, are recorded as securities sold at the value set in the contract plus accrued interest payable.

#### **Off-balance sheet commitments:**

Futures contracts are recorded at their market value as off-balance sheet commitments at the settlement price. Conditional forward transactions are translated into the equivalent underlying.

Financial guarantees and margin calls: Financial guarantees received are valued at the market price (mark-to-market). Daily variation margins are determined from the difference between the market price valuation of guarantees provided and the market price valuation of collateralised instruments.

## **2 – Accounting method**

### **Income recognition method**

The accounting method retained for income recognition is the matured coupon method.

The following are deducted from income:

- Management fees,
- Financial expenses and charges on lending and borrowing of securities and other investments.

Income is composed of:

- Income from securities,
- Dividends and interest received at the currency rate, for foreign securities,
- Income from cash flow in foreign currency, securities lending, repo transactions, and other investments.

## **3 – Accounting currency**

The Fund's accounts are kept in euros.

## 8. Remuneration

The Management Company lays down the remuneration policy ("the Policy") applicable to all staff members of Covéa Finance, outlining key principles for setting and paying out remunerations.

The Policy is devised in a manner to avoid conflicts of interest and risk-taking that is inconsiderate or incompatible with the risk profiles and the constituent documents of the UCITS it manages, or with the interests of Covéa Finance as a whole.

Details of the updated remuneration policy are available on the Covéa Finance website at the Covéa Finance address: [www.covea-finance.fr](http://www.covea-finance.fr). A hard copy is equally available upon request.

Prospectus updated on 11/02/2020

## COVÉA OBLIGATIONS CONVERTIBLES

### CHAPTER 1: ASSETS AND UNITS

#### Article 1: Co-ownership units

The rights of the co-owners are stated in terms of units, with each unit corresponding to an equal portion of the fund's assets. Each unitholder has a co-ownership right to the Fund's assets proportional to the number of units held.

The lifetime of the UCITS runs for a period of 99 years, effective from its accreditation date except in the event of early dissolution or extension as indicated in these regulations.

Unit categories:

The specifications of the unit categories and their access requirements are outlined in the prospectus of the UCITS.

The different unit categories may:

- Be covered by different income distribution systems; (distribution or capitalisation);
- Denominated in different currencies;
- Carry different management costs;
- Carry different subscription and redemption fees;
- Have a different face value;
- Be accompanied by a systematic partial or total hedge as specified in the Prospectus. This hedge is made up of financial instruments that minimise the impact of hedging operations on the other unit categories of the Fund;
- Be reserved for one or several marketing networks.

The units may be grouped or divided.

The units may be divided, if so decided by the management company's Management Committee, into ten-thousandths known as unit fractions.

The provisions relating to the issue and redemption of units apply to unit fractions with a value proportional to that of the share they represent. All other provisions relating to units apply to unit fractions without the need to stipulate this, unless indicated otherwise.

Finally, the management company's Management Committee may, at its sole discretion, carry out the division of units through the creation of new units that are allocated to unitholders in exchange for old units.

#### Article 2: Minimum amount of assets

Units may not be redeemed if the fund's assets fall below 300,000 Euros. In this case, unless the assets revert above this level within thirty days, the management company will take the necessary steps to liquidate the UCITS concerned or carry out one of the operations described in article 411-16 of the AMF's General Regulations (transfer of the UCITS).



### **Article 3: Issue and redemption of units**

Units are issued at any time at the request of unitholders on the basis of their net asset value plus, where appropriate, subscription fees.

Redemptions and subscriptions are carried out in accordance with the terms and procedures set out in the prospectus.

Fund units may be admitted to trading in accordance with the applicable regulations.

Subscriptions must be paid up in full on the day net asset value is calculated. They may be made in cash and/or through the contribution of financial instruments. The Management Company reserves the right to refuse the proposed securities and, for this purpose, has a period of 7 days starting from the deposit date to make its decision known. If accepted, the securities provided are valued according to the rules set out in Article 4 and the subscription is carried out based on the first net asset value following acceptance of the securities concerned.

Redemptions are carried out exclusively in cash, except when the fund is liquidated and the unitholders have agreed to be reimbursed in the form of securities. They are paid by the issuing account keeper within a maximum period of five days following that of the valuation of the unit.

However, if under exceptional circumstances redemption requires the prior realisation of assets in the fund, this period could be extended but may not exceed 30 days.

Except in the case of inheritance or an inter-vivos distribution, the disposal or transfer of units between unitholders or from unitholders to a third party is equivalent to a redemption followed by subscription. If this involves a third party, if applicable, the beneficiary must supplement the amount of the disposal or transfer to bring it up to the minimum subscription amount as required in the prospectus.

Pursuant to article L.214-8-7 of the French Monetary and Financial Code, redemption of units by the fund and the issuance of new units may be suspended provisionally by the management company if required by exceptional circumstances and in the interests of unitholders.

If the net assets of the Fund fall below the level laid down in the regulations, no units may be redeemed.

The UCITS may cease to issue units pursuant to the third paragraph of article L. 214-8-7 of the French Monetary and Financial Code, provisionally or definitively, partially or in whole, in objective situations leading to the closure of subscriptions such as when the maximum number of units issued has been reached, when the maximum asset amount has been reached or upon expiry of a set subscription period. In the event of this tool being triggered, unitholders shall be notified of this fact by any means and shall be informed as to the threshold and objective situation that led to the decision for partial or full closure. In the case of partial closure, this notification by any means will explicitly indicate the arrangements by which existing unitholders may continue to subscribe during this partial closure period. Unitholders shall also be notified by any means of the decision of the UCITS or management company either to put an end to the total or partial closure of subscriptions (in the event of the UCITS coming back within the threshold that triggered the closure), or to not put an end to it (in the event of the threshold being changed or a change being made to the objective situation that led to this tool being implemented). A change to the objective situation mentioned or to the threshold triggering the tool must always be made in the interests of unitholders. The notification by any means will specify the exact reasons for these changes.

### **Article 4: Calculating the net asset value**

The net asset value of the unit is calculated using the valuation rules set out in the prospectus.

## **CHAPTER 2: OPERATION OF THE UCITS**

### **Article 5: Management company**

The fund is managed by the management company in accordance with the strategy defined for the fund.

Under all circumstances, the management company acts in the sole interest of unitholders and is the only party able to exercise voting rights attached to the securities held in the fund.

## **Article 5 b: Operating rules**

The instruments and deposits eligible for inclusion in the Fund's assets and the investment rules are set out in the prospectus.

## **Article 5 c: Admission to trading on a regulated market and/or a multilateral trading facility**

The units may be admitted to trading on a regulated market and/or a multilateral trading facility according to the regulations in force.

In case the fund, whose units are admitted to trading on a regulated market, has a management goal that refers to an index, the fund must have implemented a system to ensure that the price of its units does not substantially deviate from its net asset value.

## **Article 6: The depositary**

The depositary carries out the missions that fall to it by virtue of the laws and regulations in force as well as those entrusted to it contractually by the management company. In particular, the depositary must ensure that the portfolio management company's decisions are lawful. If necessary, it must take all the protective measures it deems appropriate.

In the event of a dispute with the management company, it must inform the AMF (Autorité des Marchés Financiers).

## **Article 7: The auditor**

A statutory auditor is appointed by the Management Company's supreme body or supervisory committee for a term of six financial years, subject to approval by the AMF (Autorité des Marchés Financiers).

The auditor certifies the truth and fairness of the financial statements.

The statutory auditor may be reappointed.

The auditor is obliged to inform the Autorité des Marchés Financiers without delay of any facts or decisions about the Fund of which he/she becomes aware in the course of his/her mission and that are likely to:

- 1° Constitute a breach of the legislative or regulatory provisions that apply to this undertaking and likely to have significant effects on its financial situation, profits or assets;
- 2° Threaten the conditions or continuity of its operation;
- 3° Lead to the expression of reservations or a refusal to approve the accounts.

Valuations of assets and the exchange ratios determined for conversions, mergers or demergers are verified by the statutory auditor.

He/she assesses all contributions or redemptions in kind under his/her own responsibility, except in the case of redemption in kind for an ETF on the primary market.

He controls the accuracy of the breakdown of assets and other information prior to publication.

The statutory auditor's fees are set under a joint agreement between the auditor and the management company's board of directors or supervisory committee on the basis of a work schedule setting down the missions deemed necessary.

He/she validates the accounting statements serving as the basis for the payment of interim dividends.

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

At the end of each financial year, the management company prepares summary documents and a report on the management of the fund over the financial year then ended.

The management company establishes an inventory of the Fund's assets at least half-yearly and under the control of the depository.

The management company makes these documents available to unit-holders within six months of the end of the financial year and informs them of the amount of income to which they are entitled: these documents are sent either by post at the express request of unitholders or made available to them in the offices of the management company.

## **CHAPTER 3: ALLOCATION OF DISTRIBUTABLE AMOUNTS:**

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

The sums available for distribution are equal to net income for the year plus retained earnings, plus or minus the balance of income adjustment accounts relating to the financial year that has ended and realised capital gains, net of fees less capital losses made, net of fees, recognized during the year, plus the same net capital gains recognized in prior years not being the subject of a distribution or capitalisation and plus or minus the balance of the capital gains adjustment account.

Net profits for the year equals the amount of interest, arrears, premiums, dividends, fees and all other income relating to securities in the portfolio, plus income generated by temporary cash holdings, less any management costs and borrowing fees.

Each year, the management company decides on the appropriation of income. The management company may decide, during the financial year, to distribute one or more interim dividends.

The detailed procedure for appropriation of income is outlined in the prospectus.

## **CHAPTER 4: MERGER – DEMERGER – DISSOLUTION – LIQUIDATION**

### **Article 10: Merger – Demerger**

The management company may either contribute the Fund's assets fully or partly to another UCITS, or split the fund into two or more other mutual funds.

Mergers or demergers may be carried out only after unitholders are notified. A new certificate is issued showing the number of units held by each unitholder.

### **Article 11: Dissolution – Extension**

If the Fund's assets remain below the level set out in Article 2 above for 30 days, the management company duly informs the AMF and proceeds to dissolve the fund, except in the event of a merger with another fund.

The management company may dissolve the fund at an earlier date; it informs unitholders of its decision and subscription or redemption requests will not be accepted from this date onwards.

The Management Company shall also dissolve the Fund if a request is made for redemption of all units, if the depository's appointment is terminated and no other depository has been appointed or upon expiry of the life of the Fund, if it has not been extended.

The Management Company informs the "Autorité des Marchés Financiers" by post of the dissolution date and procedure. It then sends the statutory auditor's report to the Autorité des Marchés Financiers.

The management company may decide to extend a Fund's life with the agreement of the depository. Its decision must be made at least three months prior to expiry of the fund's life and communicated to unitholders and the Autorité des Marchés Financiers.

### **Article 12: Liquidation**

In case of dissolution, the management company takes on the role of liquidator. Otherwise, the liquidator is appointed by the court at the request of any interested person. For this purpose, they have the full powers to sell the Fund's assets, settle liabilities and distribute the available balance between unitholders in cash or securities.

The statutory auditor and the custodian shall continue to perform their duties until liquidation is complete.

## **CHAPTER 5: DISPUTES**

### **Article 13: Competent courts – Election of domicile**

Any disputes relating to the fund that may arise during the operation of the fund or on its liquidation, either between unitholders or between unitholders and the management company or the depository, are subject to the jurisdiction of the competent courts.