



**ECHIQUIER CONVERTIBLES EUROPE**

**STATUTORY AUDITOR'S REPORT  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 30, 2016**



## **ECHQUIER CONVERTIBLES EUROPE**

### **STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 30, 2016**

*This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

## **ECHQUIER CONVERTIBLES EUROPE**

“ OPCVM CONSTITUE SOUS FORME DE FONDS COMMUN DE PLACEMENT ”

Governed by the Monetary and Finance Code

Fund managed by :  
FINANCIERE DE L'ECHQUIER  
53, avenue d'Iéna  
75116 PARIS

In compliance with the assignment entrusted to us by authorised bodies of the management company, we hereby report to you, for the year ended December 30, 2016, on :

- the audit of the accompanying financial statements of ECHQUIER CONVERTIBLES EUROPE;
- the justification of our assessments ;
- the specific verifications and information required by law.

These financial statements have been approved by the management company. Our role is to express an opinion on these financial statements based on our audit.

*PricewaterhouseCoopers Audit, 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex  
T: +33 (0) 1 56 57 58 59, F: +33 (0) 1 56 57 58 60, [www.pwc.fr](http://www.pwc.fr)*



## **ECHIQUIER CONVERTIBLES EUROPE**

### **I - Opinion on the financial statements**

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 30, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

### **II - Justification of our assessments**

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we inform you that the assessments we made related in particular to the accounting principles followed and significant estimates adopted.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### **III - Specific verifications and information**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the report of the management company and in the documents addressed to the unitholders with respect to the financial position and the financial statements.

Neuilly sur Seine, April 18, 2017

The Statutory Auditor

PricewaterhouseCoopers Audit

Frédérique Sellam  
Partner

# Annual report

MUTUAL FUNDS - MUTUAL FUNDS UNDER FRENCH LAW



FINANCIERE DE L'ECHIQUEUR

## ECHIQUEUR CONVERTIBLES EUROPE

*This translation is for information purpose only - Only the French version is binding*

YEAR ENDED: 12.30.2016

# convertibles

<b>information about investments and management</b> .....	<b>3</b>
<b>activity report</b> .....	<b>8</b>
<b>annual accounts</b> .....	<b>9</b>
<i>balance sheet</i> .....	10
<i>assets</i> .....	10
<i>liabilities</i> .....	11
<i>off-balance sheet</i> .....	12
<i>income statement</i> .....	13
<i>appendices</i> .....	14
<i>accounting rules and methods</i> .....	14
<i>changes net assets</i> .....	17
<i>additional information</i> .....	18
<b>inventory</b> .....	<b>39</b>

<b>Distributors</b>	FINANCIERE DE L'ECHIQUEUR 53, avenue d'Iéna - 75116 Paris.
<b>Management company</b>	FINANCIERE DE L'ECHIQUEUR 53, avenue d'Iéna - 75116 Paris.
<b>Custodian bank</b>	BNP PARIBAS SECURITIES SERVICES 3, rue d'Antin - 75002 Paris.
<b>Centralist</b>	BNP PARIBAS SECURITIES SERVICES 3, rue d'Antin - 75002 Paris.
<b>Statutory auditor</b>	Cabinet PWC SELLAM represented by Patrick Sellam 2, rue Albert de Vatimesnil CS 60003 - 92532 Levallois-Perret.

# Information about investments and management

## **Classification:**

Diversified.

## **Income allocation:**

Capitalisation except for unit D for which income is distributed.

Capitalisation of net capital gains or losses.

## **Investment objective:**

The fund carries out active management of European convertible bonds in order to achieve an annual performance greater than that of the benchmark indicator "Exane Convertibles Index Europe".

## **Benchmark indicator:**

For the purpose of subsequent comparison, the holder can refer to the benchmark index "Exane Convertibles Index Europe" (code EECIECI). This index is representative of the performance of European convertible bonds, coupons reinvested. It is calculated in euros.

## **Investment strategy:**

The Fund has a strategy of discretionary management of a portfolio of convertible bonds. It is essentially invested in so-called "mixed" European convertible bonds and similar instruments.

Convertible bonds usually profit from a rise in equities while benefiting from a protection provided by the bond component of the security. They also have a "dissymmetrical" yield profile since the gain obtained from a market rise is greater than the loss suffered in a market fall.

The focus has been placed on so-called "mixed" convertible bonds since these enable this dissymmetry to be optimised. Indeed, more than others, their delta makes them sufficiently sensitive to variations in equity markets to take advantage of a rise when this occurs. However they maintain a sufficiently close actuarial floor to form a protection in case of a market fall. These securities, having a high level of convexity, are thus particularly attractive given their capacity to capture the performance in the event of favourable markets and to lessen the impact of a fall.

To maximise the yield / risk pair, this management follows a precise process and is subject to systematic controls.

The management process combines several complementary approaches:

- A global allocation concerning exposure to equity markets, interest rates, volatility and credit
- Stock picking of underlying equities
- A selection of convertibles according to their characteristics to optimise the performance and the risk linked to the underlying equities.

Thus, the process combines fundamental and quantitative analyses and is based on an analysis specific to convertible bonds.

Furthermore, this process is performed within a stringent analysis framework that takes account of sector-based factors and equity market sensitivity.

Indeed, when searching for performance with this strategy, we focus on the "equity" component of the convertible bonds as much as on the bond aspects (duration, credit): managers will select securities whose underlying equities they think will increase in value and whose credit will remain stable or improve. Since this assessment of the credit risk related to each issuer by managers is an integral part of the management process, the fund does not set any particular limit in terms of external ratings. Thus, investments in unlisted or "high yield" securities can account for up to 100% of the funds assets.

In the more specific underlying equity picking area, an analysis combining fundamental and quantitative approaches takes over from a macro-economic approach.

A database and scoring systems are used to scan the benchmark realm. Stocks are thus rated by the manager based on their value, quality, growth and momentum. This analysis is dynamic since it is performed over several different timeframes.

The next stage consists in finding the convertible bonds whose characteristics reflect and optimise the previously defined target portfolio.

In this framework, several criteria are used to select the convertible bonds making up the portfolio.

- Minimise the conversion premium
- Minimise the risk of loss
- Minimise the price of the contingent option
- Minimise the credit risk

60 to 100% of the Fund's assets are permanently exposed to European convertible bonds and similar instruments. The synthetic exposure created by the managers and aimed at replicating the risk profile of a convertible also fits into this framework. Such a risk profile can for example be obtained by investing in negotiable debt securities or conventional bonds and an option on the stock.

The fund can invest up to a maximum of 10% of its assets directly in stocks, such a limit is likely to be reached only in situations where the fund is pending investment or other very special situations: convertibles market more expensive than that of the stocks, bonds converted to shares etc. Most of the time, direct investment in stocks is marginal.

Geographic and sector-based allocations across the various European markets are performed at the manager's initiative. The portfolio's interest rate sensitivity is maintained within the range [0 ; 7].

The managers can invest within the limit of 10% in UCITS units or shares when they consider it appropriate to the management strategy or to get a return on liquidities.

Derivatives may be used to intervene on the various types of portfolio risks: exchange (see below), equities and hedge/exposure rates (in particular to replicate the risk profile of a convertible bond and manage rate sensitivity), and credit only as a protection purchase (single signature or index-based CDS).

Preferably the Fund intervenes on organised futures markets (presence of a clearing house), but retains the possibility of signing OTC contracts.

The fund's policy is to neutralise the exchange risk related to asset investments in currencies other than the euro as much as possible. It can also take account of the implicit exchange risk that arises for example when a convertible and its underlying share are not stated in the same currency. Incidentally, the manager may create a net exposure to a currency, in particular when it is part of the benchmark index.

In any case, the absolute sum of sensitive net exposures (i.e. greater than 1%) to currencies other than the euro is kept under 10% of the net assets.

The global risk related to the fund's financial contracts is measured using the commitment method and remains less than once the net assets.

### **1. Assets (excluding embedded derivatives)**

For all categories of assets envisaged below the Fund can invest without any specific sector-based or geographic (within Europe) constraints.

#### **a. Equities:**

The portfolio may be invested directly in European equities within the limit of 10%.

Such a limit is likely to be reached only in situations where the fund is pending investment or other very special situations: convertibles market more expensive than that of equities or technical cases. Most of the time, direct investment in equities is marginal.

Technical cases are for example when equities are held:

- After the conversion of convertible bonds
- After exchanging exchangeable bonds
- After a call-back by the issuer
- After reimbursement in stock by the issuer

- Pending the creation of a synthetic convertible bond.

## b. Debt securities and money market instruments:

60 to 100% of the Fund's net assets are permanently invested in European convertible bonds and similar instruments. The synthetic exposure created by the managers and aimed at replicating the risk profile of a convertible also fits into this framework. Such a risk profile can for example be obtained by investing in negotiable debt securities and an option on the stock.

The issuers of these instruments are entities indifferently governed by private or public law domiciled in Europe, or whose parent groups are domicile in Europe, or whose underlying equities are listed on European markets. These bonds, usually issued over maturities of 3-5 years, are among others:

- Bonds convertible to shares. Also concerned are bonds convertible into shares associated with subscription warrants (OCABSA), low coupon convertible bonds with a redemption premium, bonds with an option for conversion and/or exchange for new or existing shares (OCEANE);
- Bonds index linked to index variations;
- Bonds redeemable in shares (ORA, ORANE, ORABSA);
- Bonds exchangeable against shares;
- Subscription warrant bonds (OBSA, OBSAR).

The fund may also invest in negotiable debt securities, in particular in the case of short term cash investments.

## c. UCITS:

The fund reserves the possibility of investing up to 10% of its assets in securities of other French and/or European UCITS and in general-purpose investment funds. These are UCIs in any classification.

The Fund may invest in the management company's UCITS or in those of an affiliated company.

## **2. Derivatives**

Derivatives may be used to intervene on the various types of portfolio risks. Preferably the Fund intervenes on organised futures markets (presence of a clearing house), but retains the possibility of signing OTC contracts when these contracts are better suited to the management goal or are of a lower cost. The fund can use all firm or conditional futures financial instruments.

Main types of uses and instruments likely to be used depending on the risks concerned:

- Equity risk: As a hedge or to replicate the risk profile of a convertible bond; the instruments are mainly options and futures.
- Interest rate risk: Mainly to reduce or adjust the sensitivity of the portfolio; instruments are mainly futures or swaps.
- Credit risk: Only as a protection purchase, by means of single signature or index-based CDS.
- Exchange risk: The fund's policy is to neutralise the exchange risk related to asset investments in currencies other than the euro as much as possible. It can also take account of the implicit exchange risk that arises for example when a convertible and its underlying share are not stated in the same currency. Incidentally, the manager may create a net exposure to a currency, in particular when it is part of the benchmark index.

In any case, the absolute sum of sensitive net exposures (i.e. greater than 1%) to currencies other than the euro is kept under 10% of the net assets. The instruments used are swaps and forwards.

These operations will be within the limit of one time the fund's assets. Financial instruments are entered into with intermediaries selected by the Management Company that have no power over the composition or the management of the Fund's portfolio.

## **3. Securities with embedded derivatives**

When they are necessary or more advantageous, securities with embedded derivatives (EMTN, BMTN, subscription warrants, other warrants etc.) can be used instead of assets or derivatives, for the same purpose as the latter would have been used. In this framework all securities authorised by the regulations can be used.

## **4. Deposits**

The fund can make deposits within a maximum limit of 10%.

## **5. Cash borrowing**

The fund may be a borrower of cash. Without having the vocation of being structurally a cash borrower, the Fund may find itself temporarily in a debtor position as a result of operations related to its outgoing flows (investments and disinvestments in progress, subscription/redemption operations, etc.) within the limit of 10%.

## **6. Temporary purchases and disposals of securities**

None.

## **Risk profile:**

Unitholders' money will be invested primarily in financial instruments selected by the management company. These instruments will fluctuate in line with the markets.

The attention of investors is drawn to the risk that the fund's performance may not meet its goals and those the investors have set,



since the risk borne by investors depends more generally on the makeup of their portfolio.

### **Discretionary risk:**

The discretionary management style applied by the fund is based on stock picking and anticipating market moves. There is a risk that the fund may not be invested at all times in the highest performing securities. The fund's performance may therefore be less than the management goal. Furthermore the net asset value of the fund may have a negative performance.

### **Risk related to investments in convertible bonds:**

The value of convertible bonds depends, among other things, on such factors as: interest rates, credit, equities, price of the option embedded into the convertible bond. These elements may lead to a fall in the net asset value of the Fund.

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

Since the Fund is not guaranteed, the capital initially invested by the subscriber may not be fully recouped.

### **Equity market risk:**

The equity risk corresponds to a drop in equity markets; since the Fund is exposed to equities, the net asset value may drop substantially.

### **Interest rate risks:**

The fund is subject to interest rate risks. A part of the portfolio may be negatively sensitive to an increase in interest rates and thus lead to a drop in the net asset value of the Fund.

### **Credit risk:**

This is the risk of a drop in the credit quality of a private issuer or a default by this issuer. The value of the debt securities in which the Fund is invested may fall leading to a drop in the net asset value. This risk is greater for high yield securities which may account for 100% of the fund's assets and the use of which may result in a risk of a more substantial drop in the net asset value.

### **Foreign exchange risk:**

The exchange risk concerns the Fund's investments in non-euro currencies. This risk lies in the fluctuations of currencies in relation to the euro and mainly concerns such currencies as the dollar, Swiss franc, pound sterling, yen etc.

Exposure to the exchange risk outside European currencies may not exceed 10% of the Fund's assets.

### **Counterparty risk:**

This is the risk of default by a counterparty leading to a failure to pay in the context of OTC transactions.

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

All subscribers. The Fund is open to any subscriber and can be used as a support for unit-linked life insurance contracts.

The Fund offers three unit classes:

- One for institutional clients (I unit)
- A second for all subscribers (A unit).
- A third for institutional clients (D unit)

Investors who subscribe to this Fund are seeking to benefit from a broad share of the rise in European equity markets while suffering less impact if these markets fall.

The amount that can be reasonably invested in this UCITS depends on each investor's personal circumstances.

To determine this amount, you must take into account your personal estate, your current needs as well as your wish to take risks or opt instead for a cautious investment approach. It is also strongly recommended that you diversify your investments so as to avoid an exposure only to the risks of this UCITS.

**Recommended investment period:** More than 2 years.

### **Tax regime:**

The prospectus is not intended to indicate the tax consequences for each investor of subscribing, redeeming, holding or selling fund units. These consequences will vary depending on the laws and usage in force in the country of residence, domicile or installation of the unit holder as well as the holder's personal circumstances.

Depending on your tax regime, your country of residence or the jurisdiction in which you invest in this Fund, any capital gains and income earned from holding the units in this Fund may be subject to taxation. We advise you to consult a tax advisor as to the possible consequences of purchasing, holding, selling or redeeming units of the Fund in line with the laws in your country of tax residence, ordinary residence or domicile.

The Management Company and marketing agents shall in no way be liable for the tax consequences that may result for any investor arising out of their decision to buy, hold, sell or redeem units in this Fund.

Since the Fund proposes several unit, capitalisation and distribution categories, each holder is advised to consult a tax advisor on the regulations applicable in their own country of residence and the rules applicable to their own circumstances (physical person, corporate entity subject to corporation tax, other cases...).

The rules applying to unit-holders residing in France are set by the French Tax Code.

In general, unit holders are advised to consult their usual tax advisor or account manager to determine the tax rules applicable to their particular situation.

Under the terms of U.S. FATCA (Foreign Account Tax Compliance Act) tax regulations, holders may be required to provide to the UCI, to the management company or to their agent, information about their personal identity and place of residence (domicile and residence for tax purposes) in order to identify "US Persons" within the meaning of the FATCA act. This information may be transmitted to the American tax authorities via the French tax authorities. Any failure by holders to carry out this obligation may result in a lump sum deduction at source of 30% imposed on financial flows from U.S. sources.

Notwithstanding the diligence performed by the management company under FATCA, holders are invited to ensure that the financial intermediary that they went through to invest in the UCI itself benefits from so-called Participating FFI status. For more details, holders may contact their tax advisor.

***For further information, the full prospectus is available on request from the management company.***

• *The net asset value of the Fund is available on request from the management company or on the company's website. The most recent annual reports and updates are sent out within one week upon receipt of a written request submitted by investors to FINANCIERE DE L'ECHIQUEUR, 53 avenue d'Iéna - 75116 PARIS. Tel. 33(0)1 47 23 90 90. Any request for further explanations can be made to the Sales Department of Financière de l'Echiquier at the following web address: <http://www.fin-echiquier.fr/qui-sommes-nous/contact/>.*

• *Fund creation date: October 12, 2006.*

# activity report

After a complicated start to the year, 2016 proved positive for the convertible bond market. Our fund closed its year with a performance of 2.21% on Unit I and 1.50% on Unit A and 2.21% on Unit D, while its reference index depreciated by -0.41% over the year. This outperformance is mainly due to diversification through the selection of small- and mid-caps in the portfolio. Convertibles such as Pierre & Vacances, Aurelius and Econocom can particularly be distinguished. Furthermore, our hedging of the pound sterling enabled us to limit the losses linked to the poor performance of convertible bonds denominated in GBP.

On the primary market, issuers having a good credit quality were predominant at the start of the year (LVMH, Grand City Properties, ENI, Steinhoff), while in the second half of the year the number of small issues increased (Greenyard, Ebro, BE semiconductors).

For information, the fund may invest in the institutional units of our funds where they exist.

## Regulatory information:

- Your UCITS holds forward financial instruments.
- Your UCITS does not hold any portfolio security issued by the management company.
- Your UCITS holds UCITS managed by Financière de l'Échiquier or related companies, i.e.:
  - 30,000 units of Échiquier Court Terme

## Overview of our General Policy

Since 2007, Financiere de l'Echiquier has been including environmental, social and governance criteria in its investment selection procedure. This approach is used across the board for all of Financiere de l'Echiquier's equity funds. The evaluation is based on specific SRI meetings with the target company's key people. We do not consult rating agencies. Moreover, the SRI meetings are always conducted by 2-person teams involving the manager, or the financial analyst studying the investment, and one of the members of the SRI team. Following each meeting, a rating reflecting our appraisal of each company is established. It is reviewed at follow-up meetings, which we conduct every two years on average. All SRI meeting reports and the securities' extra-financial ratings are archived in our proprietary database.

## Order execution policy:

This policy involves selecting market intermediaries, i.e. establishments licensed to execute stock market orders. The selection is made in order to get the "best execution" from the intermediaries, something which the management company must in turn provide to UCITS unitholders or shareholders.

The choice of the intermediaries is based on precise criteria and reviewed twice a year, based on the opinions of the participants in the intermediary selection committee:

- 1 - Capacity to find liquidity and execution quality.
- 2 - Help in organising meetings with companies.
- 3 - Proper completion of transactions.
- 4 - Quality of the analysis and sales material.

For further information and in accordance with regulatory requirements, you can view the Execution Policy laid down by Financière de l'Echiquier for the management of its UCITS on the management company's website.

## ESG Policy:

For the Fund, we strive to apply the general policy and, in most cases, carry out a non-financial analysis of the securities held in the portfolios. This analysis is based on Environmental, Social and Governance criteria and gives rise to an SRI rating, reviewed every 3 years on average. The SRI rating given to the Fund's securities is not a reason for their exclusion.

More detailed information is available on our web site in the section:

<http://www.fin-echiquier.fr/qui-sommes-nous/notre-approche-de-lisr>

## Voting policy:

We wish to inform you that our voting rights policy is available on our website.

The FINANCIERE DE L'ECHIQUEUR management company calculates the UCITS' overall risk using the commitment calculation method.

Unitholders can read the "Report on Intermediation Fees" on the management company's website.

This document sets out the conditions under which the management company called on investment support and order execution services over the past financial year.

### **Remuneration policy**

The remuneration policy of the Management Company is compatible with a healthy and effective risk management, and does not encourage risk taking that may be incompatible with the risk profiles, regulations or documents of formation of the unit trusts that the Management Company manages. The remuneration policy complies with the economic strategy, the objectives, the values and the interests of the Management Company and the unit trusts it manages, and with those of the investors in these unit trusts, and comprises measures aiming to avoid conflicts of interest. The remuneration policy was put in place in order to:

- actively support the strategy and objectives of the Management Company;
- support the competitiveness of the Management Company on the market in which it operates;
- ensure the attractiveness, development and retention of motivated and qualified employees.

The staff of the Management Company receives a fee comprising a fixed component and a variable component, duly balanced, subject of an annual examination and based on individual or collective performance. The principles of the remuneration policy are revised on a regular basis and adapted according to the regulatory changes. The remuneration policy has been approved by the Directors of the Management Company.

### **Securities Financing Transaction Regulation ("SFTR")**

The unit trust did not intervene on transactions subject to EU Regulation 2015/2365 on transparency of securities financing transactions and of reuse ("SFTR Regulation") during the financial year, and therefore has no information to communicate to the investors on this matter.

# annual accounts

# BALANCE SHEET assets

12.30.2016

12.31.2015

Currency	12.30.2016	12.31.2015
<b>Net assets</b>		
<b>Deposits</b>		
<b>Financial instruments</b>		
• <b>EQUITIES AND SIMILAR SECURITIES</b>		
Traded on a regulated or similar market		
Not traded on a regulated or similar market		
• <b>BONDS AND SIMILAR SECURITIES</b>		
Traded on a regulated or similar market		
Not traded on a regulated or similar market		
• <b>DEBT SECURITIES</b>		
Traded on a regulated or similar market		
<i>Negotiable debt securities</i>		
<i>Other debt securities</i>		
Not traded on a regulated or similar market		
• <b>MUTUAL FUNDS</b>		
UCITS and general purpose AIF for non-professionals and equivalents in other countries		
Other funds for non-professionals and equivalents in other European Union Member States		
Professional general purpose funds and equivalents in other European Union Member States and listed securitization bodies		
Other Professional Investment Funds and equivalents in other European Union Member States and unlisted securitization bodies		
Other non-European organisations		
• <b>TEMPORARY PURCHASES AND SALES OF SECURITIES</b>		
Receivables representing financial repurchase agreements		
Receivables representing financial securities lendings		
Borrowed financial securities		
Repurchase financial agreements		
Other temporary purchases and sales		
• <b>FINANCIAL CONTRACTS</b>		
Transactions on a regulated or similar market		
Other transactions		
• <b>OTHER FINANCIAL INSTRUMENTS</b>		
<b>Receivables</b>		
Foreign exchange forward contracts		
Other		
<b>Financial accounts</b>		
Cash and cash equivalents		
<b>Other assets</b>		
<b>Total assets</b>		

# BALANCE SHEET liabilities

12.30.2016

12.31.2015

Currency

Equity

Total equity

134,417,033.90

117,988,642.73

Financial instruments

Debt

Financial accounts

# OFF-balance sheet

12.30.2016

12.31.2015

## Currency

### Hedging

- Commitments on regulated or similar markets

- Futures market (Futures)
- Options market (Options)
- Credit derivatives
- Swaps
- Contracts for Differences (CFD)

- OTC commitments

- Futures market (Futures)
- Options market (Options)
- Credit derivatives
- Swaps
- Contracts for Differences (CFD)

- Other commitments

- Futures market (Futures)
- Options market (Options)
- Credit derivatives
- Swaps
- Contracts for Differences (CFD)

### Other transactions

- Commitments on regulated or similar markets

- Futures market (Futures)
- Options market (Options)
- Credit derivatives
- Swaps
- Contracts for Differences (CFD)

- OTC commitments

- Futures market (Futures)
- Options market (Options)
- Credit derivatives
- Swaps
- Contracts for Differences (CFD)

- Other commitments

- Futures market (Futures)
- Options market (Options)
- Credit derivatives
- Swaps
- Contracts for Differences (CFD)



# INCOME statement

	12.30.2016	12.31.2015
Currency		
<b>Income from financial transactions</b>		
• Income from deposits and financial accounts		
• Income from equities and similar securities		
• Income from bonds and similar securities		
• Income from debt securities		
• Income from temporary purchases and disposals of financial securities		
• Income from financial contracts		
• Other financial income		
<b>Total (I)</b>	<b>1,621,036.77</b>	<b>1,934,943.21</b>
<b>Expenses on financial transactions</b>		
• Expenses on temporary purchases and disposals of financial securities		
• Expenses on financial contracts		
• Expenses on financial debt		
• Other financial expenses		
<b>Total (II)</b>	<b>-8,082.83</b>	<b>-1,259.70</b>
<b>Profit/loss on financial transactions (I - II)</b>		
Other income (III)		
Management fees and depreciation expense (IV)		
<b>Net income for the period (L.214-9-17-1) (I - II + III - IV)</b>	<b>667,140.22</b>	<b>1,186,601.77</b>
Income adjustments for the period (V)		
Interim payments in terms of the period (VI)		
<b>Income (I - II + III - IV +/- V - VI):</b>		

## 1 accounting rules and methods

The financial statements are presented in the form provided by the Regulation ANC 2014-01 that repealed Regulation CRC 2003-02 amended.

### **Rules for evaluating assets**

The Fund has complied with the accounting rules prescribed by the regulations in force, including the UCITS accounting plan.

All securities in the portfolio were carried at historical cost, excluding expenses.

The portfolio is valued at each net asset value and the Order of the balance sheet under:

#### **Transferable securities traded on a regulated market:**

- Listed securities: at stock market value – including coupons accrued: closing prices. Foreign prices are converted to euros according to the currency rate on the day of the assessment. Transferable securities whose price was not recorded on the day of the assessment are valued at the last officially published price or at their likely trading value under the responsibility of the management company.
- UCITS: at the last known net asset value.
- Negotiable debt securities and swaps with maturities over three months: at market value. When the duration becomes equal to three months, negotiable debt securities will apply the linear method up to maturity. If they are acquired at less than three months, interest is calculated using the linear method.
- Unlisted securities: under the responsibility of the management company in light of the activity report.

#### **Forward financial instruments**

French and European markets: prices on the valuation day recorded at the closure fixing. America region market: closing fixing price the day before.

Conditional futures market commitments are calculated by translating options into their underlying equivalent.

Commitments on swap contracts are valued at the market price.

Forward exchange operations are valued at the closing price of the currencies on the day of the valuation taking account of the amortisation of the premium/discount.

### **Accounting method**

Interest on bonds and debt securities is recorded according to the accrued interest method.

### **Methods for evaluating off-balance sheet commitments**

Off-balance sheet commitments are evaluated at their commitment value.

The commitment value for futures contracts is equal to the price (in the currency of the UCIT) multiplied by the number of contracts multiplied by the nominal amount.

The commitment value for options contracts is equal to the price of the underlying security (in the currency of the UCIT) multiplied by the number of contracts multiplied by the delta multiplied by the nominal amount of the underlying security.

The commitment value for swap contracts is equal to the nominal amount of the contract (in the currency of the UCIT).

# appendices

## Operating and management costs


<sup>(1)</sup> the UCITS may invest up to 10% of its assets in other units or shares of UCIs, whose maximum management fees shall be 2.392%. You may contact the management company for any further information you may require.

### Accounting currency

Fund accounting is done in Euro.

### Indication of accounting changes subject to special information to unitholders

- Changes made: None.
- Changes to occur: None.

### Details of other changes which must be specifically notified to unitholders *(not certified by the statutory auditor)*

- Changes made: None.
- Changes to occur: None.

### Details and justification of changes in valuation and implementation procedures

None.

### Details of the type of errors that have been corrected during the period

None.

### Details of the rights and conditions attached to each unit category

- Capitalisation except for unit D for which income is distributed.
- Capitalisation of net capital gains or losses.

# 2 changes net assets

12.30.2016

12.31.2015

Currency

## Net assets at the beginning of the period

Subscriptions (including the subscription fee allocated to the UCIT)

Redemptions (with deduction of the redemption fee allocated to the UCIT)

Capital gains on deposits and financial instruments

Capital losses on deposits and financial instruments

Capital gains on financial contracts

Capital losses on financial contracts

Transaction fees

Foreign exchange differences

Changes in the estimate difference in deposits and financial instruments:

- Estimate difference – period N

- Estimate difference – period N-1

Changes in the estimate difference in financial contracts:

- Estimate difference – period N

- Estimate difference – period N-1

Distribution over the previous year net capital gains and losses

Prior period distribution

Net income for the period before adjustment accounts

Deposit(s) paid(s) during the year net capital gains and losses

Interim payment(s) during the period

Other items

## Net assets at the end of the period

## 3 additional information

### 3.1. Financial instruments: breakdown by legal or economic type of instrument

#### 3.1.1. Breakdown of the "Bonds and similar securities" item by type of instrument

	Traded on a regulated or similar market	Not traded on a regulated or similar market
Indexed bonds	-	-
Convertible bonds	131,527,234.78	-
Fixed-rate bonds	-	-
Variable-rate bonds	-	-
Zero-coupon bonds	-	-
Investments	-	-
Other instruments	-	-

#### 3.1.2. Breakdown of the "Debt securities" item by legal or economic type of instrument

	Traded on a regulated or similar market	Not traded on a regulated or similar market
Treasury Bonds	-	-
Commercial Papers	-	-
Certificates of deposit	-	-
MTN	-	-
Other instruments	-	-

#### 3.1.3. Breakdown of the "Disposals of financial instruments" item by type of instrument

	Disposals of repurchase agreements	Disposals of borrowed securities	Disposals of acquired repurchase agreements	Short sales
Equities	-	-	-	-
Bonds	-	-	-	-
Debt securities	-	-	-	-
Other instruments	-	-	-	-

3.1.4. Breakdown of the off-balance sheet sections by market type (in particular rates, securities)

	Rates	Equities	Foreign Exchange	Other
<b>Hedging</b>				
Commitments on regulated or similar markets	-	-	-	-
OTC commitments	-	-	-	-
Other commitments	-	-	-	-
<b>Other transactions</b>				
Commitments on regulated or similar markets	-	14,696,215.44	-	-
OTC commitments	-	-	-	-
Other commitments	-	-	-	-

3.2. Breakdown by rate type for asset, liability and off-balance sheets items

	Fixed rate	Variable rates	Rollover rate	Other
<b>Assets</b>				
Deposits	-	-	-	-
Bonds and similar securities	131,527,234.78	-	-	-
Debt securities	-	-	-	-
Temporary purchases and sales of financial securities	-	-	-	-
Financial accounts	-	-	-	2,770,686.13
<b>Liabilities</b>				
Temporary purchases and sales of financial securities	-	-	-	-
Financial accounts	-	-	-	145,187.76
<b>Off-balance sheet</b>				
Hedging	-	-	-	-
Other transactions	-	-	-	-

3.3. Breakdown by residual maturity for asset, liability and off-balance sheets items

	0 - 3 months	3 months - 1 year	1 - 3 years	3 - 5 years	> 5 years
<b>Assets</b>					
Deposits	-	-	-	-	-
Bonds and similar securities	6,409,764.58	25,733,021.90	29,034,328.56	45,622,643.24	24,727,476.50
Debt securities	-	-	-	-	-
Temporary purchases and sales of financial securities	-	-	-	-	-
Financial accounts	2,770,686.13	-	-	-	-
<b>Liabilities</b>					
Temporary purchases and sales of financial securities	-	-	-	-	-
Financial accounts	145,187.76	-	-	-	-
<b>Off-balance sheet</b>					
Hedging	-	-	-	-	-
Other transactions	-	-	-	-	-

### 3.4. Breakdown by listing currency or evaluation for asset, liability and off-balance sheets items

This breakdown is provided for the main listing and evaluation currencies, except for the currency in which the books are kept.

By main currency	D1	D2	D3	Dn
<b>Assets</b>				
Deposits	-	-	-	-
Equities and similar securities	-	-	-	-
Bonds and similar securities	24,509,727.59	7,710,367.25	2,398,158.89	-
Debt securities	-	-	-	-
Collective investment undertakings	-	-	-	-
Temporary purchases and sales of financial securities	-	-	-	-
Receivables	-	-	2,609,432.91	-
Financial accounts	140,550.81	-	142,311.03	50,924.21
Other assets	-	-	-	-
<b>Liabilities</b>				
Disposal operations on financial instruments	-	-	-	-
Temporary purchases and sales of financial securities	-	-	-	-
Debts	8,902,150.36	5,599,218.74	5,125,200.18	-
Financial accounts	-	145,187.76	-	-
<b>Off-balance sheet</b>				
Hedging	-	-	-	-
Other transactions	-	-	2,512,228.89	-

### 3.5. Receivables and Debts: breakdown by type

Details on elements comprising the "other receivables" and "other debts" items, particularly the breakdown of foreign exchange forward contracts by type of operation (purchase/sale).

<b>Receivables</b>	<b>22,032,542.86</b>
Foreign exchange forward contracts:	
Forward currency purchases	2,609,432.91
Total amount traded for forward currency sales	19,400,602.38
Other Receivables:	
-	20,977.35
-	1,530.22
-	-
-	-
Other transactions	-
<b>Debts</b>	
Foreign exchange forward contracts:	
Forward currency sales	<b>23,278,025.72</b>
Total amount traded for forward currency purchases	19,626,569.28
Other Debts:	2,614,813.67
-	-
-	997,123.37
-	39,519.40
-	-
Other transactions	-

### 3.6. Equity

Number of units issued / redeemed during the period:	Subscriptions		Redemptions	
	Number of units	Amount	Number of units	Amount
PART AC / FR0010377143	7,488	9,540,689.61	9,905	12,574,356.40
PART D / FR0010979039	1	11,296.45	1	11,296.45
PART IC / FR0010383448	29,551	39,942,239.80	17,325	23,486,798.79
Subscription / redemption fee:		Amount		Amount
PART AC / FR0010377143		-		-
PART D / FR0010979039		-		-
PART IC / FR0010383448		-		-
Retrocessions:		Amount		Amount
PART AC / FR0010377143		-		-
PART D / FR0010979039		-		-
PART IC / FR0010383448		-		-
Commissions allocated to the UCIT:		Amount		Amount
PART AC / FR0010377143		-		-
PART D / FR0010979039		-		-
PART IC / FR0010383448		-		-

### 3.7. Management fees

Operating and management fees (fixed charges) as a % of the average net assets	%
Unit class:	
PART AC / FR0010377143	1.40
PART D / FR0010979039	0.70
PART IC / FR0010383448	0.70
Outperformance fee (variable charges): amount of fees for the period	Amount
Unit class:	
PART AC / FR0010377143	-
PART D / FR0010979039	-
PART IC / FR0010383448	-
Retrocession of management fees:	
- Amount of fees retroceded to the UCIT	-
- Breakdown by "target" UCIT:	
- UCIT 1	-
- UCIT 2	-
- UCIT 3	-
- UCIT 4	-



**3.8. Commitments received and granted**

3.8.1. Description of the guarantees received by the UCIT with mention of capital guarantees .....**none**

3.8.2. Description of other commitments received and/or granted .....**none**

**3.9. Other information**

3.9.1. Current value of financial instruments pertaining to a temporary acquisition:

- Financial instruments as repurchase agreements (delivered) -

- Other temporary purchases and sales -

3.9.2. Current value of financial instruments comprising guarantee deposits:

Financial instruments received as a guarantee and not written to the balance sheet:

- equities -

- bonds -

- debt securities -

- other financial instruments -

Financial instruments granted as a guarantee and maintained in their original item:

- equities -

- bonds -

- debt securities -

- other financial instruments -

3.9.3. Financial instruments held as a portfolio issued by the entities related to the management company (funds) or financial managers (Mutual Funds) and UCITS managed by these entities:

- UCITS -

- other financial instruments -

**3.10. Income allocation table** *(In the accounting currency of the UCIT)*

**Interim payments in terms of the period**

Date	Unit Class	Total amount	Unit amount	Total tax credit	Unit tax credit
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>Total interim payments</b>		-	-	-	-

	12.30.2016	12.31.2015
<b>Income allocation</b>		
<b>Sums remaining to be allocated</b>		
Retained earnings		
Result		
<b>Total</b>	<b>721,023.08</b>	<b>1,323,005.83</b>

PART AC / FR0010377143	12.30.2016	12.31.2015
Currency		
<b>Allocation</b>		
Distribution		
Retained earnings for the period		
Capitalisation		
<b>Total</b>	<b>-9,734.78</b>	<b>74,352.00</b>

<b>Information concerning the units conferring distribution rights</b>		
Number of units		
Unit distribution		
<b>Tax credits</b>		

PART D / FR0010979039	12.30.2016	12.31.2015
Currency		
<b>Allocation</b>		
Distribution		
Retained earnings for the period		
Capitalisation		
<b>Total</b>	<b>67.02</b>	<b>135.26</b>

<b>Information concerning the units conferring distribution rights</b>		
Number of units		
Unit distribution		
<b>Tax credits</b>		

PART IC / FR0010383448	12.30.2016	12.31.2015
Currency		
<b>Allocation</b>		
Distribution		
Retained earnings for the period		
Capitalisation		
<b>Total</b>	<b>730,690.84</b>	<b>1,248,518.57</b>
<b>Information concerning the units conferring distribution rights</b>		
Number of units		
Unit distribution		
<b>Tax credits</b>		

**3.11. Allocation table of amounts available for distribution relating to net capital gains and losses***(in the accounting currency of the UCITS)***Payments on net capital gains and losses for the financial year**

Date	Total amount	Unit amount
-	-	-
-	-	-
-	-	-
-	-	-
<b>Total interim payments</b>	-	-

	12.30.2016	12.31.2015
<b>Allocation of net capital gains and losses</b>		
<b>Amounts remaining to be allocated</b>		
Previous undistributed net capital gains and losses		
Net capital gains and losses for the financial year		
Payments on net capital gains and losses for the financial year		
<b>Total</b>	<b>-1,989,420.17</b>	<b>7,460,244.56</b>

PART AC / FR0010377143	12.30.2016	12.31.2015
Currency		
<b>Allocation</b>		
Distribution		
Undistributed net capital gains and losses		
Capitalisation		
<b>Total</b>	<b>-169,938.39</b>	<b>915,530.30</b>
<b>Information concerning units conferring distribution rights</b>		
Number of units		
Unit distribution		

PART D / FR0010979039	12.30.2016	12.31.2015
Currency		
<b>Allocation</b>		
Distribution		
Undistributed net capital gains and losses		
Capitalisation		
<b>Total</b>	<b>-167.18</b>	<b>717.11</b>
<b>Information concerning units conferring distribution rights</b>		
Number of units		
Unit distribution		

PART IC / FR0010383448	12.30.2016	12.31.2015
Currency		
<b>Allocation</b>		
Distribution		
Undistributed net capital gains and losses		
Capitalisation		
<b>Total</b>	<b>-1,819,314.60</b>	<b>6,543,997.15</b>
<b>Information concerning units conferring distribution rights</b>		
Number of units		
Unit distribution		

**3.12. Table of results and other characteristic elements of the Fund over the last 5 periods**

UCIT creation date: October 12, 2006.

Currency

EUR	12.30.2016	12.31.2015	12.31.2014	12.31.2013	10.30.2013
<b>Net assets</b>	<b>134 417 033,90</b>	117,988,642.73	90,371,487.05	142,255,794.69	223,264,420.83

PART AC / FR0010377143

UNIT currency: EUR

	12.30.2016	12.31.2015	12.31.2014	12.31.2013	10.30.2013
<b>Number of outstanding units</b>	<b>8,736</b>	11,153	1,917	6,090	30,511
<b>Net asset value</b>	<b>1,310.44</b>	1,291.2	1,209.33	1,188.03	1,184.36
<b>Unit distribution net capital gains and losses (including interim payments)</b>	-	-	-	-	-
<b>Unit distribution (including interim payments)*</b>	-	-	-	-	-
<b>Unit tax credit transferred to unit holders (individuals) <sup>(1)</sup></b>	-	-	-	-	-
<b>Unit capitalisation*</b>	<b>-20.56</b>	88.75	44.85	17.19	73.12

\* The amounts of the unit distribution, the unit capitalization and the tax credits are indicated in the accounting currency of the UCITS. The unit capitalization is the sum of earnings and higher net capital losses and the number of units outstanding. This calculation method has been applied since 1 January 2013.

<sup>(1)</sup> In application of the Tax Instruction of 4 March 1993 of the General Tax Directorate, the unitary tax credit is determined on the day the dividend is clipped by dividing the total amount of the tax credits amongst the outstanding units on that date.

PART D / FR0010979039

UNIT currency: EUR

	12.30.2016	12.31.2015	12.31.2014	12.31.2013	10.30.2013
<b>Number of outstanding units</b>	<b>1</b>	1	1	1	1
<b>Net asset value</b>	<b>11,291.24</b>	11,183.84	10,595.49	10,331.07	10,353.65
<b>Unit distribution net capital gains and losses (including interim payments)</b>	-	-	-	-	-
<b>Unit distribution (including interim payments)*</b>	<b>67.02</b>	135.26	214.87	-	69.58
<b>Unit tax credit transferred to unit holders (individuals) <sup>(1)</sup></b>	-	-	-	-	-
<b>Unit capitalisation*</b>	<b>-167.18</b>	717.11	254.53	166.60	248.99

\* The amounts of the unit distribution, the unit capitalization and the tax credits are indicated in the accounting currency of the UCITS. The unit capitalization is the sum of earnings and higher net capital losses and the number of units outstanding. This calculation method has been applied since 1 January 2013.

<sup>(1)</sup> In application of the Tax Instruction of 4 March 1993 of the General Tax Directorate, the unitary tax credit is determined on the day the dividend is clipped by dividing the total amount of the tax credits amongst the outstanding units on that date.



## ECHIQUIER CONVERTIBLES EUROPE

PART IC / FR0010383448	UNIT currency: EUR				
	12.30.2016	12.31.2015	12.31.2014	12.31.2013	10.30.2013
<b>Number of outstanding units</b>	<b>87,930</b>	75,704	69,183	107,282	149,933
<b>Net asset value</b>	<b>1,398.35</b>	1,368.18	1,272.60	1,240.85	1,235.14
<b>Unit distribution net capital gains and losses (including interim payments)</b>	-	-	-	-	-
<b>Unit distribution (including interim payments)*</b>	-	-	-	-	-
<b>Unit tax credit transferred to unit holders (individuals) <sup>(1)</sup></b>	-	-	-	-	-
<b>Unit capitalisation*</b>	<b>-12.38</b>	102.93	56.34	19.82	79.61

\* The amounts of the unit distribution, the unit capitalization and the tax credits are indicated in the accounting currency of the UCITS. The unit capitalization is the sum of earnings and higher net capital losses and the number of units outstanding. This calculation method has been applied since 1 January 2013.

<sup>(1)</sup> In application of the Tax Instruction of 4 March 1993 of the General Tax Directorate, the unitary tax credit is determined on the day the dividend is clipped by dividing the total amount of the tax credits amongst the outstanding units on that date.

PART R / FR0010549345	UNIT currency: EUR				
	30.12.2016	31.12.2015	31.12.2014	31.12.2013	30.10.2013
<b>Number of outstanding units</b>	-	-	-	18,383.89	18,825.59
<b>Net asset value</b>	-	-	-	102.74	102.44
<b>Unit distribution net capital gains and losses (including interim payments)</b>	-	-	-	-	-
<b>Unit distribution (including interim payments)*</b>	-	-	-	-	-
<b>Unit tax credit transferred to unit holders (individuals) <sup>(1)</sup></b>	-	-	-	-	-
<b>Unit capitalisation*</b>	-	-	-	1.46	1.98

\* The amounts of the unit distribution, the unit capitalization and the tax credits are indicated in the accounting currency of the UCITS. The unit capitalization is the sum of earnings and higher net capital losses and the number of units outstanding. This calculation method has been applied since 1 January 2013.

<sup>(1)</sup> In application of the Tax Instruction of 4 March 1993 of the General Tax Directorate, the unitary tax credit is determined on the day the dividend is clipped by dividing the total amount of the tax credits amongst the outstanding units on that date.

