



LA FINANCIERE DE L'ECHIQUIER

# ECHIQUIER VALUE

## PROSPECTUS ON 2017 DECEMBER 1<sup>st</sup>

### I. General characteristics:

#### I-1 Form of the fund

► **Name:**

ECHIQUIER VALUE

**Fund governed by  
European Directive**

► **Legal form and member state in which the fund was created:**

Mutual fund (FCP) under French law.

► **Date of creation and planned duration of fund:**

The fund was created on April 5, 2002 for a term of 99 years.

► **Overview of management offering:**

Units	Characteristics				
	ISIN code	Distributable sums allocation	Denomination currency	Investors concerned	Minimum subscription amount
ECHIQUIER VALUE	FR0011360700	Net income: Accumulation Realized net gains: Accumulation	Euro	All investors	None
ECHIQUIER VALUE G	FR0007070883	Net income: Accumulation Realized net gains: Accumulation	Euro	Intended essentially for institutional investors and Dedicated to marketing by financial intermediaries other than the management company (1)	None
ECHIQUIER VALUE D	FR0011404425	Net income: Distribution Realized net gains: Distribution	Euro	All investors	None

(1) Subscription of this unit class is limited to investors subscribing through distributors or intermediaries, other than the management company :

- Whose national law forbids any inducements to distributors (i.e the United Kingdom and the Netherlands)  
Or
- Who provide services such as :
  - Investment advice according to MIFID II european regulation
  - Personalized portfolio management mandates
  - And for which they are remunerated by their clients

(2) With the exception of the management company, which may acquire a single unit on its own or on behalf of.

► **Address where you can obtain the latest annual and interim reports:**

The latest annual and interim documents are available from the website at [www.lfde.com](http://www.lfde.com) or may be sent out within eight weekdays of written request from the unitholder to:

LA FINANCIERE DE L'ECHIQUIER  
53, avenue d'Iéna  
75116 Paris

Further information can be obtained if necessary from the management company by telephone on +33 (0)1 47 23 90 90.

## I-2 Parties involved

### ► Management company:

The management company was authorised on 17.01.91 by the French Financial Markets Authority (AMF) under number GP 91004 (general licence).

LA FINANCIERE DE L'ECHIQUIER  
53, avenue d'Iéna  
75116 Paris

### ► Depository and custodian:

The appointed depository is BNP Paribas Securities Services SCA, a wholly-owned subsidiary of BNP Paribas SA, located at 9, rue du Débarcadère 93500 PANTIN (the "Depository").

BNP Paribas Securities Services SCA is a licensed bank incorporated in France as a Société en Commandite par Actions (partnership limited by shares) under No.552 108 011, authorised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and supervised by the Autorité des Marchés Financiers (AMF), with its registered address at 3 rue d'Antin, 75002 Paris. It is also the issuer-accounting office (the fund's liabilities) and clearing house by delegation on behalf of the fund.

#### Description of its duties and of conflicts of interest that may arise:

The Depository exercises three types of responsibilities, namely the oversight of the Management Company (as defined in Art 22.3 of the UCITS V directive), the monitoring of the cash flows of the UCITS (as set out in Art 22.4) and the safekeeping of the UCITS assets (per Art 22.5).

The overriding objective of the Depository is to protect the interests of the holders / investors of the UCITS, which always prevail over any commercial interests.

Conflicts of interest may arise if and when the Management Company or the UCITS maintains other business relationships with BNP Paribas Securities Services SCA in parallel with an appointment of BNP Paribas Securities Services SCA acting as Depository. For example, BNP Paribas Securities Services SCA could as well as acting as Depository also be providing the UCITS or the Management Company with fund administration services, including net asset value calculation.

In order to address situations of conflicts of interest, the Depository has implemented and maintains a management of conflicts of interest policy, aiming at:

- Identifying and analysing potential situations of conflicts of interest;
- Recording, managing and monitoring the conflict of interest situations either in:
  - o Relying on the permanent measures in place to address conflicts of interest such as maintaining separate legal entities, segregation of duties, separation of reporting lines, insider lists for staff members;
  - o Implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall, making sure that operations are carried out at arm's length and/or informing the concerned client, or (ii) refuse to carry out the activity giving rise to the conflict of interest.

#### Description of any safekeeping functions delegated by the Depository, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation:

The depository of the UCITS, BNP Paribas Securities Services SCA, is responsible for safekeeping of the assets (as defined in Art 22.5 of 2009/65/CE Directive modified by 2014/91UE Directive named the "UCITS V directive").

In order to provide custody services in a large number of countries allowing UCITS to meet their investment objectives, in addition to its large proprietary network, BNP Paribas Securities Services SCA has appointed entities as delegates for sub-custody functions in countries where it has no direct local presence. These entities are listed in Appendix <http://securities.bnpparibas.com/solutions/asset-fund-services/depositary-bank-and-trustee-serv.html>

The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that should arise from such an appointment.

► **Auditor:**

MAZARS  
Represented by Gilles DUNAND-ROUX  
Exaltis  
61, rue Henri Regnault  
92075 La Défense Cedex

► **Promoter:**

LA FINANCIERE DE L'ECHIQUIER  
53, avenue d'Iéna  
75116 Paris

The list of promoters is not exhaustive as the fund is admitted for trading on Euroclear. This means that some promoters may not be mandated by or known to the management company.

► **Delegated activities:**

Only the administrative and accounting management has been delegated:

SOCIETE GENERALE SECURITIES SERVICES Net Asset Value  
Public limited company under French law  
Immeuble Colline Sud – 10, passage de l'Arche  
92034 Paris La Défense Cedex

► **Advisers:**

None.

► **Centralising agent for subscription and redemption orders appointed by the management company:**

BNP PARIBAS SECURITIES SERVICES is in charge of receiving subscription and redemption orders.

**II. Operating and management procedures:**

**II-1 General characteristics**

► **Characteristics of units or shares:**

**ISIN code ECHIQUIER VALUE G unit: FR0007070883**  
**ISIN code ECHIQUIER VALUE unit: FR0011360700**  
**ISIN code ECHIQUIER VALUE D unit: FR0011404425**

**Type of right attached to the unit class:** Each unitholder has a co-ownership right in the fund's assets in proportion to the number of units held.

**Liability accounting:** Liability accounting is performed by the custodian BNP PARIBAS SECURITIES SERVICES. The units are administered under Euroclear France.

**Voting rights:** As the fund is an undertaking for collective investment in transferable securities, no voting rights are attached to the units held. Decisions concerning the fund are taken by the management company in the interest of the unitholders.

**Type of units:** Bearer units.

**Decimalisation of units:** Subscriptions and redemptions are admissible in thousandths of units.

► **Period-end date:**

Last trading day on the Paris stock market in December each year.

## ► Information on the tax regime:

Tax treatment: the fund is eligible for PEA (equity savings scheme).

This prospectus is not exhaustive of all possible tax consequences for each investor of subscribing, redeeming, holding and selling fund units. These consequences will vary in line with prevailing laws and practices in the country of residence, domicile or incorporation of the unitholder(s) as well as on the basis of his/her/its personal circumstances.

Depending on your tax regime, your country of residence, or the jurisdiction from which you invest in this fund, any capital gains and income from holding fund units may be subject to taxation. You should consult a tax adviser as to the possible consequences of buying, holding, selling or redeeming fund units under the laws of your country of tax residence, ordinary residence or of your domicile.

Neither the Management Company nor the promoters accept any responsibility whatsoever for the tax consequences that may arise for investors as a result of a decision to buy, hold, sell or redeem fund units.

The fund offers three capitalisation units; all unitholders are advised to consult a tax adviser regarding the regulations applicable in the unitholder's country of residence, having regard to the rules pertaining to his/her/its particular circumstances (individual, legal entity subject to corporation tax, other situations...). The rules applicable to French resident unitholders can be found in the French General Tax Code.

In general, fund unitholders should consult their tax adviser or their usual account manager to determine the tax rules applicable to their particular circumstances.

Pursuant to U.S. tax regulations, commonly referred to as FATCA (Foreign Account Tax Compliance Act), Unitholders might have to provide the Management Company or its agent with some information, including without limitation, identification information such as personal identify and places of residence (tax residence and domicile) in respect of each undertaking for collective investment, to ensure that the "US Person" are identified within the meaning of FATCA.

This information may be provided to the United States tax authorities by the French tax authorities.

Failure by any Unitholder to comply with this requirement could result on a 30% withholding tax levied on US sourced cash flows. Notwithstanding any diligences carried out by the Management Company in respect of FATCA, Unitholders are encouraged to ensure that the broker they used to invest into this AIF qualifies as Participating FFI.

## II-2 Specific clauses

### ► Classification:

EURO ZONE-COUNTRY EQUITIES

### ► Investment objective:

ECHIQUIER VALUE is a dynamically managed fund seeking long-term performance through exposure to Eurozone equity markets and in comparison with the MSCI EMU MID VALUE Index. This index is used for informational purposes only and is calculated dividends reinvested.

### ► Benchmark index:

The MSCI EUROPE MID CAP VALUE Index (bloomberg code MMVLEMUN) is a representative indicator of the management objective of Echiquier Value. It is used as an ex post comparison indicator. This index, which is used solely for information purposes, shows changes across all sectors and euro-denominated Euro Zone mid cap value equities. It is calculated in euros and dividends are reinvested.

### ► Investment strategy:

#### 1. Strategies used

The fund manager focuses on equity markets in the Euro Zone.

The management of ECHIQUIER VALUE is based on a rigorous selection of securities known as stock-picking, with the stocks chosen as a result of implementing a process involving direct meetings with the companies in which the fund invests.

Next is a fundamental analysis of each stock, based on an internally developed rating according to five criteria, which are:

- the quality of management of the company;
- the quality of its financial structure;
- the visibility of future profits of the company;

- the prospects for growth in its sector;
- and the speculative aspect of the stock.

The calculated values are used to set the purchase price and selling price targets.

The chosen stocks are thus subject to a very selective and qualitative process. The methodology involving setting a purchase price and a selling price allows the fund manager to position assets in stocks that show future market growth potential.

## **2. Assets (excluding derivatives)**

### A/Equities

ECHIQUIER VALUE has exposure of at least 60% to Eurozone equities and no more than 10 % to non-Eurozone equities.

Stocks in any sector and of all market capitalisations may be selected.

It should be noted, however, that the fund focuses in a long-term perspective on equities which market capitalisation is under 15 billion euros.

However, in order for the fund to be eligible for the PEA (equity savings scheme), 75% of fund assets are invested in European equities.

### B/Debt securities and money market instruments

Up to 25% of the fund may be invested in:

- negotiable debt securities. The longest maturity of debt instruments used in the fund's cash management shall be 5 years. Short-term securities used as such benefit from a short-term Standard & Poor's investment grade rating, or an equivalent rating by another ratings agency. Up to 10% of the fund's assets may be invested in "speculative" or unrated negotiable debt securities.
- in bonds. Within this framework, special attention is paid to the credit quality of corporate issuers. Eligible securities are "investment grade", that is to say they have a Standard & Poor's minimum BBB rating, or equivalent or considered as such by the management team. Up to 10% of the fund's assets may be invested in "speculative" or unrated bonds, and are subject to monitoring by the internal research team at LA FINANCIERE DE L'ECHIQUIER. The longest maturity of bonds is 10 years. A marginal percentage of the fund's assets may, however, be used to acquire bonds with a maturity in excess of 10 years. Management sets no limits in the breakdown between sovereign and private issuers.

When the securities are acquired or during monitoring the credit risk assessment is based on internal research and analysis of La Financière de l'Echiquier and on the ratings provided by the rating agencies.

When securities are speculative or unrated, their issuers belong to groups followed by the internal research unit at La Financière de l'Echiquier.

The aforementioned ratings are those used by the fund manager at the time of initial investment. Should the rating deteriorate during the investment period, the fund manager will analyse each situation on a case-by-case basis and decide on whether or not to retain the holding in question. The investment limits set according to the risk assessment of credit rating agencies can be slightly modified depending on the management team analysis.

## **3. Investment in units or shares of other Undertakings for Collective Investment**

Up to 10% of the fund assets may be invested in units or shares of French and/or European coordinated UCITS or non-coordinated UCITS. These will be funds of any AMF classification. The fund may invest in UCITS managed by the management society or by a linked society.

## **4. Derivative instruments**

The fund may invest in financial futures traded on European regulated markets, unregulated markets and/or over-the-counter markets. Within this framework, the fund may take positions to hedge the portfolio. It may also take positions to gain exposure to business sectors, equities, securities and equivalent instruments, and indices in order to satisfy the investment objective. The fund may take positions to hedge the portfolio against currency risk.

The following financial instruments are used are :

- index futures;
- options on securities and indices;
- currency options and futures.

These transactions are limited to 100% of the fund's assets.

Financial instruments are entered into with intermediaries selected by the management company that have no say on the composition or management of the Fund's portfolio.

#### **5. Securities with embedded derivatives**

The manager can invest in securities with embedded derivatives (warrants, subscription certificates, convertible bonds, etc.) traded on regulated or OTC markets. No rating constraints apply to convertible bonds.

Under this framework, the manager can take positions with a view to covering and/or exposing the portfolio to business sectors, geographical regions, bonds, equities (all capitalisations), currencies, securities and assimilated marketable securities or indices with the aim of achieving the management objective.

The use of securities with embedded derivatives, rather than other derivative instruments mentioned above, is justified notably by the manager's aim to optimise hedging or, if necessary, to stimulate the portfolio by reducing the cost associated with the use of these financial instruments in order to achieve the management objective.

In all cases, investments with embedded derivatives must not exceed 10% of net assets.

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

#### **6. Deposits: None**

#### **7. Cash borrowing**

The fund may borrow cash. Without aiming to be a structural cash borrower, the fund may find itself in debit temporarily due to transaction-related cash flows (ongoing investments and divestments, subscriptions/redemptions, etc.) up to a limit of 10%.

#### **8. Temporary purchases and sales of securities: None**

#### **► Risk profile:**

*Your investment will be made primarily in financial instruments selected by the management company. These instruments are subject to market changes and risks.*

Capital risk: Yes

The loss of capital arises when a unit is sold at a lower price than its purchase value. Unitholders are informed that the capital initially invested may not be returned. The fund has no capital guarantee or protection.

Equity risk: Yes

ECHIQUIER VALUE has exposure of at least 60% to equities. If the equities or indices to which the portfolio is exposed decline, the net asset value of the fund could fall.

On small- and medium-cap markets, the volume of securities listed on the stock exchange is relatively less, and therefore market downturns are more significant and rapid than on large-cap markets. The net asset value of the fund can therefore fall more rapidly and more sharply.

Risk arising from discretionary management: Yes

The discretionary management style applied to the fund relies on stock selection. There is a risk that at any given point in time ECHIQUIER VALUE will not be invested in the best-performing stocks. The fund's performance can therefore fall below the investment objective. The net asset value of the fund can also show negative performance.

Interest rate risk: Yes

ECHIQUIER VALUE has exposure of no more than 25% to fixed-income products. The net asset value of the fund can fall if interest rates rise.

Credit risk: Yes

Up to 25% of the fund is exposed to money market instruments or bonds. The credit risk corresponds to the risk of a private issuer's credit quality falling or the issuer defaulting. The value of the debt securities or bonds in which the fund is invested can fall, causing a drop in the fund's net asset value.

Currency risk: Yes

This concerns the risk of a decline in investment currencies relative to the portfolio's benchmark currency, the euro. If a currency falls relative to the euro, the fund's net asset value could fall.

#### **► Investors concerned and typical investor profile:**

##### **Investors concerned:**

- ECHIQUIER VALUE units: All investors

- ECHIQUIER VALUE G units: Intended essentially for institutional investors and Dedicated to marketing by financial intermediaries other than the management company
- ECHIQUIER VALUE D units: All investors

**Typical investor profile:**

The fund is aimed at individuals and institutional investors who are aware of the inherent risk in holding units in such a high-risk fund due to its investments in Eurozone equities.

ECHIQUIER VALUE can be used as an investment medium for unit-linked individual variable-capital life-insurance contracts.

ECHIQUIER VALUE may be used to back investments in funds managed by LA FINANCIERE DE L'ECHIQUIER.

The fund may invest in UCITS managed by LA FINANCIERE DE L'ECHIQUIER.

The amount that may reasonably be invested in ECHIQUIER VALUE depends on the unitholder's individual circumstances. Prospective investors are advised to take into consideration their personal and professional assets and wealth, their cash needs at present and over the next 5 years, as well as the degree to which they are willing to accept equity-market risks. They are also strongly advised to diversify their investments sufficiently so as not to expose them solely to the risks of this fund.

**Recommended investment period:** more than 5 years

► **Methods for determining and appropriating distributable sums:**

	Net income allocation	Realized net gains allocation
Echiquier Value and Echiquier Value G units	Accumulation	Accumulation
Echiquier Value D units	Distribution	Distribution

The dividends approved for distribution by the management company are paid out annually for Echiquier Value D units. The management company may nevertheless make interim payments during the year.

► **Frequency of dividend payouts:**

Not applicable for the Echiquier Value, Echiquier and Echiquier Value G units.

Annually for the Echiquier Value D unit, although the management company may make interim payments during the year. The annual dividend is paid out within five months of the end of the financial year.

► **Characteristics of units (denomination currency, division etc.):**

ECHIQUIER VALUE, ECHIQUIER VALUE G and ECHIQUIER VALUE D units are denominated in EUR and decimalised in thousandths.

The initial value of an ECHIQUIER VALUE G unit is fixed at 1 000 euros.

The initial value of an ECHIQUIER VALUE unit is fixed at 100 euros.

The initial value of an ECHIQUIER VALUE D unit is fixed at 100 euros.

► **Subscription and redemption conditions:**

Subscriptions and redemptions are admissible in thousandths of units.

Subscription and redemption applications are centralised each trading day before 12 noon with the custodian:

BNP PARIBAS SECURITIES SERVICES  
 Les Grands Moulins de Pantin  
 9, Rue du Débarcadère  
 93500 Pantin

They are executed on the basis of the next net asset value calculated as the closing price on the day that the requests are cleared. Subscription and redemption applications received after 12 noon are executed on the basis of the net asset value following that mentioned above.

Net asset value is calculated on every Paris stock exchange trading day.

In application of article L. 214-8-7 of the French Monetary and Financial Code, the redemption by the fund of its units, as well as the issue of new units, may be temporarily suspended by the management company where required by exceptional circumstances and in the interests of the unitholders.

### ► Fees and Commissions:

Fees charged to the investor, deducted upon subscription and redemption	Basis	Rate
Subscription fee not retained by the fund	Net asset value × number of units	Maximum 3%
Subscription fee retained by the fund	None	None
Redemption fee not retained by the fund	Net asset value × number of units	None
Redemption fee retained by the fund	None	None

Fees charged to the fund		Basis	Rate	
1	Financial management fees	Net assets	ECHIQUIER VALUE Units and ECHIQUIER VALUE D Units	maximum 2.392% incl. taxes
			ECHIQUIER VALUE I Units	maximum 1% incl. taxes
2	Administrative fees external to the asset management company	Net assets	ECHIQUIER VALUE G Units	maximum 1.50 % incl. taxes
3	Maximum indirect fees (management fees and commissions)	Net assets		(*)
4	Transaction commissions	Deducted on each transaction		Maximum 0,40 % incl. Taxes for equities
5	Outperformance commission	Net assets		None

(\*) The fund may invest up to 10% in fund units or shares whose maximum management fees are 2.392%. For further information please contact management society.

Fund management contributions due according to article L. 621-5-3 d), 3°,II of the Financial and Monetary Code are charged to the fund.

### **III. Commercial Information:**

Requests for information and documents relating to the fund may be addressed directly to the management company:

LA FINANCIERE DE L'ECHIQUIER  
53, avenue d'Iéna  
75116 Paris  
[www.lfde.com](http://www.lfde.com)

The net asset value of the fund is available from the management company on request or online at [www.lfde.com](http://www.lfde.com)

Fund unitholders may obtain additional information from the company's website ([www.lfde.com](http://www.lfde.com)) relating to consideration given in Financière de l'Echiquier's investment policy to environmental, social and quality of governance criteria.

Professional investors subject to prudential requirements (Solvency II) may ask the Management Company for funds' assets portfolios. Communication of such information shall be managed in accordance with regulators provisions. For any further information, please contact the company.

Investment restrictions

The Units have not been, and will not be, registered under the U.S. Securities Act of 1933 or qualified under any applicable U.S. state statutes, and the Units may not be transferred, offered or sold in the United States of America (including its territories



and possessions) or to or for the benefit of, directly or indirectly, any U.S. Person (as defined in Regulation S in the U.S. Securities Act of 1933), except pursuant to registration or an applicable exemption.

The fund is not, and will not be, registered under the 1940 Act, and investors will not be entitled to the benefit of registration under the 1940 Act. Any resales or transfers of the Units in the U.S. or to U.S. Persons may constitute a violation of U.S. law and requires the prior written consent of the Company. The Company, however, reserves the right to make a private placement of its Shares to a limited number or category of U.S. Persons. Any resales or transfers of the Shares in the U.S. or to U.S. Persons may constitute a violation of U.S. law and requires the prior written consent of the management company of the FCP.

Applicants for Units will be required to certify in writing that they are not U.S. Persons.

The management company of the fund have the power to impose restrictions on the unitholdings by and consequently to redeem Units held by, or the transfer of Shares / Units to, any U.S. Person. Such power covers any person who appears to be in breach of the laws or requirements of any country or government authority, or by any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the management company of the fund to be relevant) which, in the opinion of the management company of the fund might result in the fund suffering any disadvantage which the fund might not otherwise have incurred or suffered.

The Units have not been approved or disapproved by the SEC, any state securities commission or other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful.

Unitsholders are required to notify the fund immediately in the event that they become U.S. Persons. Unitholders who become U.S. Persons will be required to dispose of their Shares / Units at any time to non-U.S. Persons. The fund reserves the right to repurchase any Shares / Units which are or become owned, directly or indirectly, by a U.S. Person or if the holding of the Units by any person is unlawful or detrimental to the interests of the fund.

#### **IV. Investment rules:**

**Regulatory ratios applicable to the fund:** The legal investment rules applicable to the fund are those that govern UCITS-compliant funds investing less than 10% of their assets in other such funds, as well as those applicable to its AMF classification "EU-COUNTRY EQUITIES".

The fund has adopted the commitment method for the calculation of its overall risk.

#### **V. Asset valuation and accounting rules:**

##### **V-1 - Asset valuation rules**

###### A – Valuation method

- Financial instruments and securities traded on a regulated market are valued at market price.

Notwithstanding this, the instruments below are valued using specific methods:

- European equities and bonds are valued at the closing price, and foreign securities are valued at the last known price.
  - Debt securities and equivalent negotiable instruments which are not involved in significant transactions are valued using an actuarial method. The rate used is that applied for issues of equivalent securities plus or minus, where necessary, a differential representative of the intrinsic characteristics of the issuer. However, negotiable debt securities with a residual maturity of 3 months or less, in the absence of a particular sensitivity, may be valued using the straight-line method.
  - Negotiable debt securities with a maturity of less than 3 months are valued at the purchase negotiating rate. The amortisation of the premium or the discount is applied on a straight-line basis over the term of the negotiable debt security.
  - Negotiable debt securities with a maturity of more than 3 months are valued at market rate.
  - Units or shares of funds are valued at the last known net asset value.
  - Securities coming under temporary purchase or sale agreements are valued in accordance with the regulations in force, based on the terms of the original agreement.
- Financial instruments not traded on a regulated market are valued by the management company at their probable trading value.
  - Warrants or subscription certificates obtained free of charge during private placements or capital increases are valued as of their admission to a regulated market or the organisation of an over-the-counter market.
  - Contracts:
    - Futures are valued at the settlement price and options are valued on the basis of the vehicle used.
    - The market price for futures is equal to the price in EUR multiplied by the number of contracts.
    - The market price for options is equal to their conversion into the underlying equivalent.
    - Interest rate swaps are valued at market rate, in accordance with the contractual provisions.
    - Off-balance-sheet transactions are valued at market price.

- Financial instruments for which a price has not been recorded on the valuation date, or for which the price has been adjusted, are valued at their probable trading value by the Board of Directors of the management company. The auditor will be provided with these valuations and their justification when it carries out its audits.

#### B - Practical methods

- Shares and bonds are valued on the basis of prices taken from the Finalim and Bloomberg databases, depending on their listing market. The research options are completed by Télékurs' "Fin'xs" and Reuters' "Securities 3000":
  - Asia-Oceania: taken at 12 noon for a quotation at the closing price of that day.
  - America: taken at 9 a.m. for a quotation at the closing price of D-1.  
taken at 4.45 p.m. for a quotation at the opening price of that day.
  - Europe excluding France: taken at 7.30 p.m. for a quotation at the closing price of that day.  
taken at 2.30 p.m. for a quotation at the opening price of that day.  
taken at 9 a.m. for a quotation at the price of D-1.
  - France: taken at 12 noon and 4 p.m. for a quotation at the opening price of that day.  
taken at 5.40 p.m. for a quotation at the closing price of that day.
  - Contributors: taken at 2 p.m. for a quotation subject to the availability of prices.
- Positions on the futures markets at each net asset value are valued on the basis of the settlement prices of that day.

Positions on the options markets at each net asset value are valued according to the principles used for the underlying.

- Asia-Oceania: taken at 12 noon
- America: taken at 9 a.m. on D+1
- Europe excluding France: taken at 7.30 p.m.
- France: taken at 18 noon

#### **V-2 - Accounting method**

- The accounting method used for recording income from financial instruments is the 'coupons received' method.
- The accounting method for recording transaction fees is exclusive of expenses.

## **VI. Compensations:**

The asset management company's compensation policy is fully compliant with a prudent and efficient risk management. It does not encourage taking risks which might be inconsistent with the risk profiles, regulation or constitutive UCITS documents managed by the asset management company.

The asset management company's compensation policy is fully compliant with the economic strategy, objectives, values and interests of the asset management company as well as UCITS managed by the same asset management company. The asset management company's compensation policy is also fully compliant with the economic strategy, objectives, values and interests of UCITS investors. This policy incorporates tailored measures to prevent potential conflicts of interests. The compensation policy has been set up in order to:

- Provide an active support to the asset management company's strategy and objectives
- Provide an active support to the asset management company's competitiveness on its operating markets
- Ensure the development, attractiveness as well as the retaining of highly skilled and motivated employees

The asset management company's employees perceive a compensation that includes a fixed remuneration as well as a variable remuneration. These two compensations are duly balanced and are subjected to a careful annual review based on both individual and collective performance.

The founding principles of the compensations policy are revised on a regular basis with regards to legislation changes. The compensation policy has been duly approved by the asset management company's Board of Directors.

Details regarding the compensation policy are available online on the following website: [www.lfde.com](http://www.lfde.com). A written copy of the compensation policy is available on demand for free.



LA FINANCIERE DE L'ECHIQUIER

# RULES FOR THE ECHIQUIER VALUE MUTUAL FUND

## HEADING 1 – ASSETS AND UNITS

### Article 1 – Co-ownership units

The rights of the co-owners are expressed in units, with each unit representing the same fraction of the fund's assets. Each unitholder has a right of co-ownership of the fund's assets in proportion to the number of units held.

The duration of the fund is 99 years from the date of its creation, except in the event of its early dissolution or extension as provided for in these rules.

Unit classes:

The characteristics of the various unit classes and their access conditions are specified in the fund's prospectus. The various share classes may:

- Benefit from different methods of income distribution; (distribution or capitalisation)
- Be denominated in different currencies;
- Have different management fees;
- Have different subscription and redemption fees;
- Have a different nominal value;
- Include systematic total or partial risk hedging, as set out in the prospectus. Said hedging is provided by means of financial instruments, thus minimising the impact of hedging transactions on other unit classes in the fund;

Be restricted to one or more sales networks.

The fund has scope to amalgamate or divide its units.

The fund management company's board of directors may decide to divide the units into tenths, hundredths, thousandths or ten thousandths, known as fractions of units.

The rules governing the issue and redemption of units are applicable to fractions of units whose value will remain proportional to the value of the unit that they represent. All other rules pertaining to units apply to fractions of units without it being necessary to specify this, except where stipulated otherwise.

Lastly, the fund management company's board of directors may decide to divide units by creating new units that are allocated to unitholders in exchange for old units.

### Article 2 – Minimum amount of assets

No units may be redeemed if the assets of the fund (or a sub-fund) fall below EUR 300,000. If the assets remain below this threshold for thirty days, then the management company shall make the necessary provisions to wind up the fund in question, or to perform any of the operations referred to in Article 411-16 of the General Regulation of the AMF (fund transfers).

### Article 3 – Issue and redemption of units

Units may be issued at any moment at the request of unitholders, based on their net asset value plus subscription fees, where applicable.

Redemptions and subscriptions are executed according to the terms and conditions defined in the prospectus.

The mutual fund units may be listed on an official stock exchange according to prevailing regulations.

Subscriptions must be fully paid up on net asset value calculation day. They may be paid in cash and/or by transfer of financial instruments. The fund management company has the right to refuse the proposed securities and, to this effect, has a period of seven days from their submission to communicate its decision. In the event of acceptance, the proposed securities are valued according to the rules set out in Article 4 and the subscription is executed on the basis of the first net asset value following said acceptance.

Redemptions are paid solely in cash, except in the event of the fund's liquidation and where unitholders have indicated that they agree to be reimbursed in securities. Redemptions are settled by the issuance account holder within five days of the unit valuation.

In exceptional circumstances, however, if reimbursement requires assets included in the fund to be realised beforehand, this period may be extended to up to 30 days.

Except in the event of inheritance or an *inter vivos* gift, the sale or transfer of units between unitholders, or from unitholders to third parties, is treated as a redemption followed by a subscription; in the case of a third party, the amount of the sale or transfer must, where appropriate, be topped up by the beneficiary so as to attain at least the minimum subscription required by prospectus.

In application of Article L. 214-8-7 of the French Monetary and Financial Code, the redemption by the fund of its units, as well as the issue of new units, may be temporarily suspended by the management company where required by exceptional circumstances and in the interests of the unitholders.

When the mutual fund's net assets are lower than the amount set out in the rules, the redemption of units is not permitted.

Possibility of minimum subscription conditions, as set out in the prospectus.

The fund may cease to issue shares, pursuant to paragraph two of Article L. 214-8-7 of the French Monetary and Financial Code, in objective situations entailing the closure of subscriptions, such as the issue of a maximum number of units or shares, a maximum amount of assets achieved or the expiry of a determined subscription period. Said objective situations are set out in the fund prospectus.

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

The net asset value of units is calculated by applying the valuation rules set out in the prospectus.

## **HEADING 2 – FUND OPERATION**

#### **Article 5 – The fund management company**

The fund is managed by the fund management company in accordance with its defined orientation.

The management company acts solely in the interest of the unit-holders at all times and is solely entitled to exercise the voting rights attaching to the securities held by the fund.

#### **Article 5b – Operating rules**

The instruments and deposits eligible for the fund's assets, together with the investment rules, are described in the prospectus.

#### **Article 6 – The depository**

The custodian carries out the missions entrusted to it, pursuant to the legal and regulatory provisions in force, as well as those contractually assigned to it. It must notably satisfy itself as to the legality of all the decisions taken by the portfolio management company. Where necessary, it must take whatever precautionary measures are required. In the event of a dispute with the management company, it shall inform the AMF.

#### **Article 7 – The auditor**

Subject to approval by the AMF, the fund management company's board of directors appoints an auditor for six financial years.

The auditor carries out the controls and preparatory work provided for by law. Upon each audit, it certifies the true and fair nature of the accounts and of the accounting material contained in the management report.

The auditor may have its mandate renewed.

The auditor must promptly notify the AMF of any information or decision relating to the undertaking for collective investment in transferable securities of which it became aware in the course of its duties, and which could:

- 1) Constitute a breach of the laws or regulations governing this undertaking, and which may significantly affect its financial position, results or assets and liabilities;
- 2) Adversely affect the operations or its ability to continue as a going concern;
- 3) Give rise to qualifications or a refusal to certify accounts.

The auditor shall supervise the valuation of assets and the calculation of exchange ratios for conversions, mergers or spin-offs.

The auditor shall assess all contributions in kind as part of its responsibilities.

It shall check the asset allocation and other items prior to publication.

The auditor's fees are agreed jointly with the board of directors or management board of the management company on the basis of an audit plan detailing the work deemed necessary.

The auditor shall certify the financial statements used to calculate interim dividends.

The auditor's fees are included in the management charges.

## **Article 8 – The accounts and management report**

At the end of each financial year, the fund management company prepares the summary accounting documents and a report on the management of the fund during that financial year.

The inventory is certified by the depository and all of the above documents are audited by the auditor.

The fund management company keeps these documents available to unitholders in the four months following the end of the financial year and informs them of the amount of revenues to which they are entitled. The documents are either sent by mail at the express demand of unitholders or made available at the fund management company's premises.

## **HEADING 3 – METHODS FOR APPROPRIATING INCOME**

### **Article 9 – Procedures for allocating income and distributions**

Net income for the financial year is equal to the amount of interests, arrears, dividends, premiums and bonuses, directors' fees and all proceeds relating to securities in the fund's portfolio, plus the proceeds of sums temporarily available and less management fees and borrowing costs.

The sums distributable are equal to

- The net income for the financial year, plus retained earnings and plus or minus the balance of revenue accrual accounts related to said financial year.
- The realized gains excluding fees minus realized capital losses excluding fees, observed throughout the fiscal year, plus same nature net gains observed throughout past fiscal years which were not subject to an accumulation and minus and plus the balance of gains accrual accounts

The asset management company decides for distributable sums allocation (incomes and realized net gains). Distributable sums are fully capitalized excluding those which are subject to a compulsory distribution in compliance with the law.

## **HEADING 4 - MERGER - DE-MERGER - DISSOLUTION - LIQUIDATION**

### **Article 10 - Merger - De-merger**

The fund management company may either transfer all or some of the assets included in the fund to another fund, or divide the fund into two or more mutual funds.

These merger or de-merger transactions may take place no earlier than one month after the unitholders have been notified. They occasion the delivery of a new certification specifying the number of units held by each unitholder.

### **Article 11 - Dissolution - Extension**

If the fund's assets remain below the amount set out in Article 2 above for a period of 30 days, the fund management company informs the AMF and proceeds with the dissolution of the fund, except in the event of a merger with another mutual fund.

The fund management company may dissolve the fund early. In this case, it informs the unitholders of its decision, and subscription and redemption requests are no longer accepted as of this date.

The fund management company also dissolves the fund in the event of a redemption request concerning all the units, the cessation by the depository of its functions – providing that no other depository has been appointed – or the expiry of the fund's duration, providing said duration has not been extended.

The fund management company informs the AMF by mail of the date and method of dissolution. It then sends the auditor's report to the AMF.

The fund management company may decide to extend the duration of the fund in agreement with the depository. This decision must be taken at least three months before the expiry of the fund's planned duration and communicated to unitholders and the AMF.

### **Article 12 - Liquidation**

In the event of dissolution, the depository or the fund management company is responsible for undertaking liquidation operations ; failing this, the liquidator shall be appointed by the court at the request of any interested party. To this effect, they are invested with the broadest powers for the purposes of realising assets, paying any creditors and allocating the available balance between unitholders in the form of cash or securities.

The auditor and the depository continue to exercise their functions until liquidation operations have been completed.

## **HEADING 5 - DISPUTES**

### **Article 13 - Jurisdiction – Choice of domicile**

All disputes relating to the fund and arising during the duration of the fund's operations or during its liquidation, whether between unitholders or between unitholders and the management company or the depository, are subject to the jurisdiction of the competent courts.