

**HUGAU OBLI 1-3 – Collective investment of foreign capital (UCITS)**

Asset Manager

**HUGAU GESTION**

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Custodian

**Crédit Industriel et Commercial (CIC)**

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**UCITS subject to Directive 2009/65/EC**

**PROSPECTUS**

**I. GENERAL CHARACTERISTICS**

- ▶ **Denomination:** HUGAU OBLI 1-3
- ▶ **Legal form and Member State in which the UCITS was established:** mutual fund under French law
- ▶ **Date of creation and expected duration of existence:** UCITS approved on 29/04/2008 and created on 30/05/2008. - Expected service life: 99 years
- ▶ **Summary of management offer:**

Shares	ISIN Code	Subscribers concerned	Allocation of distributable sums	Currency of denomination	Initial net asset value	Minimum initial subscription amount
I	FR0010613521	All subscribers	Total capitalisation	Euro	€1,000 Each share is decimalised in thousandths.	1 unit
R	FR0010827139	All subscribers	Total capitalisation	Euro	€1,000 Each share is decimalised in thousandths.	1 unit
D	FR0012498038	All subscribers	Partial or total distribution of net income or capital gains	Euro	€1,000 Each share is decimalised in thousandths.	1 unit

**Indication of the place where the mutual fund regulations, the latest annual report and the latest periodical statement are available:**

The latest regular and annual documents are sent within 8 working days upon simple written request from the holder to:

Hugau Gestion  
Customer Service  
60 rue Saint Lazare 75009 Paris, France  
Email: [info@hugau-gestion.com](mailto:info@hugau-gestion.com)

Additional information can be obtained from your usual advisor.

The AMF website [www.amf-france.org](http://www.amf-france.org) contains additional information about the list of documents

**II. STAKEHOLDERS**

▶ **Management company:** HUGAU GESTION - 60, rue Saint-Lazare - 75009 - PARIS. Portfolio management company approved by the AMF under number GP06 000008 on 27 June 2006.

▶ **Depository and custodian:** Crédit Industriel and Commercial (CIC), 6 avenue de Provence, 75009 PARIS.

a) Assignments:

1. Custody of assets

i. Protection

ii. Record keeping of assets

2. Control of the regularity of the decisions of the UCI or its management company

3. Monitoring of cash flow

4. Liability holding by delegation

i. Centralisation of unit/share subscription and redemption orders

ii. Charge of issuing account

Potential Conflicts of Interest: the Conflict of Interest Policy is available on the following website: <https://www.cmcics.com/>

A paper copy is available free of charge on request from: CM CIC MARKET SOLUTIONS - Custodian Solutions - 6 avenue de Provence 75009 PARIS

b) Delegate of custodial duties: BFCM

The list of delegates and sub-delegates is available on the following website: <https://www.cmcics.com/>

A paper copy is available free of charge on request from: CM CIC MARKET SOLUTIONS - Custodian Solutions - 6 avenue de Provence 75009 PARIS

c) Updated information will be made available to investors upon request to: CM CIC MARKET SOLUTIONS - Custodian Solutions - 6 avenue de Provence 75009 PARIS

▶ **Auditor:** Deloitte & Associates: 6 place de la Pyramide, 92908 Paris-La Défense cedex

▶ **Marketer:** Hugau Gestion

▶ **Delegate of administrative management and valuation:** CREDIT MUTUEL ASSET MANAGEMENT - 4, rue Gaillon - 75002 - PARIS.

▶ **Advisors:** none

### **III. OPERATING AND MANAGEMENT PROCEDURES**

#### **1. General features**

##### ▶ **Characteristics of the units:**

- **Nature of the right attached to the unit class:** Each unitholder has a right of co-ownership of the assets of the unit trust proportional to the number of units held;

- **Entries in a register:** The rights of the holders will be represented by a book entry in their name at the intermediary of their choice for bearer securities, at the issuer.

- **Liability holding:** The liability is held by the custodian CREDIT INDUSTRIEL ET COMMERCIAL (CIC). It is specified that the administration of the units is carried out by EUROCLEAR France.

- **Voting rights:** In the case of a mutual fund, no voting rights are attached to the units, decisions being taken by the management company; information on the mutual fund's operating procedures is given to the holders, as the case may be, either individually or through the press, or through periodical documents or by any other means in accordance with the AMF Instruction.

- **Form of the shares:** bearer.

- The shares are decimalised in thousandths. First subscription: one unit. Subsequent subscriptions and redemptions are possible from the first thousandth.

▶ **Closing Date:** last trading day of the month of December. The first financial year will be closed on the last trading day of December.

▶ **Indication about the tax system:** The UCITS as such is not subject to taxation. However, the holders may incur charges as a result of the income distributed by the UCITS, if any, or when they sell the securities of the UCITS. The tax regime applicable to amounts distributed by the UCITS or to unrealised or realised capital gains or losses by the UCITS depends on the tax provisions applicable to the investor's particular situation, tax residence and/or the jurisdiction of the UCITS investment.

If the investor is unsure of his tax situation, he should contact a consultant or a professional.

Certain income distributed by the UCITS to non-residents in France may incur withholding tax in that State.

#### **2. Special provisions**

▶ **ISIN Codes:** Unit "I" FR0010613521 - Unit "R" FR0010827139 - Unit "D" FR0012498038

▶ **Classification:** Bonds and similar debt securities denominated in euros

▶ **Management objective:** The management objective of the fund is to outperform the BOAML 1-3Y Euro Govt index, which is composed of fixed-rate bonds with a maturity of between 1 and 3 years, issued in euros, taking into account the reinvestment of the coupons.

▶ **Benchmark indicator:**

The reference indicator is the ICE BOFAML 1-3 Year Euro Government Index, which consists of fixed-rate bonds with a maturity of between 1 and 3 years, issued in €, almost sovereign, taking into account the reinvestment of coupons. This index is representative of the performance, coupons reinvested, of eurozone government bonds

maturing between 1 and 3 years.

As the Fund's management is not index-based, this indicator is only given as a posteriori indicator of performance. It does not strictly define the fund's management universe of reference.

The ICE administrator of the ICE BOFAML 1-3Y Euro Government Index is registered in the register of directors and benchmarks held by ESMA.

More information on this index is available at the following address: [www.theice.com](http://www.theice.com)

The asset management company is able to replace the benchmark if one or more of the indices making up this benchmark change substantially or ceases to be provided.

In accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the asset management company has a procedure for monitoring the reference indices used, describing the measures to be implemented in the event of substantial changes to an index or cessation of supply of that index

#### ► Investment Strategy:

<b>Range of interest rate sensitivity within which the FCP is managed</b>	Between 0 and +3
<b>Geographic area of the issuers to which the Fund is exposed and exposure ranges</b>	Eurozone: 60% to 100% Other: 0% to 40%

The credit spread sensitivity range of your fund may deviate significantly from the interest rate sensitivity range specified above, in particular because of investments in the credit market.

#### 1- Strategy used:

The strategy aims to outperform the benchmark index of government securities:

- exposing the portfolio up to 100% to the bond market issued by private and sovereign issuers ranked "investment grade" according to the scale of at least one of the major rating agencies. The fund reserves the right to invest in bonds issued by so-called "speculative" private and sovereign issuers up to a limit of 15% of the net assets for each issuer category; and
- by varying the overall sensitivity of the portfolio based on the manager's expectations.

The management approach is essentially based on the manager's analysis of the differences in pay between the different maturities (curve), between the different countries and between the different credit standards offered by corporate and public issuers. The choice of issuing countries will result from the macroeconomic analysis conducted by the manager. The choice of private bonds comes from financial and sectoral analyses carried out by the entire management team.

The choice of maturities results from the inflationary expectations of the manager and the desires stated by the central banks in the implementation of their monetary policy.

The selection criteria for issues therefore revolve around the knowledge of the fundamentals of the issuing company and the assessment of quantitative factors such as the additional remuneration in relation to government bonds.

Management is based on macroeconomic analysis, an anticipation of interest rates, a credit analysis, by selecting bonds of "high quality".

The assessment of this credit quality is based on internal studies based primarily on a financial analysis of issuers, focused on debt and cash flow issues.

- **Management of interest rate risk exposure:** macroeconomic analysis is used as a basis for developing a rate scenario. Taking into account the valuation of interest rate instruments makes it possible to calibrate the interest rate risk by determining the overall sensitivity level of the fund;
- **Management of positions on the yield curve:** the market scenario resulting from the interest rate scenario makes it possible to define the positions taken on the interest rate curve;
- **Management of exposure to inflation:** the market scenario resulting from the macroeconomic scenario gives us some indication of the portfolio's desirable exposure to indexed securities;
- **Management of swap spread exposure:** our market scenario leads us, after the analysis of the budget deficit outlook of the Eurozone member states, to define our exposure to the risk of changes in the interest rate swap curve. This risk mainly affects supranational issuers, secured bonds such as mortgage bonds and bank and industrial issuers;
- **Credit allocation:** it is used in opportunistic diversification and is limited by credit standards;

- **Selection of issuers and securities:** for credit, it is based on studies conducted internally by credit analysis teams and studies from third parties. The fund's exposure to an issuer's specific or systemic credit risk is determined by the fund manager.

## 2- Assets used (excluding derivatives)

### - Debt securities and money market instruments

The physical portfolio is comprised of fixed rate, floating rate, revisable, indexed or convertible bonds, equity securities, subordinated debt and money market instruments, within the permitted sensitivity range.

The FCP may be exposed up to 10% in assets denominated in currencies other than the Euro. These positions will then be systematically hedged against the currency risk.

### - Shares

Nil

### - Shares or units of other UCIs or investment funds

The UCITS may hold up to 10% of its net assets in units or shares of the following UCIs or investment funds:

- European UCITS open to non-professional customers
- European FIAs open to non-professional customers and meeting the conditions set by the Monetary and Financial Code

These collective investments can be managed by the asset management company or related companies and are selected on the basis of their management orientation, from their performance history.

## 3- Derivative financial instruments

Information about counterparties to OTC derivative contracts:

The selection of counterparties is made according to the procedure in force and is based on the principle of selectivity of the best market counterparties.

The manager may invest in the following derivative instruments:

### - Nature of intervention contracts:

- Regulated;
- Organised;
- Over-the-counter.

### - Risk on which the manager wishes to intervene:

- Shares;
- Rate;
- Credit;
- Currency exchange;
- Volatility.

### - Nature of interventions, all operations to be limited to the achievement of the management objective:

- Cover;
- Exposure;

### - Type of instruments used:

- Futures;
- Options;
- Swaps;
- Forward currency exchange.

### - Derivatives use strategy to achieve the management objective:

- General portfolio coverage, certain risks, securities, etc.;
- Reconstitution of a synthetic exposure to assets, to risks;
- Increased market exposure.

Futures contracts are used for buying and selling as inexpensive and liquid alternatives to live securities to adjust the overall exposure of the portfolio to the bond markets.

Currency swaps are used extensively to hedge the portfolio.

#### 4- Securities including derivatives and strategy of use

Securities with embedded derivatives may not represent more than 10% of the net assets

- Risk on which the manager wishes to intervene:

- Shares;
- Rate;
- Credit;
- Currency exchange;
- Volatility.

- Nature of interventions, all operations to be limited to the achievement of the management objective:

- Cover;
- Exposure;

Within a limit of 10% of the net assets, the UCI may be exposed to bond-like convertible bonds whose sensitivity to equity risk is insignificant.

#### 5- Deposits:

Within the regulatory limits, the UCITS may use deposits with one or more credit institutions.

#### 6- Cash loans:

Cash borrowings cannot represent more than 10% of net assets and serve, on a temporary basis, to provide liquidity to holders wishing to buy back their shares without penalising the overall management of assets.

#### 7- Acquisition and temporary transfer of securities:

- Nature of operations used:

- Selling and repurchase agreements by reference to the Monetary and Financial Code
- Loans and borrowings by reference to the Monetary and Financial Code

- Nature of interventions, all operations to be limited to the achievement of the management objective:

- Cash management
- Potential contribution to the leverage effect of the UCITS: to optimise its strategy, the fund may intermittently take positions generating leverage
- Optimisation of the income of the UCITS

Potential acquisitions or temporary sales of securities are carried out in accordance with the best interests of the UCITS, and must not cause it to deviate from its management objective or take additional risks.

They aim to optimise cash management and/or portfolio performance.

The UCITS ensures that it is able to recall any securities that have been lent (repo) or to recall the total amount in cash (reverse repo).

The remuneration on the temporary acquisition and sale of securities benefits exclusively the UCITS.

The fund may use these transactions up to a limit of 100% of the net assets.

Temporary acquisitions and sales of securities do not create leverage effects.

The selection of counterparties takes place rigorously among reputable local operators according to the criteria defined by the management company in its evaluation and counterparty selection procedure.

- Information relating to the financial guarantees of the UCITS:

As part of carrying out transactions on over-the-counter derivative financial instruments and the temporary acquisition/sale of securities, it may receive financial assets that are considered as collateral and are intended to reduce its exposure to counterparty risk.

The financial guarantees received will essentially be in cash for transactions on over-the-counter derivative financial instruments and in cash and eligible government bonds for transactions for the temporary purchase/sale of securities.

This guarantee is given in the form of cash or bonds issued or guaranteed by the OECD member states or by their local authorities or community, regional or global supranational institutions or bodies;

Any financial guarantee received will respect the following principles:

- **Liquidity:** Any financial guarantee in securities must be very liquid and can quickly be traded on a regulated market at a transparent price.
- **Disposability:** Financial guarantees are disposed of at any time.
- **Valuation:** The financial guarantees received are valued on a daily basis. A prudent haircut policy shall be applied to securities that may exhibit significant volatility or depending on the credit quality.
- **Credit quality of issuers:** Financial guarantees are of high quality credit.

Guarantee investments received in cash: They are either invested in deposits with eligible entities or invested in high credit quality government bonds (rating which meets "short-term monetary" UCITS/FIA criteria) or invested in "short-term monetary" UCITS/FIAs, or used for repurchase transactions with a credit institution,

- **Correlation:** guarantees are issued by an entity independent of the counterparty.
- **Diversification:** Counterparty risk in over-the-counter transactions may not exceed 10% of net assets when the counterparty is one of the credit institutions as defined in the regulations in force, or 5% of its assets in other cases.

Exposure to a given issuer does not exceed 20% of net assets.

- **Protection:** Financial guarantees received are invested with the Custodian or by one of its agents or third parties under its control or by any third party custodian subject to prudential supervision and who has no link with the provider of the financial guarantees.
- **Prohibition of re-use:** Non-cash financial guarantees may not be sold, reinvested or used as collateral.

### ► Risk profile:

Your money will be mainly invested in financial instruments selected by the management company. These instruments will be affected by market changes and variations.

No counterparty has any discretionary power over the composition and management of the portfolio or the underlying assets of the derivative financial instruments. Counterparty approval is not required for any portfolio transactions.

Conflict of interest procedures have been put in place to prevent and manage them in the exclusive interest of unitholders.

The main risks to which the bearer is exposed through the UCITS are the following:

#### - The main risks related to classification are:

- **Rate risk:** In the event of an increase in interest rates, the value of the instruments invested in fixed rate may fall and may lower the net asset value.
- **Risk of loss of capital:** The capital loss occurs when a unit is sold at a price lower than the purchase price. The UCITS does not benefit from any guarantee or protection of the capital. The capital initially invested is exposed to the vagaries of the market, and can therefore, in case of unfavourable stock market evolution, not be fully restored.

#### - The main specific risks related to management are:

- **Credit risk:** If the quality of the issuers deteriorates or if the issuer is no longer able to meet its maturities, the value of these securities may fall, leading to a fall in the net asset value.
- **Risk related to investments in speculative securities:** Securities rated "speculative" in the management company's or rating agency's analysis are subject to greater increased risk of default, and are subject to greater and/or more frequent valuation changes, which may result in a decline the net asset value.
- **Risk linked to the impact of techniques such as derivatives:** The use of derivatives may lead to a significant decline over short periods of the asset value in the event of exposure in a direction contrary to market changes.

#### - Other risks:

- **Counterparty risk:** This risk is linked to the conclusion of contracts on financial futures and the conclusion of temporary acquisitions and sales of securities. It represents the risk of a market participant's failure to meet its commitments with regard to the UCITS for example (payment, refund, non-delivery). The occurrence of any of these risks may have a negative impact on the net asset value of the UCITS.
- **Operational risk:** The operational risk represents the risk of default or an error by one of the main players involved in the management process and/or valuation of the fund.
- **Liquidity risk:** in the particular case where the exchange volumes on the financial markets are very low, any purchase or sale transaction on the latter may cause significant market fluctuations.

► **Eligible subscribers and typical investor profile**

It is aimed at underwriters seeking a performance linked to the Euro 1-3 bond market.

Unit "I": All subscribers  
 Unit "R": All subscribers  
 Unit "R": All subscribers

The amount that it is reasonable to invest in this UCITS depends on the personal circumstances of each investor; to determine this, it is a question of taking into account one's personal patrimony, the current needs and the duration of investment but also the wish to take risks or to privilege a prudent investment. It is strongly recommended to sufficiently diversify all its investments so as not to expose them to the risks of a single UCITS.

The units of this fund may not be offered or sold directly or indirectly in the United States of America (including its territories and possessions) for the benefit of a "US Person" as defined by the US regulation "Regulation S" adopted by the Securities and Exchange Commission.

**Minimum recommended investment period:** more than 18 months.

► **Methods of determining and allocating distributable sums:**

The distributable amounts for the year are equal to the amount of interest, arrears, dividends, premiums and prizes, attendance fees and all income relating to the securities comprising the fund's portfolio plus the proceeds of the amounts currently available and minus management fees and borrowing costs.

Distributable sums consist of:

1. The net profit increased by the retained earnings and increased or decreased by the balance of the income adjustment account;
2. Realised capital gains, net of expenses, minus realised capital losses, net of expenses, recorded during the financial year, plus net capital gains of the same type recognised in previous financial years not distributed or capitalised and decreased or increased by the balance of the capital gains adjustment account.

**Unit "I" and "R":** Total capitalisation.

Distributable sums are fully capitalised each year.

	<i>Total capitalisation</i>	<i>Partial capitalisation</i>	<i>Full distribution</i>	<i>Partial distribution</i>
<i>Net result</i>	<b>X</b>			
<i>Net realised gains or losses</i>	<b>X</b>			

**Unit "D": Partial or total distribution of net income or gains**

The choice between the capitalisation or the annual distribution of the distributable sums belongs to the asset management company.

Portfolio Management Company may decide, during the year, implementing distribution or part of one or more instalments on net income recognised at the date of the decision. The coupon is distributed within 5 months after the end of the financial year.

	<i>Total capitalisation</i>	<i>Partial capitalisation</i>	<i>Full distribution</i>	<i>Partial distribution</i>
<i>Net result</i>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<i>Net realised gains or losses</i>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>

► **Characteristics of the shares:**

**Initial net asset value:**

**Units "I", "R" and "D":** €1,000

Each share is decimalised in thousandths.

The quantity of securities is expressed in thousandths.

**Units "I", "R" et "D":**

**Minimum initial subscription amount:** one unit

**Minimum amount of subsequent subscriptions and redemptions:** one thousandth



**Denominated currency of account:** Euro

► **Subscription and redemption conditions:**

**Dates and times of order centralisation:**

<i>D-1 calendar working day</i>	<i>D-1 calendar working day</i>	<i>D : day of establishment of the NAV</i>	<i>D calendar working day</i>	<i>D+1 calendar working day</i>	<i>D+1 calendar working day</i>
<i>Centralization before 11 o'clock of subscription orders</i>	<i>Centralization before 11:00 of redemption orders</i>	<i>Execution of the order at the latest at D</i>	<i>Publication of the NAV</i>	<i>Subscriptions Settlement</i>	<i>Redemptions Settlement</i>

Subscription and redemption orders are centralized each business day at 11:00 am (D-1) and are executed on the next business day on the basis of the next net asset value calculated in D.

The payment is made on D + 1 (D being the day of establishment of the NAV).

If the day of centralization is a public holiday in France (within the meaning of Article L222-11 of the Labor Code) or the reference exchanges are open, the centralization of subscriptions / redemptions is made on the following working day.

► **Date and frequency of calculation of the net asset value:**

Daily, except holidays, even if the reference stock exchange(s) are open and stock closing days.

It is available from the management company and the custodian the next working day of the calculation day.

► **Expenses and fees**

**Subscription and redemption fees**

*Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees received by the UCITS are used to offset the costs incurred by the UCITS in investing or disinvesting the assets entrusted to it. Unearned fees accrue to the portfolio management company.*

<b>Expenses to be borne by the investor, levied on subscriptions and redemptions</b>	<b>Base</b>	<b>Rate scale</b>
Subscription fee not received by the UCITS	Net asset value × number of units	Nil
Subscription fee acquired by the UCITS	Net asset value × number of units	Nil
Redemption fee not acquired by the UCITS	Net asset value × number of units	Nil
Redemption fee acquired by the UCITS	Net asset value × number of units	Nil

**Operating and management costs**

*These fees cover all the costs invoiced directly to the UCITS, with the exception of transaction costs. Transaction fees include intermediation fees (brokerage, etc.) and the transaction fee, if any, which may be charged by the custodian and the asset management company.*

*Operational and management costs may be added:*

- *outperformance fees. These compensate the portfolio management company if the UCITS has exceeded its objectives. They are therefore invoiced to the UCITS,*
- *transfer fees invoiced to the UCITS.*
- *costs related to the temporary acquisition and sale of securities.*

<b>Fees charged to the UCITS</b>	<b>Base</b>	<b>Rate scale</b>
Financial management fees and administrative expenses external to the management company	Net assets	Unit "I" and "D": 0.50 % maximum incl. VAT Unit "R": 1.00 % maximum incl. VAT
Transfer fees: -Custodian: 10% of transfer fees -Management company: Balance (after deduction of the unit going to the Custodian either: €35 minimum incl. VAT and €60 maximum incl. VAT)	Deduction from each transaction	0.48% maximum incl. VAT
Out-performance fee	Net assets	Nil

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

The intermediaries selected appear on a list established and reviewed at least once a year by the management company Hugau Gestion. The intermediary selection procedure consists of examining, for each intermediary, the area of intervention, the quality of the research, the quality of the backing and the quality of the service, and then assigning a mark according to the aforementioned criteria.

### **IV. COMMERCIAL INFORMATION**

#### **Dissemination of information concerning the UCITS:**

The fund's prospectus and the latest periodicals, as well as other practical information, are available free of charge from the management company.

HUGAU GESTION – 60, rue Saint-Lazare – 75009 – PARIS

The net asset value of the UCITS is available upon request from the management company and on the website: [www.hugau-gestion.com](http://www.hugau-gestion.com).

Holders are informed of the changes affecting the UCITS in accordance with the procedures defined by the Financial Market Authority: particular information or any other means (financial notice, periodic document, etc.).

Events affecting the UCITS are, in certain cases, subject to market information via Euroclear France and/or information via various media in accordance with the regulations in force and according to the commercial policy put in place.

#### **Transfer of the composition of the UCITS portfolio:**

The management company may transmit, directly or indirectly, the composition of the UCITS 'assets to UCITS investors having the status of professional investors under the control of the ACPR, the AMF or the European authorities for the sole purpose of calculating the regulatory requirements related to the Solvency II Directive. This transmission takes place, where applicable, within a period that cannot be less than 48 hours after the publication of the net asset value.

#### **UCITS compliance with criteria relating to environmental, social and governance quality objectives (ESG):**

The management company makes available to the investor on its website [www.hugau-gestion.com](http://www.hugau-gestion.com) and in the annual report of the UCITS, information on how the ESG criteria are to be taken into account in the investment policy of the UCITS.

### **V. INVESTMENT RULES**

The UCITS complies with the investment rules laid down by the Monetary and Financial Code and applicable to its category.

### **VI. OVERALL RISK**

The commitment calculation method is used to calculate overall risk on financial contracts.

## **VII. ASSET VALUATION AND ACCOUNTING RULES**

General accounting conventions are applied in accordance with the principles of:

- a going concern
- consistent accounting methods from one financial year to the next
- independence of financial years.

### **Asset evaluation rules**

The calculation of the net asset value of the unit is made taking into account the valuation rules specified below:

- The bonds are valued at market prices based on data provided by the various market participants.
- When the use of the market valuation is not possible or the market data are of insufficient quality, the bonds are valued at their probable trading value by reference to a model under the responsibility of the Asset Management Company.
- These evaluations and their justification are communicated to the External Auditor during his audits.
- **Negotiable debt securities and similar** are valued actuarially on the basis of a reference rate defined below, plus, where applicable, a difference representative of the intrinsic characteristics of the issuer:
  - TCN with a maturity of less than or equal to 1 year: Interbank rate offered in euros (Euribor)
  - TCN swapped: valued according to the OIS curve (Overnight Indexed Swaps)
  - TCNs with a maturity of more than three months (money market UCIs): valued using the Overnight Indexed Swaps (OIS) curve
  - TCN with a maturity of more than 1 year: Normalised Annual Interest Rate (BTAN) or near maturity OAT rate for the longest terms.

Negotiable debt securities with a residual life of less than or equal to 3 months may be valued using the straight-line method.

- Treasury bills are valued at the market rate, communicated daily by the specialists in Treasury Securities.
- UCI units or shares are valued at the last known net asset value.
- Cash, deposits and financial instruments held in the portfolio and denominated in foreign currencies are converted into the accounting currency of the UCITS on the basis of exchange rates on the day of the valuation.
- **Transferable** securities which are the subject of temporary sale or acquisition contracts are valued in accordance with the regulations in force, the terms of application being determined by the Management Company.

Securities received under repurchase agreements are recorded in the portfolio for their amounts stipulated in the contracts, plus interest receivable.

The securities sold under repurchase agreements are valued at the stock market price. The interest receivable and payable for repurchase transactions is calculated pro rata temporis. Debt representing securities sold under repurchase agreements is recorded in the seller's portfolio at the value fixed in the contract plus interest payable. At settlement, interest received and disbursed is recorded in receivables.

Securities lent are valued at the market price. Accrued interest is included in the market value of the securities lent.

- **The fixed or conditional transactions** concerning financial futures instruments traded on French or foreign organised markets are valued at market value in accordance with the terms and conditions established by the Management Company. Futures contracts are valued at the settlement price
- **Futures transactions**, whether fixed or conditional or exchange transactions entered into over-the-counter markets, authorised by the regulations applicable to UCIs, are valued at their market value or at a value estimated according to the terms and conditions determined by the Company Management. Interest rate and/or currency swap contracts are valued at their market value, based on the price calculated by discounting future cash flows (principal and interest), interest rates and/or interest rates or market currencies. This price is adjusted to the issuer's risk.
- **The titles** that are not traded on a regulated market are valued under the responsibility of the Management Company at their probable trading value. They are valued using methods based on asset value and yield, taking into account the prices

retained during recent significant transactions. Units or shares of investment funds are valued at the last known net asset value or, where appropriate, on the basis of estimates available under the control and responsibility of the Management Company.

### **Accounting method**

The UCI records its income using the redeemed coupon method.

The accounting of securities inflows and outflows in the UCI's portfolio is made excluding trading costs.

Revenues consist of:

- transferable securities income,
- dividends and interest received at the rate of the currency, for foreign securities,
- cash compensation in foreign currencies, lending revenue and repo transactions and other investments

The following are deducted from these revenues:

- management fees,
- financial expenses and charges on securities loans and borrowings and other investments.

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

Futures contracts are carried at their market value, off-balance sheet commitments, at the settlement price. Conditional forward transactions are translated into the underlying equivalent. OTC interest rate swap agreements are valued on the basis of the nominal amount plus or minus the corresponding estimation difference.

## **VIII. REMUNERATION**

- The prospectus contains the elements mentioned in Article 411-113 of the AMF General Regulation in this case a summary of Hugau Gestion's remuneration policy.
- HUGAU Gestion has implemented a remuneration policy that is compatible and consistent with sound and effective risk management that enables the control of staff behaviour in terms of risk taking. This policy aims to avoid any risk of conflicts of interest so as not to harm the interests of customers in the short, medium and long term.
- Hugau Gestion's remuneration policy is adapted to the size of the company, its internal organisation and the nature, scope and complexity of its activities and its risk management system and its policy for the prevention of conflicts of interest.
- Hugau Gestion's remuneration policy is consistent with the economic strategy, objectives, values and interests of the Company and the UCI it manages.
- Hugau Gestion's remuneration policy provides for a structured remuneration system with a sufficiently high fixed component and a specific variable remuneration for risk-takers in order to reward value creation over the long term. This variable remuneration is paid after annual appraisal incorporating qualitative and quantitative criteria to assess the performance of the operating unit over time. Half of the variable remuneration is paid in cash during the first half of the year following the year in which the performances are evaluated and measured. The payment of the other half of the variable remuneration is subject to a 3-year deferral period and is distributed in the form of financial instruments managed by Hugau Gestion and representative of its risk profile per third (3 thirds over 3 years). It is paid if the performance conditions of the index basket managed by Hugau Gestion are met, and of excessive risk-taking over the period. The variable remuneration is definitively acquired only if it is compatible with the financial situation of the company, there is no guaranteed variable remuneration.
- The remuneration policy of Hugau Gestion is established by the Remuneration Committee of Hugau Gestion, which reviews it annually and is placed under the control of the Company's Orientation and Supervisory Board and the general meeting of shareholders.
- The remuneration policy is available in its entirety on the website of Hugau Gestion at the following address: [www.hugau-gestion.com](http://www.hugau-gestion.com). A paper copy is available free of charge.

# UCITS: HUGAU OBLI 1-3

## UNIT TRUST

### RULES

#### TITLE 1 - ASSETS AND SHARES

##### **Article 1 - Shares of co-ownership**

The co-owners' rights are expressed in units, each unit corresponding to the same fraction of the assets of the UCITS. Each unitholder has a co-ownership right over the assets of the UCITS proportional to the number of units owned.

The duration of the UCITS is 99 years from the date of its incorporation except in the case of early dissolution or extension provided for in this Regulation.

The shares may be split by the management company in tenths, hundredths, thousandths and ten thousandths, referred to as fractional units.

The provisions of the regulations governing the issue and redemption of units are applicable to fractional units whose value will always be proportional to that of the share they represent. All other provisions of the regulation relating to units shall apply to fractions of units without the need to specify such units unless otherwise provided.

Finally, the management company may, on its own decisions, proceed to the division of the units by the creation of new units which are allocated to the holders in exchange for the old shares.

##### **Article 2 - Minimum amount of assets**

Units may not be redeemed if the UCITS assets fall below €300,000; where the asset remains below thirty days, the management company shall take the necessary steps to liquidate the relevant UCITS or any of the operations referred to in Article 411-16 of the General Regulation of the AMF (transfer of the UCI).

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

Units are issued at any time at the request of the holders on the basis of their net asset value plus, if applicable, subscription fees.

Redemptions and subscriptions are made under the terms and conditions set out in the prospectus.

Units of UCI may be listed for trading in accordance with applicable regulations.

Subscriptions must be fully paid up on the day of calculating the net asset value. They may be made in cash and/or by the use of financial instruments. The management company shall have the right to refuse the proposed securities and, for this purpose, shall have seven days from the date of their deposit to make known its decision. In the event of acceptance, the securities contributed are valued according to the rules set out in Article 4 and the subscription is made on the basis of the first net asset value following acceptance of the securities concerned.

Redemptions are made exclusively in cash, except in the event of liquidation of the fund when the unitholders have signified their agreement to be repaid in securities. They shall be settled by the custodian within a maximum period of five days following that of the valuation of the unit.

However, if, in exceptional circumstances, repayment requires the prior realisation of assets included in the UCITS, this period may be extended, but may not exceed 30 days.

Except in the case of inheritance or an inter vivos gift, the sale or transfer of units between unitholders or from unitholders to a third party is treated as a redemption followed by a subscription; in the case of a third party, the amount of the disposal or transfer must, where applicable, be completed by the beneficiary to at least the amount of the minimum subscription required by the prospectus.

Pursuant to Article L.214-8-7 of the Monetary and Financial Code, the redemption by the mutual fund of its units, such as the issuance of new shares, may be temporarily suspended by the management company, when exceptional circumstances so require and if the interests of the bearers so request.

If the net assets of the mutual fund are lower than the amount set by regulation, no redemption of the units may be carried out.

The UCITS may cease issuing units pursuant to the third paragraph of Article L. 214-8-7 of the Monetary and Financial Code, provisionally or definitively, partially or totally, in objective situations resulting in the closure of subscriptions such as a maximum number of units issued, a maximum amount of assets attained or the expiry of a given subscription period.

The triggering of this tool will be the subject of information by any means of the existing holders concerning its activation, as well as the threshold and the objective situation that led to the decision of partial or total closure. In the case of a partial closure, this information by any means will specifically specify the terms upon which existing holders may continue to subscribe during the term of such partial closing. Unitholders are also informed by any means of the decision of the UCITS or the asset management company to either terminate the total or partial closing of subscriptions (when passing under the triggering threshold), or not to put an end to it (in the event of a change of threshold or a change in the objective situation leading to the implementation of this tool). A change in the objective situation invoked or the triggering point of the tool must always be made in the interests of the unitholders. Information by any means specifies the exact reasons for these modifications.

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

The net asset value of the units is calculated taking into account the valuation rules in the prospectus.

## **TITLE 2 - FUNCTIONING OF THE UCITS**

#### **Article 5- The portfolio management company**

The management of the UCITS is ensured by the asset management company in accordance with the orientation defined for the UCITS

The portfolio management company acts in all circumstances in the exclusive interest of the unitholders and can only exercise the voting rights attached to the securities included in the UCITS.

#### **Article 5 bis - Rules of procedure**

The instruments and deposits eligible for the UCITS assets as well as the investment rules are described in the prospectus.

#### **Article 6 - The custodian**

The Custodian performs the duties incumbent on it under the laws and regulations in force as well as those contractually entrusted to it by the asset management company. It must in particular ensure the regularity of the decisions of the asset management company. It must, if necessary, take any precautionary measures that it deems useful. In the event of a dispute with the management company, it shall inform the Financial Markets Authority (AMF).

#### **Article 7 - The auditor**

An auditor is appointed for six financial years, after approval by the AMF, by the management body of the asset management company  
It certifies the regularity and fairness of the accounts.  
It may be reappointed.

The statutory auditor is required to report as soon as possible to the AMF any fact or decision concerning the undertaking for collective investment in transferable securities of which he became aware in the performance of his duties:

- 1) that constitute a violation of the legislative or regulatory provisions applicable to this organisation and likely to have significant effects on the financial situation, the profit or the assets;
- 2) that undermine the conditions or the continuity of its exploitation;
- 3) that lead to the issuance of reserves or the refusal of certification of accounts.

The valuation of the assets and the determination of exchange parities in the processing, merger or demerger operations are carried out under the supervision of the auditor.

It assesses any contribution in kind under its responsibility.

It certifies the accuracy of the asset mix and other elements prior to publication.

The fees of the auditor shall be fixed by mutual agreement between the auditor and the board of directors or the management board of the management company in the light of a work programme specifying the due diligence considered necessary.

It certifies the situations that are the basis for the distribution of interim payments.

Its fees are included in the management fees.

#### **Article 8 - The accounts and the management report**

At the end of each financial year, the management company draws up the summary documents and draws up a report on the management of the UCITS during the financial year.

The portfolio management company establishes, at least semi-annually and under the control of the custodian, the inventory of the assets of the UCITS.

The management company will make these documents available to unitholders within four months of the end of the financial year, and will inform them of the income to which they are entitled: these documents will be sent to unitholders by post at their express request or made available to them at the offices of the management company.

### **TITLE 3 - TERMS AND CONDITIONS FOR ALLOCATION OF DISTRIBUTABLE AMOUNTS**

#### **Article 9 - Provisions for the assignment of distributable amounts**

The distributable amounts for the year are equal to the amount of interest, arrears, dividends, premiums and prizes, attendance fees and all income relating to the securities comprising the fund's portfolio plus the proceeds of the amounts currently available and minus management fees and borrowing costs.

Distributable sums consist of:

1. The net profit increased by the retained earnings and increased or decreased by the balance of the income adjustment account;
2. Realised capital gains, net of expenses, minus realised capital losses, net of expenses, recorded during the financial year, plus net capital gains of the same type recognised in previous financial years not distributed or capitalised and decreased or increased by the balance of the capital gains adjustment account.

Unit "I": Capitalisation:

Distributable sums are fully capitalised.

Unit "D": Partial or total distribution of net income or gains

The choice between the capitalisation or the annual distribution of the distributable sums belongs to the asset management company.

Portfolio management company may decide, during the year, implementing distribution or part of one or more instalments on net income recognised at the date of the decision. The coupon is distributed within 5 months after the end of the financial year.

### **TITLE 4 - MERGER - DEMERGER - DISSOLUTION - LIQUIDATION**

#### **Article 10 - Merger - Demerger**

The portfolio management company may either contribute all or part of the assets included in the UCITS to another UCITS, or split the UCITS into two or more other UCITS.

Such merger or demerger may only be completed one month after the holders have been notified. They give rise to the issuance of a new certificate specifying the number of units held by each holder.

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

If the assets of the UCITS remain lower for 30 days than the amount set in Article 2 above, the asset management company shall inform the AMF and proceed, unless it is a merger with another unit trust, upon dissolution of the UCITS.

The management company may dissolve the fund in advance; it shall inform unitholders of its decision and, from that date, applications for subscription or redemption are no longer accepted.

The portfolio management company shall also dissolve the UCITS in the event of a request for the redemption of all the units, the termination of the function of the custodian, when no other custodian has been appointed, or on expiry of the duration of the UCITS, if this has not been extended.

The portfolio management company shall inform the AMF by post of the date and the procedure of dissolution adopted. Subsequently, it shall send the AMF the auditor's report.

The extension of a UCITS may be decided by the asset management company in agreement with the custodian. Its decision must be taken at least 3 months before the expiry of the period foreseen for the UCITS and notified to the unitholders and the AMF.

#### **Article 12 - Liquidation**

In the event of dissolution, the asset management company or the custodian acts as liquidator; failing this, the liquidator shall be appointed in court at the request of any interested person. To this end, the management company is vested with the broadest powers to realise the assets, to pay the potential creditors and to distribute the available balance between the unitholders in cash or in securities.

The auditor and the custodian shall continue to perform their duties until the end of the liquidation operations.

## **TITLE 5 - DISPUTE**

### **Article 13 - Jurisdiction - Address for service**

Any disputes relating to the UCITS which may arise during the term of the UCITS or on its liquidation either between the holders of units or between them and the portfolio management company or the custodian shall be subject to the jurisdiction of the competent courts.