



TIKEHAU TAUX VARIABLES

PROSPECTUS OCTOBER 26th 2017

UCITS compliant with European regulatory standards

This English version is provided to you for information purposes only. Only the French version is binding and enforceable on the parties and the investors and, in case of discrepancy between the two versions, the French version will prevail.

By subscribing or purchasing Units of the Fund, the investors expressly acknowledge and accept the above.

I- GENERAL CHARACTERISTICS

1- Structure of the Fund:

French Mutual Fund (FCP)

2- Name:

Tikehau Taux Variables (the "FCP" and/or the "Fund")

3- Legal form and Member State in which the Fund was established:

Mutual Fund governed by French law.

4- Creation date and expected term:

The Fund was approved by the French Financial Markets Authority (AMF) on 03/11/2009. It was launched on 18/11/2009 for a period of 99 years.

5- Fund overview:

Name	ISIN code	Initial NAV	allocation of distributable income	Currency	Minimum initial subscription amount	Target investors	Frequency of NAV calculation
Tikehau Taux Variables A Shares	FR0010814806	€ 100	Accumulation	euro	€ 10,000	All subscribers	Daily
Tikehau Taux Variables A CHF Shares	FR0012371557	CHF 100	Accumulation	CHF hedged	CHF 10,000	All subscribers	Daily
Tikehau Taux Variables part D	FR0013204104	100 €	Distribution	euro	€ 100,000	All subscribers	Daily
Tikehau Taux Variables P Shares	FR0010819821	€ 100	Accumulation	euro	€ 1,000	All subscribers	Daily
Tikehau Taux Variables K1 Shares	FR0011261957	€ 100	Accumulation	euro	€ 100,000	All subscribers	Daily
Tikehau Taux Variables K2 Shares	FR0011261965	€ 100	Accumulation	euro	€ 1,000	All subscribers	Daily
Tikehau Taux Variables E Shares	FR0010819847	€ 100	Accumulation	euro	€ 1,000	The executive officers and employees (investing either directly, or through all companies under their control), shareholders, companies or invested funds under the control (i) of the management company or (ii) of any company directly or indirectly controlling the management company, the term "control" being used according to the meaning of Article L233-3 3-37 of the French Commercial Code.	Daily
Tikehau Taux Variables F Shares	FR0013292356	€ 100	Accumulation	euro	€ 1,000	All subscribers	Daily

6- Details of the address where the latest annual report and the latest interim statement can be obtained:

The latest annual and interim documents will be sent to holders within one week upon request to:

Tikehau Investment Management
32 rue de Monceau - 75008 Paris
Tel: 01 53 59 05 00
Contact: info@tikehauim.com

II- DIRECTORY

1- Management company:

The portfolio management company was licensed by the AMF on 19/01/2007, under number. GP-07000006.

Tikehau Investment Management
32 rue de Monceau
75008 PARIS

2- Custodian and sub-custodian:

CACEIS BANK

1-3 Place Valhubert, 75013 Paris

Principal activity: asset servicing bank specialized in post-trade functions accredited by the CECEI (credit and investments company comity) on the 1st of April 2005.

The functions of the custodian cover missions, as defined by the applicable Regulation, from the custody of the assets, the control of the regularity of the decisions taken by the management company and monitoring the cash-flows of the UCITS.

The custodian is independent from the management company.

The description of the delegated functions of conservation, the list of delegates and under delegates of CACEIS Bank and the information relative to the eventual conflict of interest susceptible to arise from these delegations are available on CACEIS's website : www.caceis.com.

In certain countries, the custodian delegates the custody of assets. The list of delegates is available on www.tikehauim.com. A paper copy of this list is available free of charge, on request, from Tikehau Investment Management.

3- Statutory auditor:

Ernst & Young, Société par Actions Simplifiée
Tour First
TSA 14444
1-2 Place des Saisons
92037 Courbevoie - PARIS LA DEFENSE CEDEX

4- Distributor:

The management company Tikehau Investment Management.

The list of distributors is not exhaustive mainly due to the fact that the fund is listed on Euroclear. Thus, some distributors may not be mandated by or known to the management company.

5-Accounting delegated to:

CACEIS FUND ADMINISTRATION

1-3 Place Valhubert, 75013 Paris

Principal activity: asset servicing bank specialized in post-trade functions accredited by the CECEI (credit and investments company comity) since the 1st of April 2005.

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

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

6- Advisors:

The asset management company will be advised for its investment by:

Tikehau Investment Management Asia PTE LTD – Management Company authorized by the MAS - Monetary Authority of Singapore under the number CMS100458-1.

12 Marina View, #23-06 Asia Square Tower 2, Singapore 018961

The advisor is not required to take decisions for the UCITS, which fall within the competence and responsibility of the Fund's management company.

7- Institutions pooling the subscription and redemption orders on behalf of the portfolio management company:

CACEIS BANK

1-3 Place Valhubert, 75013 Paris

Principal activity: asset servicing bank specialized in post-trade functions accredited by the CECEI (credit and investments company comity) on the 1st of April 2005.

CACEIS BANK is also tasked with managing the fund's liabilities and to this end centralizes and processes requests to buy and sell fund units. As issuance account keeper, CACEIS BANK manages relations with Euroclear France for all procedures requiring this organization's involvement.

III- OPERATING AND MANAGEMENT PROCEDURES

General characteristics

1 - Characteristics of the share classes:

a) Type of rights attached to shares:

Every share holder has a right of joint ownership over the Fund's assets, which is proportional to the number of shares held.

b) Liabilities management:

The administration of the shares is carried out by Euroclear France. Liabilities are managed by:
CACEIS BANK

1-3 Place Valhubert, 75013 Paris

c) Voting rights:

No voting rights are attached to the share classes of the Fund. The decisions are taken by the portfolio management company in the interest of the shareholders.

d) Form of shares:

All shares are bearer shares.

e) Fractions of shares:

The shares are decimalised in thousandths.

2- Year-end date:

The financial year closes on the date of the last net asset value of the month of December. The performance fees will only be charged from 31 December 2010.

3- Tax regime:

The Fund is not subject to Corporation Tax. Depending on your tax status, any capital gains and eventual income resulting from the ownership of shares in the Fund may be subject to tax. We recommend that you obtain further information on this matter from a financial adviser or professional.

Specific provisions

1- ISIN CODE:

A Shares: FR0010814806
A CHF Shares: FR0012371557
P Shares: FR0010819821
K1 Shares: FR0011261957
K2 Shares: FR0011261965
E Shares: FR0010819847
D Shares: FR0013204104
F Shares : FR0013292356

2- Classification

Bonds and other debt instruments denominated in euro.

3- Investment objective

The Fund seeks to achieve an annualised gross outperformance of the 3-month Euribor "EUR 3M" + 200 basis points (*quotations for this index can be found on the Internet, for example on www.banque-france.fr*) with an investment horizon of more than one year, net of management fees specific to each share class (i.e., an annualised net outperformance of the 3-month Euribor + 150 basis points for A, D and K1 shares, an annualised net outperformance of the 3-month Euribor + 100 basis points for P and K2 shares, and an annualised net outperformance of the 3-month Euribor + 180 basis points for the E share and an annualised net outperformance of the 3-month Euribor + 140 basis points for F share).

4- Benchmark index

Investors' attention is drawn to the fact that the portfolio's management approach (see below) will never consist in tracking the composition of a benchmark index. However, "EUR 3M" may be used as an ex post performance indicator.

Together with EONIA, EURIBOR is one of the main benchmark rates for the euro zone money market. It is the deposit account interest rate offered on the European market by top tier banks. The rate's name is derived from a contraction of Euro Interbank Offered Rate (EURIBOR). EURIBOR is determined based on a sample of 57 banks (including 51 European banks). The rates are published daily by the EBF at 11 a.m. The interest is calculated on an exact 360-day calculation basis. The rate applies two business days after it is set.

5- Investment strategy

a) Strategy used

This is a bond fund that will have exposure mainly to "Investment Grade" debt securities (with a rating above or equal to BBB- from Standard and Poor's/Fitch or Baa3 from Moody's), issued by entities in the private and public sectors, mainly in the euro zone and on which the interest rate risk will have been minimised by the use of floating-and variable-rate bonds regardless of maturity, bonds with short maturities, interest rate hedging instruments (interest rate swaps or futures contracts), and inflation-linked bonds. The rating applied by the portfolio management company will be the highest obtained from the rating agencies Standard and Poor's, Fitch and Moody's.

The Fund may also invest in derivatives, on a subsidiary basis, including credit derivatives (credit default swaps) on an ancillary basis, and the positions will be held with a medium-term view. Exposure to credit derivatives will be made in the limit of 10% of the net assets.

The aim is to receive the income generated by the portfolio, and to possibly optimize the income via overexposure. Derivatives may be used both for hedging and exposure purposes; the portfolio's global exposure can therefore be increased to 200%.

The Fund may also have exposure to "High Yield" securities (with a rating lower than BBB- from Standard and Poor's/Fitch or Baa3 from Moody's) or unrated securities: they may not represent more than 45% of the net assets of the Fund. Exposure in "High Yield", speculative securities, will be limited to 35% of the net assets of the Fund.

Interest-rate sensitivity range	Security issuers	Security issuers' geographical area	Corresponding exposure range
Between -1 and 1	Private and public sector companies	Primarily in the euro zone	Up to 200%

The Fund's multi-investment nature is significant, as the managers wishes are to invest freely in the debt securities that they select via the most appropriate channels.

The portfolio will be sensitive to interest rates, and will not be subject to maturity constraints for each bond. This sensitivity will be actively managed, based on the manager's expectations, and will range between -1 and 1 overall. Sensitivity to credit spreads will be between -1 and 4.

As a result, the Fund's investment strategy will be based on two main factors:

- **The level of the yield curve**
 - The Fund will minimise interest-rate risk by using floating-rate or interest-rate hedging instruments.
- **The general level of risk premiums, and their structure for borrowers**
 - The premium represents the return on risk for the asset class. The Fund will be continually involved in the fluctuations in this premium.
 - Managing the allocation between government bonds and private sector debt.

These components, along with the full array of debt instruments, will enable optimal management of the portfolio.

The issuing companies will be selected based on a high number of criteria, including:

- Size
- Operating margins
- Sector and positioning of the company

- Cash-flow stability
- Debt level
- Management's proficiency
- Company prospects and evolution of its markets.

b) Concerned financial instruments

Used assets, excluding derivatives:

- Debt securities and money market instruments: up to 200% of net assets.
 - The Fund will primarily invest in private or Government debt securities (bonds, bonds convertible into shares, subordinated bonds, transferable debt securities or any other type of debt), or in listed securities issued by securitisation vehicles such as units in Debt Securitisation Funds or equivalent vehicles.
 - The Fund may also have exposure to "High Yield" securities (with a rating lower than BBB- or equivalent) or unrated securities: they may not represent more than 45% of the net assets of the Fund. Exposure to "High Yield" securities will be limited to 35% of the net assets of the Fund.
 - The portfolio's sensitivity will be ranged between -1 and 1, but the Fund is not subject to any restrictions concerning the final maturity of the bonds in which it invests.
 - This asset class will account for most of the capital investments.
- Units or shares of French or European UCITS and investment funds: up to 10% of net assets. For purposes of diversification, the Fund may invest up to 10% of its net assets in :
 - units or shares of French or foreign UCITS compliant with Directive 2009/65/EC
 - units or shares of other French or foreign UCIs or foreign investment funds which meet the conditions laid down in Paragraphs 1 to 4 of Article R. 214-13 of the French Monetary and Financial Code.
- Units or bonds issued by Mutual Fund Securitization: The Fund may invest up to 10% of net assets in units or bonds of Mutual Fund Securitization/ Securitisation Companies managed by Tikehau Investment Management and for which the portfolio management company can perceive structuring and management charges.
- Exposure to the equity markets: up to 10% of net assets. The Fund may hold equities admitted to trading directly or when the debt securities held by the Fund are converted to or redeemed in equity capital. The Fund may invest in shares of companies of all market capitalisation and of all geographic regions. Moreover, the Fund may have exposure to the equity markets through investment in units or shares of UCITS.

Furthermore, the bonds and debt securitisation funds in which the Fund invests may be unlisted, within the regulatory maximum of 10% of net assets (other eligible assets). As a listing is not often a guarantee of liquidity on the bond market, we view it as a subcriterion.

Forward financial instruments:

Types of markets:

For purposes of hedging its assets and/or achieving its investment objective, the Fund may make use of financial contracts, traded on regulated markets (futures) or over the counter (options, swaps, etc.). In this respect, the asset manager may build an exposure to or a synthetic hedge on CDS indices, sectors or geographical regions. On this account, the Fund may take positions to hedge the portfolio against certain risks (interest rates, equity, credit, currency) or to obtain exposure (long or short) to these risks.

Risks in which the portfolio manager wishes to invest:

- Interest-rate risk
- Currency risk:

- Credit risk
- Equity risk

Nature of the transactions:

- Hedging
- Exposure

Nature of the instruments used:

- Interest rate options
- Forward contracts on interest rates and equity
- Options on bonds, equities, interest rates
- Interest rate hedging instruments (swaps, swaptions)
- Transactions in Credit Default Swaps (CDS) or via ITRAXX indices
- Currency swaps: The Fund's assets may also include a portion of assets in foreign currencies; currency swap transactions will be entered to hedge the currency risk. No significant currency risk will be taken by the Fund.
- Asset swaps: contracts that enable the delivery of a (conventional or convertible) bond to the counterparty via swapping the physical security against its nominal value and via arranging an interest-rate and/or currency swap with a margin (known as an asset swap).

Strategy for using derivatives:

- Hedge the portfolio against certain risks (interest rates, equity, credit, foreign exchange)
- Obtain exposure to interest rate risk and equity risk
- Build a synthetic exposure to assets and risks (interest rates, equity, credit)

The maturity of the contracts shall be consistent with the Fund's investment horizon.

The exposure to these financial instruments, markets, rates and/or to some of their parameters or components resulting from the use of financial contracts may not exceed 100% of net assets.

Credit derivatives will be used in the context of the Fund's management in cases, whenever the Fund requires an active credit risk management policy.

The use of credit derivatives will meet three fundamental requirements:

- Implementing directional strategies.
Alongside positions in underlying cash assets, credit derivatives will primarily be used in the following cases:
 - There are no underlying cash assets for a given issuer.
 - There are no underlying cash assets for the desired length of exposure to a given issuer.
 - The relative value of the underlying cash assets and the derivatives justifies the investment.
- Implementing spread strategies between issuers, and credit curves for the same issuer, or arbitrage strategies between the same issuer's products (cash against derivatives).

The Fund may use OTC (index) options on liquid underlying assets that do not pose any valuation issues (vanilla options). The managers are not planning to use over-the-counter financial instruments that are actually very complex, and where the valuation may be uncertain or incomplete.

Furthermore, the Fund does not rule out investing from time to time in other instruments that enable exposure to some risks under better conditions than via the instruments described above.

Authorized counterparties

As part of OTC transactions, counterparties are financial institutions specialized in this type of transactions. Additional information on the counterparties to the transactions will appear in the Fund's

annual report. These counterparties will have no discretionary power on the composition or the management of the Fund.

Management of financial guarantees

As part of operation on financial instruments OTC, some operations are covered by a collateralisation policy. This policy consists in performing margin calls in cash in the currency of the fund in order to cover the latent result of the operation according to triggers thresholds.

Contingent Convertible Bonds (“CoCos”):

The SICAV can invest in this type of instrument up to a 15% maximum of its net asset and suffer the specific risks tied to CoCos, described à the section 7 of the prospectus.

Deposits

The Fund may invest its excess cash in term deposit accounts. These deposits may amount to up to 100% of the Fund’s assets.

Cash borrowing

The Fund may temporarily have recourse to borrowing species in particular to optimize the cash management of the Fund. This type of operation will nevertheless be used incidentally.

As security for the overdraft facility granted by the bank or depositary institution, the Fund provides a financial guarantee in the simplified form under the provisions of Articles L. 211-38 and following of the Monetary and Financial Code.

Temporary purchases and sales of securities

The Fund may temporarily dispose of financial instruments (securities lending, repurchase, etc.) up to 100% of its net assets.

The Fund may purchase financial instruments on a temporary basis (borrowing securities, and reverse repos, etc.) up to an amount equivalent to 10% of its net assets. This limit will be raised to 100% in the event of reverse repos in exchange for cash, on condition that the financial instruments that are the subject of the repo are not included in any disposal transaction, including temporary transactions or the granting of guarantees.

All revenues resulting from efficient portfolio management techniques, net of direct and indirect operating costs, are returned to the Fund.

Objective of temporary purchases and sales:

- Cash management;
- Optimisation of the Fund’s revenues;
- Helping to generate leverage

Authorized counterparties

As part of the securities lending transactions, counterparties are financial institutions specialized in this type of transactions. Additional information on the counterparties to transactions will appear in the Fund’s annual report. These counterparties will have no discretionary power on the composition or the management of the Fund.

The selection of counterparties for OTC transactions on derivatives and securities lending is in line with a procedure known as “best selection”.

Management of financial guarantees:

As part of the realization of securities lending transactions, the Fund may receive financial assets as guarantees and aiming to reduce the exposure of the UCITS to counterparty risk.

In the event the financial guarantee is received in cash, it will either be:

- Placed on deposit with entities prescribed in Article 50, paragraph f) of the UCITS Directive;
- Invested in high quality government bonds;
- Used for repo transactions (reverse repurchase transactions), provided that such transactions are made with credit institutions subject to prudential supervision and that the fund can call at any time the total liquidity taking into account accrued interest;
- Invested in money market mutual funds in the short term (as defined in the ESMA guidelines for a common definition of European money market mutual funds).

Internal limits on benchmark entities and assets

The list of benchmark entities will be the same as that laid down in Article R. 214-14 3°) of the French Monetary and Financial Code for French UCITS.

The investment strategy requires monitoring the financial structure of all corporate issuers via an internal database, regardless of whether they are Investment Grade or Speculative Grade.

The companies will primarily belong to all sectors of the economy, and will mainly be located in OECD countries.

The Fund will mainly invest in the debt of sizeable companies (with revenues of over € 300 million) but will not rule out looking at smaller companies on an opportunistic basis, with a view to maximising the risk/return profile of the Fund while retaining a reasonable level of liquidity.

The use of derivative instruments may result in overexposure amounting to up to 200% of net assets.

Contracts amounting to financial guarantees

The Fund will offer a Bank or Financial Institution granting it an overdraft facility a guarantee in the simplified form provided for by Articles L. 211-38 *et seqq.* of the French Monetary and Financial Code.

7- Risk profile:

Warning: *Your money will mainly be invested in financial instruments selected by the management company. These instruments will be subject to market trends and risk.*

Risk of capital loss: The Fund does not guarantee the capital invested. Investors may not recover the value of their initial investment.

Credit risk: The Fund may be fully exposed to credit risk on private and public issuers, via bonds or credit derivatives. In the event that their financial position deteriorates, or that they default, the value of the debt securities may fall and result in a decrease in the net asset value. Investments in high-yield securities with a low or inexistent rating may increase the credit risk.

Discretionary risk: The discretionary management style is based on anticipating changes in the various markets. There is a risk that the Fund may not be invested in the best-performing markets at all times.

Risk associated with futures commitments:

As the Fund may invest in financial futures up to a maximum exposure equivalent to 200% of net assets, the Fund's net asset value may therefore experience a steeper decline than the markets to which the Fund is exposed.

Operational risk: The systems or processes implemented to ensure the proper processing of transactions may fail.

Interest rate risk: Sensitivity to interest rates may vary depending on the fixed-rate securities held, and result in a decrease in the Fund's net asset value. Even though the Fund will retain a risk sensitivity of less than 1, there may still be a residual interest-rate risk.

Counterparty risk: The Fund may be required to enter into transactions with counterparties that for a certain period hold cash or assets. Counterparty risk can be generated by the use of derivatives or securities lending and borrowing. The Fund therefore carries the risk that the counterparty does not carry out the transactions instructed by the portfolio management company due to insolvency, bankruptcy of the counterparty among others, which may cause a decline in the net asset value. Managing this risk entails the process of choosing counterparties both for brokerage and OTC transactions.

Liquidity risk: Liquidity, particularly in OTC markets, is sometimes reduced. Especially in turbulent market conditions, the prices of portfolio securities may experience significant fluctuations. It can sometimes be difficult to unwind some positions on good terms for several consecutive days.

There can be no assurance that the liquidity of financial instruments and assets is always sufficient. Indeed, the Fund's assets may suffer from adverse market developments that may make it more difficult to adjust positions on good terms.

Currency risk: The Fund may be exposed to currency risk in the proportion to that part of the net assets invested outside the euro zone not hedged against this risk, which could lead to a decrease in its net asset value. For units denominated in a currency other than the euro, the currency risk linked to fluctuations in the euro versus the valuation currency is residual thanks to systematic hedging. This hedging may generate a performance differential between units in different currencies.

Equity risk: The Fund may be exposed to equity risk on an ancillary basis, which could lead to a decrease in its net asset value in case of decrease of this market.

Risk of conflict of interests: the fund can be invested in OPC managed by Tikehau IM or company connected or securities issued by these OPC. This situation can be source of conflicts of interests.

Specific risks linked to the investment in the contingent convertible bonds ("CoCos"):

Trigger level risk: trigger levels differ and determine exposure to conversion risk depending on the distance to the trigger level.

Coupon cancellation: Coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

Yield/Valuation risk: investors have been drawn to the instrument as a result of the CoCos often attractive yield which may be viewed as a complexity premium.

Call extension risk: CoCos are issued as perpetual instruments, called at pre-determined levels only with the approval of the competent authority.

Capital structure inversion risks: contrary to classic capital hierarchy, CoCo investors may suffer a loss of capital when equity holders do not.

Liquidity risk: like the high-yield bond market, the liquidity of the CoCos can be significantly affected in turbulent market conditions.

8- Guarantee or protection:

The Fund offers no guarantee or protection.

9- Target investors and investor profile:

The Fund's shares are not open to investors with the status of "U.S. Person" as defined in Regulation S of the SEC (Part 230-17 CFR230.903).

The Fund is not, and will not be, registered under the U.S. Investment Company Act of 1940. Any resale or transfer of shares in the United States of America or to a "U.S. Person" may constitute a violation of U.S. law and requires the prior written consent of the management company of the Fund. Those wishing to acquire or subscribe for shares must certify in writing that they are not "U.S. Persons".

The Fund's management company has the power to impose restrictions (i) on the holding of shares by a "U.S. Person" and thus enforce the compulsory redemption of shares held, or (ii) on the transfer of shares to a "U.S. Person". This power also extends to any person (a) who is shown to be directly or indirectly in violation of the laws and regulations of any country or government authority, or (b) who could, in the opinion of the Fund's management company, cause the Fund to suffer harm that it would not otherwise have undergone or suffered.

The offer of shares has not been authorised or rejected by the SEC, by the specialist commission of a U.S. state or any other U.S. regulatory authority, nor have those authorities pronounced on or sanctioned the merits of such offer, or the accuracy or adequacy of documents relating to this offer. Any statement to this effect is contrary to law.

Any holder of shares must immediately inform the Fund's management company in the event that they become a "U.S. Person". Any holder of shares becoming a U.S. person will not be allowed to acquire new shares and may be asked to dispose of their shares at any time for the benefit of people not having the status of "U.S. Person". The Fund's management company reserves the right compulsorily to redeem any shares held directly or indirectly by a "U.S. Person", or if the holding of shares by any person whatsoever is contrary to law or to the interests of the Fund.

The definition of "U.S. Person(s)" as defined in Regulation S of the SEC (Part 230-17 CFR230.903) is available at the following address:

<http://www.sec.gov/laws/secrulesregs.htm>

- **A and A CHF shares:** suitable for investors with a minimum initial subscription of 10,000 euro or 10,000 CHF.

- **K1 shares:** suitable for investors with a minimum initial subscription of 100,000 euro.

- **E shares:** reserved exclusively for executive officers and employees (investing either directly, or through all companies under their control), shareholders, companies or invested funds under the control (i) of the management company or (ii) of any company directly or indirectly controlling the management company, the term "control" being used according to the meaning of Article L233-3 3-37 of the French Commercial Code.

- **P, K2 and F shares:** all investors.

- **D shares:** suitable for investors with a minimum initial subscription of 100,000 euro.

Profile of the typical investor:

This Fund is intended for all investors, especially those seeking a higher return than the 3-month Euribor while having exposure to the credit market, which generally undergoes less pronounced variations than the equity market.

The recommended investment horizon is 12 to 18 months.

The amount that is reasonable to invest in the Fund will depend on the personal circumstances of each share holder. To determine this, each holder should take into account their personal wealth, their

current requirements over an investment horizon of at least 12 to 18 months, but also their willingness to take risks or opt instead for a prudent investment.

10 - Procedures for the determination of distributable income:

The class shares A, A CHF, P, E, K1, K2 and F Fund's income is reinvested in full.

The D shares is the subject to distribution, as provided by the legal and regulatory provisions, including the possibility of distributing interim dividends during the year.

11 - Characteristics of the share classes:

The shares are denominated in euro and in Swiss franc divided into thousandths.

12- Subscription and redemption procedures:

Subscription and redemption procedures: Orders for subscription and redemption are executed on the basis of the next net asset value. They must be received by the custodian before 12 noon, on the net asset value date and will be settled 3 working days after NAV date.

Designated organisation for receiving subscriptions and redemptions:

CACEIS BANK

1-3 Place Valhubert, 75013 Paris

Date, frequency and publication of net asset value calculations: The Fund's NAV is determined daily and calculated on the day following the net asset value date (except for closure of the Paris Stock Exchange and legal holidays in France). It is available at the portfolio management company, Tikehau Investment Management.

13- Charges and commissions:

a) Entry and exit charges

Entry charges increase the subscription amount paid by the investor, while exit charges decrease the redemption proceeds paid to the investor.

The fees accruing to the Fund serve to offset the costs incurred by the Fund when buying or selling the assets entrusted to it.

The portfolio management company reserves the right not to levy entry and exit charges. Commissions not accruing to the Fund revert to the portfolio management company, or to the marketer.

Charges payable by the investor and levied on subscriptions and redemptions	Base	Rate scale
Entry charge payable to third parties	Net asset value x number of shares subscribed	Share classes A, A CHF, K1, E and D: None Share classes P, K2 and F: Maximum 1%, inclusive of tax
Entry charge payable to the Fund	Net asset value x number of shares subscribed	None
Exit charge payable to third parties	Net asset value x number of shares redeemed	None

Exit charge payable to the Fund	Net asset value x number of shares redeemed	None
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b) Operating costs and management fees

These fees cover all the costs invoiced directly to the Fund, except for transaction costs. Transaction costs include intermediary fees (brokerage fees, stock market taxes, etc.) as well as transfer fees, if any, that may be charged by the custodian and the portfolio management company, in particular.

The following charges are in addition to operating costs and management fees:

- Performance fees. These reward the management company when the Fund exceeds its objectives. They are therefore charged to the Fund,
- Transfer fees invoiced to the Fund.

c) Performance fees

These fees correspond to 10% of the Fund's performance above an annual level, net of all costs, in excess of:

- 3M EURIBOR + 150 basis points for the A, A CHF, K1 and D shares.
- 3M EURIBOR + 100 basis points for the P, K2 and F shares.

The amount of variable expenses will be deducted and provisioned when calculating each net asset value. In the event that the Fund underperforms compared with the last net asset value calculated, the provision will be adjusted via a provision write-back. Provision write-backs are capped at the level of additions to provisions. Where shares are redeemed during the financial year, the variable performance fee that corresponds to these shares accrues to the management company, if such a fee exists. The benchmark period for calculating the performance fees is the Fund's financial year.

Operating costs and management fees, and performance fees, are shown inclusive of taxes, whether or not the portfolio management company is subject to VAT. The amounts inclusive of tax may be equal to the amounts exclusive of tax should the portfolio management company not be subject to VAT.

	Fees invoiced to the Fund	Base	Rate scale
1.	Management fees (including management fees external to the portfolio management company)	Net assets	A, A CHF K1 and D shares: 0.50% inclusive of tax P and K2 shares: 1.00% inclusive of tax E shares: 0.20% Part F_: 0,60% inclusive of tax Maximum rate
2.	Maximum indirect fees	Net assets	None
3.	Transfer fees Service provider receiving transfer fees: Custodian only	Charge for each transaction	€ 70 maximum inclusive of tax on each transaction
4.	Performance fees	Net assets	A, A CHF K1 and D shares: 10% incl. tax of any annualised performance that exceeds 3M EURIBOR + 150 bps P and K2 shares: 10% incl. tax of any annualised performance that exceeds 3M EURIBOR + 100 bps F shares: 10% incl. tax of any annualised performance that exceeds 3M EURIBOR + 140 bps E shares: none

IV – COMMERCIAL INFORMATION

1- Distribution:

Class Shares A, A CHF, P, K1, K2, E and F: distributable sums are fully capitalized.

Class Shares D: distributable amounts are distributed as provided by the legal and regulatory provisions, including the possibility of distributing interim dividends during the year.

2- Subscription and redemption:

Orders for subscription and redemption are executed on the basis of the next net asset value. They must be received by the custodian before 12 noon, on the net asset value date and will be settled 3 working days after NAV date.

3- Distribution of information related to the Fund:

The Net asset value is available at the portfolio management company, Tikehau Investment Management.

The Fund's full prospectus and the latest annual and interim documents will be sent to shareholders on request, addressed to:

Tikehau Investment Management
32 rue de Monceau - 75008 Paris
Tel: 01 53 59 05 00
Contact: info@tikehauim.com

The website of the AMF, the French Financial Markets Authority, www.amf-france.org, contains additional information on the list of regulatory documents and all the provisions relating to investor protection.

The management company can deliver the composition of UCI portfolio to its investors in a period that can't be inferior to 48 hours after the publication of the net asset value, only to comply with the directive 2009/138/CE (Solvency 2) requirements.

Each investor which desires to benefit from it must have put into place management procedures of this sensitive information prior to the transmission of the composition of the portfolio so that the information can only be used to calculate the prudential requirements.

4 - Information on ESG criteria

The portfolio management company does not use ESG information as an essential criterion in its investment strategy. However, it does consider these matters in the course of its analysis when the information is available.

As of 1 July 2012, Tikehau Investment Management has published its policy on its website.

5- Conflict of interest policy

The management company has efficient organisational and administrative procedures in order to identify, manage and follow conflicts of interest.

It also has a selection and follow up procedure of its delegates and a contractual policy towards them in order to prevent all conflict of interest.

Our policy regarding conflict of interest is available on the website: <http://tikehauim.com>

6- Selection of intermediaries

An evaluation and selection of the intermediaries procedure taking into consideration objective criteria such as the quality of research, commercial follow-up and execution has been put into place within the management company. This procedure is available on the website www.tikehauim.com.

V- INVESTMENT RULES.

The Regulatory ratios applicable to the Fund are those cited in Article R. 214-2 et seqq. of the French Monetary and Financial Code.

In accordance with Articles 411-72 and 411-80 of the General Regulation of the AMF (French Financial Markets Authority), and Instruction No. 2011-15 of 3 November 2011 on the calculation methods of overall risk in UCITS, the management company has chosen the commitment method (as defined in Article 6 of that Instruction).

VI- VALUATION RULES AND ASSET ASSESSMENT METHODS:

1- Principles:

The portfolio management company Tikehau Investment Management is responsible for the valuation of the different instruments making up the Fund. It delegates the calculation of the net asset value (NAV) of the Fund to the administrator:

CACEIS FUND ADMINISTRATION
1-3 Place Valhubert, 75013 Paris

The principle employed is to ensure that the NAV is calculated identically from one net asset value date to the next.

Financial instruments whose prices have not been determined on the valuation day or whose prices have been adjusted are valued under the portfolio management company's responsibility at their foreseeable sale prices. These valuations and their justification are communicated to the statutory auditor at the time of the audit.

Valuation rules:

Convertible bonds are valued on the basis of the prices provided by the designated market-makers.

Transferable debt securities are valued at their current value; an actuarial method is applied if there are no material transactions. The straight-line method may be used in the case of transferable debt securities with a residual maturity of less than three months.

Units in UCIs and UCITS are valued at the last reported net asset value.

Futures traded on organised markets are valued at the settlement price.

Options traded on organised markets are valued at the settlement price.

Credit derivatives are valued at their current value, on the basis of the prices provided by designated market-makers.

Swaps are valued at their current value, on the basis of the prices provided by designated market-makers.

OTC products are valued at their current value, on the basis of the prices provided by designated market-makers.

Spot currencies are valued at the exchange rate on the net asset value date.

Currency futures are valued at forward rate on the net asset value date.

Deposits are valued at their current value on the net asset value date.

Securities received (or lent) under repurchase agreements and securities loaned or borrowed are valued at the cost price plus interest.

2- Income accounting and transaction expenses:

The option chosen is that of coupons and income received.

Transaction expenses on the financial instruments making up the Fund are excluded from their purchase or selling prices.

The Fund accounting is done in EUR (€).

FUND RULES

SECTION 1 - ASSETS AND SHARES:

Article 1 - Joint ownership shares

Joint ownership rights are expressed in shares; each share corresponds to the same fraction of the Fund's assets. Every share holder has a right of joint ownership over the Fund's assets, which is proportional to the number of shares held.

The Fund has a term of 99 years from 18/11/2009, except in the event of premature liquidation or of an extension as scheduled in the present regulations.

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

Following the decision of the executives of the portfolio management company, shares may be sub-divided into hundredths, referred to as fractions of shares.

The provisions of the rules governing the issue and redemption of shares are applicable to fractions of shares, the value of which will always be proportional to the value to the share that they represent. All other provisions in the rules on shares apply to the share fractions, without any requirement for this point to be specified, except where it is decreed otherwise.

Lastly, the executives of the portfolio management company may decide, at their own discretion, to sub-divide the shares by issuing new shares, which shall be allocated to shareholders in exchange for their existing shares.

Article 2 - Minimum assets

Redemption of the shares may not be processed if the Fund's assets fall below 300,000 euro; in this case, and unless the assets exceed this amount again in the meantime, the portfolio management company shall make the necessary provisions to proceed within a period of thirty days with the merger or dissolution of the Fund.

Article 3 - Issuance and redemption of shares

Shares are issued at any time at the request of the shareholders, on the basis of the net asset value plus subscription fee, where applicable.

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

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

Subscriptions must be fully paid on the day when the net asset value is calculated. Payment must be made in cash.

Redemptions shall be made solely in cash, except in the event of liquidation of the Fund if shareholders have stated that they agree to be reimbursed in securities. They are settled by the registrar within a maximum of five days from the valuation days of the shares.

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

Except in the case of a succession or a living gift, a disposal or transfer between shareholders, or from shareholders to a third party, will be considered as a redemption followed by a subscription; If a third

party is involved, the amount of the disposal or the transfer must, if applicable, be made up by the beneficiary in order to reach the minimum subscription level required by the full prospectus.

In accordance with Article L. 214-8-7 of the French Financial and Monetary Code the redemption of shares by the Fund as well as the issue of new shares may be suspended on a temporary basis by the portfolio management company when exceptional circumstances require it and if the interest of the shareholders demands it.

When the net asset value of the Fund is lower than the amount specified by the regulations, no further unit redemptions may be performed.

Article 4 - Calculation of the net asset value

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

SECTION 2 – OPERATION OF THE FUND:

Article 5 - The management company

The Fund is managed by the management company in accordance with the Fund's investment objectives.

The management company shall act in all circumstances in the exclusive interest of the unitholders and has the exclusive right to exercise the voting rights attached to the securities held in the Fund.

Article 5a - Operating rules

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

Article 6 - The custodian

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

Article 7 - The statutory auditor

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

The statutory auditor certifies the accuracy and consistency of the financial statements.

The statutory auditor may be re-appointed.

The statutory auditor is obliged to notify the *Autorité des Marchés Financiers* promptly if, in the course of its duties, it becomes aware of any fact or decision concerning the AIF which is liable to:

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

Assets will be valued and exchange ratios will be determined for the purpose of any conversion, merger or split under the statutory auditor's supervision.

The statutory auditor shall assess all contributions in kind under its responsibility.

The statutory auditor shall check the accuracy of the composition of the assets and other information before any publication.

The statutory auditor's fees are determined by mutual agreement between the auditor and the board of directors of the management company on the basis of an agenda indicating all duties deemed necessary. The statutory auditor certifies positions serving as the basis for the payment of interim dividends.

Article 8 - The financial statements and the management report

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

The inventory of assets and liabilities is certified by the custodian and all of the above documents are reviewed by the statutory auditor.

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

SECTION 3 - INCOME DISTRIBUTION POLICIES

ARTICLE 9 – Allocation of distributable amounts and net income

Distributable income by a UCITS is made up of:

1° Net income plus retained earnings, plus or minus the balance of the income equalization account for the last financial year.

2° Realised capital gain, net of expenses, minus the balance of the income equalization account for the last financial year, plus net capital gains of a similar nature recognized during previous financial years and which have not been distributed or accumulated, plus or minus the balance of the capital gains equalization account.

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

Payment of distributable income is made within a maximum of five months following the financial year-end.

SECTION 4. MERGER – SPLIT – DISSOLUTION- LIQUIDATION :

Article 10 – Merger - Split

The portfolio management company may either merge all or part of the Fund's assets with another fund under its management, or split the Fund into two or more mutual funds under its management.

These merger or demerger transactions can only take place one month after the shareholders have been notified. They give rise to the delivery of a new certificate specifying the number of shares owned by each shareholder.

Article 11 – Dissolution - Extension

If the level of the Fund's assets remains below the level established in Article 2 above, the portfolio management company shall inform the AMF and shall begin winding up the Fund, except in the event of a merger with another open-ended mutual fund.

The portfolio management company may dissolve the Fund early; it shall notify shareholders of its decision and as of that date subscription or redemption requests shall no longer be accepted.

The portfolio management company shall also wind up the Fund if a request is made for the redemption of all of the shares, if the custodian's appointment is terminated and no other custodian has been appointed, or upon expiry of the Fund's term, unless such term is extended.

The portfolio management company shall write to the AMF informing it of the winding-up date and procedures chosen. It shall then forward the Statutory Auditor's report to the AMF.

The portfolio management company may decide to extend the Fund's term subject to the agreement of the custodian. The decision must be taken at least three months before the Fund's scheduled expiry date and made known to the shareholders and the AMF.

Article 12 – Liquidation

In the event of dissolution, the Management Company or custodian shall act as liquidator. Otherwise, the liquidator shall be appointed by the court at the request of any interested party. To this end, they shall be granted the broadest powers to realize assets, pay off any creditors and allocate the available balance among the unitholders in the form of cash or securities. The statutory auditor and the custodian shall continue to carry out their functions until the end of the liquidation.

SECTION 5 - DISPUTES:**Article 13 - Jurisdiction - Election of Domicile**

All disputes relating to the Fund that may arise during the Fund's lifetime or during its liquidation, either among the shareholders or between the shareholders and the management company or the custodian, shall be subject to the jurisdiction of the competent courts.