



GAY-LUSSAC  
GESTION

KEY  
INFORMATION  
DOCUMENT FOR  
INVESTORS  
(KIID)

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GAY-LUSSAC  
EUROPE FLEX

March 2022



# GAY-LUSSAC EUROPE FLEX

(This translation is for information purpose only – only the French version is binding)

## KEY INVESTOR INFORMATION DOCUMENT

This document provides you with key investor information about this UCITS. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this UCITS. You are advised to read it so you can make an informed decision about whether to invest.

### FCP GAY-LUSSAC EUROPE FLEX

**A units ISIN code: FR0013280211 - I units ISIN code: FR0013280237**

This Fund is managed by **Gay-Lussac Gestion**

#### Objectives and investment policy

The Fund's objective is to achieve an annualised net performance of more than 5% by means of discretionary asset allocation and stock picking, after deducting ongoing charges, over a period of more than five years, primarily through investment in equities, invested in the markets of European Union and OECD countries, through companies that stand out for their good governance and promote social and environmental characteristics.

There are no existing market indices that reflect the Fund's investment objective.

The performance objective is based on the market assumptions used by the management company and does not constitute a guarantee of return.

**An accumulation fund that reinvests its net income and net realised capital gains, eligible for life insurance policies.**

The Fund invests between 0% and 100% of its net assets in listed shares of small (between €50m and €500m), medium (between €500m and €4bn) and large caps (> €4bn) from all European Union and OECD countries. They are selected according to a specific approach known as "Transversal Thematic Management" by selecting companies through major global cross-cutting investment themes defined on the basis of the global macroeconomic scenario selected by the management company. Before stock picking, a quantitative screening is carried out using three risk factors: *Low Volatility, Low Beta, and Momentum*.

Investment decisions then depend mainly on quantitative (operating leverage, cash flow generation, valuation ratios, return on equity, discount on NAV - Net Asset Value -, return, etc.) and qualitative (profile of the business sector, quality of management, sustainability of the business model) valuation criteria. To this end, the Fund manager will give priority to private meetings with listed companies. The positions are built with a long-term retention objective.

The non-financial analysis, based on the consideration of ESG criteria, a sector and norm-based exclusion filter and monthly monitoring of controversies, complements the financial analysis in the stock picking, which reduces the initial investment universe.

Lastly, the weight of each security in the portfolio is determined in a risk budget in order to reduce the portfolio's volatility and risk.

The portion of the assets that has not been invested in equities, due to a lack of opportunities, is invested in fixed income products, money market products or so-called non-directional equities that have been the subject of mergers and acquisitions. The Fund may invest up to:

- 100% of its net assets in listed shares of all capitalisations on all regulated markets throughout the European Union and OECD countries, including Switzerland, Norway, Turkey and Eastern European countries.

The exposure to small caps may reach 50% of net assets.

The management of Gay-Lussac Europe Flex is geared towards European equity markets. However, the Fund may invest up to 10% of its net assets in equities outside the European Union and the OECD and in emerging country equities. The currency rate risk is proportional to the portion of assets invested in foreign securities outside the euro zone (i.e. 100% of net assets). The overall degree of exposure to equity risk is between 0% and 100% of net assets.

- 100% of its net assets in debt securities and money market instruments, broken down as follows:

- Either retained in the form of deposits, up to 10% of the Fund's net assets;
- or invested in fixed income products, bonds, debt securities and money market instruments denominated in euros: the securities used will have a minimum Investment Grade rating or a rating deemed equivalent based on the management company's analysis. The Fund will invest in securities issued by both private and public issuers. The Fund will not invest in speculative securities.
- The management company nevertheless prefers to invest cash in "money market" or "short-term money market" or "dynamic" UCITS/AIFs. The sensitivity range will be between 0 and 10. The total degree of exposure to interest rate risk is between 0% and 100% of net assets.

- A maximum of 10% of its net assets in UCIs of any type of classification and foreign investment funds that meet the criteria of Article R214-13 of the French Monetary and Financial Code.

- Transactions involving derivatives (purchases of call options or put options on equities, indices or currencies, and purchases or sales of futures on equities, indices or currencies), and securities with embedded derivatives, will be carried out with the aim of partially exposing or hedging the Fund against a favourable or unfavourable movements in equities, indices or currencies. The Fund will not invest in contingent convertible bonds (CoCos).

There will be no overexposure.

The Fund is subject to sustainability risk within the meaning of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (referred to as the "Disclosure Regulation") as defined in the risk profile of the prospectus.

The Fund promotes environmental and social characteristics, provided that the companies in which the investments are made apply good governance (ESG) practices, within the meaning of Article 8 of Regulation (EU) 2019/2088 known as the "Disclosure Regulation". Environmental, social and governance criteria contribute to the manager's decision-making. The rate of non-financial analysis aims to be constantly above 90%. The Fund's ESG rating is higher than that of its investment universe.

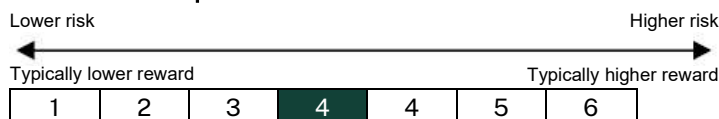
The investments underlying this financial product do not take into account the European Union's criteria for environmentally sustainable activities. The Fund does not have the SRI label as of the date of the prospectus.

The Fund corresponds to category 2 proposed by the AMF on disclosure on non-financial characteristics, i.e. the non-financial criteria that are not significantly binding on the management are taken into account. The Fund refers to the consideration of non-financial criteria in its KIID, Prospectus and Commercial Documentation but does not refer to non-financial information in its name.

**Redemption of units:** Subscription and redemption requests are centralised before 12 noon on each trading day and are executed, at unknown prices, on the basis of the next net asset value calculated using the day's closing prices.

**Recommendation:** This Fund may not be suitable for investors planning to withdraw their contributions within five years. This UCITS may not be subscribed by US Persons or equivalent.

## Risk and reward profile



The level 4 risk indicator reflects the Fund's exposure to equity markets, which may experience significant fluctuations: changes in the value of the Fund's units may be irregular as they are directly linked to the performance of the European equity market.

The historical data used to calculate this risk indicator may not be a reliable indication of the Fund's future risk profile. The risk category associated with this Fund is not guaranteed and may change over time. The lowest category does not mean "risk-free".

### Significant risks for the UCITS not taken into account in this indicator:

**Liquidity risk:** The fund may be exposed to liquidity risk if a portion of the investments is made in financial instruments that are by nature sufficiently liquid, but which may nevertheless, in certain circumstances, have a relatively low level of liquidity, to the point that this has an impact on the liquidity risk of the UCITS as a whole.

The small volume of the small and mid-cap markets may present a liquidity risk.

**Credit risk:** Credit risk is the risk that the issuer may be unable to meet its commitments and that its rating may be downgraded, which may affect the Fund's net asset value.

The other risks are specified in the prospectus. The occurrence of any of these risks may have a negative impact on the UCITS' net asset value.

### Charges

The charges and fees paid are used to pay the costs of running the UCITS, including the cost of marketing and distributing its units. These charges reduce the potential growth of your investment.

#### One-off fees taken before or after you invest

	A units	I units
Entry fee	2%	2%
Exit fee	None	None

This is the maximum that might be taken out of your money before it is invested.

In some cases, you may pay less. You can obtain the actual amount of entry and exit fees from your advisor or distributor.

#### Charges taken by the Fund over a year (\*)

	A units	I units
Ongoing charges	1.53% incl. VAT	0.83% incl. VAT

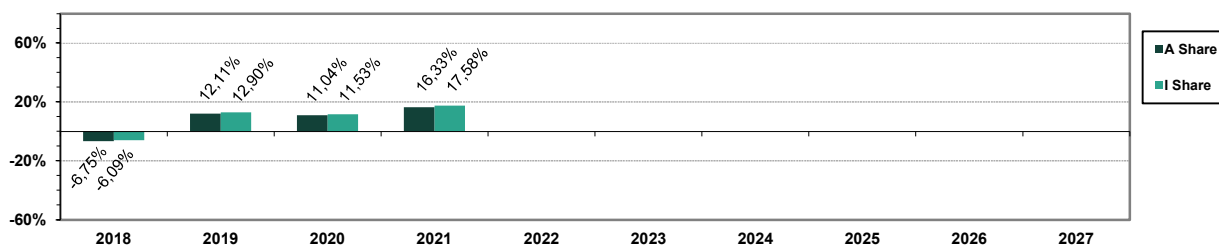
(\*) The percentage shown is based on charges for the previous financial year, ended 31/12/2020. This figure may vary from year to year. Ongoing charges do not include performance fees and brokerage fees, except in the case of entry and/or exit fees paid by the Fund when it buys or sells units in another collective investment vehicle.

Charges taken by the Fund under certain circumstances A and I units	
Performance fee	12% incl. VAT above a 5% annual performance net of management fees Performance fees charged for the 2021 A unit financial year: 1.99% Performance fees charged for the 2021 I unit financial year: 1.62%

For more information on charges, please refer to the Fund's prospectus available on the website

[www.gaylussacgestion.com](http://www.gaylussacgestion.com).

## Past performance



Past performance is not a reliable indicator of future performance. They are not constant over time. Only the performances of full calendar years are shown. The Fund's annual performances are calculated with net dividends reinvested and take into account all charges and fees paid.

**Fund inception date:** 29/09/2017

**Currency in which the units are denominated:** Euro

### Practical information

#### Name of Custodian

Société Générale

#### Where and how to obtain information on the UCITS

The prospectus, the latest annual and interim reports, written in French, as well as the subscription and redemption terms, are available free of charge on written request to the portfolio management company:

**Gay-Lussac Gestion** 45, avenue George V - 75008 PARIS Tel. +33 (01) 45 61 64 90 Website:

[www.gaylussacgestion.com](http://www.gaylussacgestion.com)

#### Where and how to obtain information on other unit classes

From the management company Gay-Lussac Gestion (see above).

#### Where and how to obtain other practical information, including the net asset value

From the management company Gay-Lussac Gestion (see above).

**Taxation**

Depending on your tax status, any capital gains and income resulting from holding units in UCITS may be subject to tax. The tax legislation in the UCITS' home country may also have an impact on the investor's personal tax situation. You are advised to ask your usual tax advisor about this.

**Information on the remuneration policy**

Details of the remuneration policy in force within the management company are available on the website [www.gaylussacgestion.com](http://www.gaylussacgestion.com), and in paper format on request from investors.

Gay-Lussac Gestion may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus for the UCITS.

The remuneration policy takes into account sustainability risks within the meaning of Article 5 of Regulation (EU) 2019/2088 known as the "Disclosure Regulation".

This Fund is approved in France and regulated by the French financial markets authority (Autorité des Marchés Financiers - AMF).

Gay-Lussac Gestion is approved in France and regulated by the AMF.

This key investor information is accurate and up-to-date as at 31/03/2022.

# GAY-LUSSAC EUROPE FLEX

## Prospectus

### I. General characteristics

► **Form of the UCITS**

Mutual fund (Fonds Commun de Placement - FCP)

UCITS governed by  
European Directive  
2009/65/EC

► **Name**

Gay-Lussac Europe Flex

► **Legal form and member state in which the UCITS was established**

French mutual fund (FCP).

► **Inception date and planned term**

The Fund was created on 29 September 2017 for a term of 99 years.

► **Investment overview**

Unit classes	ISIN code	Distribution of distributable amounts	Currency of denomination	Target subscribers	Initial net asset value	Minimum amount of initial subscription	Minimum amount of subsequent subscription
A units	FR0013280211	Accumulation	EUR	All subscribers, and more particularly individuals. It may be used with life insurance policies.	€150	1 unit	None
I units	FR0013280237	Accumulation	EUR	All investors, and more particularly institutional investors. It may be used with life insurance policies.	€10,000	1 unit	None

► **Address from which the latest annual and interim reports can be obtained:**

The latest annual documents and the asset breakdown will be sent within eight business days upon written request by the unitholder to:

**Gay-Lussac Gestion**

45 George V Avenue

75008 Paris

Tel. 01.45.61.64.90

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

Further explanations may be obtained, if necessary, from the management company, whose contact details are given above, every working day.

The AMF website ([www.amf-france.org](http://www.amf-france.org)) contains additional information on the list of regulatory documents and all provisions relating to investor protection.

### II. Directory

► **Management company**

The management company was approved on 8 February 1995 by the Commission des Opérations de Bourse (now the AMF) under number GP 95001 (general approval).

**Gay-Lussac Gestion**

SAS (simplified joint stock company) registered in the Paris Trade and Companies Register

under number 397 833 773

45 George V Avenue

75008 Paris

► **Custodian**

**Société Générale**

Credit institution created on 8 May 1864 by authorisation decree signed by Napoleon III and approved by the CECEI

*Registered office:* 29, boulevard Haussmann - 75009 Paris

*Postal address of the custodian function:*

Société Générale - 75886 Paris Cedex 18

The UCITS' Custodian is Société Générale S.A., acting through its Securities Services department (the "**Custodian**"). Société Générale, whose registered office is at 29, boulevard Haussmann, Paris (75009), registered in the Paris Trade and Companies Register under number 552 120 222, is an institution approved by the French Prudential Supervisory and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution - ACPR) and subject to the supervision of

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the AMF.

### Description of the Custodian's responsibilities and potential conflicts of interest

The Custodian has three types of responsibilities, namely controlling the legality of the management company's decisions, monitoring the UCITS' cash flows and safekeeping of the UCITS' assets.

The Custodian's primary objective is to protect the interests of the UCITS' unitholders/investors.

Potential conflicts of interest may be identified, in particular in the event that the management company also has commercial relations with Société Générale in parallel with its appointment as Custodian (which may be the case when Société Générale, by delegation from the management company, calculates the net asset value of the UCITS of which Société Générale is the Custodian or when there is a group relationship between the management company and the Custodian).

In order to manage these situations, the Custodian has established and maintains a policy for managing conflicts of interest with the aim of:

- Identifying and analysing potential conflicts of interest
- Recording, managing and monitoring conflicts of interest by:
  - (i) Applying the permanent measures in place to manage conflicts of interest such as segregation of duties, separation of reporting lines and functions, monitoring of internal insider lists and dedicated IT environments;
  - (ii) Implementing on a case-by-case basis:
    - (a) Preventive and appropriate measures such as the creation of an ad hoc follow-up list, new Chinese walls or by verifying that transactions are handled appropriately and/or by informing the clients concerned
    - (b) Or refusing to manage activities that may give rise to conflicts of interest.

### Description of any custodial functions delegated by the Custodian, list of delegates and sub-delegates and identification of conflicts of interest that may arise as a result of such delegation

The Custodian is responsible for the safekeeping of the assets (as defined in Article 22.5 of Directive 2009/65/EC as amended by Directive 2014/91/EU). In order to provide asset custody services in a large number of countries and to enable UCITS to achieve their investment objectives, the Custodian has appointed sub-Custodians in countries where the Custodian does not have a direct local presence.

These entities are listed on the following website: [www.securities-services.societegenerale.com/fr/nous-connaitre/chiffres-cles/rapports-financiers/](http://www.securities-services.societegenerale.com/fr/nous-connaitre/chiffres-cles/rapports-financiers/)

In accordance with Article 22bis 2 of the UCITS V Directive, the process for appointing and supervising sub-custodians follows the highest quality standards, including the management of potential conflicts of interest that may arise during these appointments. The Custodian has established an effective policy for identifying, preventing and managing conflicts of interest in accordance with national and international regulations and international standards.

The delegation of the Custodian's safekeeping duties may result in conflicts of interest. These have been identified and are monitored. The policy implemented within the Custodian consists of a mechanism that prevents conflicts of interest from occurring and that enables it to conduct its activities in a way that ensures that the Custodian always acts in the Fund's best interests. Preventive measures include, inter alia, ensuring the confidentiality of the information exchanged, physically separating the main activities likely to give rise to a conflict of interest, identifying and classifying compensation and monetary and non-monetary benefits and establishing mechanisms and policies relating to gifts and events.

Up-to-date information on the above points will be sent to the investor upon request.

#### ► Statutory auditor

**PriceWaterhouseCoopers Audit**  
63, rue de Villiers  
92208 Neuilly-sur-Seine Cedex  
represented by Amaury Couplez

#### ► Promoter

**Gay-Lussac Gestion**  
45 George V Avenue  
75008 Paris

#### ► Delegated administrative and accounting managers

**Société Générale**  
Registered office: 29 boulevard Haussmann - 75009 PARIS  
Postal address 189 rue d'Aubervilliers - 75886 PARIS CEDEX 18

Accounting management mainly consists of calculating net asset values.

Administrative management mainly consists of assisting the management company in the Fund's legal follow-up.

#### ► Advisors

None

#### ► Centralising agent appointed by the management company

The centralisation of subscription and redemption orders and unit register keeping is ensured by:

**Société Générale**  
*Postal address of the order centralisation and register keeping function:*  
32 rue du Champ de Tir  
44000 Nantes

### III. Operation and management

#### 1. General characteristics

##### ► Characteristics of the units

##### Type of right attached to the unit class

Each unitholder has the right to co-ownership of the Fund's assets in proportion to the number of units held.

##### Procedures for liability management

Liability management for unitholders is the responsibility of the Custodian, Société Générale. The units are administered by Euroclear France.

##### Voting rights

As the Fund is a co-ownership of securities, no voting rights are attached to the units held. Decisions concerning the Fund are taken by the management company in the interests of the unitholders.

##### Form of units

Bearer units.

##### Fractions of units

- **A units** may be divided into thousandths of a unit.
- **I units** may be divided into thousandths of a unit.

##### ► Closing date of the financial year

31 December of each year even if it is a public holiday in France or a Saturday or Sunday (first closing date: 31 December 2017)

##### ► Information on tax regime

The co-ownership status of the Fund automatically places it outside the scope of corporate income tax. In addition, the law exempts capital gains on sales of securities made in connection with the management of the Fund, provided that no individual, acting directly or through an intermediary, holds more than 10% of its units (Article 150-0 A, III-2 of the French General Tax Code).

According to the principle of transparency, the tax authorities consider that the unitholder is the direct owner of a fraction of the financial instruments and cash held in the Fund.

Since the Fund offers only accumulation units, the tax applicable is in principle that of capital gains on securities in the holder's country of residence, according to the rules appropriate to the holder's situation (individual, legal entity subject to corporate income tax, other cases, etc.). The rules applicable to French resident unitholders are set by the French General Tax Code.

Depending on your tax regime, any capital gains and income resulting from holding units in the Fund may be taxable. We advise you to consult your customer relationship manager or tax adviser on this subject. Under no circumstances may this service be invoiced to the Fund or the management company.

#### 2. Specific provisions

##### ► ISIN code

**A units:** FR0013280211

**I units:** FR0013280237

##### ► Investment objective

The Fund's objective is to achieve an annualised net performance of more than 5% through discretionary asset allocation and stock picking, after deducting ongoing charges, over a period of more than five years, primarily through investment in equities, invested in the markets of European Union and OECD countries, through companies that stand out for their good governance and promote social and environmental characteristics.

The performance objective is based on the market assumptions used by the management company and does not constitute a guarantee of return.

##### ► Benchmark

There are no existing market indices that reflect the Fund's investment objective.

The investment strategy used makes a comparison with any benchmark meaningless.

As the management style is discretionary, the composition of the portfolio will never seek to replicate the composition of a benchmark, either geographically or by sector.

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## ► Investment strategy

### 1. Strategies used

The Fund invests between 0% and 100% of its net assets in listed shares of small (between €50m and €500m), medium (between €500m and €4bn) and large caps (> €4bn) from all European Union and OECD countries. They are selected according to a specific approach known as "Transversal Thematic Management" by selecting companies through major global cross-cutting investment themes defined on the basis of the global macroeconomic scenario selected by the management company. Before stock picking, a quantitative screening is carried out using three risk factors: Low Volatility, Low Beta, and Momentum.

Investment decisions then depend mainly on quantitative (operating leverage, cash flow generation, valuation ratios, return on equity, discount on NAV - Net Asset Value -, return, etc.) and qualitative (profile of the business sector, quality of management, sustainability of the business model) valuation criteria. To this end, the Fund manager will give priority to private meetings with listed companies. The positions are built with a long-term retention objective.

The non-financial analysis, based on the consideration of ESG criteria, a sector and norm-based exclusion filter and monthly monitoring of controversies, complements the financial analysis in the stock picking, which reduces the initial investment universe.

Lastly, the weight of each security in the portfolio is determined in a risk budget in order to reduce the portfolio's volatility and risk.

The portion of the assets that has not been invested in equities, due to a lack of opportunities, is invested in fixed income products, money market products or so-called non-directional equities that have been the subject of mergers and acquisitions.

The Fund is subject to sustainability risk within the meaning of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (referred to as the "Disclosure Regulation") as defined in the risk profile of the prospectus.

The Fund promotes environmental and social characteristics, provided that the companies in which the investments are made apply good governance (ESG) practices, within the meaning of Article 8 of Regulation (EU) 2019/2088 known as the "Disclosure Regulation". Environmental, social and governance criteria contribute to the manager's decision-making. The rate of non-financial analysis aims to be constantly above 90%. The Fund's ESG rating is higher than that of its investment universe.

There is no benchmark that evaluates or includes constituents based on environmental and/or social characteristics. There is therefore no benchmark aligned with the ESG characteristics promoted by the portfolio. The investments underlying this financial product do not take into account the European Union's criteria for environmentally sustainable activities. The Fund does not have the SRI label as of the date of the prospectus.

The Fund corresponds to category 2 proposed by the AMF on disclosure of non-financial characteristics, i.e. the non-financial criteria that are not significantly binding on the management are taken into account. The Fund refers to the consideration of non-financial criteria in its KIID, Prospectus and Commercial Documentation but does not refer to non-financial information in its name.

### 2. Assets (excluding derivatives)

#### Equities

The Fund may invest up to 100% of its net assets in listed shares of all capitalisations on all regulated markets throughout the European Union and OECD countries, including Switzerland, Norway, Turkey and Eastern European countries.

The exposure to small caps may reach 50% of net assets.

The management of Gay-Lussac Europe Flex is geared towards European equity markets. However, the Fund may invest up to 10% of its net assets in equities outside the European Union and the OECD and in emerging country equities. The currency rate risk is proportional to the portion of assets invested in foreign securities outside the euro zone (i.e. 100% of net assets).

The overall degree of exposure to equity risk is between 0% and 100% of net assets.

#### Debt securities and money market instruments

The Fund may invest up to 100% of its net assets in money market instruments, broken down as follows:

- either kept in the form of deposits for up to 10% of the Fund's net assets;
- or invested in fixed income products, bonds, debt securities and money market instruments denominated in euros: the securities used will have a minimum Investment Grade rating or a rating deemed equivalent based on the management company's analysis. The Fund will invest in securities issued by both private and public issuers. The Fund will not invest in speculative securities.
- the management company nevertheless prefers to invest cash in "money market" or "short-term money market" or "dynamic" UCITS/AIFs.

The sensitivity range will be between 0 and 10.

Overall, the Fund's degree of exposure to interest rate risk is between 0% and 100% of net assets.



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### Units or shares in other UCITS, AIFs or foreign investment funds

The Fund may not invest more than 10% of its net assets in units or shares of French or European UCITS, AIFs and foreign investment funds meeting the criteria of Article R214-13 of the French Monetary and Financial Code. These UCIs and investment funds may be of any type of classification. The selected UCIs and investment funds may be managed by Gay-Lussac Gestion.

### 3. Derivatives

Types of markets:

- Regulated
- Organised

Risks that the manager seeks to manage:

- equities
- indices
- currency
- interest rate

Types of transactions

- exposure
- hedging

Types of instruments used:

- futures
- options (call or put options)

Derivatives strategies:

Partial hedging of the portfolio against equity, index and currency risks. Partial exposure of the portfolio to equity, index and currency risks.

There will be no overexposure.

The Fund will not use total return swaps.

### 4. Securities with embedded derivatives

The Fund may invest on an ancillary and opportunistic basis (up to a maximum of 10% of the net assets) in securities with embedded derivatives as part of the portfolio's exposure, instead of the corresponding underlying equities. These instruments are restricted to convertible bonds (ordinary bonds, indexed bonds, bonds redeemable for shares, etc.), warrants and CVRs (contingent value rights).

The Fund will not invest in contingent convertible bonds (CoCos).

### 5. Deposits

To manage its cash, the Fund may place up to 10% of its net assets on deposits placed with a single credit institution.

### 6. Cash borrowings

The Fund may temporarily borrow cash for up to 10% of its net assets.

### 7. Temporary purchases and sales of securities

None.

### 8. Management of financial guarantees

Not applicable.

### ► Risk profile

The Fund's risk profile is suited to an investment horizon of more than five years. As with any financial investment, potential investors should be aware that the value of the Fund's assets is subject to market fluctuations and may vary significantly.

### Risk of capital loss

The Fund does not provide any guarantee or protection; the capital initially invested may not be returned. A capital loss occurs when a unit is sold for less than its purchase price.

### Discretionary management risk

The discretionary management style is based on anticipating trends in different equity markets. There is a risk that the Fund may not be invested in the best-performing markets at all times.

### Equity market risk

The degree of exposure to equity risk is between 0% and 100% of net assets. A fall in the equity markets may lead to a fall in the Fund's net asset value.

Investors' attention is drawn to the fact that part of the portfolio is invested in shares of small- and mid-sized enterprises. The volume of these securities listed on the stock exchange is limited. Market movements are therefore more pronounced, both upwards and downwards, and faster than for large caps. The Fund's net asset value may therefore behave in the same way.

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### Liquidity risk

The limited volume of small and mid-cap markets may present a liquidity risk. This type of investment may have an impact on the valuation of the Fund and the price conditions at which the Fund may have to liquidate positions, particularly in the event of significant redemptions, or even make it impossible to sell them, resulting in a possible decrease in the net asset value and/or suspension of the net asset value if the securities are not listed.

### Interest rate risk

The degree of exposure to interest rate risk is between 0 and 100% of net assets. The Fund may invest in bonds and will therefore be subject to interest rate fluctuations. When interest rates rise, the value of the fixed income products held in the portfolio decreases. A rise in interest rates may therefore cause a fall in the UCITS' net asset value.

### Credit risk

This is the risk that may result from the rating downgrade or default of an issuer of debt securities, which may lead to a fall in the value of its assets and therefore a fall in the Fund's net asset value.

### Currency risk

Currency risk is the risk of a fall in the value of investments against the euro, the portfolio's reference currency. Fluctuations in currencies against the euro may have a negative impact on the value of these instruments and therefore lead to a fall in the Fund's net asset value. The currency risk is proportional to the portion of the assets invested in foreign securities outside the Eurozone (i.e. a maximum of 100% of the assets).

### Risk associated with investments in emerging markets.

Investors' attention is drawn to the fact that up to 10% of the Fund's net assets may be invested in securities issued on emerging markets, whose operating and supervisory conditions may differ from the standards prevailing on the major financial markets. Fluctuations in the prices of these securities may have a positive or negative impact on the value of these instruments and therefore lead to an increase or decrease in the Fund's net asset value.

### Derivative risk

The use of derivatives may lead to significant upward or downward changes in the net asset value over short periods.

### Sustainability risk

This is the risk of an environmental, social or governance event or situation that, if it occurs, could have a significant, actual or potential adverse effect on the value of the investment. Sustainability factors include environmental, social and personnel issues, respect for human rights and the fight against corruption.

In their sustainable development risk policy, made public in accordance with Article 3 of the Regulation of the European Parliament and of the Council on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341, French asset management companies include information on climate change risks as well as biodiversity risks.

### Risks related to the consideration of sustainability risks

Currently, there is no universally accepted framework or list of factors that should be considered to ensure that investments are sustainable, and the legal and regulatory framework governing sustainable finance is still under development.

The application of ESG criteria to the investment process as part of the consideration of sustainability risks may exclude securities of certain issuers for non-financial reasons, which may involve foregoing certain market opportunities available to other mutual funds that do not use ESG or sustainability criteria.

Available ESG information, whether from third-party data providers or from issuers themselves, may be incomplete, inaccurate, fragmented, or unavailable, which may have a negative impact on a portfolio that relies on this data to assess the appropriate inclusion or exclusion of a security. The sustainable finance approach will evolve and develop over time, both because of the refinement of investment decision-making processes to take ESG factors and risks into account, but also because of legal and regulatory developments

### Main environmental risks

RISKS	MAIN SUB-RISKS	PROBABILITY	HORIZON	IMPACT
<b>Physical risks</b>	<ul style="list-style-type: none"> <li>• Pollution risk</li> <li>• Transition risk related to energy regulations</li> <li>• Risk associated with deteriorating water quality</li> <li>• Asbestos risk</li> <li>• Risk of flooding</li> <li>• Risk of rising water</li> <li>• Risk of accelerating the biodiversity loss</li> </ul>	Average	Medium term	Moderate
<b>Transition risks</b>	<ul style="list-style-type: none"> <li>• Transition risk related to energy or climate change regulations</li> </ul>	Average	Medium term	Moderate
<b>Liability risk</b>	<ul style="list-style-type: none"> <li>• Risks related to activities presenting a litigation risk</li> </ul>	Average	Medium term	Moderate

## GAY-LUSSAC EUROPE FLEX

### Main social and poor governance risks

RISKS	MAIN SUB-RISKS	PROBABILITY	HORIZON	IMPACT
<b>Social risks</b>	<ul style="list-style-type: none"> <li>Risks related to the lack of diversity and equal opportunities for all</li> <li>Risks related to the lack of employee participation in decision-making processes</li> <li>Risks related to the lack of continuing education and professional development</li> <li>Risks related to a non-multigenerational environment</li> <li>Risk related to a lack of work/life balance</li> <li>Risks related to pandemics and remote working</li> </ul>	Average	Medium term	Moderate
<b>Governance risks</b>	<ul style="list-style-type: none"> <li>Risks related to the governance structure</li> <li>Risk related to executive compensation</li> <li>Risks related to related-party agreements</li> <li>- Corruption risk</li> </ul>	Average	Medium term	Moderate

### ► Target subscribers and typical investor profile

- A units: all subscribers and more particularly individuals.
- I units: all investors, and more particularly institutional investors.

The Fund's units are eligible for life insurance policies.

The Fund is suitable for investors seeking performance that is decorrelated from indices.

The amount that it is reasonable to invest in this Fund depends on each investor's personal circumstances. To determine this, account must be taken of personal assets, current needs and the recommended investment period, as well as the desire to take risks due to the inherent volatility of the equity markets and the Fund's dynamic strategy. Investors are also strongly advised to diversify their investments so that they are not exposed solely to the risks of a single UCITS.

### Investment restrictions

The units of this UCITS have not been and will not be registered in the United States under the US Securities Act of 1933, as amended ("Securities Act 1933"), or eligible for investment under any law applicable in a US state. Its units may not be directly or indirectly transferred, offered or sold in the United States of America (including its territories or possessions), to any US Person as defined by "Regulation S" under the 1933 Act adopted by the US Securities and Exchange Commission (SEC).

The Fund is not, and will not be, registered under the US Investment Company Act of 1940. Any resale or transfer of units in the United States of America or to a US Person may constitute a breach of US law.

### ► Recommended investment period

More than five years

### ► Determination and allocation of distributable amounts

A units	Full accumulation of net income and net realised capital gains, recognition of accrued interest
I units	Full accumulation of net income and net realised capital gains, recognition of accrued interest

### ► Characteristics of the units

(Currency of denomination, fractions of units, etc.)

	ISIN code	Currency of denomination	Fractions of units
A units	FR0013280211	EUR	Thousandths of a unit
I units	FR0013280237	EUR	Thousandths of a unit

### ► Subscription and redemption procedures

	Initial net asset value	Minimum amount of initial subscription	Minimum amount of subsequent subscriptions
A units	€150	1 unit	None
I units	€10,000	1 unit	None

## GAY-LUSSAC EUROPE FLEX

Orders are executed according to the table below:

D	D	D = NAV calculation day	D+1 business day	D + 5 business days maximum	D + 5 business days maximum
Centralisation of subscription orders before 12:00 noon	Centralisation of redemption orders before 12:00 noon	Execution of the order no later than D	Publication of net asset value	Delivery of subscriptions	Settlement of redemptions

**Subscription and redemption requests are centralised by the Custodian before 12 noon on each trading day:**

**Société Générale**  
32, rue du Champ de Tir  
44000 Nantes

**and are executed, at unknown prices, on the basis of the next net asset value calculated using the day's closing prices.**

Contributions of securities are admissible insofar as they correspond to the management policy defined by the management company. They are accepted with a subscription fee.

The net asset value is calculated and published daily, except on official public holidays in France and days on which the Paris stock exchange is closed (official calendar: Euronext).

If the net asset value as of 31 December, corresponding to the end of the financial year, is a public holiday in France or a Saturday or Sunday, then it may not under any circumstances be used as a basis for subscriptions or redemptions.

### **Procedures for switching from one unit class to another**

Requests to switch from one unit class to another are centralised by the Custodian before 12 noon on each trading day in Paris. The exchange is made on the basis of the next calculated net asset value. Any fractional units shall be either settled in cash or supplemented with the subscription of an additional unit. A switch from one unit class to another is treated as a sale liable to capital gains tax.

Pursuant to Article L. 214-8-7 of the French Monetary and Financial Code, in exceptional circumstances and if the interests of the unitholders so dictate, the management company may temporarily suspend both the redemption of its own units by the Fund and the issue of new units.

The net asset value is available from the management company's office or from the website [www.gaylussacgestion.com](http://www.gaylussacgestion.com).

### **► Charges and fees**

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

Subscription fees are added to the subscription price paid by the investor, and redemption fees are deducted from the redemption price paid. The fees retained by the UCITS are used to cover the charges that it incurs in investing or divesting the assets entrusted to it. The remaining fees are paid to the management company, the distributor, etc.

The fees applied to the UCITS will be identical for the A and I units.

Charges payable by the investor, deducted at the time of subscriptions and redemptions	Base	Rate
Subscription fee not retained by the UCITS	Net asset value x number of units	2% maximum
Subscription fee retained by the UCITS	None	None
Redemption fee not retained by the UCITS	None	None
Redemption fee retained by the UCITS	None	None

### **Operating and management charges**

These charges cover all costs invoiced directly to the UCITS, except transaction costs. Transaction costs include intermediary costs (brokerage, stock market taxes etc.) as well as transaction fees, if any, that may be charged by the Custodian and the management company.

The following may be added to the operating and management charges:

- Performance fees. These reward the management company if the UCITS exceeds its objectives. They are therefore billed to the UCITS;
- Transaction fees billed to the UCITS;

## GAY-LUSSAC EUROPE FLEX

Charges billed to the UCITS	Base	Rate
Financial management fees and administrative fees external to the management company	Net assets	<b>A units: 1.50% incl. VAT maximum</b> <b>I units: 0.80% incl. VAT maximum</b>
Transaction fees	Deducted from each transaction	The management company does not charge any transaction fees.
		A fixed amount of €0 to €18 depending on the market is collected by the Custodian
Performance fees	Net assets	<b>12% incl. VAT</b> above a 5% annual performance net of management fees in "high on high".

The management company waived the VAT option on 01/10/2015 pursuant to Article L-260 B of the French General Tax Code.

Exceptional and non-recurring costs for debt collection or legal proceedings to enforce a right, contributions due for the management of the UCITS pursuant to Article L.621-5-3 II 3° d) of the French Monetary and Financial Code, exceptional and non-recurring taxes, levies, fees and government duties (in relation to the UCITS) are outside the scope of the blocks of charges referred to above and are borne by the Fund. The information relating to these costs is also described ex post in the UCITS' annual report.

### **Method for calculating the performance fee:**

As of 1 January 2022, the calculation of the performance fee will be established as follows:

#### a. Calculation of the performance fee:

The calculation of the performance fee for A and I units is as follows: the reference period<sup>1</sup> is set at five years. It corresponds to the period during which the UCITS' performance is measured and compared with that of a minimum net performance of 5% over one year. The management company ensures that over a performance period of maximum five years, any underperformance of the UCITS relative to a minimum performance of 5% per year is

compensated for before performance fees become due.

The performance fee is only due if the performance of the unit is higher than the hurdle rate while respecting the high-on-high model<sup>2</sup>.

Performance fees are calculated on each net asset value calculation date and provisioned in order to be deducted from assets to obtain the net asset value of the Fund's units.

If, after five years, the underperformance previously observed is not compensated by outperformance, a reset will be implemented.

The start date of the first five-year performance period starts on 1 January 2022.

The Fund's performance over the reference period is calculated after deduction of operating and management charges and before performance fees.

#### b. Definition of Observation Period and Crystallisation Frequency:

1. The observation period corresponds to the UCITS' financial year. The first observation period will end on the last stock market trading day of December 2022.
2. The crystallisation frequency consists in freezing and therefore considering as final and payable for payment, a provisioned amount.

The performance fee is paid once a year at the end of each financial year according to the calculation methods described below and following the "high-on-high" model, according to which no performance fee is paid at the end of the financial year until the UCITS' net performance has exceeded 5% per year since the last performance fee was paid. If, over the observation period, the UCITS' net performance is higher than 5% after application of the high-on-high model, the variable part of the management fees will represent a maximum of 12% (including VAT) of the difference between these two performances. If, over the observation period, the UCITS' net performance is lower than 5% after application of the high-on-high model, it will not give rise to any performance fee.

During the observation period, a provision will be set aside for variable management fees in respect of the performance in excess of 5% when the net asset value is calculated.

Otherwise, the provision previously made will be readjusted by a reversal of the provision.

<sup>1</sup> Performance reference period: the time horizon over which the performance is measured and compared with that of the reference indicator, at the end of which the mechanism for the compensation for past underperformance (or negative performance) can be reset. (Definition from the ESMA, European Securities and Markets Authority), "Guidelines On performance fees in UCITS and certain types of AIFs", p. 7, 05/11/2020.

<sup>2</sup> So-called "high-on-high" model: a performance fee model whereby the performance fee may only be charged if the NAV exceeds the NAV at which the performance fee was last crystallised. (ESMA definition, European Securities and Markets Authority), "Guidelines On performance fees in UCITS and certain types of AIF", p. 6, 05/11/2020.

## GAY-LUSSAC EUROPE FLEX

Reversals of provisions are limited to the amount of previous allocations.

This performance fee is charged at the end of the financial year only if, over the period, the UCITS' net performance is higher than the reference performance recorded at the last net asset value of the reference period.

In the event of redemption, the portion of the accrued provision corresponding to the number of units redeemed is definitively retained by the management company.

- c. Summary of the various cases illustrating whether or not the performance fee is deducted:

Case	Fund's annual performance	Configuration	Deduction of the performance fee?
No. 1	higher than 5%	The fund's performance is above 5% per year over the reference period	Yes
No. 2	lower than 5%	The fund's performance is lower than 5% per year over the reference period	No

- d. Illustrative example of the calculation and deduction of the 12% performance fee:

Year N (year-end date)	Fund performance at year-end	Under/ outperformance	Underperformance to be compensated from the previous year	Performance fee payment	Comment
End of year 1	8%	3% Calculation: 8% - 5%	X	Yes 3% * 12%	
End of year 2	5%	Net performance of 0% Calculation: 5% - 5%	X	No	
End of year 3	1%	Underperformance of -4% Calculation: 1% - 5%	-4%	No	Underperformance to be compensated by year 7
End of year 4	6%	Outperformance of +1% Calculation: 6% - 5%	-3% (-4% + 1%)	No	
End of year 5	8%	Outperformance of +3% Calculation: 8% - 5%	0% (-3% + 3%)	No	Underperformance in year 3 compensated
End of year 6	10%	Outperformance of +5% Calculation: 10% - 5%	X	Yes 5% * 12%	
End of year 7	13%	Outperformance of +8% Calculation: 13% - 5%	X	Yes 8% * 12%	
End of year 8	-5%	Underperformance of -10% Calculation: -5% - 5%	-10%	No	Underperformance to be compensated by year 12
End of year 9	7%	Outperformance of +2% Calculation: 7% - 5%	-8% (-10%+2%)	No	
End of year 10	7%	Outperformance of +2% Calculation: 7% - 5%	-6% (-8%+2%)	No	
End of year 11	7%	Outperformance of +2% Calculation: 7% - 5%	-4% (-6%+2%)	No	
End of year 12	5%	Net performance of 0% Calculation: 5% - 5%	-4%	No	The underperformance of year 12 to be carried forward to the next year (13) is 0% (not -4%). The residual underperformance (-10%) of year 8 has not been compensated (-4%) over the period of the past 5 years. It is abandoned.
End of year 13	7%	Outperformance of +2% Calculation: 7% - 5%	No	Yes 2% x 12%	
End of year 14	-1%	Underperformance of -6% Calculation: -1% - 5%	-6%	No	Underperformance to be compensated by year 18
End of year 15	7%	Outperformance of +2% Calculation: 7% - 5%	-4% (-6% + 2%)	No	
End of year 16	7%	Outperformance of +2% Calculation: 7% - 5%	-2% (-4%+2%)	No	
End of year 17	1%	Underperformance of -4% Calculation: 1% - 5%	-6% (-2% + -4%)	No	Underperformance to be compensated by year 21
End of year 18	5%	Net performance of 0% Calculation: 5% - 5%	-4%	No	The underperformance of year 18 to be carried forward to the next year (19) is -4% (not -6%). The residual underperformance (-6%) of year 14 has not been compensated over the period of the past 5 years. It is abandoned
End of year 19	10%	Outperformance of 5% Calculation: 10% - 5%	X+1% (-4% + 5%)	Yes (1% X 12%)	The underperformance of year 18 is compensated

## GAY-LUSSAC EUROPE FLEX

### Research costs

Research-related costs within the meaning of Article 314-21 of the AMF General Regulation may be charged to the UCITS when these costs are not paid from the management company's own resources.

### Intermediary selection procedure

Intermediaries will be selected on the basis of their specific expertise in the field of equities, as well as the quality of their research, order execution, participation in private placements and IPOs, and, lastly, their ability to organise meetings with companies and deal with blocks on securities.

## IV. Integration of sustainability factors in the investment process

### Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (known as the "Disclosure Regulation")

As a financial market participant, the Fund's management company is subject to Regulation 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (known as the "Disclosure Regulation").

This Regulation establishes harmonised rules for financial market participants on transparency as regards the integration of sustainability risks (Article 6 of the Regulation), the consideration of adverse sustainability impacts, sustainable investment objectives, the promotion of environmental or social characteristics in the investment process (Article 8 of the Regulation) or sustainable investment objectives (Article 9 of the Regulation).

Sustainability risk is defined as an environmental, social or governance event or condition that, if it occurs, could have an actual or potential negative material impact on the value of the investment.

Sustainable investment means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

The Fund is subject to sustainability risk within the meaning of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (referred to as the "Disclosure Regulation") as defined in the risk profile of the prospectus.

The Fund promotes environmental and social characteristics, provided that the companies in which the investments are made apply good governance (ESG) practices, within the meaning of Article 8 of Regulation (EU) 2019/2088 known as the "Disclosure Regulation". Environmental, social and governance criteria contribute to the manager's decision-making. The rate of non-financial analysis aims to be constantly above 90%. The Fund's ESG rating is higher than that of its investment universe.

The investments underlying this financial product do not take into account the European Union's criteria for environmentally sustainable activities. The Fund does not have the SRI label as of the date of the prospectus.

This product is invested in companies that stand out for their good governance and promote environmental and social characteristics.

This product applies a sector and norm-based exclusion filter and monitors ESG controversies on a monthly basis. This product has no sustainable investment objective.

The coverage rate of ESG ratings and SRI methodology within the Fund aims to always be above 90%.

The share of investments promoting ESG characteristics is at least 80% and this indicator is available on the semi-

annual non-financial reports.

The rest of the investments that do not promote ESG characteristics can be explained by the often incomplete and fragmented non-financial data from certain issuers, particularly small/very small caps, which do not yet allow for the attribution of ESG ratings as such.

The benchmark chosen to compare ESG performance is the STOXX Europe 600, a broad market index that does not guarantee the social and government characteristics promoted by the Fund.

### Consideration of sustainability risks

The consideration of sustainability risks is based on the inclusion of ESG criteria in investments. The non-financial analysis is based on a best-in-universe approach to ESG criteria.

The best-in-universe ESG approach focuses on the consideration of non-financial criteria (environmental, social and governance) according to the ESG Rating methodology of MSCI ESG Research, the leading provider of non-financial data.

Source: MSCI ESG Rating Methodology:

<https://www.msci.com/documents/1296102/21901542/MSCI+ESG+Ratings+Methodology+-+Exec+Summary+Nov+2020.pdf>

When a company's ESG analysis is not covered by MSCI, we rate it according to our internal ESG+ methodology, focused on the consideration of non-financial criteria advised by the AFG (French Financial Management Association), and inspired by MSCI's rating methodology, which is based on the weighting of criteria according to sector (according to each sub-sector GICS - Global Industry Classification Standard).

## GAY-LUSSAC EUROPE FLEX

- The environmental criterion takes into account the reduction of greenhouse gas emissions, the prevention of environmental and diversity risks, the existence of policies to manage these risks, the management of resources used and the company's energy policy and consumption.
- The social criterion takes into account human indicators such as the turnover rate and well-being at work, employee health and safety, accident prevention, staff training, respect for employees' rights, the supply chain and social dialogue.
- The governance criterion verifies in particular the consistency of executive compensation, the constitution of the board, alignment with minority shareholders and the management structure.
- We also take into account the societal criterion, which corresponds to the overall impact of the company on society at large. We look at the company's raison d'être, potential controversies, public reputation and the existence of sponsorship or donations.  
The social criterion is taken into account by applying a 1-point bonus or penalty to the issuing company's ESG rating, after an overall analysis of the impact of these criteria on the Fund's sustainability risks.

The non-financial ratings of the issuers are then weighted according to the allocation of each position in the portfolio, in order to calculate an overall fund rating.

A warning threshold is set for stocks with a rating below 5.5, i.e. grade BB or B, which may lead to the sale of the stock after in-depth analysis.

The breakdown of ESG scores out of 10 in the portfolio is sorted by grade from AAA to B according to this scale:

- AAA > 8.5
- AA > 7.5
- A > 6.5
- BBB > 5.5
- BB > 4.5
- B < 4.5

**Figure 1 MSCI ESG Key Issue Hierarchy**

3 Pillars	10 Themes	35 ESG Key Issues	
Environment	Climate Change	Carbon emissions Product Carbon Footprint	Financing Environmental Impact Climate Change Vulnerability
	Natural Capital	Water stress Biodiversity & Land Use	Raw Material Sourcing
	Pollution & Waste	Toxic Emissions & Waste Packaging Material & Waste	Electronic Waste
	Environmental Opportunities	Opportunities in Clean Tech Opportunities in Green Building	Opportunities in Renewable Energy
Social	Human Capital	Labour Management Health & Safety	Human Capital Development Supply Chain Labour Standards
	Product Liability	Product Safety & Quality Chemical Safety Financial Product Safety	Privacy & Data Security Responsible Investment Health & Demographic Risk
	Stakeholder Opposition	Controversial Sourcing Community Relations	
	Social Opportunities	Access to Communications Access to Finance	Access to Health Care Opportunities in Nutrition & Health
Governance*	Corporate governance	Ownership & Control Board	Pay Accounting
	Corporate Behaviour	Business Ethics Tax Transparency	

\* The Governance Pillar carries weight in the ESG Rating model for all companies.

### **Consideration of sustainability impacts (Principal Adverse Impact- PAI)**

Adverse sustainability impacts refer to the adverse impacts of investment decisions on sustainability factors such as the environment, social issues, respect for human rights and the fight against corruption. The principal adverse impacts ("PAI") are taken into account in Gay-Lussac Gestion's investment decisions, in relation to the sustainability factors.



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This implementation is based on various non-financial strategies defined below:

- Sector exclusion policies;
- Shareholder engagement and voting policy;
- Monitoring issuing companies' controversies;
- Tracking and researching the mandatory principal adverse impact indicators defined by Annex 1 of the draft regulatory technical standards ("RTS") accompanying the SFDR regulation.
- Compliance with international codes;
- Signatory of the UN-PRI (Principle for Responsible Investing).

In accordance with Article 7 of Regulation (EU) 2019/2088, the Fund aims to contribute to being transparent about the principal adverse impacts of investments through the mandatory PAI indicators in the semi-annual non-financial reporting.

### **Application of a sector exclusion policy**

Sector exclusion consists of excluding companies that derive a portion of their revenues, considered significant and quantified below, from activities deemed detrimental to society.

The Gay-Lussac Europe Flex fund has implemented a strict exclusion policy for the following sectors:

- Companies producing or marketing chemical weapons, biological weapons and depleted uranium weapons.
- Companies involved in the manufacture, storage or servicing of landmines and cluster munitions, in compliance with the Ottawa and Oslo conventions.
- Companies that contravene the 10 principles of the UN Global Compact.
- Companies that generate 10% or more of their revenues from tobacco production.
- Companies that generate income equal to or greater than 5% of their revenues from:
  - The production of recreational cannabis
  - Coal-related activities.
  - Activities related to pornography.
  - Gambling related activities.

### **Monitoring controversies**

An ESG controversy can be defined as an existing incident or situation that a company faces as a result of allegations of negative behaviour towards various parties (employees, communities, environment, shareholders, society at large), through bad practices relating to several ESG indicators.

A controversy is also an early warning measure of the reputational and operational risks to which companies are exposed when they directly or indirectly contravene the 10 principles of the United Nations Global Compact in the areas of human rights, international labour standards, the environment and the fight against corruption. A very severe controversy can result in severe financial penalties.

The objective of the ESG controversy analysis is to assess the severity of the negative impact of each event or situation on the investment.

In this way, the analysis of ESG controversies among issuers is a key qualitative filter in Gay-Lussac Gestion's responsible investment policy, applied to the investment strategy of the Gay-Lussac Europe Flex fund.

Gay-Lussac Gestion relies in particular on the MSCI ESG controversy monitoring tool.

Gay-Lussac Gestion has set up an alert threshold for:

- Stocks with an ESG rating of < BB and which have had a controversy considered "very serious" and/or recent;
- A sudden and recent downgrade of a position's ESG rating.

If the alert threshold is exceeded, the following may be examined:

- Structural or one-off nature of the controversy;
- Measures put in place by the company to address the controversy;
- Further monitoring of the company and its public statements regarding the controversy.

The measures taken may go as far as selling all or part of the position in question, depending on market conditions, or may lead to a strict exclusion of the stock during the in-depth analysis phase.

### **Transparency regarding alignment with the European Taxonomy**

The Fund's proportion of investments in sustainable activities corresponds to the percentage of annual revenues of companies eligible for the European Green Taxonomy.

The EU taxonomy establishes a "do no significant harm" principle whereby taxonomy-aligned investments should not materially undermine the EU taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle only applies to investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities.

The investments underlying the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities. Any other sustainable investment must also not significantly undermine environmental or social objectives.

Although the Fund has no sustainable investment objective in the sense of the European taxonomy, it wants to be transparent about its alignment with sustainable activities. In this way, the calculation of alignment with the European taxonomy is applied to the Gay-Lussac Europe Flex Fund with the data made available by different external providers.

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External data providers share the percentage of alignment with the taxonomy of each issuing company in which the Fund is invested or plans to invest. The Fund's overall alignment percentage is calculated on a weighted basis according to the allocation of each position in the portfolio and is shared as part of the interim non-financial documentation.

### Transparency and measurability

The Fund's non-financial report is shared on a semi-annual basis, in order to be in line with the transparency requirements of the regulations and to be able to measure its ESG impact. This report is available on the Gay-Lussac Gestion website, [www.gaylussacgestion.com](http://www.gaylussacgestion.com).

The purpose of this report is to share:

- The Fund's ESG rating compared with the ESG rating of the reference universe, as far as possible.
  - The Fund's alignment with the European taxonomy (as a percentage of revenues)
  - The Fund's carbon footprint (Scope 1 and 2, but also Scope 3 in estimated data)
  - Coal exposure (as a percentage of revenues)
  - Fossil fuel exposure (as a percentage of revenues)
  - Alignment with the Paris Agreement targets (percentage of portfolio companies aligned)
- 
- The mandatory ESG indicators of the principal adverse impacts (PAIs) defined by Annex 1 of the draft Regulatory Technical Standards ("RTS") accompanying the SFDR.

### V. Sales and marketing information

Requests for information, documents relating to the Fund and its net asset value may be obtained directly from the management company or on its website:

**Gay-Lussac Gestion**  
45 George V Avenue  
75008 Paris  
Tel. 01.45.61.64.90  
Website [www.gaylussacgestion.com](http://www.gaylussacgestion.com)

Subscription and redemption requests for the Fund are centralised by the Custodian:

**Société Générale**  
32, rue du Champ de Tir  
44000 Nantes

Redemptions are settled by the issuer account holder within a maximum of five days following the unit valuation. However, if, in exceptional circumstances, the redemption requires the prior sale of assets held in the Fund, this period may be extended to a maximum of 30 days.

In accordance with the provisions of the French Monetary and Financial Code, information on the consideration of criteria relating to compliance with social, environmental and governance (ESG) objectives in the management of the Fund can be found on the management company's website and in the Fund's annual reports.

*Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (known as the "Disclosure Regulation"):*

As a financial market participant, the Fund's management company is subject to Regulation 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (known as the "Disclosure Regulation").

This Regulation establishes harmonised rules for financial market participants on transparency as regards the integration of sustainability risks (Article 6 of the Regulation), the consideration of adverse sustainability impacts, sustainable investment objectives, the promotion of environmental or social characteristics in the investment process (Article 8 of the Regulation) or sustainable investment objectives (Article 9 of the Regulation).

Sustainability risk is defined as an environmental, social or governance event or condition that, if it occurs, could have an actual or potential negative material impact on the value of the investment.

Sustainable investment means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

# GAY-LUSSAC EUROPE FLEX

## VI. Investment rules

The asset composition rules set out in the French Monetary and Financial Code and the risk spreading rules applicable to this Fund must be complied with at all times. If these limits are exceeded for reasons beyond the control of the management company or as a result of the exercise of a subscription right, the management company's priority objective will be to rectify this situation as soon as possible, taking the interests of the Fund's unitholders into account.

## VII. Overall risk

The overall risk ratio is calculated using the commitment method.

## VIII. Asset valuation and accounting rules

### 1 - Asset valuation rules

#### A - Valuation method

- Financial instruments and securities traded on a regulated market are valued at market price.
- However, the following instruments are valued using the following specific methods:
  - European bonds and equities are valued at the closing price, foreign securities at the last known price.
  - Equities and bonds that are hedged or arbitrated by positions on futures markets are valued on the basis of the day's closing price.
  - Negotiable debt securities and similar instruments that are not traded in significant volumes are valued using an actuarial method using yields on equivalent securities plus or minus, as applicable, a spread representing the issuer's intrinsic characteristics. However, negotiable debt securities with a residual maturity of less than or equal to 3 months and in the absence of any particular sensitivity may be valued using the straight-line method.
  - Negotiable debt securities with a maturity of less than 3 months are valued at the purchase trading rate. The discount or premium is amortised on a straight-line basis over the life of the negotiable debt security.
  - Negotiable debt securities with a maturity of more than 3 months are valued at the market rate.
  - Units or shares of UCIs and investment funds are valued at the last known net asset value.
- Financial instruments not traded on a regulated market are valued under the responsibility of the management company at their probable trading value.
- Contracts:
  - Futures are valued at the settlement price and options are valued according to the underlying security.
  - The market value for futures contracts is the price in EUR multiplied by the number of contracts.
  - The market value for options corresponds to the value of the equivalent underlying asset.
  - Off-balance sheet transactions are valued at market value.
- Financial instruments whose prices have not been determined on the valuation day or whose prices have been adjusted are valued at their probable trading value under the responsibility of the management company's Board of Directors. These valuations and their supporting documentation are provided to the statutory auditor during audits.

#### B - Practical information

The databases used are Bloomberg and Telekurs.

- |                 |  |
|-----------------|--|
| - Asia-Oceania: | afternoon extraction for a quotation at the day's closing price.   |
| - Americas:     | morning extraction for a quotation at the previous day's closing price.<br>late afternoon extraction for a quotation at the day's opening price. |
| - Europe:       | morning extraction (D+1) for a quotation at the day's closing price.<br>early afternoon extraction for a quotation at the day's opening price.   |
| - Contributors: | customised extractions according to the availability of prices and the terms and conditions defined by the management company.                   |

The fixing used for currencies is the ECB fixing.

### 2 - Accounting method

- Income from financial instruments is recognised on an accrual basis.
- Transaction fees are recognised with expenses included.

## IX. Remuneration

The prospectus includes the information referred to in Article 411-113 of the AMF General Regulation.

The remuneration policy implemented at Gay-Lussac Gestion complies with the provisions mentioned in the AIFM 2011/61/EU and UCITS V 2009/65/CE directives.

The policy implemented concerning remuneration structures and practices is intended to help strengthen sound and controlled management of the risks affecting both Gay-Lussac Gestion and the funds managed by it.

The remuneration policy takes into account sustainability risks within the meaning of Article 5 of Regulation (EU) 2019/2088 known as the "Disclosure Regulation".

The Remuneration Committee is composed of the Chairman and Managing Director and senior management.

Details of the remuneration policy are available on the website [www.gaylussacgestion.com](http://www.gaylussacgestion.com)

A paper copy will be made available free of charge on request from the registered office of the management company.

**GAY-LUSSAC EUROPE FLEX**  
**GAY-LUSSAC EUROPE FLEX FUND REGULATIONS**  
**TITLE 1 - ASSETS AND UNITS**

**Article 1 - Co-ownership units**

Co-ownership rights are expressed in units, with each unit corresponding to the same fraction of the Fund's assets. Each unitholder has the right to co-ownership of the Fund's assets in proportion to the number of units owned. The Fund's term is 99 years from its inception date, unless it is wound up early or extended pursuant to these regulations.

The features of the different unit classes and their eligibility requirements are set out in the Fund's prospectus.

The different unit classes may:

- be eligible for different income distribution methods (distribution or accumulation);
- be denominated in different currencies,
- be charged different management fees,
- be charged different subscription and redemption fees,
- have a different par value,
- be systematically hedged against risk, in full or in part, as defined in the prospectus. This hedging is achieved through financial instruments that minimise the impact of hedging transactions on the Fund's other unit classes,
- be reserved for one or more marketing networks.

The Fund may consolidate or split its units.

The Board of Directors of the management company may decide to split the units into tenths, hundredths, thousandths or ten thousandths, referred to as fractions of units.

The provisions of the regulations governing the issue and redemption of units shall also apply to fractions of units, whose value shall always be proportional to the fraction of the unit they represent. Except where otherwise provided, all other provisions of the regulations relating to units shall automatically apply to fractions of units.

Lastly, the portfolio management company's Board of Directors may decide, at its sole discretion, to split the units by creating new units allocated to unitholders in exchange for their existing units.

**Article 2 - Minimum amount of assets**

Units may not be redeemed if the Fund's assets fall below €300,000. If the assets remain below this amount for thirty days, the portfolio management company shall take the necessary steps to liquidate the UCITS in question, or to carry out one of the operations mentioned in Article 411-16 of the AMF General Regulations (transfer of UCITS).

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

Units are issued at any time upon request of unitholders, on the basis of the net asset value plus any subscription fees that may apply.

Redemptions and subscriptions are carried out under the conditions and according to the procedures defined in the prospectus.

Units in mutual funds may be listed on a stock exchange in accordance with the regulations in force.

Subscriptions must be fully paid up on the day the net asset value is calculated. They may be paid in cash and/or by contribution of financial instruments. The portfolio management company is entitled to refuse the proposed securities and, to this end, has a period of seven days from their deposit to make its decision known. If they are accepted, the contributed securities are valued according to the rules set out in Article 4, and the subscription is carried out on the basis of the first net asset value following acceptance of the securities concerned.

Redemptions may be made in cash and/or in kind. If the redemption in kind corresponds to a share representing the portfolio's assets, then only the outgoing unitholder's written and signed agreement must be obtained by the UCITS or the management company. If the redemption in kind does not correspond to a representative share of the portfolio assets, all unitholders must give their written consent authorising the outgoing unitholder to obtain redemption of its units against certain specific assets, as explicitly defined in the agreement.

In general, the redeemed assets shall be valued according to the rules set out in Article 4 and the redemption in kind shall be carried out on the basis of the first net asset value following acceptance of the securities concerned.

Redemptions are settled by the issuer account holder within a maximum of five days following the unit valuation.

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

Except in cases of inheritance or inter vivos gift, the sale or transfer of units between unitholders, or from unitholders to a third party, is considered as a redemption followed by a subscription. If this involves a third party, the sale or transfer amount must, where applicable, be supplemented by the recipient to reach at least the minimum subscription amount required by the prospectus.

Pursuant to Article L. 214-8-7 of the French Monetary and Financial Code, in exceptional circumstances and if the interests of the unitholders so dictate, the management company may temporarily suspend both the redemption of its own units by the Fund and the issue of new units.

No units may be redeemed if the Fund's net assets fall below the amount set by the regulations.

The Fund may cease to issue units pursuant to the third paragraph of Article L. 214-8-7 of the French Monetary and Financial Code, temporarily or permanently, partially or fully, in objective situations entailing the closure of subscriptions, such as a maximum number of units issued, a maximum amount of assets reached or the expiry of a given subscription period. Existing unitholders will be informed of the activation of this measure by any means, as well as of the threshold and objective situation that led to the decision to partially or fully close. In the event of partial closure, this information by any means shall explicitly specify the terms under which the existing holders may continue to subscribe for the duration of this partial closure. Unitholders are also informed by any means of the decision of the UCITS or the management company either to terminate the total or partial closure of subscriptions

(when they fall below the trigger threshold), or not to terminate them (in the event of a change in the threshold or a

## GAY-LUSSAC EUROPE FLEX

change in the objective situation leading to the implementation of this measure). A change in the objective situation invoked or in the threshold for triggering the tool must always be made in the interest of the unitholders. The notification by any means shall specify the exact reasons for these changes.

The minimum subscription conditions are specified in the prospectus.

The management company may restrict or prevent any person or entity that is prohibited from holding units in the Fund (hereinafter, a "Non-eligible Person") from holding units. An ineligible Person is a "US Person" as defined by "Regulation S" under the 1933 Act adopted by the US Securities and Exchange Commission (SEC) (Part 230 - 17 CFR 230.903).

To this end, the Fund's management company may:

- decline to issue any units if it appears that such an issue would or could result in said units being held directly or indirectly for the benefit of a Non-eligible Person;
- at any time require a person or entity whose name appears on the register of unitholders that it be provided with any information, accompanied by a sworn statement, that it deems necessary to determine whether or not the beneficial owner of the units in question is a Non-eligible Person;
- where it appears that a person or entity is a Non-eligible Person and, alone or jointly, the beneficial owner of the units, carry out the compulsory redemption of all the units held by such unitholder after the 90-day period. The compulsory redemption will be carried out at the last known net asset value, less any applicable costs, fees and commissions, which will remain the responsibility of the Non-eligible Person after a period of 90 days during which the beneficial owner of the units may submit his/her comments to the competent body.

Any unitholder who becomes a Non-eligible Person shall immediately inform the management company.

### Article 4 - Calculation of net asset value

The net asset value of the units shall be calculated in accordance with the valuation rules set out in the prospectus. Contributions in kind may consist only of securities, stocks or contracts that are eligible for inclusion in the assets of the UCITS; they are valued according to the valuation rules used to calculate the net asset value.

## TITLE 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 on behalf of and in the exclusive interest of the unitholders in all circumstances and shall have sole authority to exercise the voting rights attached to securities held by the Fund.

### Article 5a - Operating rules

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

### Article 5b - Admission to trading on a regulated market and/or a multilateral trading facility

The units may be admitted to trading on a regulated market and/or a unilateral trading system in accordance with the regulations in force. If the Fund whose units are admitted for trading on a regulated market has an investment objective based on an index, it must have put in place a mechanism to ensure that the price of its units does not deviate significantly from its net asset value.

### Article 6 - The Custodian

The Custodian shall perform the duties for which it is responsible in accordance with the legal and regulatory provisions in force and those contractually entrusted to it by the management company. In particular it must ensure that decisions taken by the management company are lawful. It shall take any protective measures it considers appropriate. In the event of a dispute with the management company, it shall inform the AMF.

### Article 7 - The statutory auditor

A statutory auditor is appointed by the management company's Board of Directors for a term of six financial years, after approval by the AMF.

It certifies the accuracy and truthfulness of the financial statements.

It may be reappointed.

The statutory auditor is required to inform the AMF as soon as possible of any fact or decision concerning the UCITS of which it has become aware during the performance of its duties which may:

- constitute a breach of the legislative or regulatory provisions applicable to this UCITS and likely to have a material effect on its financial situation, income or assets;
- jeopardise the conditions or continuity of its operations;
- result in the statutory auditor issuing a qualified opinion or refusing to certify the financial statements.

The statutory auditor shall supervise the valuation of the assets and the determination of exchange ratios used in the event of a conversion, merger or split.

It shall be responsible for valuing any contributions or redemptions in kind.

It shall audit the composition of the assets and other items prior to publication.

The statutory auditor's fees shall be set by mutual agreement between the statutory auditor and the management company's Board of Directors on the basis of an audit schedule setting out the work deemed necessary.

In the event of liquidation, it shall value the assets and prepare a report on the terms of such liquidation.

It shall certify the financial statements used as the basis for the distribution of interim dividends.

Its fees are included in the management fees.

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

At the end of each financial year, the management company shall prepare the summary documents and a report on the management of the Fund during the past financial year.

The management company shall draw up an inventory of the Fund's assets at least every six months under the supervision of the Custodian.

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

### **TITLE 3 - ALLOCATION OF DISTRIBUTABLE AMOUNTS**

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

Net income for the financial year is equal to the amount of interest, arrears, dividends, bonuses and prizes, directors' fees and all income generated by the securities that make up the Fund's portfolio, plus income generated by

temporary cash holdings, minus management fees and borrowing costs.

The distributable amounts are made up of:

1° Net income plus retained earnings, plus or minus the balance of the income adjustment account;

2° Realised capital gains, net of expenses, less realised capital losses, net of expenses, recognised for the financial year, plus any net capital gains of the same kind recognised over previous years that have not been distributed or accumulated, plus or minus the balance of the capital gains adjustment account.

The sums referred to in 1° and 2° may be distributed independently of each other, in whole or in part.

The prospectus contains further details on the allocation of distributable income and amounts.

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

#### **Article 10 - Merger - Split**

The management company may either contribute all or part of the Fund's assets to another UCITS or split the Fund into two or more other mutual funds.

Such mergers or splits may only be carried out after unitholders have been notified. They give rise to the issue of a new certificate specifying the number of units held by each unitholder.

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

If the Fund's assets remain below the amount set in Article 2 above for thirty days, the management company shall inform the AMF and dissolve the Fund, unless it is merged with another mutual fund.

The portfolio management company may dissolve the Fund early; in this case, it shall notify the unitholders of its decision and no application for subscription or redemption shall be accepted after that date.

The portfolio management company shall also dissolve the Fund if it receives a request for the redemption of all units, if the Custodian ceases to operate and no other custodian has been appointed or upon expiry of the Fund's term, unless this term has been extended.

The management company shall inform the AMF by mail of the date and procedure for dissolution. It shall then send the statutory auditor's report to the AMF.

The management company may decide to extend the Fund's term, subject to the agreement of the Custodian. Its decision shall be taken at least three months before the expiry of the Fund's planned term and notified to the unitholders and the AMF.

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

In the event of dissolution, the management company shall act as liquidator, failing which a liquidator shall be appointed by the courts at the request of any interested party. To this end, it is vested with the broadest powers to realise the assets, pay any creditors and distribute the available balance among the unitholders in the form of cash or securities.

The statutory auditor and the Custodian shall continue to perform their duties until the liquidation operations have been completed.

### **TITLE 5 - DISPUTES**

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

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