



# **PALATINE PLANETE**

## **PROSPECTUS**

*Last update: 01/04/2022*

**UCITS under European Directive 2014/91/EU**

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## I - General characteristics

### 1.1. Name

PALATINE PLANETE

### 1.2. Legal Form

Mutual fund under French law

### 1.3. Date of authorisation

13/06/2006

### 1.4. Inception date and expected term

07/07/2006, for a period of 99 years.

### 1.5. Fund overview

Units	ISIN Code	Income distribution	Denomination on currency	Target investors	Minimum subscription amount	Initial net asset value
I	FR0010341800	Accumulation	EURO	Legal entities	None	€15.24
R (*)	FR0010649079	Accumulation	EURO	Individuals	None	€1,500.00
LE CEDRE (**)	FR0012068518	Accumulation	EURO	All subscribers referenced with the coordinator LE CEDRE	None	€100.00
CLUB PLANETE (***)	FR0014000JR9	Accumulation	EURO	Reserved for Retirement and Pension Institutions	5 million	€10,000.00

(\*) Unit Class R was created on 23/12/2008 and its value was divided by 100 on 01/12/2020.

(\*\*) Unit Class LE CEDRE was created on 11/08/2014.

(\*\*\*) Unit Class CLUB PLANETE was created on 21/12/2020.

### 1.6. Place where the latest annual report and interim statement can be obtained

The latest annual report and interim statement will be sent within 8 business days upon written request by a unitholder to:

PALATINE ASSET MANAGEMENT - TSA 60140 - 93736 Bobigny Cedex 9.

These documents are also available at: [www.palatine-am.com](http://www.palatine-am.com)

### 1.7. Point of contact where further details can be obtained if necessary

PALATINE ASSET MANAGEMENT - Service Commercial - 68, rue du Faubourg Saint Honoré, 75008 Paris, France - +33 (0)1.55.27.95.37.

## II - Actors

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### *2.1. Management Company*

PALATINE ASSET MANAGEMENT - S.A.

Registered office: 86, rue de Courcelles 75008 Paris, France / AMF approval no. GP05000014 of 22/04/2005.

### *2.2. Custodian*

CACEIS Bank - A credit institution approved by the ACPR, 1 place Valhubert 75013 Paris, France

CACEIS Bank is the banking subsidiary of the CACEIS Group

In accordance with the applicable regulations, the custodian's functions include custody of assets, monitoring the compliance of the management company's decisions and monitoring the cash flows of the UCITS.

The custodian is independent from the management company.

The description of delegated custody functions, the list of CACEIS Bank delegates and sub-delegates and information on the conflicts of interest that may result from these delegations are available on the CACEIS website:

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

Up-to-date information is available to investors upon request.

### *2.3. Centralising agent for subscription/redemption orders*

CACEIS Bank.

Delegated by the Management Company, CACEIS Bank is tasked with managing the Fund's securities and to this end centralises and processes requests to subscribe to and redeem mutual fund units. Thus, as issuer registrar, CACEIS Bank manages the relationship with Euroclear France for all transactions requiring this institution's intervention.

### *2.4. Registrar and transfer agent for the units of the UCITS*

CACEIS Bank

### *2.5. Prime broker*

None

### *2.6. Statutory Auditors*

Conseil Associés S.A. / member of DFK International

50 avenue de Wagram - 75017 Paris, France / Represented by Bertrand de Monts.

### *2.7. Promoters*

Banque PALATINE, PALATINE ASSET MANAGEMENT.

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

### *2.8. Local and Representative Agent for Luxembourg*

CACEIS Bank Luxembourg Branch - 5 allée Scheffer - L-2520 Luxembourg

### *2.9. Accounting delegated to:*

CACEIS Fund Administration – 1-3, place Valhubert - 75013 Paris, France

CACEIS Fund Administration is the CREDIT AGRICOLE group entity specialising in UCITS fund administration and accounting functions 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.

## III - Operating and management procedures

### 3.1. General characteristics

#### 3.1.1. Characteristics of the units

✓ ISIN Code:

Unit Class I: FR0010341800

Unit Class R: FR0010649079

Unit Class LE CEDRE: FR0012068518

Unit Class CLUB PLANETE: FR0014000JR9

- ✓ Nature of the rights attached to the units: Each unitholder has a co-ownership right to the assets of the UCITS in proportion to the number of units held.
- ✓ Securities administration: With respect to the management of the fund's securities, the functions of centralising subscription and redemption orders, as well as of account keeping for the unit issuer, shall be performed by the custodian in conjunction with Euroclear France, the company with which the fund is listed. Entry in the register of the securities administrator for registered units held in an administered registered form.
- ✓ Voting rights: No voting rights are attached to the mutual fund's units, as all decisions are taken by the management company.
- ✓ Form of units: Units may be issued in bearer or registered form, at the subscriber's option.
- ✓ Possible fractions of units: The number of **all** units is expressed in thousandths of a unit.

#### 3.1.2. Closing date

Last Paris stock exchange trading day in December of each year.

#### 3.1.3. Tax regime

Eligible for the French personal equity savings plan (PEA).

If the subscription to units of the UCITS is related to participation in a life insurance contract, subscribers will be subject to the life insurance contract tax regulations.

Such information should not be a substitute for information provided as part of individual tax advice.

This UCITS, like all UCITS, is not subject to corporate income tax; the principle is transparency for the unitholder. Thus, the tax regime applicable to amounts distributed as well as unrealised or realised capital gains or losses depends on the tax provisions applicable to the particular circumstances of the investor. It is recommended that each investor consider his/her specific situation with the help of his/her usual tax adviser.

### 3.2. Specific provisions

#### 3.2.1. ISIN Code

Unit Class I: FR0010341800

Unit Class R: FR0010649079

Unit Class LE CEDRE: FR0012068518

Unit Class CLUB PLANETE: FR0014000JR9

#### 3.2.2. Classification

European Union Equities

#### 3.2.3. UCITS of UCIs

Less than 10% of the net assets

#### 3.2.4. Investment objective

PALATINE PLANETE has an environmental investment objective, in accordance with Article 8 of the SFDR Regulation. It aims to enable unitholders to obtain performance in their investments, over the recommended period, through discretionary management focused on companies whose business is related to the environment and particularly those that contribute to **the fight against global warming, pollution and diminishing resources**.

### 3.2.5. Benchmark

The Euro Stoxx 50 net dividends reinvested index is an equity index, representative of the 50 largest capitalisations in the Eurozone. Calculated in euros, it uses closing prices and is published in most financial newspapers. Information about this index is available at <https://www.stoxx.com/index-details?symbol=SX5E>.

In accordance with Article 34 of Regulation EU 2016/1011 of the European Parliament and of the Council of 8 June 2016, the administrator, STOXX, is entered in the register of administrators and benchmark indices kept by the ESMA.

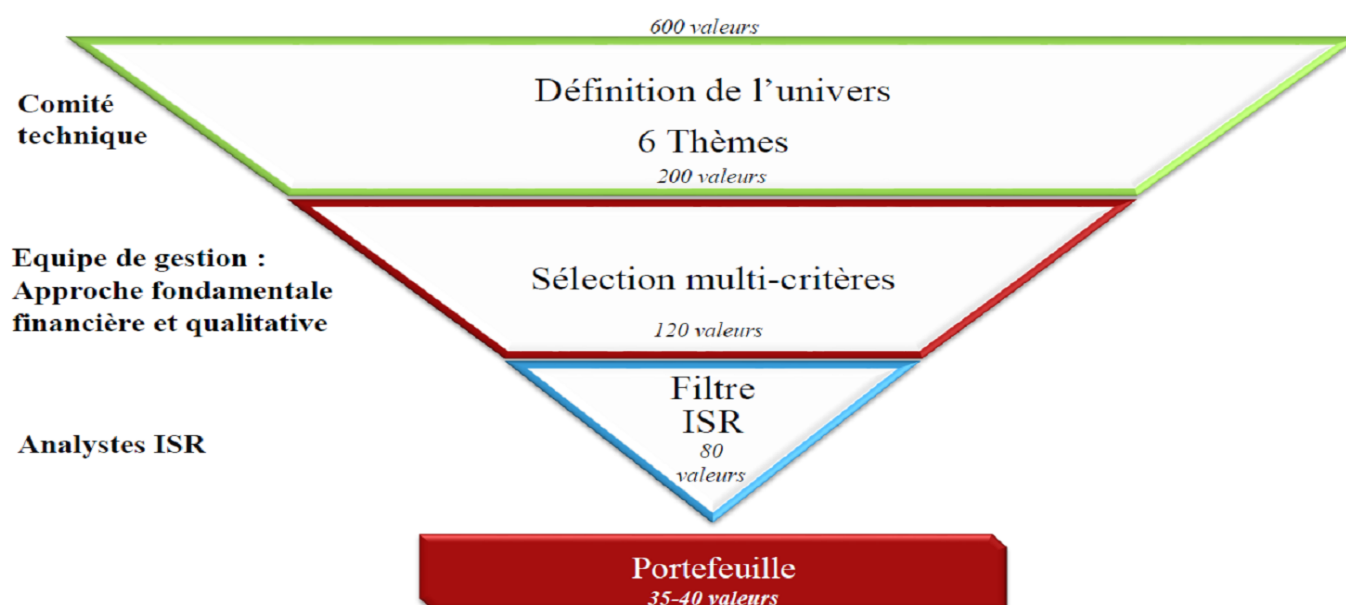
The mutual fund is neither index-based nor benchmark index-based, and the index is only an ex post comparison indicator of performance.

Palatine Asset Management has an internal action plan that will be implemented in the event of a substantial modification or cessation of the benchmark index.

### 3.2.6. Investment Strategy

#### a) Strategies used

PALATNE PLANETE is an SRI fund and as such applies the strategy described below for a minimum of 90% of its portfolio.



The investment universe is mainly composed of companies whose business is closely related to the environment, particularly those that contribute to the fight against three main points: global warming, pollution and diminishing resources.

The main items are:

- Areas contributing to the reduction of CO2 emissions (directly or indirectly) and energy efficiency: Buildings, civil engineering, insulation, clean modes of transport, etc.;
- Areas related to the production of renewable energies or so called 'clean' energies (non-greenhouse-gas-emitting energies: Solar, wind, geothermal, hydropower, etc.);
- Water-related areas (treatment, sanitation, supply and distribution);
- Areas of waste treatment;
- Adaptation to climate change: new production technologies;
- All companies that contribute to the environmental health of the planet, to the protection of the human beings and 'our shared home': pharmaceutical companies, health, etc.

The focus will be on companies that work in these areas (short-term logic, "putting out fires") but also those that innovate and provide longer-term solutions to contribute to a 'positive' ecological and energy transition.

The securities selection strategy consists of being exposed to companies with a profile meeting different financial and qualitative criteria simultaneously taking into account the 3 ESG (environmental, social and governance) criteria, with the environmental criterion being predominant.

The qualitative criteria are based on:

- Quality assessment of management
- The clarity of the strategy and the coherence of its implementation
- A good understanding of financial data.

The preferred financial ratios are as follows:

- Discounted future cash flows
- Return on capital used
- Growth on price
- PER or price-to-earnings ratio
- Capitalisation/turnover ratio
- Company value to cash flow ratio (EBITDA)
- Controlled volatility.

After conducting a fundamental analysis of the company, a non-financial analysis is then carried out to select the securities eligible for the portfolio. Thus, management applies a Thematic SRI filter to take into account the ability of companies to integrate ESG criteria in their development choices.

The main qualitative criteria are:

- The 'sustainable development' nature of the activity focusing on the environmental theme with a view to preserving it and which is sensitive to public health challenges.
- The potential for development of the proposed solutions and their credibility.
- The quality of governance.

Best-in-class approach and selectivity compared to the investable universe. This approach favours the best-rated issuers from a non-financial point of view within their business sector (i.e. they do not favour or exclude a sector over the equity index serving as the starting point) by reducing the investment universe to a minimum of 20%.

Attention is drawn to the absence of a single, universal ESG standard. Non-financial information is very diverse and is treated differently depending on the issuers and investors. The Best-in-Class approach does not exclude any sector and consists in investing in the least developed companies in their sector, but not necessarily the most promising ones in terms of ESG.

The management is based on non-financial analyses carried out by VIGEO whenever they exist, but also on information collected directly or through specialised brokers incorporating an SRI approach.

The rating out of 20 for each stock is the equally weighted average of the ratings of the following six areas:

- Human resources: compliance with labour law; career and retirement management, training plans, managing restructuring operations, promotion of social dialogue, health and job security; employee share ownership; publication of social indicators; managing subcontractors.
- Environment: identification of impacts, existence of environmental reporting taking into account the monitoring of procedures and improvements; ISO 14001 certification; eco-design of products; impacts related to the life cycles of products and services; carbon accounting; control of energy consumption; local pollution control; control of water impacts and on water consumption; exposure to regulations; waste management; life cycle analysis; presence of dedicated teams; biodiversity protection.
- Market behaviour: anti-corruption; contract management; safety of products or services; product reminders or prohibitions; sustainable relations and engagement with customers and suppliers; compliance with competition law; image of quality and reliability.
- Governance: composition of the Board of Directors or Supervisory Board; levels of transparency; control and audit mechanisms; shareholder rights; capital structure.
- Societal engagement: promotion of the economic and social development of the territory where the company is based or in other areas; societal impact of products and services; charitable, humanitarian and public health actions.
- Human rights: Respect for human rights, International Labour Organization standards; absence of discrimination, forced labour or of children.

Companies with a rating of 0/20 in one of the fields are excluded from the portfolio.

The percentage of non-SRI investments, i.e. those with a below-average overall rating, must not exceed 10% of stocks in the portfolio.

Non-invested cash is not included in the calculation.

The overall rating of the portfolio out of 20 is obtained by calculating the weighted average using the weighting of the securities held.

Details of the non-financial analysis process are provided in the Transparency Code available on the Management Company's website, [www.palatine-am.com](http://www.palatine-am.com)

The UCI includes sustainability factors in its investment process and promotes environmental, social and governance (ESG) criteria.

Palatine Asset Management applies an ESG integration policy which consists on the one hand of an exclusion policy and on the other hand of an ESG rating system made available to the management team (details of this policy are available in the 'Sustainable Risks Integration Policy in PAM's Decisions' available on the website, [www.palatine-am.com](http://www.palatine-am.com)).

## **b) Asset class (excluding embedded derivatives)**

### **- equities:**

In order to comply with the PEA restrictions, the portfolio will invest at least 75% of its assets in equities of European Union companies eligible for the PEA. The allocation of investments by country varies according to the discretionary management choices, without constraint of market capitalisation.

The exposure to equity markets in countries outside the European Union will vary within the 10% limit depending on opportunities identified by the management, as the currency risk is not systematically hedged. The maximum currency risk will be 25%.

### **- debt securities and money market instruments:**

Up to 10% of the mutual fund's net assets may be exposed to debt securities and money market instruments for cash management purposes, denominated in euros and with no predefined allocation between private and public debt. The management makes an allocation of the level of credit risk (financial criteria, choice of the credit curve segment, choice of credit quality and selection of securities). It does not exclusively and mechanically refer to ratings issued by rating agencies and uses its own internal analysis.

### **- shares and units in other UCITS or AIFs:**

The mutual fund may invest up to 10% in units or shares of UCITS and AIFs under French law, whether or not managed by the management company or an affiliated company, these will most often be monetary UCIs for the investment of cash.

## **c) Derivatives**

The UCITS may invest up to 100% of its assets in the following derivatives:

### **- Nature of the markets invested in:**

- ✓ regulated
- ✓ organised
- ✓ over-the-counter

It may trade on French and/or foreign regulated and/or organised futures and options markets and carry out authorised over-the-counter transactions.

### **- Risks to which the management seeks exposure:**

- ✓ Equity
- Interest rate
- ✓ Currency
- Credit

### **- Types of transactions and description of all transactions that must be limited to the achievement of the investment objective:**

- ✓ Hedging
- ✓ Exposure
- Arbitrage



To hedge and/or expose the portfolio, the manager may take positions in equity risk and/or on indices by exposing it to securities or geographical areas.

- Type of instruments used:

- ✓ Futures
- ✓ Options
- ✓ Swaps
- ✓ Forward foreign exchange contracts
- Credit derivatives

The management will mainly use equity index futures: Options may be used on an opportunity basis depending on the level of the 'time value' they incorporate.

Swaps and forward transactions will primarily be used to hedge currency risk.

- Strategy for using derivatives to achieve the investment objective:

- hedging of interest rate risk
- hedging of credit risk
- ✓ hedging of equity risk
- ✓ hedging of currency risk
- ✓ reconstitution of a synthetic exposure to assets, risks
- increased market exposure

No overexposure is sought and management will mainly use transactions in futures and options on shares and/or indices to adjust the exposure of the portfolio, in replacement of a direct holding of securities, or to hedge the shares held.

In relation to total return swaps, the fund will not use such swaps or other financial derivative instruments with similar characteristics.

- Securities containing a financial contract: The mutual fund may invest in financial instruments containing a simple financial contract: callable or puttable bonds, structured EMTNs incorporating one or more simple financial contracts and convertible bonds.

- Deposits: The UCITS may invest, within the limit of 20% of its assets invested with the same institution, in deposits that must only be made with credit institutions, have a term of less than or equal to twelve months, be reimbursed at any time at the request of the UCITS.

- Cash borrowings: up to 10% may be applied on an ad hoc basis, in particular in order to compensate for deferred payment arrangements relating to asset movements.

- Temporary purchases and sales of securities:

The UCITS does not engage in temporary purchases or sales of securities.

***Contracts constituting financial guarantees:***

The UCITS does not extend any financial guarantees to third parties.

***3.2.7. Risk profile***

Your money will be invested in financial instruments selected by the management company; these instruments will be subject to the evolution and fluctuations of the financial markets.

In view of the orientation of the UCITS, investors are exposed to a number of risks, the main ones of which are detailed below.

Risk of capital loss: The investor does not benefit from any capital guarantee and may therefore not recover their initial capital invested.

Equity risk: The mutual fund may be fully or at least 75% exposed to equity markets and more particularly to companies whose business is related to the environment. If the equities or indices to which the portfolio is exposed should fall, the mutual fund's net asset value could also fall.

The mutual fund may be exposed to small caps. As there are fewer small- and mid-cap stocks listed on the markets, market movements are more pronounced and rapid than in the case of large-cap stocks. The mutual fund's net asset value may therefore fall faster and more sharply.

Discretionary risk: The discretionary management style is based on anticipating trends on the various markets. There is a risk that the mutual fund might not be invested in the best performing markets at all times.

Liquidity risk: In the event of low trading volumes or tensions, there is a risk that the manager may not be able to sell or buy securities without affecting the prices of these assets. The occurrence of this risk may therefore decrease the mutual fund's Net Asset Value.

Currency risk: The mutual fund may be exposed to currency risk in proportion to the portion of net assets invested outside the Eurozone not hedged against this risk, which may lead to a fall in the net asset value.

Credit risk: The mutual fund may at any time be exposed to credit risk on private or public issuers. In the event of a deterioration in their situation or their default, the value of the shares may fall, which could lead to a fall in the net asset value.

Emerging markets risk: Subscribers' attention is drawn to the operating and supervision conditions of the emerging markets to which the mutual fund may be exposed, which may deviate from the standards that exist on the major international markets.

Counterparty risk: As the mutual fund may use over-the-counter financial instruments (debt securities and reverse repurchase agreements), there is a risk that a market participant will default, preventing it from honouring its commitments in respect of the mutual fund.

Sustainability risk: This is the risk linked to an environmental, social or governance event or situation, which, if it occurs, could have a material, actual or potential adverse impact on the value of the investment.

### **3.2.8. Guarantee or protection**

Not applicable

### **3.2.9. Eligible subscribers and typical investor profile**

Unit Class I: All subscribers, particularly legal entities wishing to expose their investment to European Union equity markets and bear the risk profile presented by the UCITS.

Unit Class R: All subscribers, particularly individuals who wish to expose their investment to the equity markets of the European Union and bear the risk profile presented by the UCITS.

Unit Class LE CEDRE: All subscribers referenced with the LE CEDRE coordinator.

Unit Class CLUB PLANETE: Reserved for retirement and pension institutions.

Both the information contained in this prospectus and the Fund units are not intended for distribution or marketing in the United States of America, nor are they intended for U.S. persons.

The units of this Fund have not been and will not be registered in the United States under the US Securities Act of 1933, as amended, or admitted under any similar or equivalent legal provision implemented in the United States. These units must not be offered, sold, subscribed or transferred in the United States (including its territories and possessions), nor benefit directly or indirectly a US Person within the meaning of Regulation S of the Securities Act of 1933 and/or as defined by the US Foreign Account Tax Compliance Act (FATCA) or to residents of the United States. The distribution of this prospectus and the offering of units may also be restricted in other legal systems.

Any unitholder must inform the Fund immediately by registered letter with acknowledgement of receipt should they become a US Person or a resident of the United States, in this case the unitholder should no longer be permitted to acquire new units and may be requested to dispose of their units at any time to persons who are not US Persons. The management company of the Fund reserves the right to compulsorily redeem any unit held directly or indirectly by a US Person, or if the ownership of units by any person is in breach of the law or the interests of the Fund.

### **3.2.10. Recommended investment horizon**

More than 5 years.

## **Disclaimer**

The amount that is reasonable to invest in this UCITS depends on each investor's personal situation, in particular, on their assets, investment horizon and willingness to take or not to take a financial risk. In all cases, it is highly recommended that investors sufficiently diversify their investments so as not to be exposed solely to the risks of this UCITS.

### **3.2.11. Calculation and allocation of distributable income**

- ✓ Allocation of income: All unit classes are accumulated.
- ✓ Allocation of net realised capital gains and losses: All unit classes are accumulated.

### **3.2.12. Characteristics of the units**

Share denomination currency: Euro.

For all unit classes of the UCITS: The quantities of units subscribed or redeemed are expressed in thousandths of units.

### **3.2.13. Subscription and redemption procedures**

- ✓ NAV frequency: Each stock market trading day in Paris, with the exception of legal holidays according to the French Labour Code.
- ✓ Initial net asset value:  
Unit Class I: 15.24 euros  
Unit Class R: 1,500.00 euros (divided by 100 on 01/12/2020)  
Unit Class LE CEDRE: 100.00 euros  
Unit Class CLUB PLANETE: 10,000.00 euros
- ✓ Subscription and redemption conditions: Requests for subscriptions and redemptions, expressed in value or in number of units, are centralised each day at 11:30 am by CACEIS Bank. They are then executed on the basis of the net asset value on the centralisation date.

Investors are advised that orders sent to promoters other than the aforementioned institutions should take into account the fact that the cut-off time for the centralisation of orders applies to those promoters in their interaction with CACEIS Bank.

As a result, these distributors may apply their own cut-off time, which may precede the cut-off time mentioned above, so as to allow them to meet their order transmission deadline with CACEIS Bank.

For Banque PALATINE, the order transmission cut-off time is 11:00 am.

- ✓ Place where the net asset value is published: The management company or its website, [www.palatine-am.com](http://www.palatine-am.com).

***In summary, orders are executed in accordance with the table below:***

D	D	D NAV calculation day	D+1 business day	D+2 business days	D+2 business days
Centralisation before 11:30 am of subscription requests	Centralisation before 11:30 am of redemption requests	Execution of the order no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

### **3.2.14. Fees and expenses**

- Subscription and redemption fees

Subscription fees increase the subscription price paid by the investor, while redemption fees decrease the redemption price.

Charges to be borne by the investor, deducted at the time of subscriptions and redemptions	Basis	Rate / Scale
Subscription fee not payable to the UCITS (1)	Net Asset Value x Number of units	Unit Class I: Maximum 2% Unit Class R: Maximum 2% Unit Class LE CEDRE: Maximum 1% Unit Class CLUB PLANETE: 4% below 5 million
Subscription fee payable to the UCITS	Net Asset Value x Number of units	NONE
Redemption fee not payable to the UCITS	Net Asset Value x Number of units	NONE
Redemption fee payable to the UCITS	Net Asset Value x Number of units	NONE

The simultaneous subscription and redemption transactions may be executed without payment of fees. In this case, the dual transactions will be performed on the basis of the net asset value of the day provided that they apply to a zero balance volume.

- Fees charged to the UCITS

These fees cover:

- Financial management fees
- Administrative fees external to the management company (statutory auditors, custodian fees, delegation of accounting management, distribution technical fees, legal fees specific to the UCI, etc.)
- The maximum indirect fees (management fees and costs) in the case of UCIs investing more than 20% in other UCIs
- Transfer commissions
- Performance fee

	Fees charged to the UCITS	Basis	Rate / Scale
1	Financial management fees	Net assets	Maximum rate inclusive of tax Unit Class I: 1.50% Unit Class R: 2.30%
2	Administration fees external to the management company		Unit Class LE CEDRE: 1.50% Unit Class CLUB PLANETE: 0.80%
3	Maximum indirect charges (commission and management fees)	Net assets	Not material*
4	Transfer commissions	Deducted from each transaction	NONE
5	Performance fee	Net assets	20% of the difference between the performance of the fund and that of the benchmark (1)

\*UCIs investing less than 20% in other UCIs

Only the fees mentioned below may be outside the scope of the 5 blocks of charges mentioned above and must in this case be mentioned hereafter:

- Contributions due for the management of the UCITS in application of Article L. 621-5-3 d) of 3° of II of the French Monetary and Financial Code;
- Exceptional and non-recurring taxes, levies, governmental fees and duties (in connection with the UCITS);
- Exceptional and non-recurring costs for recovery (e.g., Lehman) or for enforcement (e.g., class-action procedure).

(1) As of 1 January 2022, the performance fee is calculated as follows:

The performance fee corresponds to variable fees, and is contingent on the Fund achieving a performance that exceeds that of its benchmark index, the EuroStoxx 50 DNR, over the observation period, the calendar year. If a provision is recorded at the end of the observation period, it is crystallised, i.e. it is definitively acquired and becomes payable to the Manager.

**Calculation method**

The calculation of the amount of the outperformance fee is based on a comparison between the performance of the Fund and that of an imaginary UCI achieving the performance of its benchmark index and having the same subscription and redemption pattern as the actual Fund. The outperformance generated by the Fund on a given date is understood to be the positive difference between the net assets of the Fund and the assets of the imaginary UCI on the same date. If this difference is negative, this amount represents an underperformance that will have to be recovered in the following years before it can again be provisioned for the performance fee.

**Catching up for underperformances and reference period**

As specified in the ESMA guidelines for performance fees, the reference period is '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.' This period is set at 5 years. This means that in excess of 5 consecutive years without crystallisation, five year unoffset underperformance will no longer be taken into account in the performance fee calculation.

**Observation period**

The first observation period will start with 12 months starting in early 2022. At the end of each financial year, one of the following two cases may occur:

- The Fund underperforms over the observation period. In this case, no fee is charged and the observation period is extended by one year to a maximum of 5 years (reference period).
- The Fund outperforms over the observation period. In this case, the management company receives the accrued fees (crystallisation), the calculation is reset and a new twelve-month observation period begins.

**Provisioning**

Each time the net asset value (NAV) is established, the performance fee is subject to a provision (of 20% of the outperformance) when the Fund's performance is greater than that of the imaginary UCI over the observation period, or a recovery of the provision limited to the existing appropriation in the event of underperformance.

In the event of redemptions during the period, the share of the constituted provision corresponding to the number of units redeemed shall be definitively acquired and taken by the Manager.

**Crystallisation**

The crystallisation period, i.e. the frequency of any accrued performance fee payable to the management company, is a minimum of twelve months.

The first crystallisation period for Palatine Planète commenced on 1 March 2021 and will end on the last day of financial year 2022, i.e., 31 December 2022. Subsequent periods shall be twelve months and shall refer to the calendar year.

The fund's past performance against the benchmark is shown in the KIID and on the fund's monthly reports available on the website, [www.palatine-am.com](http://www.palatine-am.com).

## Illustration 1: General operation

	Year 1	Year 2	Year 3	Year 4	Year 5
Performance of Fund units	10%	-4%	-7%	6%	3%
Benchmark performance	5%	-5%	-3%	4%	0%
Underperformance/ Outperformance	5%	1%	-4%	2%	3%
Cumulative performance of the Fund over the observation period	10%	-4%	-7%	-1%	2%
Cumulative performance of the benchmark index over the observation period	5%	-5%	-3%	1%	1%
Cumulative outperformance/ underperformance over the observation period	5%	1%	-4%	-2%	1%
Levy on a commission?	Yes	Yes	No, as the fund underperformed the benchmark index	No, as the Fund underperformed the benchmark throughout the current observation period, which began in Year 3	Yes
Start of a new observation period?	Yes, a new observation period began in Year 2	Yes, a new observation period began in Year 3	No, the observation period is extended to cover Years 3 and 4	No, the observation period is extended to cover Years 3, 4, and 5	Yes, a new observation period began in Year 6

NB: To facilitate an understanding of the example, we have shown the performance of the Fund and the benchmark index here as a percentage. In practice, outperformance/underperformance will be measured by amount, the difference between the net assets of the Fund and those of an imaginary fund as described in the methodology above.

## Illustration 2: Treatment of unoffset performances after 5 years:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Performance of Fund units	0%	5%	3%	6%	1%	5%
Benchmark performance	10%	2%	6%	0%	1%	1%
<b>A:</b> Outperformance/underperformance year in progress	-10%	3%	-3%	6%	0%	4%
<b>B1:</b> Carry-forward of unoffset underperformance Year 1	N/A	-10%	-7%	-7%	-1%	Excluding scope
<b>B2:</b> Carry-forward of unoffset underperformance Year 2	N/A	N/A	0%	0%	0%	0%
<b>B3:</b> Carry-forward of unoffset underperformance Year 3	N/A	N/A	N/A	-3%	-3%	-3%
<b>B4:</b> Carry-forward of unoffset underperformance Year 4	N/A	N/A	N/A	N/A	0%	0%
<b>B5:</b> Carry-forward of unoffset underperformance Year 5	N/A	N/A	N/A	N/A	N/A	0%
Outperformance/underperformance observation period	-10% (A)	-7% (A + B1)	-10% (A + B1 + B2)	-4% (A + B1 + B2 + B3)	-4% (A + B1 + B2 + B3 + B4)	1% (A + B2 + B3 + B4 + B5)
Charging a fee?	No	No	No	No	No	Yes

The underperformance generated in Year 1 and partially offset in subsequent years is forgotten in Year 6.

### Remuneration on temporary purchases and sales of securities

If the UCITS makes a temporary purchase of securities, all income from this transaction is retained by the UCITS, if applicable in the case of a temporary sale, the full remuneration will be paid by the UCITS.

### Procedure for choosing intermediaries

The financial intermediaries are selected by the management company in compliance with the 'best execution' principles based on a multi-criteria approach applying a specific valuation scale.

Certain intermediaries may be more systematically favoured depending on their specialisation in certain markets or securities.

A semi-annual committee is responsible for the selection of intermediaries, the evaluation and adequacy of the quality of services offered, and the analysis of activity statistics and brokerage volumes.

## IV - Sales-related information

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**Distributions:** CACEIS Bank - 1-3 place Valhubert -75013 Paris, France

**Repurchase or redemption of shares:** CACEIS Bank - 1-3 place Valhubert - 75013 Paris, France

**Distribution of information:** PALATINE ASSET MANAGEMENT -  
Service commercial -68 Rue du Faubourg Saint Honoré, - 75008 Paris, France

### **Information material relating to the management company's voting policy**

Palatine Asset Management documents on the Voting Policy and the annual report on the exercise of voting rights are available (in French) on the website, [www.palatine-am.com](http://www.palatine-am.com) under the "Réglementation" heading.

They can also be sent free of charge on written request to the following postal address:

Palatine Asset Management - TSA 60140 - 93736 Bobigny Cedex 9, France.

### **Information material on environmental and social criteria and quality of governance (ESG)**

Information on how the management company takes into account environmental, social and governance (ESG) criteria is available on the Palatine Asset Management website (in French), [www.palatine-am.com](http://www.palatine-am.com), in the 'ISR' section. It is also mentioned in each annual report of the UCITS.

Palatine Planète takes into account ESG criteria, and obtained the SRI label awarded by Novethic in 2009, then the state label in 2017 (for 3 years with annual renewal via audit).

Palatine Asset Management, the mutual fund's management company, adheres to the AFG-FIR transparency code. This code and the SRI management process are available on the Palatine AM website at <https://www.palatine-am.com/isr.html>

### **SFDR (Sustainable Finance Disclosure Regulation)**

As a participant in the financial markets, the management company of the UCI is subject to Regulation 2019/2088 of 27 November 2019 on the publication of sustainability information in the financial services sector (the 'Disclosure Regulation').

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

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

Sustainable investment is an investment in an economic activity that contributes to an environmental objective. This is measured, for example, by means of key indicators for the efficient use of resources concerning the use of energy, renewable energies, raw materials, water and land, waste and greenhouse gas emissions, or effects on biodiversity and the circular economy. It can also concern investment in an economic activity that contributes to a social objective, in particular investment that contributes to combating inequality or promotes social cohesion, social integration and labour relations, or investment in human capital or economically or socially disadvantaged communities, provided that such investments do not cause any material harm to any of these objectives. The companies in which investments are made must follow good governance practices, in particular with regard to sound management structures, relationships with personnel, remuneration of competent personnel and compliance with tax obligations.

## V - Investment rules

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**Regulatory ratios applying to the UCITS:** The legal investment rules of the French Monetary and Financial Code that apply to the mutual fund are those that govern UCITS, as well as those applicable to the AMF's 'European Union equities' classification.



## VI - Overall risk

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The management company uses the commitment approach to calculate the overall risk of the mutual fund, as defined in Articles 411-74, 411-75 and 411-76 of the AMF General Regulation, and in AMF Instruction 2011-15.

## VII - Asset valuation and accounting rules

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### 7.1. Valuation rules

*Balance sheet items and futures and options transactions:*

- Bonds denominated in European currencies are valued at the closing price of the day quoted on a central market in which they are listed, or on the basis of a price calculated from a market spread carried forward on a reference rate curve.
- All bonds (French and foreign) are valued with coupons calculated on D+2.
- Eurozone and other European equities are valued at the day's closing price, or at the last known price.
- Foreign securities are valued at the day's closing prices, or at the last known price.
- Negotiable debt securities maturing in less than three months may be valued using the straight-line method. Those with a maturity of more than three months are valued at that day's market price.
- The UCIs are valued at the last known net asset value.
- Repurchase agreements are valued at the contract price (principal + interest).
- Transactions carried out on futures and options markets are valued on French and foreign markets at the day's closing price
- For forward foreign exchange transactions, the swap point is amortized on a straight-line basis over the contract period.
- Interest rate swaps are valued at their market value based on the price calculated by discounting future cash flows (principal + interest) at the market rate. This price may be adjusted for signature risk.

For contracts with a maturity of less than three months, or that become less than three months, interest flows to be paid and received will be calculated on a straight-line basis over the remaining life.

The management company shall carry out a valuation of the financial instruments, contracts, securities and deposits whose prices have not been determined or whose prices have not been quoted on the day on which the net asset value is calculated.

*Off-balance sheet commitments:*

- Futures contracts are valued at their market value.
- For options, the valuation at market value results in the contracts being converted into the underlying equivalent.
- Subscription warrants and warrants are recorded on the assets side of the balance sheet:
  - Warrants are considered as off-balance sheet commitments at the level of the equity risk exposure table, by translating them into the equivalent of underlying shares.
  - Subscription warrants may be included in the risk exposure table at their market value or translated into the underlying equivalent.
- Interest rate swaps are valued at their nominal value.

### 7.2. Accounting method

**Income from fixed income securities:** collected coupon method.

**Transaction fees:** these fees are excluded from the cost price of the financial instruments.

## VIII - Remuneration

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The Palatine Asset Management remuneration policy provides for a fixed level of compensation for employees based on their level of expertise and professional experience in the activity. The fixed remuneration is defined by the Executive Board at the time of recruitment.

The variable portion of remuneration is intended to supplement the fixed portion and is determined according to the objectives set at the beginning of the year, in particular the performance achieved by the employee. It covers 70% of the quantitative elements specific to each business and position, and qualitative and behavioural elements, such as the personal commitment of the employee especially in the interests of the client, Palatine Asset Management, compliance with the general principles applicable to compensation, taking into account the control and monitoring of risks, and the profitability of the Company.

Further information about the remuneration policy can be found on the website, [www.palatine-am.com](http://www.palatine-am.com), and a written document may be obtained upon request from Palatine Asset Management.

## REGULATIONS

### TITLE I - ASSETS AND UNITS

#### Article 1 - Co-ownership of units

The co-owners' rights are represented by units, with each unit corresponding to the same fraction of the Fund's assets. Each unitholder has a co-ownership right in and to the assets of the Fund proportional to the number of units they hold.

The duration of the fund is 99 years from 07/07/2006 except in the cases of early dissolution or extension provided for in these rules.

Unit class: The characteristics of the various classes of units and their eligibility requirements are specified in the mutual fund's prospectus.

The different classes of units may:

- Benefit from different dividend policies (distribution or accumulation);
- Be denominated in different currencies;
- Be charged different management fees;
- Be charged different subscription and redemption fees;
- Have a different nominal value;
- Be automatically hedged against risk, in part or in full, as defined in the prospectus. This hedge is created using financial instruments that reduce to a minimum the impact of the hedging transactions on the other unit classes of the UCITS;
- Be reserved for one or more distribution networks.

The executive board of the management company may merge or split units.

The Board of Directors of the management company may decide that the units shall be sub-divided into tenths, hundredths or thousandths of units, with such subdivisions being referred to as fractions of units.

The provisions of the regulations governing the issue and redemption of units shall apply to fractions of units, whose value shall always be proportional to that of the unit they represent. Unless otherwise provided, all other provisions of the regulations relating to units shall apply to fractions of units without any need to make a specific provision to that end.

Finally, the executive board of the management company may, at its sole discretion, carry out the split of units through the creation of new units that are allocated to unitholders in exchange for old units.

#### Article 2 - Minimum amount of assets

Units may not be redeemed if the assets fall below €300,000; if the assets remain below this amount for a period of 30 days, the management company shall make the necessary provisions to liquidate the UCITS in question, or to carry out one of the operations mentioned in Article 411-16 of the AMF General Regulation (transfer of the UCITS).

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

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

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

Units issued by this type of mutual fund (fonds commun de placement) may be admitted for listing on a financial market in accordance with the applicable regulations.

Subscriptions must be fully paid-up on the date of calculation of the net asset value.

They may be made in cash and/or by a contribution in kind in the form of transferable securities. The management company is entitled to refuse any securities offered and, for that purpose, must announce its decision within seven days of the date on which the securities were tendered. If it accepts the securities, they shall be valued on the basis of the rules laid down in Article 4, and the subscription shall be made on the basis of the first net asset value calculated following acceptance of the securities involved.

Redemptions shall be made exclusively in cash, except in the event of the liquidation of the fund if unitholders have stated that they agree to be repaid in securities. They are settled by the custodian within a maximum of five days from the valuation day of the units.

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 thirty days.

With the exception of a succession or an inter vivos gift, the sale or transfer of units between unitholders, or between unitholders and third parties, is treated 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 beneficiary in order to at least reach the minimum subscription amount stipulated by the prospectus.

Pursuant to Article L. 214-8-7 of the French Monetary and Financial Code, the redemption by the mutual fund of its units, as well as the issue of new units, may be provisionally suspended, by the management company, under exceptional circumstances and if holders' best interests so require.

Units may not be redeemed when the mutual fund's net assets are below the minimum set by the fund regulations.

The UCITS may cease to issue units pursuant to the third paragraph of Article L. 214-8-7 of the French Monetary and Financial Code (Code Monétaire et Financier), either temporarily or definitively, partially or completely, in situations that objectively require the closure of subscriptions, such as when a maximum number of units has been issued, a maximum amount of assets has been reached, or a specific subscription period has expired. The launch of this tool will be the subject of communication by any means to existing holders regarding its activation, as well as the threshold and objective situation that led to the decision to partially or completely close down. In the case of a partial closure, this communication by any means will explicitly indicate how existing unitholders can continue to subscribe for the duration of the partial closure. Unitholders are also informed by any means of the decision of the UCITS or the management company either to terminate the complete or partial closure of subscriptions (when crossing the trigger threshold) or not to terminate them (in case of change of threshold or change in the objective situation leading to the implementation of this tool). A change to the invoked objective situation or the tool trigger must always be made in the interest of the unitholders. The communication by any means will state the exact reasons for these changes.

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

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

## **TITLE II - OPERATION OF THE FUND**

#### **Article 5 - Management company**

The Fund is managed by the management company in accordance with the policy defined for the Fund.

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 5 bis - Operating rules**

The instruments and deposits in which the assets of the UCITS may be invested as well as the investment rules are described in the prospectus.

#### **ARTICLE 5 ter - Admission to trading on a regulated market and/or a multilateral trading system**

Units may be listed on a regulated market and/or a multilateral trading facility in accordance with applicable regulations. If the mutual fund's units are listed on a regulated market and it has an index-based investment objective, it must implement a system to ensure that the market price of its units does not deviate significantly from its net asset value.

#### **Article 6 - Custodian**

The custodian performs the tasks entrusted to them by the legal and regulatory provisions in force as well as those entrusted to them contractually by the management company.

They are responsible for ensuring that legal decisions made by the portfolio management company comply with the necessary regulations. If necessary, they shall take any protective measures that they may consider useful. In the event of a dispute with the management company, they shall inform the AMF.

#### **Article 7 - Statutory auditor**

A statutory auditor shall be appointed for six financial years, subject to approval of the Autorité des Marchés Financiers (AMF), by the executive board of the asset management company.

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

The statutory auditor's term of office may be renewed.

The statutory auditor is required to notify the Autorité des Marchés Financiers (AMF) as soon as possible of any fact or decision relating to the UCITS of which they become aware in the course of their audit that may:

- 1° constitute a breach of the laws or regulations applicable to this fund that could have a significant impact on its financial position, results or assets;
- 2° impair the conditions or continuity of its business;
- 3° entail the issuing of reservations or the refusal to certify the financial statements.

Assets will be valued and exchange ratios will be determined for the purpose of any transformation, merger or split under the statutory auditor's supervision. They shall evaluate any contribution in kind under their own responsibility.

They check the composition of the assets and other elements before publication.

The statutory auditor's fees shall be determined by mutual agreement between the statutory auditor and the Board of Directors or Executive Board of the management company under a work schedule specifying the duties deemed necessary.

The statutory auditor certifies positions serving as the basis for the payment of interim dividends.

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

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

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

The management company prepares a statement of the UCI's assets and liabilities, at least once every half year and under the supervision of the custodian.

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

### **TITLE III - ALLOCATION POLICY FOR DISTRIBUTABLE AMOUNTS**

#### **Article 9 - Terms and conditions of allocation of income and distributable amounts**

Distributable amounts consist of:

- the net income for the financial year, which is equal to the amount of interest, arrears, dividends, premiums and allotments, directors' fees as well as all income generated by the securities held in the portfolio of the fund, plus income generated by temporary cash holdings, less management fees and borrowing costs.

Distributable income is equal to the net income for the financial year plus retained earnings, plus or minus the balance of the accrual accounts for the last financial year.

- realised capital gains, net of fees, minus realised capital losses, net of fees, recognised during the financial year, plus net capital gains of the same kind recognised during previous financial years and that have not been distributed or accumulated, plus or minus the balance of capital gain accruals.

Distributable sums are fully accumulated.

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

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

The management company may either transfer, in full or in part the assets included in the fund to another UCITS or split the fund into two or more other funds.

Such mergers or splits may only be carried out one month after unitholders have been notified. After each transaction, new certificates will be issued stating 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, except in the event of a merger with another fund.

The management company may dissolve the Fund before its term. It shall inform the unitholders of its decision, after which no further subscription or redemption requests shall be accepted.

The management company shall also dissolve the fund if a request is made for the redemption of all of the units, 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 management company shall inform the Autorité des Marchés Financiers (AMF) by post of the dissolution date and procedure. It shall then send the AMF the statutory auditor's report.

Extension of the term of the Fund may be decided by the management company in agreement with the custodian. Its decision must be taken at least 3 months prior to expiry of the fund's term, and both unitholders and the Autorité des Marchés Financiers (AMF) must be informed at the same time.

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

If the Fund is to be dissolved, the management company shall act as liquidator, failing which a liquidator shall be appointed by the courts at the request of any interested party. For such purposes, they shall be granted the broadest powers to dispose of assets, pay off 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 in their respective capacities until the liquidation process is complete.

## TITLE V - DISPUTES

### Article 13 - Competent courts - Choice of jurisdiction

All disputes related to the Fund that may arise during the term in which it operates, or during its liquidation,

either between the unitholders or between the unitholders and the management company or the custodian, shall be submitted to the courts having jurisdiction.