PHILEAS EQUITY EUROPE

PROSPECTUS

A UCITS-compliant fonds commun de placement (FCP) - European Directive 2014/91/UE

March 2023

PHILEAS ASSET MANAGEMENT
85, rue Jouffroy d'Abbans
75017 - Paris
www.phileas-am.fr

Asset management company certified by the French Financial Markets Authority (AMF) under number: GP-11000010

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PROSPECTUS

A UCITS-compliant investment fund

GENERAL CHARACTERISTICS

I - Legal form

- **Legal form**

  Mutual Investment Fund (fonds commun de placement)

- **Name**

  PHILEAS EQUITY EUROPE

- **Legal form and member-state in which the investment fund was created**

  Mutual Investment Fund (fonds commun de placement) governed by French law

- **Inception date and expected term**

  The Fund was created on 15 October 2015 for a term of 99 years as of that date.

- **Investment management summary:**

Type of units	ISIN code	Income distribution	Currency	Minimum initial subscription	Minimum amount of later subscriptions	Initial net asset value	Target investors
I EUR units	FR0012749927	Accumulation	Euro	€100,000	Nil	€100	All investors, especially legal entities
R EUR units	FR0012749935	Accumulation	Euro	€1000	Nil	€94.90	All investors
S EUR units	FR0012749943	Accumulation	Euro	Nil	Nil	€100	Management company staff, immediate family, FCPE funds for management company personnel

The three types of units are fractioned into ten thousandths of units.

- **Where to obtain the latest annual report and latest interim statement**

  The latest annual and interim reports shall be sent within one week upon written request made by a unit holder to:

  PHILEAS ASSET MANAGEMENT
  60, rue de Prony
  75017 Paris, France
  Tel: 01 40 54 47 26
  Email: contact@phileas-am.fr

  These documents are also available at www.phileas-am.fr. Additional explanations may be obtained by contacting the management company, whose particulars are provided above.

II – Directory

- **Management company**

  The management company was authorised on 01.03.2011 by the French Markets Authority (AMF) under number GP-11000010 (general licence)

  PHILEAS ASSET MANAGEMENT SAS
  85, rue Jouffroy d'Abbans
  75017 PARIS

- **Depositary, custodian, processing of subscription and redemption orders**

  CACEIS BANK
  1-3 place Valhubert
  75206 Paris Cedex 13, France

- **Delegated accounting and administrative manager**

  CACEIS FUND ADMINISTRATION
  1-3 place Valhubert
  75206 Paris Cedex 13, France

- **Statutory auditor**

  MAZARS
  Represented by M. Gilles Dunand-Roux
  61, rue Henri Regnault
  92075 Paris-La Défense Cedex, France

- **Marketing agent**

  PHILEAS ASSET MANAGEMENT SAS
  85 rue Jouffroy d'Abbans
  75017 Paris, France

  The list of distributors is not comprehensive insofar as the Fund is listed on Euroclear. Some distributors may therefore not be mandated by, or known to, the management company.

- **Advisers**

  None.

OPERATING AND MANAGEMENT PROCEDURES

I –General characteristics

- **Characteristics of units or shares**

  - **ISIN codes**

  - I EUR units: FR0012749927
  - R EUR units: FR0012749935
  - S EUR units: FR0012749943

  - **Nature of rights attached to units**

  Each unit holder enjoys a joint ownership right to Fund assets that is in proportion to the number of units owned.

  - **Securities administration**

  The Fund is administered by the depositary, CACEIS BANK, through Euroclear France.

  - **Voting rights**

  As the Fund is composed of jointly-owned securities, no voting rights are attached to the units held. Decisions regarding the Fund are made by the management company in the interests of unit-holders.

  - **Form of units**

  All Fund units are in bearer form.

  - **Decimalisation**

  Each unit may be fractioned into ten thousandths.

- **Year-end date**

  The end of the Fund's accounting year is the last Paris market trading day of December of each year.

- **Information on tax treatment**

  Fiscal dominance: the FCP is eligible for PEA and unit-linked life insurance contracts.

  Depending on the subscriber's tax regime, country of residence, or the jurisdiction, any capital gains and income incurred from the ownership of Fund units may be subject to taxation. The subscriber should consult a tax adviser as to the possible consequences of buying, selling or redeeming fund units under the laws of your country or tax residence, ordinary residence or of your domicile.
  Neither the Management Company nor the promoters accept any responsibility whatsoever for the tax consequences that may arise for investors as a result of a decision to buy, hold, sell or redeem fund units.

  Pursuant to U.S. tax regulations, commonly referred to as FATCA (Foreign Account Tax Compliance Act), Unitholders might have to provide the Management Company or it agent with some information, including without limitation, identification information such as personal identify and places of residence (tax residence and domicile) in respect of each undertaking for collective investment, to ensure that the "US Person" are identified within the meaning of FATCA.
  This information may be provided to the United States tax authorities by the French tax authorities.
  Failure by any Unitholder to comply with this requirement could result on a 30% withholding tax levied on US sourced cash flows. Notwithstanding any diligences carried out by the Management Company in respect of FATCA, Unitholders are encouraged to ensure that the broker they used to invest into this AIF qualifies as Participating FFI.

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

II – Specific provisions

- **Classification**

  PHILEAS EQUITY EUROPE is a UCITS-compliant *fonds commun de placement* (FCP) governed by French law classified as « European Equity fund ».

- **Investment objective**

The objective is to outperform the MSCI EUROPE NR index over the recommended investment period.

- **Benchmark**

PHILEAS EQUITY EUROPE is managed according to a discretionary approach of stock selection. It is not an indexed fund, the reference indicator is given as an element of comparison a posteriori.

The MSCI EUROPE NR Index can be used as a long-term measure of the fund's performance. Its Bloomberg ticker is M7EU.

- **Investment Strategy**

General principles

Positions are selected through a discretionary investment process based on fundamental financial analysis. The

The FCP is likely to invest in all sectors.
The FCP may invest in equities of any market capitalization size. The share of small caps (less than 1 billion euros) may not exceed 20% of the assets.

Investment process

Investments are selected on the basis of the following process:

▪ ***Strategic analysis***
The manager analyses the strategic environment of the sector in which the company in question operates. In particular, the analysis focuses on the following points:
- the rate of growth (price and volume) of the market and its degree of cyclicality,
- the average level of profitability observed among the different actors,
- the degree of concentration in the sector,
- the intensity of competition,
- barriers to entry and exit,
- possible substitutes,
- the negotiating power of the clients,
- the bargaining power of suppliers.

The manager then analyses the company's competitive positioning within its sector, in particular:
- its market share, and its recent evolution,
- its price/product positioning,
- its competitive advantages.
The diagnosis includes as well the internal ESG rating.

▪ ***Accounting validation***
A systematic review and critical analysis of the main accounting choices made by the company is a prerequisite for the financial diagnosis. This analysis is based on the published financial statements and their notes.
Particular attention is paid to the following elements:
- revenue recognition method,
- method of consolidation of subsidiaries and holdings,
- capitalized expenses,
- charges considered as non-recurring,
- depreciation methods,
- deferred taxation,
- valuation method for intangible assets,
- accounting for pension commitments,
- off-balance sheet commitments.

▪ ***Financial analysis***
The analysis focuses on the following points:
- profitability profile over the cycle (margins and asset turnover rate, capacity to generate surplus cash),
- growth profile (ability of the company to find and finance investment projects with satisfactory profitability),
- study of the financial structure (adequacy of the financial structure to the company's risk profile).
This analysis is based on a standardized proprietary model.

▪ ***Valuation***
Depending on the study carried out upstream, the manager builds his financial forecasts.
These projections enable an assessment to be made on the basis of a simplified short-dated DCF.
This valuation is then benchmarked to other methods when appropriate (comps, transaction multiples,SOP).
The valuation obtained is compared with the stock market price to assess whether the security is over- or undervalued.
The manager assesses the possible reasons for the observed over- or undervaluation as well as the possible catalysts likely to cause the share price to converge towards its estimated value. On the basis of the valuation obtained and the associated risk, the manager determines a buy target and a sell target.

Integration of non-financial criteria

▪ **ESG integration**

The fund shall promote environmental and social characteristics and the companies in which investments are made shall apply good governance practices as defined in Article 8 of Regulation (EU)2019/2088.
Our responsible investment philosophy sets the following objectives:
- To achieve a better understanding of the risks and opportunities facing the companies in our investment universe by taking into account extra-financial aspects
- To integrate this analysis into our overall assessment of each investment case
- Better align the interests of our company, our clients and society in general

PHILEAS' ESG methodology is based on 3 pillars:
- Exclusion list
- Internal rating
- External rating

- **Exclusion lists**

Our exclusion list (>160 companies) is aligned with that of NORGES BANK, the leading pension fund in responsible investment (https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies).
This list excludes certain companies on the basis of the products and services they offer and/or behaviour that can be attributed to them.

Products
Tobacco, coal or coal-based energy production, nuclear weapons, controversial weapons (cluster bombs and landmines), arms exports to countries subject to international sanctions.

Behaviour
Human rights violations, severe environmental damage, governance failures in the management of greenhouse gas emissions, corruption, serious violation of basic ethical standards.
emissions, corruption, serious violation of basic ethical standards.
This external list is complemented by an internal list. This list includes companies that the management team
This list includes companies that the management team believes present a particularly high risk of ESG controversy.

- **Internal rating**

The Management Company's approach is based on an in-depth knowledge of the companies.
investment decisions are made on the basis of financial and strategic analysis, internal valuation models and meetings with the management of the companies we follow.
In line with this fundamental approach and beyond the exclusion of stocks with a high ESG risk, the management team has developed an internal ESG rating tool. Its purpose is to identify and integrate
ESG criteria with significant materiality. This tool focuses on assessing the positioning of each company with regard to non-financial factors defined by the management team as likely to have a lasting impact on shareholder value. This analysis enriches the study of the investment case and enables us to refine the strategic diagnosis (identification of ESG themes, analysis of risks and opportunities), the financial financial diagnosis (growth prospects, investments, compliance costs, latent liabilities, stranded assets liabilities, stranded assets, etc.), or the company's valuation analysis (long-term growth rate, cost of capital).
Our tool is based on a qualitative analysis of the sensitivity of the companies in our investment universe (approximately 340 stocks) to six ESG drivers.
Each of these drivers is rated on a scale of 5, with scores ranging from -2 (unfavourable exposure) to +2 (favourable exposure).
The six themes analysed are as follows:
- Environment :

o Decarbonation: analysis of the direct and indirect footprint (scope 1-2-3) and impact analysis (products contributing to the reduction of emissions)
o Pollution and waste
- Social :
o Human capital: quality of social relations, attractiveness for talent
o Societal capital: customer/supplier/authority relations
o Product impact: health impact, product liability
- Governance: alignment of interests, independence and competence of the board, business ethics, risk management. The assessment of the quality of governance is based on both a static (Best in Class approach) and a dynamic ("Best Effort") analysis..
Our analysis of each investment case is multifactorial (and integrates both financial and extra-financial criteria).
with no score implying an a priori inclusion or exclusion.
PHILEAS nevertheless sets itself the objective of having a positive overall rating for the fund at all times
on the following 3 criteria:
- Decarbonation
- Human capital
- Governance
The fund's rating on each of these criteria is disclosed in the fund's monthly letter

- **External rating**

The Management Company's internal ESG analysis is enhanced by external research produced by certain agencies (Sustainalytics and S&P TruCost). Although the internal rating prevails, these ratings nevertheless allow the internal ratings to be supplemented and questioned where necessary. The use of external data is also the Management Company's reference method for carbon footprint measurements (provided by S&P Trucost). PHILEAS is committed to permanently maintaining a carbon footprint that is significantly lower than the benchmark. This comparative carbon footprint appears in the fund's monthly letters.

▪ **Taxonomy**

Regulation (EU) 2020/582 ("Taxonomy Regulation"), establishes a framework for determining whether an economic activity is considered environmentally sustainable. An economic activity is considered sustainable if it contributes substantially to one or more of the six environmental objectives defined by the Taxonomy Regulation and if it does not cause significant harm to any of these environmental objectives ("do not significant harm" principle).
At the date of the prospectus, given the lack of sufficiently reliable data on the taxonomy alignment of the issuers invested in the fund and/or included in the investment universe, the fund has a minimum environmental objective aligned with the EU Taxonomy of 0%. The Management Company is monitoring regulatory developments and issuer communications on their eligibility and alignment (expected in 2023). After analysis, it seems likely that these elements will contribute to inform the judgement of the management team and will make it possible to define a minimum percentage of investments in these activities.

Portfolio construction

▪ ***Structure***

The Fund is constructed around approximately 10 sector sub-portfolios that may themselves comprise several sectors with similar characteristics. The main sub-portfolios are:
- Food, beverages, personal and home care;
- Specialist retail, consumer goods, luxury products;
- Food retail;
- Defence, aeronautics;
- Capital goods, chemicals;
- Building, building materials;
- Infrastructures, utilities;
- Telecom operators;
- Media;
- Business services;
- Healthcare;
- Automobile;

Instruments

The Fund is invested on a discretionary basis in the following assets:

- ***Equities***

Eligible for the PEA, the Fund is permanently invested at a minimum of 75% in equities from the European Economic Area, without any particular geographical allocation. For up to 25% of the fund's assets, it may invest in equities issued by companies with registered offices outside of the European Economic Area, particularly in the UK, in Switzerland, in the United States and Canada.
The Fund may invest in shares of all market capitalisations. Small and mid-caps (with less than 2 billion euros in market capitalisation) may not exceed 20% of assets.

- ***Debt securities and money market instruments***

For purposes of managing Fund cash, the Fund may hold from 0% to 25% of its assets in term deposits and in negotiable debt securities of private or public issuers. These instruments shall have the following characteristics:
- no more than 12 months of initial or residual life;
- issuer based in a European Economic Area country, United Kingdom, Switzerland, the United States or Canada;
- rated at least BBB- or the equivalent by at least one ratings agency (S&P, Moody's or Fitch Ratings).

- ***Fixed-income products***

To limit equity risk exposure while helping to achieve the performance objective, the Fund may hold 0% to 25% of its assets in French or foreign fixed-income products, i.e., bonds or convertible bonds, without sector or geographical restrictions. They are selected on the basis of credit ratings and yields on offer with no modified duration objective for the portfolio. These instruments must be rated at least BBB- or the equivalent by at least one ratings agency (S&P, Moody's or Fitch Ratings).

It is specified that the management company does not systematically use ratings issued by rating agencies as a basis for its investment decisions and may carry out its own analysis.

- ***Shares or units of other mutual funds***

The Fund may hold 0% to 10% of its assets in units or shares of French or European UCITS of all classifications. The fund may invest in UCITS of the management company or of an affiliated company.

- ***Derivatives***

Exposure to equities may be obtained in the form of derivatives (futures or Contract for Difference) for reasons of lower cost or better liquidity.
The Fund may transact in forward financial instruments in an amount up to 100% of its assets.
Transaction markets are French or foreign regulated markets or over-the-counter markets.
For currency hedging purposes, the Fund may take currency swap or forward currency positions.

The FCP may also use forward financial instruments for hedging purposes. The derivatives used to obtain exposure and/or hedge the portfolio will be :
- listed equity index futures,
- listed equity or equity index options,
- CFDs (contracts for difference) and equity swaps or equity index swaps. These vanilla over-the-counter contracts are used to take long or short positions on equities. In their operating principle, CFDs are similar to equity swaps with set maturities. CFDs replicate the movement of prices and flows of the underlying shares but do not involve the transfer of share ownership. The Fund does not undertake arbitrage transactions on maturities. CFDs may present liquidity risks. CFDs are used within a contractual framework with counterparties selected based on strict procedures.

- ***Securities with embedded derivatives***

The FCP may use securities with embedded derivatives (warrants, subscription warrants, convertible bonds, etc.) traded on regulated, organized or over-the-counter markets within the limit of 10% of the net assets.

Within this framework, the manager may take positions with a view to hedging and/or exposing the portfolio to sectors of activity, geographical areas, interest rates, equities (all types of capitalization), foreign exchange, securities and similar securities or indices in order to achieve the management objective.

The use of securities with embedded derivatives, as opposed to the other derivative instruments listed above, will be justified in particular by the manager's desire to optimize the hedging or, where applicable, the dynamization of the portfolio by reducing the cost of using these financial instruments in order to achieve the management objective.

The risk linked to this type of investment will be limited to the amount invested for the purchase.

- ***Deposits***

The Fund may make deposits with credit institutions up to a limit of 20% of its net assets, in order to optimize its cash management.

- ***Cash loans***

While its purpose is not to borrow cash, the Fund may find itself in a debt position, due to flow-related transactions (e.g., ongoing investments/divestments, redemptions). The Fund may borrow cash within an authorised limit of 10% of assets.

- ***Temporary acquisitions and sales of securities***

The Fund may temporarily divest securities to achieve its investment objective and optimise its income. Remuneration procedures pertaining to temporary divestments of securities are provided under the “fees and commissions” section.

- ***Financial Guarantee Management***

In the context of temporary securities transfer operations, the Fund may receive financial assets considered as guarantees and whose purpose is to reduce its exposure to counterparty risk.
In the context of carrying out OTC derivative transactions, the Fund may deposit financial assets considered as collateral, the purpose of which is to reduce the counterparty risk.

The financial guarantees deposited will be mainly in cash for OTC derivative transactions. Financial collateral received will be mainly in cash and eligible government bonds for reverse repurchase transactions. The counterparty risk in OTC derivative transactions combined with that resulting from temporary sales of securities may not exceed 10% of the FCP's net assets when the counterparty is a credit institution as defined in the regulations in force, or 5% of its assets in other cases.
In this respect, any financial guarantee (collateral) received and used to reduce exposure to counterparty risk will comply with the following elements:
it is given in the form of cash or bonds issued or guaranteed by the Member States of the OECD or by their local authorities or by supranational institutions and organizations of a community, regional or global nature; it is held with the UCITS Custodian or by one of its agents or third parties under its control, or with any third-party custodian subject to prudential supervision and which is unrelated to the provider of the financial guarantees ; they will at all times comply with criteria in terms of liquidity, valuation, credit quality of issuers, correlation and diversification with a maximum exposure to any one issuer of 20% of the net assets - Financial guarantees in cash will be mainly placed in deposits with eligible entities and/or used for reverse repurchase agreements, and to a lesser extent in high quality government bonds and short-term money market funds.

Government bonds received as financial collateral will be subject to a discount of between 1 and 10%.

- **Risk profile**

The Fund will mainly be invested in financial instruments selected by the management company. Such instruments are subject to market trends and random market shifts.
Net asset value may be exposed to the risks detailed below. It is expressly stipulated that this list may not be complete. Potential investors must seek advice before buying Fund units.

- ***Risk of loss of capital***

There is a risk that initially invested capital will not be fully repaid. The Fund offers no capital guarantee. The product presents a risk of capital loss.

- ***Discretionary management risk and risk incurred from the strategies used***

The discretionary management style applied to the fund is based on stock selection. There is a risk that the fund may not be invested in the best performing stocks at all times. The performance of the fund may therefore be lower than the management objective.

- ***Equity risk***

The fund is exposed to a minimum of 60% of the equity markets. If the equities or indices to which the portfolio is exposed fall, the net asset value of the fund may fall

▪ ***Risk incurred from investments in small and mid-caps***

The Fund may hold up to 20% of its assets in equities having market capitalisations of less than two billion euros. Small and mid-caps trade in low volumes and prices may fall more steeply and rapidly than in the case of large caps. Although the manager seeks to maintain an even weighting of these shares between the long portfolio and short portfolio, net asset value could be negatively affected.

▪ ***Interest rate risk***

Interest-rate risk is the risk that interest rates will fall if investments have been made at floating rates or that interest rates will rise if investments have been made at fixed rates. An unfavourable shift in interest rates can lead to a decline in the Fund's net asset value.

▪ ***Credit risk***

Credit risk is the risk of downgrade of the issuer of a negotiable debt security or bond. Such a downgrade results in a decline in the price of the security concerned, in turn leading to a decline in the net asset value of the Fund holding the security.

▪ ***Currency risk***

This is the risk of a drop in the investment currencies against the portfolio's reference currency, the euro. If a currency falls against the euro, the net asset value may fall. The currency risk may be hedged using derivatives.

▪ ***Counterparty risk***

The Fund's use of over-the-counter financial instruments and temporary divestments of securities incur counterparty risk. The operating rules for such transactions and the mechanisms for margin calls and related collateral comply with the applicable regulations. However, in the event of default by a counterparty, non-compliance with commitments contracted by this counterparty could result in a decline in net asset value.

▪ ***Sustainability risk***

This FCP is subject to sustainability risks as defined by Regulation (EU) 2019/2088 (the so-called "SFDR Regulation"). The fund's investments are potentially exposed to environmental, social and governance risks (e.g. climate change risks, health and safety risks, quality of relations with employees, customers, suppliers and authorities, etc.). Companies that do not manage these risks well may see their value negatively impacted and the fund may experience a decline in net asset value.

Although the fund is careful to analyse these risks and to build its portfolio in line with this analysis (see Investment process), the application of ESG criteria may involve a significant element of subjectivity. Furthermore, the analysis remains dependent on the quality of the information provided by issuers and database providers. As ESG risk assessment practices are complex and evolving, their integration into the investment process cannot result in an approach that can be described as exhaustive.

➢ **Guarantee or protection**

N/A

➢ **Target investors**

The fund's units are meant for all subscribers, individuals and institutions wishing to gain exposure to the European equity markets and who thus accept the risks associated with the evolution of the equity markets. R units are open to all subscribers. I units, open to all subscribers, are more particularly intended for legal entities. S units, open to all subscribers, are more particularly reserved for management company personnel, their immediate family, and FCPE funds for company personnel.

Units of the mutual fund are open to all subscribers except Non-Eligible Persons. At the same time, certain Non-Eligible Intermediaries may not be entered in the register of the mutual fund or in the register of the transfer agent.

Are Non-Eligible Persons:

-US.PERSON" within the meaning of Regulation S of the SEC (Part 230-17 CFR230.903): the FCP 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" within the meaning of Regulation S of the SEC (Part 230-17 CFR 230.903) may constitute a violation of US law and requires the prior written consent of the management company.
The offering of units has not been authorized or rejected by the SEC, any state securities commission or any other U.S. regulatory authority, nor have such authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of the offering materials. Any such assertion is contrary to law.

The definition of "U.S. Person(s)" as defined by Regulation S of the SEC (Part 230-17 CFR230.903) is available at http://www.sec.gov/rules/final/33-7505.htm

- "US.PERSON" as defined by the Foreign Account Tax Compliance Act (FATCA) regulations, defined by the intergovernmental agreement signed between France and the United States on November 14, 2013. The definition of "US.Person(s)" as defined by FATCA is available at : http://www.economie.gouv.fr/files/usa_accord_fatca_14nov13.pdf

Non-Eligible Intermediaries are:
- Financial Institutions that are not Participating Financial Institutions within the meaning of FATCA ;
- and Foreign Non-Financial Entities that are Passive under FATCA.
The definition of these concepts is available at the following address
http://www.economie.gouv.fr/files/usa_accord_fatca_14nov13.pdf

Persons wishing to acquire or subscribe to units of the mutual fund will, where applicable, have to certify in writing that they are not "U.S. Persons" under the aforementioned SEC Regulation S and/or FATCA.
The FATCA status of the mutual fund, as defined by the intergovernmental agreement signed on November 14, 2013 between France and the United States: French non-reporting financial institution deemed compliant (Annex II, II, B of the aforementioned agreement;
http://www.economie.gouv.fr/files/usa_accord_fatca_14nov13.pdf

Any holder must immediately inform the management company in the event that he/she becomes an Ineligible Person. Any holder who becomes a Non-Eligible Person will no longer be authorized to acquire new units. The management company reserves the right to proceed with the forced redemption of any units held, either directly or indirectly, by an Ineligible Person, or through the intermediary of an Ineligible Intermediary, or if the holding of units by any person is contrary to the law or the interests of the FCP.

The Fund is likely to serve as a vehicle for accounting-unit life insurance contracts with insurance companies and is elligible for PEA.

- **Typical investor profile**

The fund is meant for all subscribers wishing to gain exposure to the European equity markets and who thus accept the risks associated with the evolution of the equity markets.

The amount that is reasonable for each investor to invest in this Fund depends on his personal situation. The investor should consider this investment in relation to his overall personal wealth and current and future financial requirements, but also in relation to his risk appetite or his preference for more prudent investments. He is also urged to sufficiently diversify his investments so that he is not exposed solely to the risks of this Fund.
In buying units in this Fund, the subscriber assumes all risks specified in the risk profile.

- **Recommended investment horizon**

The Fund is adapted to investors having an investment horizon of at least 5 years.

- **Allocation of income**

Fund income is fully capitalised.

- **Units characteristics**

Type of units	ISIN code	Income distribution	Currency	Minimum initial subscription	Minimum amount of later subscriptions	Initial net asset value	Target investors
I EUR units	FR0012749927	Accumulation	Euro	€100,000	Nil	€100	All investors, especially legal entities

R EUR units	FR0012749935	Accumulation	Euro	€1000	Nil	€94.90	All investors
S EUR units	FR0012749943	Accumulation	Euro	Nil	Nil	€100	All investors, more particularly intended for the Management company personnel (employees with permanent contracts and three months of seniority, as well as managers), their immediate family, FCPE funds for management company personnel

The three types of units are fractioned in ten thousandths of units.

- **Subscription and redemption procedures**

Subscription and redemption orders are centralized by CACEIS BANK every working day (D) until 2:30pm. The relevant NAV is computed on D+1. Payments for subscriptions and redemptions occur on D+2.

Unit-holders should remember that CACEIS BANK applies the aforementioned cut-off time to distributors. These distributors may therefore apply their own cut-off times that may be earlier than the aforementioned cut-off times, to give them time to forward orders to CACEIS BANK.

- **Agent in charge of receiving subscriptions/redemption requests**

Subscription and redemption requests are processed by CACEIS BANK.
CACEIS BANK
1-3 place Valhubert
75206 Paris Cedex 13, France

- **Frequency at which NAV is calculated**

Net asset value is calculated on a daily basis.
The schedule of days on which NAV is not published is based on the official calendar of legal holidays provided in Article L.3133-1 of the French Labour Code.

- **Where and how NAV is published**

The Fund’s net asset value is available on request from PHILEAS ASSET MANAGEMENT and at the company’s website: www.phileas-am.fr.

- **Fees and commissions**

  - **Entry and exit charges:**

Entry and exit charges are levied in addition to the subscription price paid by the investor and are deducted from the redemption price. Charges retained by Fund offset expenses borne by the Fund upon investment or divestment of assets entrusted to it. Non-retained charges are attributed to the management company, the marketing agent, etc.

Fees charged to the investor, levied on entry and exit charges	Basis	Rate structure (applicable to all types of units)
Subscription commission not accruing to the Fund	Net asset value X number of units	5% max
Entry charges retained by the Fund	Net asset value X number of units	Nil
Redemption commission not accruing to the Fund	Net asset value X number of units	Nil
Exit charges retained by the Fund	Net asset value X number of units	Nil

- **Ongoing charges**

Ongoing charges include management and operating fees to cover all the expenses invoiced directly to the Fund, except for execution fees. Transaction costs include intermediary fees (brokerage, stock exchange taxes etc.), and transfer commissions, which may be paid by the custodian and the management company, if applicable.
The following charges are in addition to ongoing charges:
performance fees. These reward the management company when the Fund exceeds its objectives. These fees are therefore charged to the investment Fund;
-transfer commissions charged to the investment Fund.
-a portion of income from temporary acquisitions and sales of securities.

	Charges invoiced to the Fund	Basis	Rate structure
1	Ongoing charges, VAT included	NAV	I EUR units: 1.20% maximum, including taxes, annually R EUR units: 2% maximum, including taxes, annually S EUR units: 0.25% maximum, including taxes, annually
4	Performance fee	NAV	I EUR units, R EUR units: a maximum of 20% (including taxes) of the net outperformance beyond MSCI EUROPE NR with High Watermark. Parts « S » : Néant
2	Transfer commissions charged by the management company	Payable per transaction	Nil
4	Transaction fee paid to the depositary	Payable per transaction	A flat fee of €12 to €40 (including taxes), depending on the transaction venue

The possible date of deduction of the performance fee would be 02/01/2020, based on the provision at 31/12/2019.

- **Performance fee**

The performance fee is based on a comparison between Fund performance and the benchmark rate during the Fund’s reference period, as defined below.

- The benchmark NAV used for calculating performance is NAV after operating and management fees and before the performance fee.

- The benchmark rate is MSCI Europe NR Index.
- The benchmark period is one year.

The performance fee is paid to the management company based on an annual schedule and is provisioned over the course of the financial year, as follows:

- In the event that the Fund outperforms the benchmark rate on the year to date, a provision is set aside when NAV is calculated. This provision is equal to no more than 15%, including taxes, of the calculated outperformance.
- Provisions are set aside incrementally only if performance has exceeded the high-watermark (i.e., the upper threshold since the last date on which a performance fee was paid).
- If the Fund underperforms the benchmark between two NAV calculations, any provision previously included shall be adjusted through a write-back. Provision write-backs shall be capped at previous allocations to provisions.
- When units are redeemed during the financial year, a portion of the provision for calculated performance fees is set aside and paid to the management company, prorated to the number of units redeemed.

▪ **Securities lending**

The Fund may engage in securities lending in order to fulfill its investment objectives. Income on those transactions is fully accrued to the fund.

➢ **Selection of intermediaries**

PHILEAS ASSET MANAGEMENT selects and assesses intermediaries among those with which it is in contact, and in the best interests of its investors, by retaining only those which offer the utmost efficiency in their specific fields.
This selection is based on a multi-criteria approach that includes:
intermediation costs;
quality of execution (best-execution capacity in accordance with current regulations);
quality of administration (sending of confirmations, quality of back office, etc.);
quality of marketing follow-up.

III –Marketing information

➢ **Subscriptions and redemptions**

Subscription and redemption orders are centralised by CACEIS BANK on each net asset value (“NAV”) calculation and publication day, until 2:30pm. Subscriptions and redemptions are carried out based on the following NAV. NAV is calculated on a daily basis.

CACEIS BANK
1-3 place Valhubert
75206 Paris Cedex 13, France

➢ **Fund documents**

Documents pertaining to the Fund and its net asset value may be viewed and downloaded at www.phileas-am.fr

Any information on the Fund may also be obtained by contacting the management company directly:

PHILEAS ASSET MANAGEMENT
85, rue Jouffroy d’Abbans
75017 Paris, France
Tel.: 01 40 54 47 26
E-mail: contact@phileas-am.fr

IV – Investment rules

➢ **Regulatory ratios applying to the Fund**

The Fund must comply with the rules of Articles R.214-1 et seq. of the French Monetary and Financial Code pertaining to UCITS holding less than 10% in units of other UCITS.
If, despite all the care taken in complying with these rules, a breach in limits should occur that is beyond the control of PHILEAS ASSET MANAGEMENT, the company shall seek to rectify this situation as soon as possible and in the best interests of unit-holders.

- **How Fund exposure is calculated**

The overall risk of the fund is calculated using the commitment method in accordance with the procedures defined in Articles 411-74 et seq. of the AMF General Regulation and AMF Instruction No. 2011-15 on the procedures for calculating the overall risk of UCITS.

V – Rules for valuing and recognising assets

- **Asset valuation principles**

The Fund complies with the accounting rules laid down by current regulations.
The calculation of net asset value is delegated to CACEIS FUND ADMINISTRATION. PHILEAS ASSET MANAGEMENT retains responsibility for calculating net asset value and at all times possesses is own estimate of the Fund's financial assets, based on the sources of financial data in its possession.

▪ **Financial instruments and securities traded on a regulated market**
Financial instruments and securities traded on a regulated market are valued on the basis of:
- the market closing price (the main trading venue by default, and the actual trading venue on an exceptional basis);
- the day's closing price or clearing price (main sources: Calyon and Bloomberg) for listed derivatives;
- the median market closing price (source: Bloomberg BGN or, failing that, a specific contributor) for bonds and similar securities.

▪ **Exchange rates**
The spot exchange arte used to convert into euros those assets and liabilities denominated in a currency other than the euro is the Reuters WMR price, based on the closing auction price at 2:30 p.m. GMT.

▪ **Financial instruments not traded on regulated markets**
CFDs and equity swaps are priced at the closing market price of the underlying asset.

▪ **Other instruments**
Fund units are priced on the basis of the latest known net asset value.

Financial instruments for which no price has been established on valuation day, or the price of which has been adjusted, are valued at their likely value under the management company's liability. These valuations and relative supporting data are made available to the Statutory Auditor during inspections and audits.

- **Accounting methods**

▪ **Recognition of interest and income from fixed-income investments**
Income is recognised on the basis of the accrued income method.

▪ **Recognition of costs of acquiring and divesting financial instruments**
Recognition is done on a fees-included basis.

VI - Remuneration Policy

Phileas Asset Management has implemented a remuneration policy and practices (the Remuneration Policy) with a view to ensuring sound and effective risk management in order to prevent, manage and avoid situations of conflicts of interest and risk-taking that are incompatible with the interests of the investors of the UCITS under management and the regulatory documentation of the managed UCITS.
This policy provides in particular, in application of the UCITS V Directive, for a mechanism of deferred variable remuneration over three years for risk-takers whose variable remuneration exceeds €200,000, as well as for the investment of part of the variable remuneration in the funds under management.
All the guiding principles of the Remuneration Policy and their implementation are detailed and updated on the management company's website: www.phileas-am.fr.
A paper version of the Remuneration Policy is available free of charge on request from Phileas Asset Management | Tel: 01 40 54 47 26

PHILEAS

ASSET MANAGEMENT

PHILEAS EQUITY EUROPE

RULES

A UCITS-compliant fonds commun de placement (FCP) – European Directive 2014/91/UE

INVESTMENT FUND RULES

A UCITS-compliant investment fund

SECTION 1 – ASSET AND UNITS

ARTICLE I – JOINT OWNERSHIP UNITS

Fund owners' rights are expressed in units, with each unit corresponding to the same fraction of Fund assets or, where applicable, subfund assets. Each unit holder is entitled to a right of joint ownership over the Funds' assets that is proportional to the number of units held.

The Fund has a term of 99 years from its inception date, except in the event of early liquidation or extension as provided in the present rules.

The characteristics of the various categories of units, and terms and conditions of acquisition thereof, are set forth in the Fund's simplified prospectus and detailed memorandum.

The various categories of units may:
- be subject to different income distribution regimes (distribution or accumulation)
- be denominated in different currencies;
- be charged different ongoing charges;
- be charged different entry and exit charges;
- have different nominal values.

The Board of Directors of the management company may decide that the units be sub-divided, pooled or split into tenths, hundredths, thousandths or ten thousandths, these being referred to as fractional units.

Provisions herein governing the issue and redemption of units are applicable to fractional units, the value of which shall always be proportional to the value of the proportion they represent. All other provisions herein governing units apply to fractional units without need for further specification, unless otherwise stated.

The Directors of the management company may decide, at their own discretion, to sub-divide the units by issuing new units, which shall be allocated to unit-holders in exchange for their existing units.

ARTICLE II - MINIMUM ASSETS

Units may not be redeemed if the Fund's net asset value falls below the regulatory limit; in this case, and unless assets move back above this amount in the meantime, the management company shall within 30 days make the necessary arrangements for the merger or dissolution of the Fund.

ARTICLE III – ISSUANCE AND REDEMPTION OF UNITS

Units may be issued at any time at the holders' request on the basis of NAV plus entry charges, if applicable.

Subscriptions and redemptions are performed under the conditions and according to the procedures specified in the simplified prospectus and detailed memorandum.

Units of the Fund may be listed on a stock exchange in accordance with current regulations.

Subscriptions must be paid in full on the day when the net asset value is calculated. They must be paid exclusively in cash.

Redemptions shall be paid out exclusively in cash, unless the Fund is liquidated and unit-holders have given their consent to repayment in securities. The custodian will settle the payment within no more than five days after unit valuation.

Pursuant to Article L 214-30 of the French Monetary and Financial Code, both redemption and issuance of Fund units may be temporarily suspended by the management company when warranted by exceptional circumstances and when this is in the best interests of unit-holders, particularly if redemption requires the prior realisation of Fund assets. When these exceptional circumstances no longer exist and after the realisation of assets, where applicable, the suspension of unit redemptions and issuance may be extended, but by no more than 30 days.

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

Except in the case of inheritance or inter-vivos donations, any assignment or transfer of units between holders, or by holders to third parties, shall be deemed to constitute a redemption followed by a subscription. In the case of a third-party assignee, the assignment or transfer consideration must, where applicable, be supplemented by the beneficiary in order to be at least equal to the minimum subscription required by the simplified prospectus and the full prospectus.

The asset manager can restrict or prevent (i) the holding of units by any individual or legal entity not entitled to hold units under the terms of the "Target investors" section of the prospectus (hereinafter, the "Non-Eligible Person") and/or (ii) the registration in the Fund's register of unitholders or the transfer agent's register (the "Registers") of any intermediary who does not come under one of the categories indicated below ("Non-Eligible Intermediary"): active Non-Financial Foreign Entities (active NFFEs), US Persons who are not Specified US Persons and Financial Institutions that are not Non-Participating Financial Institutions*, and passive Non-Financial Foreign Entities (passive NFFEs).

The terms followed by an asterisk (*) are defined in the Agreement between the government of the French Republic and the government of the United States of America intended to improve compliance with tax obligations internationally and implement the law concerning respect for tax obligations applicable to foreign accounts signed on 14 November 2013. At the time of writing these Management Regulations, the text of this Agreement is available here: http://www.economie.gouv.fr/files/usa_accord_fatca_14nov13.pdf

To this end, the management company can:
(i) refuse to issue any units if it seems that said issue would or could result in said units being held by a Non-Eligible Person or a Non-Eligible Intermediary being entered in the Registers;
(ii) request that all information which it deems necessary in order to determine whether or not the beneficial owner of the units in question is a Non-Eligible Person be provided at any time from any intermediary whose name appears in the Registers of unitholders, accompanied by a solemn declaration; and
(iii) if it considers that the beneficial owner of the units is a Non-Eligible Person or that a Non-Eligible Intermediary is entered in the Registers of unitholders of the Fund, proceed with the compulsory redemption of all the units held by the Non-Eligible Person or all the units held via the Non-Eligible Intermediary, after a period of 10 working days. The compulsory redemption shall be carried out using the last known net asset value, increased if applicable by the applicable charges, fees and commissions, which shall be borne by the unitholders concerned by the redemption.

In accordance with Article L. 214-30, paragraph 2 of the French Monetary and Financial Code, the Fund may cease issuing units in the following cases:
- Under objective circumstances entailing the closure of subscriptions, such as a maximum number of units issued, a maximum asset value attained, or the expiry of a specified subscription period. These objective circumstances are defined in the detailed memorandum of the Fund.
- In the event of exceptional circumstances affecting Fund activity.

ARTICLE IV – NET ASSET VALUE CALCULATION

The net asset value shall be calculated in accordance with the valuation rules specified in the detailed memorandum of the full prospectus.

In-kind contributions shall comprise only securities, shares or contracts permissible as mutual fund asset components, and shall be valued in accordance with valuation principles applicable to NAV calculations.

SECTION II – FUND OPERATIONS

ARTICLE V – MANAGEMENT COMPANY

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

The management company shall act in all circumstances on behalf of the unit-holders and has the exclusive right to exercise the voting rights attached to the securities held in the Fund.

ARTICLE Va - OPERATING RULES

Instruments and deposits eligible for inclusion as Fund assets and investment rules are outlined in the detailed memorandum of the full prospectus.

ARTICLE VI –CUSTODIAN

The custodian holds Fund assets, processes the management company buy and sale orders and also receives instructions on the exercising of subscription or allocation rights attached to shares held in the Fund. It also handles all receipts and payments.

The custodian must ensure the legality of all decisions made by the management company. If applicable, the custodian must take all protective measures that it deems useful. In the event of a dispute with the management company, it informs the French Financial Markets Authority (AMF).

ARTICLE VII – STATUTORY AUDITOR

A statutory auditor shall be appointed for six financial years by the management company, subject to the consent of the French Financial Markets Authority.

The auditor performs the procedures and checks provided under applicable laws. Specifically, it certifies the fair presentation and the legality of the financial statements and of the accounting information contained in the management report.

The statutory auditor may be reappointed.

The statutory auditor shall inform the French Financial Markets Authority and the Fund management company of any anomalies or inaccuracies which come to light in the course of its assignments.

Asset valuation and the determination of exchange terms pertaining to conversions, mergers or split transactions are carried out under the supervision of the statutory auditor.

The statutory auditor shall assess and value any in-kind contribution and draw up a report, under its own responsibility, relating to valuation and payable consideration.

The statutory auditor certifies the accuracy of the composition of assets and other items prior to publication.

The statutory auditor’s fees shall be set by mutual agreement with the management company under a work schedule specifying the duties deemed necessary.

In the event of liquidation, the statutory auditor shall determine the asset value and draw up a report on the terms and conditions of the liquidation.

The statutory auditor shall certify positions serving as the basis for any interim distribution. The auditor’s fees are included in the management fees.

ARTICLE VIII - FINANCIAL STATEMENTS AND MANAGEMENT REPORT

At the close of each financial year, the management company shall draw up summary documents and a report on Fund management during the elapsed financial year.

The inventory is certified by the custodian, and all the documents listed above are checked by the statutory auditor.

The management company shall make these documents available to unit-holders within four months of the end of the financial year and shall inform them of the level of income due to them. These documents shall either be sent by post, on the unit-holders’ express request, or made available to them at the offices of the management company or custodian.

SECTION III – INCOME DISTRIBUTION PROCEDURES

ARTICLE IX

Income for the financial year is equal to interest, arrears, dividends, premiums and bonuses, director’s fees, and all income generated from the securities in the Fund’s portfolio (and/or each subfund), plus income on momentarily available sums and minus management fees and borrowing costs.

Distributable amounts shall be equal to the net income for the financial year plus items carried forwards, plus or minus the balance of accrued income relating to the elapsed financial year.

The management company shall decide on the allocation of income.

For each category of units, the Fund has opted for pure capitalisation, i.e., distributable sums are fully capitalised, with the exception of those that must, by law, be distributed.

SECTION IV – MERGERS, DEMERGERS, WINDING UP, LIQUIDATION

ARTICLE X – MERGERS AND DEMERGERS

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

Funds may not be merged or demerged until one month after unit-holders have been notified. They give rise to the delivery of a new certificate specifying the number of units owned by each unit holder.

ARTICLE XI – WINDING UP AND EXTENSIONS

If Fund assets remain below the amount specified in Article 2 above for a period of 30 days, the management company shall wind up the Fund and so inform the French Financial Markets Authority, unless it is merged with another investment fund.

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

The management company shall also dissolve the Fund if a request is made for the redemption of all its 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 French Financial Markets Authority in writing of the scheduled date and selected winding-up procedure. It shall then send the French Financial Markets Authority the statutory auditor's report.

Extension of a fund may be decided by the management company in agreement with the custodian. The decision must be taken at least three months before the fund's scheduled expiry date and made know to the unit-holders and the AMF.

ARTICLE XII - LIQUIDATION

In the event of dissolution the management company shall be in charge of liquidation transactions. For this purpose, they shall receive broader powers to sell the Fund's assets, settle liabilities, if any, and allocate the balance in cash or in securities to the unit-holders.

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

SECTION V - LITIGATION

ARTICLE XIII – JURISDICTION, ELECTION OF DOMICILE

Any litigation relating to the Fund that may arise during its life or upon its liquidation, either between the unit-holders, or between them and the management company or the custodian, is subject to the jurisdiction of the competent courts.