

PROSPECTUS M Convertibles SRI

UCITS governed by Directive
2014/91/EU amending
European Directive
2009/65/EC

PROSPECTUS

I. General characteristics

► **Name:**

M CONVERTIBLES SRI

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

French Variable Capital Investment Company (SICAV).

► **Date of creation and lifetime:**

The SICAV was approved on 18 December 2015. It was created on 11 February 2016 for a duration of 99 years, by merger-absorption of the common investment fund (FCP) M Convertibles, created on 28 December 1990.

► **Summary of the management offering:**

Classes of shares	ISIN code	Allocation of the distributable amounts	Initial net asset value	Currency of denomination	Subscribers concerned	Initial minimum subscription amount	Subsequent minimum subscription amount	Decimalisation
IC shares	FR0013084357	<u>Net income Capitalisation</u> <u>Net realised capital gains: Capitalisation</u>	Net asset value of the M Convertibles common investment fund, IC unit on the day of the merger, or EUR 50,321.91	Euro	All subscribers	1 share	1 share	Thousandths of a share
ID shares	FR0013084365	<u>Net income Capitalisation and/or Distribution (and/or carryforward) by decision of the General Meeting</u> <u>Net realised capital gains: Capitalisation and/or Distribution (and/or carryforward) by decision of the General Meeting</u>	Net asset value of the M Convertibles common investment fund, ID unit on the day of the merger, or EUR 47,875.03	Euro	All subscribers	1 share	1 share	No

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AC shares	FR0013083680	<u>Net income</u> Accumulation <u>Net realised</u> <u>capital</u> <u>gains:</u> Accumulation	Net asset value of the M Convertibles Fund, AC units, on the day of the merger, namely €141.45	Euros	All subscribers	1 share	1 share	Thousandths of shares
AD shares	FR0013084340	<u>Net income</u> Accumulation and/or distribution (and/or carry forward) by decision of the General Assembly <u>Net realised</u> <u>capital</u> <u>gains:</u> Accumulation and/or distribution (and/or carry forward) by decision of the General Assembly	Net asset value of the M Convertibles Fund, AD units, on the day of the merger, namely €2,108.69	Euros	All subscribers	1 share	1 share	No

* On 6 December 2017, the net asset values of IC and ID shares were divided by 100, to give EUR 568.49 for IC shares and EUR 523.04 for ID shares.

► Where to obtain the latest annual report and the latest periodic financial statement:

Shareholders may obtain the latest annual and periodic reports and the composition of the assets within eight business days by writing to:

MONTPENSIER FINANCE
58, avenue Marceau
75008 PARIS
Telephone: +33 (0)1 45 05 55 55
email: contact@montpensier.com

Additional information may be obtained if necessary from Montpellier Finance at +33 (0)1 45 05 55 55.

II. Parties

► Management company:

The management company was approved on 19 December 1997 by the Luxembourg Securities Exchange Commission (Commission des Operations de Course) under number GP97125.

MONTPENSIER FINANCE
French Simplified joint-stock company (Society par Actions Simplified)
58, avenue Marceau
75008 PARIS

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► Custodian:

Custodian services shall be provided by

CACEIS Bank, a French Public-limited Company (Société anonyme)

Registered office: 89-91 rue Gabriel Péri 92120 Montrouge

Bank and investment services provider approved by the CECEI on 09/05/2005

The functions of the custodian cover the missions, as defined by the applicable regulations, of custody of the assets, of checking regularity of the management company's decisions and of monitoring the cash flows of UCITS.

The custodian is independent of the management company.

The description of the delegated custody functions, the list of CACEIS Bank's delegates and sub-delegates and information on conflicts of interest that may arise from these delegations are available on the CACEIS website: www.caceis.com.

The custodian, by delegation of the management company, is also entrusted with custody of the Sicav's liabilities, which includes centralization of the orders for subscription and redemption of the Sicav's shares and management of the Sicav's share issue account.

► Prime broker

None.

► Statutory auditor

DELOITTE & Associates

TSA 20303

92030 LA DEFENSE CEDEX

represented by Mr Jean-Marc Cleat

► Distribution agent

MONTPENSIER FINANCE

French Simplified joint-stock company (Société par Actions Simplifiée)

58, avenue Marceau

75008 PARIS

As the fund is admitted to Euroclear, units may be subscribed or redeemed through financial intermediaries who are not appointed by or known to the Management Company.

► Delegates

Delegate of administrative management:

It mainly provides administrative management of the SICAV.

CACEIS Fund Administration

89-91 rue Gabriel Péri

92120 Montrouge

Delegate of accounting management:

It mainly provides the accounting management for the SICAV and the calculation of the net asset values.

CACEIS Fund Administration

89-91 rue Gabriel Péri

92120 Montrouge

► Delegated centralising agent of the management company:

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Centralisation of subscription and redemption orders and share register management are provided by:

CACEIS Bank
89-91 rue Gabriel Péri
92120 Montrouge

Other establishment for receiving subscription and redemption orders:

CACEIS Bank, Luxembourg branch
5 Allen Schaeffer
L-2520 Luxembourg

► Advisor

None.

► Board of Directors of the SICAV

The composition of the Board of Directors of the SICAV, and information on the main activities of the Board members outside of the SICAV, when materially significant, are indicated in the annual report of the SICAV, updated once per year. This information is provided under the responsibility of each of the members cited.

III. Operation and management methods

1 General characteristics

► Characteristics of the shares:

Nature of the right attached to the class of shares: Each class of shares gives the right, through the ownership of the equity and in the sharing of profits, to a share proportional to the fraction of the capital that it represents.

Methods of managing liabilities: Management of liabilities is provided by the custodian CACEIS Bank. The administration of the shares is conducted by Euro clear France.

Voting rights: Each class of shares gives a voting right and a right to representation in General Meetings in the conditions set by law and the Articles of Association.

Type of shares: Bearer shares.

Decimalisation AD and ID shares cannot be fractioned. AC and IC shares may be fractioned into thousandths of a share. However, no subscription may be made below a minimum of one share.

► Closing dates:

Last trading day on the Paris stock exchange in the month of December of each year.
(First closing: 30 December 2016
First closing of the absorbed fund: 31 March 1991).

► Taxation:

The SICAV offers accumulation shares for AC and IC shares and distribution shares for AD and ID shares. For accumulation shares, the applicable tax scheme is that of the tax on gains on transferable securities in the shareholder's country of residence, according to rules appropriate to the shareholder's situation (physical person, legal person subject to corporate tax, other cases, etc.). The rules applicable to French resident shareholders are set by the French General Tax Code.

For distribution shares, the shareholder's taxes depend on the nature of the securities held in the portfolio, due to the principle of fiscal transparency: the tax administration considers that the shareholder is directly holding a fraction of the financial instruments and securities held in the SICAV.

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Moving from one class of shares to another is considered a sale, and is liable for the tax on capital gains.

Generally speaking, the shareholders of the SICAV should contact their tax advisor or their usual account manager, to determine the tax rules applicable to their particular situation. This analysis could, as the case may be, be invoiced by their advisor and cannot in any case be charged to the SICAV or to the management company.

► Taxonomy Regulation

The European Taxonomy Regulation (EU 2020/852) has the objective of identifying economic activities that are considered environmentally and socially sustainable ("Sustainable Activities"). It complements the European Disclosure Regulation - SFDR (EU 2019/2088).

The Taxonomy Regulation identifies these activities based on their contribution to six broad environmental objectives: (i) climate change mitigation, (ii) climate change adaptation, (iii) the sustainable use and protection of water and marine resources, (iv) the transition to the circular economy (waste, prevention and recycling), (v) pollution prevention and control, and (vi) the protection of healthy ecosystems.

In order to be considered sustainable, an economic activity must make a substantial contribution to one or more of the six objectives while avoiding significant harm to any of the other objectives (the "Do No Significant Harm" principle, or DNSH) and to be carried out in compliance with the minimum social safeguards set out in Article 18 of the Taxonomy Regulation.

The fund currently takes into account the integration of ESG criteria in its management objective and is committed to aligning the portfolio with the minimum European taxonomy of 0%.

While the FCP may already hold investments in activities that qualify as Sustainable Activities as defined in the Taxonomy Regulation, the Management Company will make its best efforts to ensure that this portion of the Fund's underlying investments in Sustainable Activities is available as soon as reasonably practicable after entry into force of the Regulatory Technical Standards (RTS) with regards to the content and presentation of disclosures pursuant to Article 8(4), 9(6) and 11(5) of Regulation (EU) 2019/2088 as amended by the Taxonomy Regulation. Economic activities that are not recognised by the Taxonomy Regulation are not necessarily environmentally harmful or unsustainable. In addition, the Taxonomy Regulation does not yet list all activities that may make a significant contribution to environmental and social objectives.

As more data becomes available and calculation methodologies are refined, information on the extent to which the underlying investments are made in environmentally sustainable economic activities will be made available to investors.

2 Special provisions

► ISIN codes:

- Actions IC	FR0013084357
- Actions ID	FR0013084365
- Actions AC	FR0013083680
- Actions AD	FR0013084340

► Management objective:

The management objectives of the SICAV consist in obtaining performance linked to that of the European bond markets and equities markets. In particular the management objective of the UCITS consists in obtaining over the recommended investment duration, performance greater than that of the Refinitiv (ex Thomson Reuters) Europe Hedged Convertible Bond Index EUR, net coupons reinvested, by integrating ESG criteria into the portfolio holdings selection and analysis process.

► Benchmark indicator:

The UCITS is not an index-based fund. The reference to an index is only an element of a posteriori comparison. The benchmark indicator is the Refinitiv (ex Thomson Reuters) Europe Hedged Convertible Bond Index EUR (ticker Bloomberg UCBIFX20 Index), net coupons reinvested.

The Refinitiv Europe Hedged Convertible Index EUR is a market capitalization-weighted index of major European convertible bonds. This index is used to the extent that it allows to assess the level of risk with respect to the equities market. It is also representative of the performance of convertible bonds.

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The Fund's objective is not to replicate the performance of this index: the composition of its portfolio can differ clearly from that of this latter. As the Fund's management does not follow index-based management, the Fund's performance may differ both upward and downward from that of the benchmark.

Information on the benchmark used by the SICAV in accordance with the provisions of EU Regulation 2016/1011. Additional information on the benchmark is available on the administrator's website: <https://www.refinitiv.com/en/financial-data/financial-benchmarks>

As at the date of the latest update of this Prospectus, the benchmark administrator, Refinitiv Benchmark Services (UK) Ltd (ex Thomson Reuters Benchmark Services Limited), was entered in the register of administrators and benchmarks maintained by ESMA.

The Register of Administrators and Benchmarks kept by the ESMA is available on the following website: https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_bench_entities.

In accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the management company has put in place the necessary provisions in the event of substantial changes to a benchmark or cessation of the provision of a benchmark.

► Investment strategy:

1. Strategies used

The M Convertibles SRI SICAV invests in bonds convertible to equities, with a preponderance on the euro zone and OECD member states. The portfolio is thus doubly exposed, on the one hand to the risk of equities markets and, on the other hand, to bond risk (interest rate risk and credit risk) since it is composed of convertible bonds with this double sensitivity.

The manager will modulate, depending on anticipations of future changes on the markets, two parameters, i.e.: primarily sensitivity to the equities markets and to a lesser extent, sensitivity to the bond markets.

The method of portfolio management consists, in a discretionary manner, in a multi-criteria approach for the selection of securities by the manager, combining the potential of the share in its universe, the credit risk and the use of technical analysis specific to convertible bonds.

The SICAV promotes environmental and/or social characteristics in the meaning of Article 8 of the SFDR.

The strategy of the equities component of the portfolio consists in a process of discretionary selection of the securities in the portfolio. The manager will create the portfolio and choose the securities on the basis of technical criteria that are specific to convertible bonds. The objective of the UCITS is to hold convertible bonds that have sufficient equity sensitivity to benefit from the evolution of the underlying share.

In addition, the manager seeks to invest in financial instruments representing companies whose share prices present a potential for appreciation taking into consideration the company's business sector or for other specific reasons (growth of a market, opportunities linked to a market transaction completed, companies with low valuation, etc.)

The strategy of the interest rate component itself, may allow to mitigate the effects of an eventual decline in equity markets. Its object is to attenuate the equity risk of the portfolio during periods of pronounced declines in the indexes in the euro zone. The portfolio is invested in interest rate instruments whose sensitivity varies. The average sensitivity of the portfolio may change within a range from 0 to 5.

The SICAV takes ESG criteria into account in order to deliver financial performance and as part of the aim to positively influence, as far as possible, issuers in terms of ESG performances, by encouraging companies to further integrate ESG criteria into their activities, by promoting best practices.

The non-financial approach implemented is part of the ESG policy set up by the management company, and available on its website.

It is based on the integration of non-financial criteria from the moment the investment universe is defined, consisting of the pool of convertible bonds issued in OECD countries and denominated in Euro; or issued in a European OECD country in any currency of issue.

10% of the SICAV's portfolio may be invested outside the investment universe of the SICAV.

The exclusion policy set up by the management company, and available on its website, is used to manage the SICAV.

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The approach to taking account of non-financial criteria is a “selectivity” approach based on the proprietary four-stage SRI analytical method developed by Montpensier Finance applied to the underlyings of the convertible bonds, and is aimed at mitigating the sustainability risks, which it cannot however guarantee to have entirely neutralised:

1. Exclusion of underlyings involved in controversial activities: manufacture of weapons, coal mining, tobacco, adult entertainment, games of chance and GMOs (for more details, see the Exclusion Policy, available on the Management Company’s website);
2. Exclusion of underlying companies rated ‘CCC’ or having a red ESG controversy flag from MSCI ESG Research;
3. Analysis of the governance practices of the underlying businesses in accordance with the proprietary Montpensier Governance Flag (MGF) method, the purpose of which is to evaluate the alignment of interests among management, shareholders and more generally all stakeholders. It is based on a list of sub-criteria (degree of independence of the board of directors, presence of women on the board of directors, transparency of remuneration criteria, opinion of the auditors on the financial statements, etc.) which allow us to determine three MGF statuses: ‘Pass’, ‘Watchlist’ or ‘Fail’. All underlyings identified as ‘Fail’ are excluded;
4. Analysis of underlying businesses’ contribution to the environmental transition and solidarity in accordance with the proprietary Montpensier Industry Contributor (MIC) method which is based on the 17 SDGs of the UN using a best in class approach. This analysis allows us to determine the positioning of the companies on environmental and social issues, taking account of their business sector and progress. This method allows us to determine three levels of contribution: positive, neutral and negative. Underlyings with a negative contribution are excluded.

By way of reminder, the 17 Sustainable Development Goals (SDGs) defined by the UN are a universal call to action to eliminate poverty, protect the planet and improve the daily life of everyone worldwide while at the same time opening up future prospects. The 17 Sustainable Development Goals were adopted in 2015 by all the United Nations Member States.

Investors have a decisive part to play in attaining these Goals. While some SDGs do not directly concern investment activities, others are particularly pertinent. Notable among these is SDG 12: “Responsible consumption and production”. This objective brings together themes dear to responsible businesses, such as energy efficiency, sustainable procurement and more generally the circular economy. Other contributions by investors may concern for example SDG 9, “Industry, Innovation and Infrastructure”, SDG 13, “Climate Action”, or SDG 11, “Sustainable Cities and Communities”, which includes for example the renovation of buildings to make them energy-efficient, and sustainable transport.

The non-financial analysis carried out allows us to define a list of underlyings to be excluded, thus reducing the initial universe of convertible bonds by 20%.

The non-financial approach adopted is presented in the SICAV’s Transparency Code available on the Management Company’s website.

The data used is mainly provided by MSCI ESG Research and may be completed, modified or updated by the Management Company from other sources.

In addition, the underlying stocks are analysed in such a way that at least 90% of the convertible bonds in the portfolio are analysed according to a double ESG and fundamental approach.

The manager is also authorised to invest up to 10% of the SICAV’s net assets in securities that do not form part of the SICAV’s investment universe, particularly in terms of geographical regions and/or capitalisation. All underlyings in the portfolio in this context will also be subjected to an ESG analysis by the Management Company in accordance with the proprietary SRI analysis method used, and will meet the same rating requirements as the other securities in portfolio, notably with a higher rating than the thresholds established in the context of the selectivity approach.

Methodological limitations identified by the Management Company:

- Data availability and quality. The Management Company’s analysis is based, in particular, on information provided by MSCI ESG Research (supplemented and/or amended by the Management Company where necessary), which is derived in part from qualitative and quantitative data published by the companies themselves. As a result, the analyses carried out depend on the quality and reliability of the information, which may be incomplete and inconsistent, and for which the scope of reporting may vary over time, etc.;
- The Management Company has selected the elements taken into account in its extra-financial analysis as part of its proprietary SRI analysis methodology, which by definition is not exhaustive. The elements used are also updated periodically and may become outdated between two updates;

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- The conclusions of the SRI analysis that the Management Company carries out on a company may change over time, depending on a range of objective and subjective factors. In addition, an analysis may be revised in the light of certain events, such as controversies.

The asset allocation strategy looks as follows:

The "convertible bonds" investment universe and similar securities is centred mainly, for a minimum of 60% of the assets and up to a limit of 110% of the assets, on bonds of all kinds such as those described in the "Assets" section below.

The degree of exposure to convertible bonds will be between 60% and 110% maximum of the assets

The UCITS may invest, depending on changes in the market, up to 25% of its assets in bonds denominated in other currencies than the euro.

Hedging against foreign exchange risk may be total: it is put in place according to the manager's anticipations. The shareholder may be subject to foreign exchange risk on the positions outside the euro zone.

The UCITS may also hold shares in particular issues of conversion. These shares associated with investments in equities funds that the manager will have made, will have an allocation that will represent a maximum of 10% of the portfolio.

The issuers of such shares have their registered office in an OECD member state with a preponderance on the euro zone, of companies presenting all types of capitalisation.

In addition, to the extent that a convertible bond is one presenting an option for conversion, the manager may use derivatives aiming to hedge or accentuate a component of the convertible bond (sensitivity to shares or bonds). It results from this that the UCITS could invest in forward financial instruments or conditional instruments in order to hedge the portfolio against an anticipated decline in equities and bond markets, for example, or to expose it to an expected increase on these same markets through the use of instruments such as options on indexes and/or options on shares, futures contracts in the euro zone (CAC, Eurostoxx, Bund contracts, etc.).

The Fund's equities delta should be between 30% and 70%.

The UCITS may invest up to 10% of its net assets in units or shares of French or European UCITS, in French AIFs (not alternative funds), meeting the criteria set by R214-13 of the Comofi rules, of any class, managed or promoted by Montpellier Finance or by outside management companies.

These investments may be made by the manager as part of cash management of the UCITS, or as a compliment to direct investments in bonds and/or equities.

The investment in bond funds and other debt securities denominated in euros will be either to accentuate the bond component of the UCITS in particular in the case of the rarification of emissions of convertible bonds, or to place liquidities.

For cash management and/or optimisation of revenues, the UCITS may use cash deposit and borrowing transactions.

In order to place the liquidities, present in the portfolio, the UCITS may also hold debt securities and money market instruments, medium- and short-term TCN (negotiable debt securities), fixed- or variable-rate EMTN (Euro Medium-term Notes) as well as monetary UCITS.

2. Assets (except for derivatives)

The SICAV will be invested in securities, in compliance with the ratios provided by the laws and regulations and by this prospectus, for up to 100% of its net assets. However in the event of adjustments linked to subscriptions and/or redemptions, the investment may temporarily exceed this limit.

➤ Shares

As part of its management, the manager may invest in shares, within the maximum limit of 10% of the Fund's assets, in particular when no convertible bond exists on a given underlying.

The M Convertibles SRI SICAV may invest in the shares of companies whose registered office is located in an OECD member state with a preponderance on the euro zone, in all of economic sectors.

The UCITS may invest in listed shares, and in similar securities (investment certificates, etc.).

The Fund's level of investment in equities cannot exceed 10%.

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The Fund's equities delta should be between 30% and 70%. The delta is a sensitivity indicator that measures the variation in the price of a convertible bond compared to the 1% variation in the price of the underlying share.

➤ Convertible bonds and other similar securities

Concerning these investments, the portfolio is invested up to a minimum of 60% and a maximum of 110% of its assets in all types of bonds that are transferable into shares or endorsed on shares and denominated in euros, such as:

- bonds convertible or repayable in shares;
- bonds with share or bond subscription warrants;
- bonds indexed on variations of indexes;
- all types of bonds;
- equity securities;
- structured products.

The structured products may be synthetic convertible bonds used to allow the UCITS to invest in sectors or companies for which the convertible bonds are not available or are unsuitable.

The UCITS may invest, depending on changes in the market, up to 25% of its assets in bonds, convertible bonds and similar securities denominated in other currencies than the euro.

The issuers of these convertible bonds and similar securities have their registered office in an OECD member state, with a preponderance on the euro zone.

No limit in terms of rating (or deemed equivalent) by the management company is in place.

The management company conducts its own analysis to evaluate the credit quality of these assets, in the selection of securities to acquire and in the life cycle, as well as UCITS/AIFs exposed in interest rate securities. The management company does not mechanically use, nor does it exclusively base itself on the ratings provided by the rating agencies, and puts in place a credit risk analysis and procedures allowing to make management decisions.

The breakdown public debt/private debt is not determined in advance and shall be made depending on market opportunities.

No geographical allocation within Europe, or sector-based, is determined a priori by the manager.

The UCITS may invest in convertible subordinated bonds.

However, the UCITS will not invest in CoCos (Contingent Convertibles) issued by banks and insurers, which entail the forced conversion of debt into equity when certain conditions are met regarding the capital of the issuing financial institution.

The maturity of the securities used may exceed one year.

The sensitivity of the portion of the UCITS invested in interest rate instruments will vary.
The sensitivity of the portfolio will not exceed 5.

➤ Debt securities and money market instruments

For cash management, the UCITS may invest in debt securities and money market instruments: French and foreign negotiable trade securities, fixed- or variable-rate EMTN, Euro commercial paper (French or foreign), certificates, as well as monetary UCITS.

The TCN may be short-term marketable securities with an initial maturity of up to 1 year or medium-term marketable securities with an initial maturity of more than one year.

Management does not set a limit on the breakdown between sovereign and private issuers.

The private debt/public debt breakdown is not determined in advance. It will be made by the manager depending on market opportunities and its convictions.

No criterion relating to rating (or deemed equivalent by the management company) is imposed on the manager.

➤ Units or shares of other UCITS or AIFs

The UCITS may invest a maximum of 10% of its assets in units or shares of UCITS or AIFs.

The rate of investment in French or European approved UCITS may vary between 0% and 10% of net assets.

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The rate of investment in French or European AIFs, meeting the four criteria in Article R214-13 of the Comofi, may vary between 0% and 10% of net assets.

The AIFs in which the UCITS will invest are AIFs intended for non-professional investors.

The UCITS may invest in Exchange Traded Funds (ETF) approved in compliance with Directive 2009/65/EC for up to between 0% and 10% of its net assets, exposed to equities or interest rate products.

These investments may be made by the manager for cash management of the UCITS, or as a compliment to direct investments in bonds and/or equities.

The UCITS may invest in shares or units of UCITS, in order to diversify the portfolio and to access specific management skills that may be, for example quantitative, or management styles, or linked to specific sectors or geographical areas.

The UCITS reserves the right to invest in UCITS of any classification that are managed or promoted by outside management companies.

3. Derivatives

The UCITS may invest in forward financial instruments.

Type of markets involved:

The UCITS may invest in firm or conditional forward financial instruments traded on French or foreign regulated markets, and in over-the-counter forward currency transactions.

- firm forward markets,
- conditional,
- regulated
- over-the-counter (forward currency contracts).

Risks on which the manager wishes to intervene:

- equity, transferable securities and similar instruments risk,
- bond risk, interest rate risk,
- foreign exchange risk.

Types of investments:

The manager may invest in derivatives aiming to hedge or accentuate a component of the convertible bonds (sensitivity to equities or to bonds). As such, the manager may take positions in order to hedge the portfolio and/or expose it to risks linked to changes in bonds and/or equities, securities and similar transferable securities, as well as to risks linked to changes in equities or interest rate markets and, for hedging only, to foreign exchange risks.

Depending on the manager's anticipations, overexposure to bond and/or equity risk may be sought.

The UCITS can hedge all or part of the foreign exchange risk through forward currency transactions traded over-the-counter on currencies of the OECD member countries (or those participating in the European Economic Union).

The UCITS can thus invest in forward financial instruments or on conditional instruments through the use of options on indexes and/or options on equities or futures contracts in the euro zone (CAC, Eurostoxx, Bund contracts, etc.), for example...

Types of instruments used:

Transactions on firm and conditional forward markets shall be the following:

- purchase and sale of forward contracts on indices (equities indices and those related to equities (volatility, dividends, etc.) and interest rates/bonds) and on securities of European markets,
- purchase and sale of options on indexes and European securities,
- rate swap, exchange swap
- purchase and sale of forward currency contracts
- forward purchase and sale of currencies

These transactions will be carried out within the limit of a maximum of 100% of the net assets of the UCITS.

Concerning derivative instruments used in the context of exchange risk:

By their nature, these transactions do not fall within the scope of application of the ESG analysis.

Concerning derivative instruments used in the context of equity, bond and interest rate risks:

- Derivative hedging instruments are used in consistency with the ESG policy of the SICAV, which will remain invested in securities analysed in accordance with the ESG criteria described in the investment strategy.

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- Derivative instruments may be used on a supplementary basis to replace certain profiles or to diversify investments beyond the universe as defined, or also in connection with movements in liabilities.

The SICAV will not use Total Return Swaps (TRS).

4. Securities with embedded derivatives

The manager may also invest in warrants and structured products (Negotiable Medium-Term Notes, Euro Medium Term Notes, etc.), short- or medium-term, traded on regulated markets or over-the-counter, in order to hedge the portfolio and/or to expose it to bond and/or equities risk.

Warrants shall be mainly used for hedging and/or exposure of the portfolio.

Structured products shall be mainly used for the purpose of exposure of the portfolio, while seeking risk control associated with an investment made.

The use of securities with embedded derivatives may have the effect of increasing the Fund's exposure to the risk of the underlying, within the limit of the degrees of exposure specified in this prospectus.

The use of this type of instrument may vary from 0% to 10% of the Fund's assets.

By their nature the convertible bonds are similar to securities with embedded derivatives.

The investment strategy, described in this prospectus, allows the manager to use convertible bonds and similar instruments for up to 110% of the net assets, and therefore the 10% limit of assets mentioned in the previous paragraph is thus not applicable to them.

5. Deposits

The UCITS may occasionally, for cash management and optimisation of the Fund's revenue, make deposits held with the custodian for up to 10% of its net assets.

6. Cash borrowings

The UCITS may occasionally borrow cash for up to 10% of its net assets, without intending to be a structural cash borrower. This case may essentially result from the discrepancy between the value dates of transaction settlements.

7. Transactions for the temporary purchase and sale of securities

None

8. Contracts constituting financial guarantees

In the context of concluding transactions with derivative instruments and/or currency forwards, the FCP may provide and/or receive a financial guarantee (collateral). Financial guarantees received are designed to reduce exposure of the FCP to counterparty default risk. They consist of cash. Collateral received will be valued based on market prices (mark-to-market) on the establishment of each net asset value (NAV).

Any financial guarantee given or received may be reused. In particular, the FCP may reinvest financial guarantees received in accordance with the regulations in force.

The risks associated with the reinvestment of cash depend on the type of assets and/or the type of transactions and may be counterparty risks or liquidity risks.

► Risk profile:

Your money will be invested primarily in financial instruments selected by the management company. These instruments will be subject to market fluctuations.

Each investor, prior to making any investment decision, should analyse the risk inherent in the investment and make sure that it is consistent with the investor's objectives, constraints, and investment horizon.

Risk linked to discretionary management:

The Fund's performance will depend on the securities chosen by the manager. There is a risk that the manager does not select the best performing securities. In that case, the performance of the UCITS may be less than the management objective, and the net asset value of the UCITS may even have a negative performance.

Risk of capital loss:

Capital loss occurs when a share is sold at a lower price than its purchasing value. The net asset value of the UCITS may moreover have a negative performance. The UCITS does not provide any guarantee or protection of capital. The initially invested capital may not be fully returned. The investor should be aware that the Fund's

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performance may not meet the investor's objectives and that the invested capital (minus any subscription fees) may not be totally returned to the investors.

Risk associated with holding convertible bonds:

The degree of exposure to convertible bonds will be a maximum of between 60% and 110%, inclusive, of assets. The UCITS may have a direct or indirect equity or interest rate/credit risk, linked to direct investment in convertible bonds. The value of the convertible bonds depends on several factors: interest rate levels, changes in the prices of underlying shares, changes in prices of the derivative embedded in the convertible bond, (i.e. value of the conversion option corresponding to the possibility of converting the bonds to shares.). These different elements may lead to a decrease in the Fund's net asset value.

Equity risk:

The UCITS invests in bonds convertible to shares. The Fund's equities delta should be between 30% and 70%. Equities markets may experience major changes and fluctuations in the prices of securities and markets to which the portfolio is exposed may lead to a significant decrease in the net asset value. The Fund's net asset value may fall in the case of a decline in equities markets and in particular any decline in the underlying of the convertible bonds.

Risk associated with investments in small-cap shares:

As the manager may invest in small-cap shares (shares in companies with total market capitalisation of less than €1.5 billion), investors' attention is drawn to the fact that the markets for small caps are intended to accommodate companies which, due to their specific characteristics, may present risks for investors.

The volume of these shares listed on the stock exchange is limited, so market movements are more pronounced, whether upwards or downwards, and faster than in the case of large-caps. For these reasons, these shares may present risks for investors, notably a liquidity risk due to the possible narrowness of these markets. The net asset value of the UCITS may therefore fall more rapidly and more sharply.

Volatility risk:

As the investment strategy consists in investing primarily in convertible bonds, the Fund's net asset value is likely to experience changes linked to the evolution of the value of the conversion option (the possibility of converting the bond into shares). In the case of a decline in the volatility of the convertible bonds held by the UCITS, the net asset value could decline.

Sustainability risk:

The UCITS is exposed to the risk that an environment-, social- or governance-related event or situation, if it occurs, could have a significant negative impact, whether real or potential, on the value of the securities in the portfolio. Sustainability risk evolves, and varies depending on the activities of the companies in portfolio. It can also vary with sectors and geographical regions and indeed even with the country where the company is based or the countries in which it operates. In view of the large number of sustainability risks, exposure to these risks cannot be avoided and the materialisation of one or more sustainability risks may have a negative impact on the performance of the UCITS.

The UCITS' net asset value may therefore decline in a way that is not in line with the markets.

With a view to limiting the sustainability risk, the exclusion policy pursued aims to identify companies whose practices are considered controversial from an environmental, social and/or governance point of view. The ESG analysis carried out by the Management Company rounds out this process and aims to identify any businesses that are not in line with its expectations as regards corporate governance or businesses' impact on the environment and society, the objective being to hold in portfolio only securities of companies with good practices or a positive or neutral impact.

Interest rate risk:

The UCITS is exposed to interest rate risk that could lead to a decline in the net asset value of the UCITS. The portfolio is sensitive to changes in interest rates whose evolution depends on economic political or market conditions or on the specific situation of the issuer.

Interest rate risk is the risk associated with a rise in rates on bond markets, that causes a decline in bond prices and thus a decline in the Fund's net asset value.

Credit risk:

In the case of failure or the deterioration in the signature quality of the issuers, for example of downgrading by financial rating agencies, or if the issuer is not able to repay or to pay the specified interests on the contractual date, the value of the bonds in which the UCITS is invested, directly or indirectly by the intermediary of an undertaking for collective investment (UCI), will fall, leading to a decrease in the net asset value.

Risk associated with speculative securities:

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Investors' attention is drawn to the fact that investment in speculative securities, whose ratings are not rated at all or low, may be traded on markets where operating procedures, in terms of transparency and liquidity, are appreciably different than the standards accepted in regulated European financial centres. Consequentially, this product is intended for investors who are adequately experienced to be able to evaluate their merits and risks.

Risk on subordinated securities:

This is the risk associated with the payment features of securities in the event of default by the issuer: a Fund that is exposed to subordinated securities will not be a priority and the repayment of the principal and the payment of coupons will be 'subordinated' to those of creditors who are more senior bondholders. Therefore, the redemption amount of the security may be less than that received by more senior bondholders. The use of subordinated bonds can result in a more significant risk of a fall in net asset value than that associated with the issuer's other bonds.

Risks linked to the use of derivatives:

The UCITS may invest in derivative instruments. The manager may take on equity and interest rate risk for exposure and/or hedging, as well as currency risk for hedging purposes.

The UCITS presents a risk of overexposure in view of the use of derivative products. Entering into such contracts could lead to a risk of a decrease in the net asset value of the UCITS that is more significant and more rapid than that of the markets on which the UCITS is invested.

The use of derivative financial instruments may lead to significant changes in the net asset value, upward as well as downward. Generally speaking, entering into such contracts could involve a risk of a greater and more rapid decline in the Fund's net asset value than that of the markets on which the Fund is invested.

The use of forward financial instruments for hedging has the consequence of underexposing the UCITS with respect to its level of investment. Consequently, in the case of a rise in the markets, the UCITS could have performance below that of the markets on which it is invested, even negative.

The use of forward financial instruments for exposure has the consequence of overexposing the UCITS with respect to its level of investment, which in the case of a decline in the markets in which the UCITS is invested, could lead to a more rapid and more significant fall than that of the markets on which the UCITS is invested.

Counterparty risk:

The UCITS uses over-the-counter forward currency transactions. These transactions, entered into with one or more counterparties (such as bank establishments), potentially expose the UCITS to the risk of the default of one of these counterparties that could lead to a default of payment. In such a case, the net asset value could fall.

Exchange rate risk:

The UCITS may invest up to 25% of the net assets in instruments denominated in currencies other than those of the euro zone, and the maximum exposure of the foreign exchange risk cannot exceed 25% of the Fund's net assets. Fluctuations in these currencies with respect to the euro may have a positive or negative influence on the value of these instruments. The net asset value of your UCITS can thus fall if the foreign exchange rate changes.

Liquidity risk:

This represents the risk that a financial market, when the volume of trades are low or in the case of tension on this market, cannot absorb the volumes of transactions (purchases or sales) without significant impact on the price of the assets. These market disturbances can impact the price conditions in which the UCITS could be led to liquidate, initiate or modify positions. The net asset value could fall when the UCITS is exposed to this risk.

► **Guarantee or protection:**

None

► **Subscribers concerned and typical investor profile:**

Subscribers concerned:

- IC shares: All subscribers, particularly institutional investors, and investors who have opted for discretionary management or who subscribe through intermediaries who cannot receive remuneration other than through their clients.
- ID shares: All subscribers, particularly institutional investors, and investors who have opted for discretionary management or who subscribe through intermediaries who cannot receive remuneration other than through their clients.
- AC shares: All subscribers
- AD shares: All subscribers

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Investor type profile:

The UCITS is intended for all subscribers. The UCITS is diversified and exposed to equity risks on the convertible bonds with greater equity sensitivity than interest rate sensitivity.

The amount that it is reasonable to invest in this UCITS depends on each investor's personal situation. To determine the reasonable amount to invest, investors need to consider their personal estate, current needs, the recommended duration of this investment but also their desire to take risks in view of the inherent volatility in the equities market.

Investors are also advised to adequately diversify their investments so that they are not solely exposed to the risk(s) of this UCITS.

All investors are therefore advised to study their particular situation with their usual financial adviser.

Recommended investment period: Longer than three years.

► Method of determination and allocation of distributable income

The distributable amounts are defined in the Articles of Association of the SICAV.

Distributable income and amounts relating to net realised capital gains may be distributed and/or capitalised (and/or carried forward), in whole or in part, independently of each other.

Allocation of net income:

For IC and AC shares: net income fully capitalised.

For ID and AD shares: capitalisation and/or distribution (and/or carryforward) by decision of the General Meeting.

Allocation of net realised capital gains:

For IC and AC shares: net realised capital gains fully capitalised.

For ID and AD shares: capitalisation and/or distribution (and/or carryforward) by decision of the General Meeting.

Frequency of distribution:

For ID and AD shares: the frequency of distribution of distributable amounts is annual.

► Characteristics of the shares: (Currency of denomination, fractioning, etc.)

The IC, ID, AC and AD shares are denominated in euros.

AC and IC shares may be fractioned into thousandths of a share. However, no subscription may be made below a minimum of one share.

ID and AD shares cannot be fractioned.

► Methods of subscription and redemption:

Subscriptions and redemptions can only bear on a whole number of shares, with the exception of the IC and AC shares which may be fractioned.

- **Minimum initial subscription**

- IC shares: 1 share
- ID shares: 1 share
- AC shares: 1 share
- AD shares: 1 share

- **Subsequent minimum subscription amount:**

- IC shares: 1 share
- ID shares: 1 share
- AC shares: 1 share
- AD shares: 1 share
-

- **Initial net asset value:**

- IC shares: Net asset value of the M Convertibles fund, IC share on the day of the merger, or EUR 50,321.91 (division by 100 of the net asset value on 6 December 2017)

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- ID shares: Net asset value of the M Convertibles fund, ID share on the day of the merger, or EUR 47,875.03 (division by 100 of the net asset value on 6 December 2017)
- AC shares: Net asset value of the M Convertibles fund, AC share on the day of the merger, or EUR 141.45
- AD shares: Net asset value of the M Convertibles fund, AD share on the day of the merger, or EUR 2,108.69

Requests for subscription and redemption are centralised each valuation day (D) before 11:00 am by the custodian:

CACEIS Bank
89-91 rue Gabriel Péri
92120 Montrouge

and are executed on the basis of the next following net asset value calculated on the closing price of the same day. Settlements related to subscriptions and redemptions take place the third trading day of the market (J +3), other than in special circumstances.

Investors wishing to subscribe for shares and shareholders desiring to make redemptions of shares are invited to obtain information from their account holder establishment on the time limit for accepting their applications for subscription or redemption, which may be earlier than the centralisation time mentioned above

The net asset value is established daily except on legal holidays in France and on days when the Paris stock exchange is closed (official calendar: EURONEXT). Net asset values are dated for business days.

A swing pricing mechanism has been set up by the management company as part of its valuation.

The net asset value is calculated on D+1 on the basis of the closing price on day D.

The net asset value is published the next business day following the calculation day, that is the second business day (D+2) following the date of establishment of the net asset value.

To sum up, orders are executed in accordance with the following table:

D	D	D: day of establishing the NAV	D+2 work days	D+3 work days	D+3 work days
Centralisation of subscription orders before 11 a.m. ¹	Centralisation of redemption orders before 11 a.m. ¹	Execution of the order in D at the latest	Publication of NAV	Settlement of subscriptions	Settlement of redemptions

¹Except in the event of a specific timeframe agreed on with your financial establishment.

Pursuant to Article L214-8-7 of the French Monetary and Financial Code, the redemption of its shares by the UCITS, as well as the issue of new shares, may be temporarily suspended by the management company when exceptional circumstances require and when required in the interest of the shareholders.

Shareholders may request and obtain all information on the UCITS from the management company or on the website of the management company at www.montpensier.com. Likewise, the net asset value is available from the management company.

Redemption gate mechanism:

The management company may use gates so that under exceptional market conditions redemption requests can be spread out over multiple net asset values when they exceed a given, objectively calculated level. This means that the management company may not execute all redemption orders centralised using the same net asset value given the impact on the management of liquidity in order to ensure the balanced management of the SICAV and therefore the equal treatment of shareholders.

Gates can be applied to spread out redemption requests over multiple net asset values. As specified in Article 8 of the Articles of Association of the SICAV, given that the net asset value is calculated daily, the management company may apply gates when a threshold of 5% (redemptions net of subscriptions/last net asset value calculated) of the net assets is reached. The gate may be applied for a maximum of 20 net asset value dates over three months.

Calculating the threshold in the event of gating:

The threshold for applying a gate corresponds to the ratio between:

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- firstly, the redemptions net of subscriptions, i.e. the difference –on the same centralisation date– between the total number of redemption requests and the total number of subscriptions, calculated by multiplying the number of shares by the last known net asset value, and
- secondly, the net assets of the last known net asset value of the SICAV.

The SICAV has IC, ID, AC and AD shares and the threshold for applying gates is the same for all share classes, including those newly created.

Round-trip transactions involving the subscription and redemption of an equal number of shares, using the same net asset value, the same intermediary and for a single shareholder or beneficial owner are excluded from gating.

The threshold above which gates may be applied may be explained with respect to the frequency of the SICAV's net asset value calculation, its management strategy and the liquidity of the assets in its portfolio. This is set out in its Articles of Association.

When redemption requests exceed the threshold for applying the gate, the management company may decide to satisfy redemption requests above the proposed cap and thus execute some or all of the orders that may otherwise have been gated.

Information provided to shareholders:

Where gates are applied, all shareholders of the SICAV will be informed by any means via the website of the management company (montpensier.com).

Shareholders whose orders have not been executed will be informed personally as soon as possible.

Processing unexecuted orders:

Redemption orders will be executed in the same proportion for all shareholders requesting redemption since the previous centralisation date. Unexecuted orders are automatically carried forward to the next net asset value and do not have priority over new redemption orders submitted for execution at the next net asset value.

In any event, unexecuted redemption orders automatically carried forward may not be revoked by the shareholders of the SICAV concerned.

Examples of gating:

For example, if the net redemption requests represent 10% of the SICAV's net assets (whereas the gate threshold is set at 5%), the management company may decide to satisfy redemption requests up to 7.5% of net assets by respecting the principle of equal treatment (and thus execute 75% of redemption requests instead of 50% if it has strictly applied the gate at 5%).

► Fees and commissions:

Subscription and redemption fees:

Subscription fees are added to the subscription amount paid by the investor, while redemption fees are deducted from the redemption value. Fees retained by the UCITS are used to offset the costs incurred by it to invest in or dispose of assets. Fees not retained revert to the management company, marketing agent, etc.

Fees payable by the investor on subscription and redemption	AC and AD shares		IC and ID shares	
	Basis	Rate scale	Basis	Rate scale
Subscription fee not retained by the UCITS	net asset value × number of shares	maximum 3% *	net asset value × number of shares	maximum 3% *
Subscription fee retained by the UCITS	None	None	None	None
Redemption fee not retained by the UCITS	None	None	None	None

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Redemption fee retained by the UCITS	None	None	None	None
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* This rate is valid from the first euro of subscription.

Expenses billed to the UCITS:

These expenses include:

- Management fees;
- Administration fees, external to the management company;
- Turnover fees;
- Outperformance fees.

These fees cover all fees invoiced directly to the UCITS, with the exception of transaction fees and research fees which may be paid by the UCITS. Turnover fees include intermediation fees (brokerage, RTO, market taxes, etc.).

For more information about the actual costs charged to the UCITS, see the Key Investor Information Document (KIID).

Fees charged to the UCITS	Basis	Rate scale
Financial management fees and administrative fees external to the management company	Net assets	IC and ID shares: 0.80% incl. tax maximum
Turnover fees:	Charge on each transaction	Management Company: 0.20% (incl. tax), Custodian: From 0 to 179.40 EUR incl. tax according to transaction type
Indirect fees * Indirect management fees (the cost related to investments in UCITS or investment funds)	Net assets	Not significant
Performance fee	Net assets	None

* Indirect fees representing the cost related to investments in UCIs or investment funds) This cost is calculated on the basis of the management fees related to investments in UCIs (less rebates negotiated by the management company of the investing UCITS), and any subscription and/or redemption fees paid by the investing UCITS. These costs do not include any performance fees. Some UCIs charge a fee in the form of a share of the outperformance against a benchmark. It is not possible to specify a maximum fee in this situation.

The fixed management fees are booked directly to the UCITS' income statement and provisioned when calculating each net asset value.

Service providers receiving turnover fees:

The management company and the custodian.

Procedure for choosing intermediaries:

The choice of intermediaries will depend on their special expertise in the area of convertible bonds, as well as for the quality of their research, execution and administrative handling of orders and activity in private investments and primary issues.

IV. Commercial information

Requests for information and documents relating to the UCITS may be obtained directly from the management company:

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MONTPENSIER FINANCE
58, avenue Marceau
75008 PARIS
email: contact@montpensier.com

Requests for subscription and redemption with respect to the UCITS are centralised by the custodian:

CACEIS Bank
89-91 rue Gabriel Péri
92120 Montrouge

The latest annual and semi-annual documents are sent within eight business days on shareholder's written request to:

MONTPENSIER FINANCE
58, avenue Marceau
75008 PARIS
Telephone: +33 (0)1 45 05 55 55
Email: contact@montpensier.com

Information on adherence to social environmental and governance quality objectives (SEG) may be found on the website of the management company (montpensier.com), as well as in the annual fund reports and, where applicable, in specific reports.

Elements relating to the composition of the assets of the UCI may be disclosed to certain investors in accordance with legal or regulatory provisions. The methods of communicating this information are described on the management company's website.

V. Investment rules

The rules governing the composition of the assets specified by the French Monetary and Financial Code and the rules for risk spreading applicable to this UCITS must be adhered to at all times. If these limits are exceeded independently of the management company or following the exercise of a subscription right, the priority objective of the management company will be to regularise the situation as quickly as possible, in the interest of the shareholders of the UCITS.

VI. Total risk

The method for calculating the total risk ratio is the commitment method.

VII. Asset valuation and accounting rules

1 - Asset valuation rules

A - Valuation method

The undertaking complies with the accounting rules prescribed by applicable regulations, in particular, the accounting regime applicable to UCITS.

The portfolio is valued at each net asset value and when the balance sheet is approved according to the following rules:

Transferable securities

Traded on a regulated market:

Shares and similar securities

Europe Zone Markets:

on the basis of published prices.

closing day prices

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on the basis of unpublished prices.

- price sent by the management company

Bonds and similar securities

Europe Zone Markets:

on the basis of unpublished prices.

- contributed price
- when there is no contributor, the price provided by the management company

UCITS/AIF

- at the last known net asset value

Negotiable debt securities:

- Valuation method Negotiable debt securities at more than three months are valued on an actuarial basis and using a reference rate, adjusted where applicable by a deviation representing the issuer's intrinsic characteristics. When the maturity becomes less than three months, the premium/discount, is amortised over the number of days remaining until maturity date. If they are acquired less than three months before maturity, the interest as well as the premium/discount are linearised.

Deposits/borrowings:

- The amount of the commitment is compensated in accordance with contractual conditions.

Forward financial instruments

Traded on a regulated market:

Fixed forward instruments

Europe Zone Markets: day settlement prices

Conditional forward instruments

Europe Zone Markets: closing day prices

Over-the-counter:

- Conditional forward instruments contributed price
- when there is no contributor, the price provided by the management company

- Forward currency instruments Forward currency instruments are valued at the spot price (ECB) D adjusted on the prorated basis of the swap point quotation (difference between the spot exchange rate and the forward exchange rate on the day the contract is signed) linearised.

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Financial instruments whose prices have not been determined on the valuation day or whose prices have been adjusted are valued by the management company at their probable trading price. These valuations and their justification are provided to the Statutory Auditor at the time of its audits.

B - Practical procedures

Multiple databases are used: "Telekurs", "Bloomberg", "Reuters", etc.

The source of the currency prices used is the following:

- ECB

The sources of the interest rates used are the following:

- Negotiable debt securities
- Euribor

C - Swing pricing method used to adjust the net asset value with a trigger threshold

This mechanism makes investors subscribing for or redeeming their shares bear the costs associated with transactions carried out on the assets of the SICAV due to changes (subscriptions or redemptions) in its liabilities. The purpose of this mechanism, which is governed by a policy, is to protect the shareholders who remain in the SICAV by ensuring they bear the lowest possible costs. The result is the calculation of an adjusted, or "swung", net asset value.

If, on a net asset value calculation day, the net amount of subscription and redemption orders from investors across all the SICAV's share classes exceeds a threshold that has been predetermined on the basis of objective criteria by the management company, the net asset value expressed as a percentage may be adjusted upwards or downwards to take into account the readjustment costs attributable to the net subscription and redemption orders. If the SICAV issues several share categories, the net asset value of each share category is calculated separately, but any adjustment has, as a percentage, the same impact on all net asset values of the share categories of the SICAV.

The parameters for readjustment costs and the trigger threshold are determined by the management company and reviewed periodically. These costs are estimated by the management company based on transactions costs, buy/sell spreads and also any taxes applicable to the SICAV.

It is not possible to accurately predict whether this adjustment mechanism will be applied at a given moment in the future, or how often the management company will have to make these adjustments.

Investors are advised that the volatility of the SICAV's net asset value may not be the only indicator of the volatility of the securities held in the portfolio as a result of applying this adjustment mechanism.

The "swung" net asset value is the SICAV's only net asset value and the only one communicated to its shareholders.

2 - Accounting methods:

- The accounting method applied to the trading expenses is made in:
 - costs excluded
- The method of accounting for interest rate revenue is that of the:
 - accrued coupon
- The method of accounting for weekend accrued interest:
 - account taken on the preceding net asset value
- * Accounting currency of the UCITS:
 - EUR

VIII. Remuneration

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Montpensier Finance has set up a remuneration policy in accordance with the provisions of Directive 2014/91/EU, Directive 2011/61/EU and Article 314-85-2 of the General Regulations of the French *Autorité des Marchés Financiers*.

The remuneration policy in particular aims to promote sound and effective risk management, which does not reward risk taking that is inconsistent with the risk profiles of the management company and of UCI, by putting in place measures to avoid potential conflicts of interest. The quality of the work provided is an important element in determining remuneration.

The remuneration policy is available on the website www.montpensier.com, and can be sent out free of charge in paper format on request from the management company.

Prospectus publication date: 27 October 2022

M CONVERTIBLES SRI*SOCIETE D'INVESTISSEMENT A CAPITAL VARIABLE**(open-ended investment company with variable capital)***Registered office: 58, avenue Marceau – 75008 Paris**

819 638 248 RCS PARIS

ARTICLES OF ASSOCIATION**TITLE 1***Legal form, Object, Corporate Name, Registered Office, Duration of the Company***Article 1 - Legal form**

An open-ended investment company with variable capital (SICAV) is hereby formed between the holders of the shares hereinafter created and those that shall be created at a later time, governed by the provisions of the French Commercial Code relating to corporations (Book II, Title II, Chapter 5), the French Monetary and Financial Code (Book II, Title I, Chapter IV, Section 1, Subsection I), their texts of application, the subsequent texts and by these Articles of Association.

Article 2 - Object

The company object is to create and manage portfolio of financial instruments and deposits.

Article 3 - Corporate name

The name of the Company is: **M Convertibles SRI**

followed by the words "Société d'Investissement à Capital Variable" accompanied or not by the word "SICAV".

Article 4 - Registered office

The registered office is set at 58, avenue Marceau – 75008 Paris.

Article 5 - Duration

The duration of the company is 99 years starting from its registration with the French Register of Trade and Companies (RCS), except in the case of early dissolution or prorogation specified in these Articles of Association.

TITLE 2*Capital, Changes in Capital, Characteristics of the Shares***Article 6 - Share capital**

The initial capital of the SICAV is 154,767,011.16 euros, divided into 182,427.78 fully paid shares.

It was fully constituted by the absorption of all the units of the M Convertibles FCP (common investment fund).

Share classes:

The characteristics of the different classes of shares and the subscription conditions are set out in the SICAV's prospectus.

The different classes of shares may:

- have different revenue distribution schemes (distribution or accumulation);
- be denominated in different currencies;
- be subject to different management fees;
- have different subscription and/or redemption fees;
- have a different nominal value;
- be systematically hedged against risk, in whole or in part, as defined in the prospectus. This hedging is provided by means of financial instruments which seek to limit the impact of transactions on other classes of units as far as possible;
- be reserved to one or more distribution networks.

The AGM may decide to proceed with a stock split or reverse stock split.

The Board of Directors may decide to divide the shares into the following fractions of shares: tenths, hundredths, thousandths, and ten-thousandths.

The provisions of the articles of association governing the issue and redemption of shares shall apply to fractions of shares, whose value shall always be proportionate to that of the share they represent. Unless stipulated otherwise, all other

provisions of the articles of association relating to shares shall apply to fractions of shares without any need to make a specific provision to that end.

Article 7 - Changes in capital

The amount of the capital may change, resulting from the company's issue of new shares and from reductions in shares following share redemptions as requested by shareholders.

Article 8 - Issues and redemptions of shares

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

Subscriptions and redemptions are carried out on the conditions and in accordance with the methods set out in the prospectus.

Redemptions may be made in cash and/or in kind. If the redemption in kind corresponds to a representative proportion of the assets in the portfolio, then only the written agreement signed by the departing shareholder must be obtained by the UCITS or the management company. Where the redemption in kind does not correspond to a representative share of the assets in the portfolio, all shareholders must signify their written agreement authorising the departing shareholder to obtain the redemption of their shares against certain specific assets, as explicitly defined in the agreement.

Notwithstanding the foregoing, when the SICAV is an ETF, redemptions on the primary market may, with the agreement of the portfolio management company and with due regard for the interests of shareholders, be made in kind under the conditions defined in the SICAV's prospectus or regulations. The assets are then delivered by the issuer account holder under the conditions defined in the SICAV's prospectus.

In general, the assets redeemed shall be valued in accordance with the rules laid down in Article 9 and the redemption in kind shall be carried out on the basis of the first net asset value following acceptance of the securities concerned.

All subscriptions for new shares must, under penalty of being declared null and void, be fully paid up and the shares issued must carry the same rights as shares existing on the day of the issue.

Pursuant to Article L214-7-4 of the French Monetary and Financial Code, the redemption of its shares by the company, as with the issue of new shares, may be temporarily suspended by the Board of Directors when exceptional circumstances require and when required in the interest the shareholders.

If the net assets of the SICAV fall below the amount established by regulations, no shares may be redeemed.

In addition, under Article L.214-8-4 of the Monetary and Financial Code and Article 411-20-1 of the AMF General Regulations, the management company may decide to cap redemptions in exceptional circumstances and if the interests of the shareholders or public so dictate. The management company has therefore used gates to spread out redemption requests over multiple net asset values when the number of net redemptions exceeds a threshold of 5% (redemptions net of subscriptions/last net asset value calculated).

The 5% threshold is calculated based on the last net asset value calculated. Under these circumstances, the management company may apply gates and execute redemption requests up to 5% of the net assets of the SICAV and in proportion to each request.

This threshold is not, however, systematically applied. If the liquidity conditions so permit, the management company may decide to honour redemptions above this threshold. Gates may be applied for a maximum of 20 net asset value dates over three months.

The portion of unexecuted orders cannot under any circumstances be cancelled and is automatically carried forward to the next centralisation date.

Round-trip transactions involving the subscription and redemption of an equal number of units, using the same net asset value and for a single shareholder or beneficial owner are excluded from gating.

Possibility of minimum subscription conditions, depending on the methods set down in the prospectus.

The UCITS may cease to issue shares under paragraph 3 of Article L.214-7-4 of the Monetary and Financial Code, temporarily or definitively, partially or totally, in objective situations resulting in the closing of subscriptions, such as upon reaching a maximum number of shares issued, or a maximum amount of assets, or the expiry of a specified subscription period.

The information on the implementation of this tool as well as the threshold and objective situation that led to the decision to partially or totally close it will be made available to existing shareholders by any means. In the event of a partial closure, such information provided by any means shall explicitly specify the terms and conditions under which existing shareholders may continue to subscribe during the period of such partial closure. Shareholders are also informed by any means of the

decision of the UCITS or the management company either to terminate the total or partial closure of subscriptions (when the trigger threshold is reached) or not to terminate it (in the event of a change in the threshold or a change in the objective situation that led to the implementation of this tool). A change in the objective situation described or in the trigger threshold of the tool must always be made in the interest of shareholders. Information provided by any means shall specify the exact reasons for such changes.

Article 9 - Calculation of net asset value

The net asset value per share is calculated by using the valuation rules specified in the prospectus.

In addition, an instantaneous indicative net asset value will be calculated by the stock exchange company in the case of admission to trading.

Article 10 - Form of shares

Shares may be either bearer shares or registered shares, at the subscriber's choice.

In application of Article L.211-4 of the French Monetary and Financial Code, the securities are required to be registered in accounts held by the issuer or by an authorized intermediary, as the case may be.

The rights of the securities holders shall be represented by an account entry in their name:

- at the place of the intermediary of their choice for bearer shares,
- at the place of the issuer, and if they wish, at the place of the intermediary of their choice for registered shares.

The company may request upon payment of a fee, at any time, from EUROCLEAR France, the name, nationality and address of the shareholders of the SICAV as well as the amount of securities held by each, in compliance with Article out 211-5 of the French Monetary and Financial Code.

Article 11 - Admission for trading on a regulated market

The shares may be admitted for trading on a regulated market in accordance with applicable regulations.

In this case, the SICAV must have put in place a system to ensure that the price of its share is noticeably different from its net asset value.

Article 12 - Rights and obligations attached to the shares

Each class of shares gives the right, through the ownership of the equity and in the sharing of profits, to a share proportional to the fraction of the capital that it represents.

The rights and obligations attached to the share follow the security, regardless of the owner.

Article 13 - Indivisibility of shares

All undivided owners of a share or the beneficial owners must be represented to the company by the same single person appointed by them or by default by the Chairman of the Commercial Court with jurisdiction over the registered office.

TITLE 3*Administration and Management of the Company***Article 14 - Administration**

The company is managed by a Board of Directors of at least three and at most eighteen members, appointed by the General Meeting.

In the life of the company, the Directors are appointed or their duties are renewed by the Ordinary General Meeting of the Shareholders.

Directors can be physical persons or legal persons. Legal persons must, when they are appointed, designate a permanent representative who is subject to the same conditions and obligations and who risks the same civil and criminal liabilities as though he or she was a member of the Board of Directors in his or her own name, without prejudice to the liability of the legal person that he or she represents.

The permanent representative mandate is given to this physical person for the duration of that of the legal person that he or she represents. If a legal person revokes the mandate of its representative, it must notify the SICAV, immediately, by registered letter, of the revocation as well as the identity of its new permanent representative. The same is true in the case of death, resignation or prolonged incapacity of the permanent representative.

Article 15 - Duration of the terms of the Directors - Renewal of the Board

Subject to the provisions of the last sub-paragraph of this article, the duration of the terms of the Directors is for one year for the first Directors and one year at most for the following, each year extending from the interval between the two consecutive annual General Meetings.

If one or more Directors' seats become vacant between two General Meetings, following death or resignation, the Board of Directors may make temporary appointments.

A Director appointed by the Board on a temporary basis to replace another Director can only hold such position for the time remaining in the term of his or her predecessor. Their appointment is subject to the ratification of the next following in General Meeting.

Any exiting Director is re-eligible. They may be revoked at any time by the Ordinary General Meeting.

The term of each member of the Board of Directors ends at the conclusion of the Meeting of the Ordinary General Meeting of the Shareholders deliberating on the financial statements of the financial period held in the year in which their term expires, with the understanding that, if the Meeting does not take place during that year, the said duties of the Director in question end on 31 December of the same year, subject to the exceptions mentioned here below.

Any Director may be appointed for a duration less than one year when necessary so that the renewal of the Board remains as regular as possible and complete in each one-year period. This is the case if the number of Directors is increased or decreased and that the regularity of the renewal is affected thereby.

When the number of members of the Board of Directors becomes less than the legal minimum, the remaining member or members, must immediately convene the Ordinary General Meeting of the Shareholders in order to appoint new members to the Board.

In the case of resignation or the death of a Director and when the number of remaining Directors serving is greater than or equal to the statutory minimum, the Board may, on a provisional basis, and for the duration of the mandate remaining, provide for his or her replacement.

Article 16 - Office of the Board

The Board elects a physical person to be Chairman, from among its members, for a duration that it determines. This duration cannot exceed his or her Director's term.

The Chairman of the Board of Directors organizes and supervises the work of the Board, upon which he or she shall report to the General Meeting. The Chairman shall oversee the proper functioning of the bodies of the company and shall ensure, in particular, that the Directors are able to fulfil their mission.

If it deems necessary, the Board of Directors also appoints a Vice-chairman and can also choose a Secretary, even outside of the Board.

Article 17 - Meetings and deliberations of the Board

The Board of Directors shall meet when called by the Chairman and as often as necessary in the interest of the company, either at the registered office, or in any other place indicated in the meeting invitation.

When the Board has not met for more than two months, at least one third of its members may request the President to call for a meeting on a determined agenda. The Chief Executive Officer may also ask the Chairman to call for a meeting of the Board of Directors on a determined agenda. The Chairman is bound by these requests.

Meeting invitations may be made using any means.

The presence of at least half of the members is necessary for the validity of the deliberations. Decisions are made by the majority of the votes of members present or represented.

Each Director has one vote. In the case of a tie vote, the vote of the Chairman of the meeting shall be the tiebreaker.

Article 18 - Meeting minutes

Meeting minutes are prepared in copies or extracts of the deliberations are delivered and certified as required by law.

Article 19 - Powers of the Board of Directors

The Board of Directors determines the directions of the activity of the company and watches over their implementation. Within the limits of the company object and subject to the powers expressly attributed by law to Shareholder Meetings, the Board of Directors acts on all issues related to the company's operations and rules upon the affairs that concern it.

The Board of Directors carries out any audits and approvals that it deems necessary. The Chairman or the Chief Executive Officer of the company must provide each Director with all of the documents and information necessary to carry out the Director's mission.

A Director may give a proxy to another to represent him or her in the conditions mentioned in Article 83-1 of the Decree of 23 March 1967 on trading companies.

Article 20 - General Management, Non-voting members

Executive Management of the company is assumed, under its responsibility, either by the Chairman of the Board of Directors or by another physical person appointed by the Board of Directors and this person shall have the title of Chief Executive Officer.

The choice between the two methods of exercising Executive Management is made in the conditions set by these Articles of Association by the Board of Directors for a duration ending on the expiration of the duties of the Chairman of the Board of Directors in exercise.

Shareholders and third parties shall be informed of this choice in the conditions defined by applicable laws and regulations.

In accordance with the choice made by the Board of Directors in compliance with the provisions defined here above, Executive Management is provided either by the Chairman, or by a Chief Executive Officer

When the Board of Directors chooses to dissociate the duties of Chairman and Chief Executive Officer, it shall appoint the Chief Executive Officer and set the duration of his or her term.

When the Executive Management of the company is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer are applicable to him or her.

Subject to the powers expressly assigned by law to Shareholders Meetings as well as the special powers that it reserves for the Board of Directors, and as limited by the company object, the Chief Executive Officer has the broadest powers to act in all circumstances in the name of the company. The Chief Executive Officer exercises these powers within the limits of the company object and subject to those expressly assigned by law to Shareholders Meetings and to the Board of Directors.

The Chief Executive Officer represents the company in its relations with third parties.

The Chief Executive Officer can grant any partial delegations of his or her powers to any person his or her choice.

The Chief Executive Officer may be removed from office at any time by the Board of Directors.

When proposed by the Chief Executive Officer, the Board of Directors, appoint up to five physical persons who are in charge of assisting the Chief Executive Officer with the title of Delegate Chief Executive Officer.

The Delegate Chief Executive Officers may be removed from office at any time by the Board of Directors when proposed by the Chief Executive Officer.

With the approval of the Chief Executive Officer, the Board of Directors shall determine the extent and the duration of the powers granted to the Delegate Chief Executive Officers. These powers can include the option of partial delegation.

In the case of the cessation of the duties or of the incapacity of the Chief Executive Officer, the Delegate Chief Executive Officers conserve, unless decided otherwise by the Board of Directors, their duties and powers until the appointment of the new Chief Executive Officer.

The Delegate Chief Executive Officers have, with respect to third parties, the same powers as the Chief Executive Officer.

The Annual General Meeting may appoint one or more Non-voting Members. The term of a Non-voting Member is six years. The panel of Non-voting Members will be renewed by the Annual General Meeting. In the case of death, resignation,

or cessation of duty for any reason of one or more Non-voting Members, the Board of Directors may appoint their successors, and the appointment is subject to the ratification by the next following General Meeting.

The Non-voting Members are in charge of ensuring the strict execution of the Articles of Association. They play an advisory role during the meetings of the Board of Directors. They examine the inventories in the annual financial statement, and present their observations thereupon to the General Meeting of the Shareholders when they deem it necessary.

Article 21 - Allocations and compensation of the Board

The Board of Directors is allocated an annual compensation in the form of attendance fees, the amount of which shall be determined by the Annual General Meeting and remain in place until a contrary decision is made by the Meeting.

The Board of Directors distributes this compensation in the proportion that it deems appropriate.

Article 22 – Custodian

The Custodian is appointed by the Board of Directors. .

The Custodian performs the tasks incumbent upon it in accordance with the laws and regulations in force as well as those contractually entrusted to it by the management company.

In particular it must ensure the legality of the decisions of the management company. If necessary it must take such protective measures as it deems appropriate. In the event of a dispute with the management company, it must inform the French Financial Markets Authority (AMF).

Article 23 – The Prospectus

The Board of Directors has full powers to make any modifications thereto, necessary to ensure the proper management of the Company, pursuant to the legal and regulatory provisions applicable to SICAVs.

TITLE 4*Statutory Auditor***Article 24 - Appointment – Powers – Compensation**

The Statutory Auditor is appointed for six financial periods by the Board of Directors after approval by the AMF, among the persons authorized to exercise these duties in trading companies.

The Statutory Auditor certifies that the financial statements are true and fair.

It may be reappointed for further term(s) of office.

The Statutory Auditor is obliged to report to the AMF as soon as possible any fact or decision concerning the UCITS of which it becomes aware in carrying out its duties, and which is likely to:

1. constitute a violation of the legislative or regulatory provisions applicable to this undertaking, and have a significant impact on the financial position, income or assets;
2. adversely affect the conditions or the continuity of its operations;
3. lead to the issue reserves or refusal to certify the financial statements.

The Statutory Auditor oversees the valuation of assets, determination of exchange parities used in transformation, merger or split transactions.

The Statutory Auditor assesses all contributions or redemptions in kind under its responsibility, except in the context of redemptions in kind for an ETF on the primary market.

It checks the accuracy of the composition of the assets and other items prior to publication.

The Statutory Auditor's fees are set by mutual agreement of the Statutory Auditor and the SICAV's Board of Directors on the basis of a programme of work listing all the procedures deemed necessary.

The Statutory Auditor certifies the statements used as a basis for interim distributions.

TITLE 5*General Meetings***Article 25 - General Meetings**

General Meetings are convened and deliberate in the conditions specified by law.

The Annual General Meeting, that must approve the company's financial statements, meet as required within four months of the closing of the financial period.

The meetings take place either at the registered office, or in another place specified in the meeting invitation.

All Shareholders may participate, in person or by proxy, in the meetings upon justification of their identity and ownership of their securities, in the form, either of a registration in their name, or of the deposit of their bearer shares or of the certificate of deposit, in the places mentioned in the meeting invitation; the time in which these procedures must be carried out will expire two days prior to the date of the Meeting.

A Shareholder can be represented in compliance with the provisions of Article L.225-106 of the French Commercial Code.

The Meetings are chaired by the Chairman of the Board of Directors, or in his absence, by a Vice-chairman or by a Director appointed for this purpose by the Board.

When lacking, the Meeting itself will elect its Chairman.

The Meeting minutes are prepared and their copies are certified and delivered in compliance with the law.

TITLE 6

Annual Financial Statements

Article 26 - Financial year

The financial year begins the day after the last day of trading on the Paris stock exchange in the month of December and ends on the last day of the Paris stock exchange of the same month of the next following year.

By exception, the first financial year will include all transactions made since the date of creation until 30 December 2016.

Article 27 – Appropriation of distributable amounts

The Board of Directors approves the net income for the year, which in accordance with the provisions of the law is equal to the sum of interest payments, arrears, bonuses and lots, dividends, attendance fees and all other income relating to the securities forming the portfolio of the SICAV, plus the income from sums held as liquid assets and minus the management fees, borrowing costs and any depreciation and amortisation charges. Distributable income is equal to the net income for the year plus retained earnings (except for accumulation SICAVs), plus or minus the balance of accruals for the financial year ended.

Distributable income is made up of:

1. Net income for the year plus retained earnings and plus or minus the balance of accruals;
2. Realised capital gains, net of costs, less realised capital losses, net of costs, recognised during the year, plus any net capital gains of the same nature recognised over previous financial years which were not distributed or capitalised, plus or minus the balance of the capital gains accrual account.

The amounts referred to in 1 and 2 may be distributed in whole or in part, independently of each another.

The methods for allocating distributable amounts are set out in the prospectus.

TITLE 7

Prorogation, Dissolution, Liquidation

Article 28 - Prorogation or early dissolution

The Board of Directors may, at any time and for any reason whatsoever, propose to the Extraordinary General Meeting the prorogation, early dissolution, or liquidation of the SICAV.

The issue of new shares and the SICAV's redemption of shares from shareholders who so request ends on the day of the publication of the invitation to the General Meeting in which the early dissolution and liquidation of the company are proposed, or upon expiration of the company.

Article 29 - Liquidation

The procedures of liquidation are established in accordance with the provisions of Article L. 214-12 of the French Monetary and Financial Code.

TITLE 8*Disputes***Article 30 - Jurisdiction - Choice of Domicile**

Any and all disputes that could arise in the life of the company or of its liquidation, either between the Shareholders of the company, or between the Shareholders themselves on the subject of the company's affairs, are deemed in compliance with the law and subject to the jurisdiction of the competent courts.