



# R-co Valor

Open-ended investment fund (SICAV)

Prospectus

Updated on 1st July 2023



## R-CO VALOR

### I. General characteristics

#### FORM OF THE UCITS:

<b>Name</b>	: R-co Valor
<b>Legal form</b>	: Open-ended investment fund (SICAV) governed by French law
<b>Registered office</b>	: 29, avenue de Messine – 75008 Paris
<b>Date of incorporation</b>	: 2 October 2012
<b>Intended lifetime</b>	: 99 years

#### Fund overview:

Share class	ISIN	Allocation of amounts available for distribution	Currency of issue	Eligible investors	Minimum initial subscription amount <sup>(1) (2)</sup>
C EUR	FR0011253624	Accumulation	EUR	All investors	None Initial NAV: EUR 1,070.61
C USD	FR0012406163	Accumulation	USD	All investors	None NAV of one share: USD 1,000
C USD H	FR0012406171	Accumulation	USD*	All investors	None NAV of one share: USD 1,000
D EUR	FR0011261189	Distribution	EUR	All investors	None Initial NAV: EUR 919.79
F EUR	FR0011261197	Accumulation	EUR	All investors	None Initial NAV: EUR 995.90
M EUR	FR0011847417	Accumulation	EUR	Shares reserved for the mutual funds, employees and officers of the Rothschild & Co group	EUR 1,000 Initial net asset value: EUR 1,000
MF EUR	FR0013294238	Distribution	EUR	Shares reserved for feeder UCIs of the Rothschild & Co group	EUR 5,000 Initial NAV: equal to the NAV of the PB EUR share on the date of creation of the MF EUR share
P EUR	FR0011847409	Accumulation	EUR	See below**	EUR 5,000 or EUR 500,000 for institutional investors  Initial net asset value of one share: EUR 1,000
P CHF H	FR0012406189	Accumulation	CHF*	See below**	CHF 2,500 or CHF 500,000 for institutional investors  Net asset value at inception per share: CHF 1,000
P USD	FR0012406213	Accumulation	USD	See below**	USD 5,000 or USD 500,000 for institutional investors  Net asset value of one share : USD 1,000
P USD H	FR0012406262	Accumulation	USD*	See below**	USD 5,000 or USD 500,000 for institutional investors  Net asset value of one share share:



					USD 1,000 EUR 5,000 or EUR 500,000 for institutional investors
PB EUR	FR0013123544	Distribution	EUR	See below**	Initial net asset value of one share: EUR 1,000
R EUR	FR0013123551	Accumulation	EUR	All investors, but specifically intended for foreign distribution networks	None Initial net asset value of one share: EUR 10

<sup>1</sup> The Management Company or any other entity belonging to the same group is exempt from the initial minimum subscription obligation.

<sup>2</sup> Subsequent subscriptions may be for shares or fractions of shares, where applicable.

\* These shares are systematically hedged against the foreign exchange risk of the SICAV's reference currency.

\*\* Subscription for these shares is reserved for:

1) Investors subscribing through distributors or intermediaries:

- o subject to national laws prohibiting any retrocessions to distributors (for example, the United Kingdom and the Netherlands),

or

- o providing:
  - independent advisory service within the meaning of the European MiFID II regulation
  - individual discretionary portfolio management service
  - non-independent advisory service exclusively remunerated by the client

2) institutional investors whose minimum initial subscription amount is EUR 500,000 for the P EUR and PB EUR shares, USD 500,000 for the P USD and P USD H shares, and CHF 500,000 for the P CHF H share.

The SICAV has thirteen share classes: C EUR, C USD, C USD H, D EUR, F EUR, P EUR, M EUR, MF EUR, P CHF H, P USD, P USD H, PB EUR and R EUR. These thirteen classes differ mainly in terms of their currency of issue, their systematic hedging against foreign exchange risk, their par value, their rules for allocating amounts available for distribution, their management fees and subscription/redemption fees, and the distribution network(s) for which they are intended.

In addition, the Management Company reserves the right not to activate individual share classes, thus delaying their commercial launch.

**Where the latest annual report and the latest interim statement can be obtained:**

The latest annual and interim documents are sent within a period of eight working days of the shareholder's written request addressed to:

Rothschild & Co Asset Management  
Service commercial  
29, avenue de Messine  
75008 Paris

The Key Information Document (KID) is also available on the website: <https://am.eu.rothschildandco.com>

For further information, please contact the Management Company's client service team on (tel. +33 (0)1 40 74 40 84 or by e-mail at the following address: [clientserviceteam@rothschildandco.com](mailto:clientserviceteam@rothschildandco.com)

**II. Parties involved**

**Management company:**

Rothschild & Co Asset Management, portfolio management company approved by the AMF on 6 June 2017 under number GP-17000014.  
Limited Partnership  
29 avenue de Messine – 75008 Paris

**Depositary, Custodian and Registrar:**

Rothschild Martin Maurel  
Limited Partnership  
29, avenue de Messine



75008 PARIS

Credit institution approved by France's Prudential Control and Resolution Authority (ACPR)

Description of the Depositary's duties:

Rothschild Martin Maurel performs the duties defined by the applicable regulations, namely:

- Safekeeping of the assets of the UCITS;
- Verification of the compliance of Management Company decisions;
- Monitoring of the cash flows of the UCITS.

The Depositary is also responsible for managing the liabilities of the UCITS, which includes centralising its unit subscription and redemption orders as well as managing the issue account and share registers of the UCITS.

Supervision and management of conflicts of interest:

Rothschild Martin Maurel and the management company Rothschild & Co Asset Management belong to the same group, Rothschild & Co. In accordance with applicable regulations, they have established a policy and a procedure appropriate given their size and organisation, and the nature of their activities, in order to take reasonable measures intended to prevent conflicts of interests that could arise from this relationship.

Delegate(s):

The Depositary has delegated the safekeeping of foreign financial securities to the custodian, Bank of New York Mellon SA/NV (Belgium).

The list of entities used by Bank of New York Mellon SA/NV (Belgium) in the delegation of safekeeping duties and the information relating to conflicts of interest likely to result from such delegations are available on the website: [www.rothschildandco.com/fr/wealth-management/rothschild-martin-maurel/informations-bancaires/](http://www.rothschildandco.com/fr/wealth-management/rothschild-martin-maurel/informations-bancaires/).

Updated information will be made available to investors free of charge within eight working days on written request from the shareholder to the Depositary.

**Statutory Auditor:**

Ernst & Young et Autres  
Tour First  
TSA 14 444  
92037 Paris La Défense Cedex  
Signatory: Bernard Charrue

**Promoter:** Rothschild & Co Asset Management

**Sub-delegate:**

Rothschild & Co Asset Management shall be solely responsible for the administrative and financial management of the SICAV, without delegation to third parties, with the exception of the accounting, which is delegated in its entirety to:

CACEIS Fund Administration

89-91 rue Gabriel Péri

92120 Montrouge

**Directors:**

Detailed information concerning the identity of the SICAV's directors as well as their external roles is provided in the SICAV's annual report.

In accordance with section I.1 below, this information is also available from the promoters on request.

**Advisers:** None

**Institution responsible for centralising subscription/redemption orders:** Rothschild Martin Maurel

### **III. Management and operations**

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#### **III. 1 GENERAL CHARACTERISTICS:**

**Share characteristics:**

- ISIN:
  - C EUR share: FR0011253624
  - C USD share: FR0012406163
  - C USD H share: FR0012406171
  - D EUR share: FR0011261189
  - F EUR share: FR0011261197
  - M EUR share: FR0011847417
  - MF EUR share: FR0013294238
  - P EUR share: FR0011847409
  - P CHF H share: FR0012406189
  - P USD share: FR0012406213



- P USD H share: FR0012406262
- PB EUR share: FR0013123544
- R EUR share: FR0013123551

- Type of right attached to the share class: The rights of owners are expressed in shares, each share corresponding to a fraction of the SICAV's assets. Each shareholder is entitled to ownership of the assets of the SICAV in proportion to the number of shares held.
- Registration or liabilities management: Liabilities are managed by Rothschild Martin Maurel. The shares are admitted to trading on Euroclear France.
- Voting rights: Each shareholder has voting rights attached to the shares they own. The SICAV's articles of association set out how these voting rights can be exercised.
- Form of units or shares: Bearer. This SICAV can be used in unit-linked life insurance policies.
- Fractional units: All of the SICAV's shares are broken down into ten-thousandths of shares.

**Closing date:** Last trading day of December (1st closing: December 2013)

**Tax treatment:**

UCITS (SICAV or funds) are not subject to corporation tax on the income they receive.

Shareholders who are natural persons are subject to tax on the income when it is distributed by UCITS; the distributed income retains the same characteristics as when received by the UCITS, i.e. dividends, fixed income, interest on receivables, etc. Shareholders therefore enjoy the same tax advantages as they would on directly held securities. For legal entities that are subject to corporation tax, the same principles apply to the income distributed by UCITS. However, legal entities that are subject to corporation tax are taxed on the unrealised capital gains or losses of their portfolios invested in UCITS, unless the regime of Article 209 OA of the French General Tax Code applies.

Shareholders who are resident for tax purposes outside France are subject to the tax provisions in force in their country of residence, subject to the application of international tax treaties.

This SICAV can be used in unit-linked life insurance policies.

**III.2 SPECIAL PROVISIONS:**

- ISIN:
  - C EUR share: FR0011253624
  - C USD share: FR0012406163
  - C USD H share: FR0012406171
  - D EUR share: FR0011261189
  - F EUR share: FR0011261197
  - M EUR share: FR0011847417
  - MF EUR share: FR0013294238
  - P EUR share: FR0011847409
  - P CHF H share: FR0012406189
  - P USD share: FR0012406213
  - P USD H share: FR0012406262
  - PB EUR share: FR0013123544
  - R EUR share: FR0013123551

**Delegation of financial management:** No

**Investment objective:** The objective of R-co Valor is to seek performance from investments in global equity and fixed-income markets by implementing a discretionary management approach based primarily on the selection of financial instruments on the basis of a financial analysis of issuers.

**Benchmark:** The SICAV does not have a benchmark, as the investment process is based on selecting securities by applying fundamental criteria other than the criterion of belonging to a market index.

In addition, the portfolio management team chooses the equity or fixed-income asset class on the basis of market circumstances, which are not reflected in a benchmark index.

In accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the Management Company has a procedure for monitoring the benchmarks used that describes the measures to be implemented in the event of substantial changes to an index or if an index ceases to be provided.

The SICAV is managed actively on a discretionary basis. The SICAV is not managed with reference to a benchmark index.

This UCITS is not an index-linked UCITS.



## Investment strategies:

### **1. Description of strategies used:**

The Management Company follows a rigorous quantitative and qualitative selection process (as described below) to invest the R-co Valor SICAV in fixed-income or convertible products and in fixed-income UCITS, as well as in equity products and UCITS, based on market opportunities. The SICAV may invest up to 10% of its assets in UCITS.

- **Strategic allocation:** to achieve its investment objective, the SICAV invests based on market opportunities in fixed-income or convertible products and, on an ancillary basis, in fixed-income UCITS as well as equities and equity UCITS.

The SICAV may therefore invest:

- ✓ Between 0 and 100% in fixed-income products issued by governments or private issuers, whether investment grade or not, with a maximum of 20% in high-yield bonds, and up to 10% of the SICAV's assets in non-rated securities.
- ✓ Between 0 and 100% in equities irrespective of market capitalisation,
- ✓ Between 0 and 10% in UCITS.

The SICAV may also invest in forward financial instruments traded on French and foreign regulated or over-the-counter markets (repurchase agreements, interest rate, index and currency swaps, forward exchange contracts, securities lending and borrowing, and equity, interest rate, currency and index futures and options) in order to achieve its investment objective (discretionary management). To do this, it hedges its portfolio and/or exposes it to business sectors, geographical regions, currencies, interest rates, equities, securities and equivalent instruments, and indices.

Direct and indirect equity exposure, including any off-balance sheet exposure, shall not exceed 100%. Direct and indirect fixed-income exposure, including any off-balance sheet exposure, will serve to keep the portfolio's modified duration within a range of -1 and 9.

Direct and indirect exposure to foreign exchange risk, including any off-balance sheet exposure, shall not exceed 100%.

The overall exposure to equities, foreign exchange risk and fixed-income markets, including exposure resulting from the use of forward financial instruments, will not exceed 200% of assets.

Up to 100% of the SICAV's assets may be exposed, directly and indirectly, to non-OECD countries (including emerging countries), and up to 20% to small caps (including micro caps).

Foreign exchange risk for shareholders.

### • **Selection of underlyings:**

- **For the equity product segment, the criterion for selecting securities is as follows:**

The management process for the UCITS combines a top-down and bottom-up approach, thus identifying two sources of added value:

- Sector allocation is based on an analysis of the economic and financial environment.
- Securities selection is based on a fundamental approach that involves two steps:
  - A quantitative analysis to determine the attractiveness of the valuation using multiples tailored to each industry (Enterprise Value/Capital Employed, Enterprise Value/EBITDA, P/E, etc.).
  - A qualitative analysis based on an understanding of the competitive situation and profitability drivers (supply/demand imbalance, cost-benefit analysis, patents, brands, regulations, etc.).

- **For the fixed-income segment, the following three sources of added value are used for management:**

- 1) **Modified duration:** The portfolio's modified duration is increased if the portfolio manager anticipates a decline in interest rates and vice versa.

**Credit risk exposure:** The management process for the UCITS combines a top-down and bottom-up approach, thus identifying two sources of added value:

- Sector and geographical allocation is based on an analysis of the economic and financial environment. This analysis identifies the long-term risks and issues influencing pricing. This specifically includes an analysis of default histories and the competitive situation.
- Securities selection is based on a fundamental approach that involves two steps:
  - A quantitative analysis based on the probability of default:
    - using a broad range of public data and statistics on each company,
    - comparing this data to that of companies in the same economic sector,
    - determining a theoretical valuation and comparing this to the market valuation.
  - A qualitative analysis based on:
    - the sustainability of the sector,
    - a study of the competitive environment,
    - an understanding of the balance sheet,



- an understanding of profitability drivers (supply/demand imbalance, cost-benefit analysis, patents, brands, regulations, etc.),
  - an understanding of debt schedules (balance sheet and off-balance sheet),
- determining the probability of survival within the sector.
- 2) **Yield curve positioning:** Depending on the manager's expectations regarding the flattening or steepening of the yield curve, securities with short and very long maturities will be prioritised over those with intermediate maturities, or vice versa.

o **For the UCITS and AIF component, the criterion for selecting securities is as follows:**

UCITS and AIFs will be selected based on a top-down approach by asset class, This selection will be taken primarily from the Rothschild & Co group range.

The Management Company does not rely exclusively or automatically on credit ratings issued by rating agencies but undertakes its own analysis to assess the credit quality of fixed-income instruments.

Extra-financial criteria:

The portfolio's investment universe is the MSCI ACWI index, the iBoxx Euro Corporates Overall index, the ICE BofA Euro High Yield index and the Bloomberg Global Treasury index; portfolio stocks not included in these indices will be added to the initial investment universe. The Management Company may select securities which are not included in the benchmarks that make up its investment universe. However, it will ensure that the benchmarks chosen provide an appropriate basis of comparison for the UCI's ESG credentials.

The securities in the portfolio's investment universe are first subject to a study of their profile with respect to Environmental, Social and Governance (ESG) criteria. The positive contribution of ESG criteria may be taken into consideration in investment decisions, without being a decisive factor in such decisions.

The percent share of positions analysed on the basis of extra-financial criteria will be permanently higher than:

- i. 90% of the portion of net assets invested in equities issued by companies with a market capitalisation of over EUR 10 billion that have their registered office in a developed country, debt securities and money market instruments with an investment grade credit rating, and sovereign debt issued by developed countries;
- ii. 75% of the portion of net assets invested in equities issued by companies with a market capitalisation of less than EUR 10 billion or with their registered office located in an emerging country, debt securities and money market instruments with a high-yield credit rating, and sovereign debt issued by emerging countries.

The extra-financial rating of the portfolio is higher than the rating of the initial investment universe.

The extra-financial ratings used are mainly those of the external extra-financial research provider MSCI ESG Research. MSCI ESG Research rates companies from CCC to AAA (AAA being the best rating).

The ratings are attributed by sector using a best-in-class approach. This approach favours the companies with the best extra-financial ratings within their business sector, but does not favour or exclude any sector.

We reserve the right to rate the issuers not covered by the research of MSCI ESG Research to which we have access using reliable data sources and a comparable analysis grid.

Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector as amended (SFDR) lays down the rules for transparency with regard to the integration of sustainability risks in investment decisions, the consideration of adverse sustainability impacts and the disclosure of Environmental, Social and Governance (ESG) and sustainability-related information.

A sustainability risk means an ESG event or condition that, if it occurs, could cause a negative material impact on the value of a fund's investment. A sustainability risk can either be a risk on its own, or have an impact on other risks and can contribute significantly to risks such as market risk, operational risk, liquidity risk or counterparty risk. Sustainability risks can have an impact on long-term returns adjusted according to the risks for investors. The assessment of sustainability risks is complex and can be based on ESG data that is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there is no guarantee that this data will be correctly evaluated.

The Management Company integrates sustainability-related risks and opportunities into its research, analysis and investment decision processes in order to improve its ability to manage risks more comprehensively and to generate lasting long-term returns for investors.

The SICAV promotes certain environmental and social characteristics within the meaning of Article 8 of the SFDR and good governance practices. For further details, please refer to the "Environmental and/or social characteristics" document appended to this prospectus. Sustainability risks are integrated into investment decisions, as described in the extra-financial criteria above, as well as through exclusion policies, the extra-financial rating of the portfolio, the engagement policy, the ESG controls set up and adherence to the carbon policy of Rothschild & Co.



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

The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The underlying investments of the financial product that take into account the EU criteria for environmentally sustainable economic activities represent a minimum alignment commitment of 0% of investments.

The management company takes the adverse sustainability impacts of investment decisions into account, and states how the product in question considers them, transparently and pragmatically, in its Principal Adverse Impacts Policy.

Investments will comply with the ESG policy, and Principal Adverse Impacts Policy, which are available at: <https://am.fr.rothschildandco.com/en/responsible-investing/documentation/>.

## **2. Description of asset classes:**

The asset classes included in the composition of the assets of the UCITS are as follows:

- **Equities:** investment and/or exposure between 0-100% of net assets  
In accordance with the holding range specified in the table below, the SICAV will invest in and/or be exposed to equity products. The sector and geographical breakdown of issuers is not determined in advance and will be determined according to market opportunities.  
In all cases, in accordance with the holding range specified below, the equity allocation (investment and/or exposure) is between 0% and 100% of the SICAV’s assets across all industrial sectors and market capitalisations (with a maximum of 20% in small caps, including micro caps, and 100% in equities in non-OECD countries, including emerging countries)
- **Debt securities, money market instruments and bonds:** investment and/or exposure between 0-100% of net assets  
In accordance with the holding range specified below, the SICAV will invest in or be exposed to bonds and other negotiable debt securities (in particular short-term negotiable securities, including certificates of deposit and treasury notes issued before 31 May 2016 and Euro Commercial Paper) at fixed, variable, or adjustable rates, participating securities, index-linked bonds and convertible bonds (up to a maximum of 20%). The SICAV may invest up to 100% of its net assets in callable and puttable bonds (including make-whole call bonds: bonds that can be redeemed at any time by the issuer, at an amount including both the nominal amount and the coupons that the holder would have received had the security been redeemed at maturity). The corporate/government debt distribution is not determined in advance and will be determined based on market opportunities. In all cases, exposure to high-yield bonds shall not exceed 20%. Investments in non-rated securities may represent up to 10% of the SICAV’s assets.
- **Shares or units held in other UCITS, AIFs, or foreign investment funds:** 0-10% of net assets  
Within the holding range specified below, the SICAV may hold:
  - units or shares of French and/or European UCITS subject to European Directive 2009/65/EC that may invest no more than 10% of their assets in units or shares of other UCIs or investment funds.
  - units or shares of other French or foreign UCIs, or foreign investment funds (European and non-European), which meet the four conditions set out by Article R. 214-13 of the French Monetary and Financial Code.
  - units or shares of UCIs as defined above, managed by the Rothschild & Co group.
- **For each of the classes mentioned above:**

	Equities	Fixed-income products	UCIs
Holding ranges	0-100%	0-100%	0-10%
investment in small caps (including micro caps)	0-20%	None	0-10%
investment in financial instruments of non-OECD countries (including emerging countries)	0-100%	0-100%	0-10%
Investment restrictions imposed by the Management Company	None	None	None

## **3. Use of derivatives:**

The UCITS may invest in regulated, organised, or OTC markets. The portfolio manager will invest in equity, interest rate and foreign exchange risk. In order to achieve the (discretionary) investment objective, these investments will be carried out for the purposes of portfolio hedging (sale of futures) and/or exposure, in order to reconstitute synthetic exposure to assets (purchase of futures). In particular, the portfolio manager may invest in repurchase agreements, interest rate,





index and currency swaps, forward exchange contracts, securities lending and borrowing, and equity, interest rate, currency and index futures and options.

Option strategies: depending on the portfolio manager's expectations regarding changes in the volatility and prices of the underlying instruments, the portfolio manager will sell or buy equity, fixed-income, and currency options. For example, if a sharp rise in the market is anticipated, the portfolio manager will buy calls; if it appears that the market will rise slowly with high implied volatility, the portfolio manager will sell puts. Conversely, if a significant market downturn is anticipated, the portfolio manager will buy puts. Lastly, if it appears that the market cannot rise any further, the portfolio manager will sell calls.

The portfolio manager may combine these various strategies.

The portfolio's direct and indirect equity exposure, including exposure resulting from the use of forward financial instruments, will not exceed 100%.

The portfolio's direct and indirect exposure to the fixed-income market, including exposure resulting from the use of forward financial instruments, will allow the portfolio's modified duration to remain within a range of between -1 and 9.

The portfolio's direct and indirect exposure to foreign exchange risk, including exposure resulting from the use of derivative instruments, will not exceed 100%.

The overall exposure to equities, foreign exchange risk and fixed-income markets, including exposure resulting from the use of forward financial instruments, will not exceed 200% of assets.

Please note that the fund shall not use Total Return Swaps (TRS).

#### Information related to counterparties of over-the-counter derivatives:

Counterparties, which may or may not be credit institutions, are selected in accordance with the procedure in force within the Rothschild & Co group on the basis of selection criteria that form part of an ad hoc internal process. The Management Company may regularly select the Depository as its counterparty for OTC forex derivatives.

In particular, this involves:

- approval of the counterparties at the end of this internal selection process, which takes into account criteria such as the nature of the activities, expertise, reputation, etc.
- a limited number of financial institutions with which the UCITS trades.

#### **4. Securities with embedded derivatives:**

To achieve its (discretionary) investment objective, particularly in managing its exposure to equity, currency and fixed-income markets, the use of securities with embedded derivatives is restricted to 100% of net assets. To achieve its investment objective, this includes the use of (i) subscription warrants, (ii) warrants, (iii) callable and puttable bonds including make-whole call bonds (up to 100% of net assets), (iv) convertible bonds (up to 20% of net assets), and securities with simple embedded derivatives that have a risk similar profile to that of the previously listed instruments.

The portfolio's overall equity exposure, including exposure resulting from the use of securities with embedded derivatives, will not exceed 100%.

The portfolio's overall exposure to the fixed-income market, including exposure resulting from the use of securities with embedded derivatives, will allow the portfolio's sensitivity to remain within a range of -1 to 9.

The portfolio's overall exposure to foreign exchange risk, including exposure resulting from the use of securities with embedded derivatives, will not exceed 100%.

The overall exposure to equities, foreign exchange risk and fixed-income markets, including exposure resulting from the use of securities with embedded derivatives, will not exceed 200% of assets.

#### **5. Deposits:**

The UCITS may invest up to 20% of its assets in euro deposits with a maturity of up to three months in order to earn a return on its cash.

#### **6. Cash borrowings:**

The UCITS may take out loans in the amount of up to 10% of its assets, particularly in order to offset deferred payment terms for asset movements.

#### **7. Securities financing transactions:**

- General description of transactions:

- Purpose of the transactions:

Securities financing transactions will be carried out in accordance with the French Monetary and Financial Code. They will be conducted for the purposes of cash management and/or optimisation of the UCI's income.

- Type of transactions used:

These transactions will consist of securities lending and borrowing and/or repurchase and reverse repurchase agreements, for fixed-income products or credit products (debt securities and money market instruments) of issuers in OECD member countries.

- General information for each type of transaction:

- Level of intended use:



Up to 100% of the UCI's assets may be used in securities financing transactions involving temporary disposals (securities lending, repurchase agreements) and temporary purchases (securities borrowing, reverse repurchase agreements) of securities. The expected proportion of assets under management that will be used in this type of transaction is 10% of assets.

○ Remuneration:

Additional information regarding remuneration is provided in the section entitled "Fees and expenses".

• Information on counterparties, collateral, and risks:

○ Collateral:

The collateral received as part of these transactions will be the subject of a discount according to the principle described in the "Information about the UCI's financial collateral" section. The collateral will be held by the Depositary of the UCI. For more information regarding collateral, refer to the section entitled "Information regarding the financial collateral of the UCI".

○ Selection of Counterparties:

A procedure is used to select the counterparties for these transactions in order to avoid the risk of any conflicts of interest when such transactions are used. These counterparties will be credit institutions with their registered office in a member state of the European Union and a minimum rating of BBB. Additional information on the procedure for selecting counterparties is provided in the section entitled "Fees and expenses".

○ Risks: refer to the "Risk profile" section.

**Information regarding the financial collateral of the UCI:**

As part of securities financing transactions and transactions in OTC derivatives, the UCI may receive cash or securities (such as bonds or securities issued or guaranteed by a government, or issued by international lending agencies, and bonds or securities issued by high-quality private issuers) as collateral. There is no correlation policy insofar as the UCI will receive mainly eurozone government securities and/or cash as collateral.

Cash received as collateral is reinvested in accordance with the applicable rules.

All of these assets must be issued by high-quality, liquid, low-volatility and diversified issuers, and are not affiliated to the counterparty or its group.

Discounts may be applied to the collateral received; they shall take into account, in particular, the credit quality and the volatility of the prices of the securities. The valuation is performed at least on a daily basis.

The Fund must be able to fully realise any financial collateral received, at any time and without consultation with or approval from the counterparty.

Financial collateral other than in cash must not be sold, reinvested, or pledged.

Financial collateral received in cash may only be:

- placed in deposit accounts;
- invested in high-quality government bonds;

used for the purposes of reverse repurchase agreements, provided that these agreements are concluded with credit institutions subject to prudential supervision and that the UCI can, at any time, recall the total amount of cash, taking into account the accrued interest; or

- invested in money market collective investment schemes.

**Risk profile:**

1. Risk associated with discretionary management: The discretionary management style is based on anticipating trends in the various markets (equity, fixed-income). There is the risk that the UCITS will not always be invested in the best-performing markets.

2. Equity market risk:

The SICAV may experience a risk:

- a. associated with direct and indirect investments in equities;
- b. associated with direct and indirect investments in large, mid, and small caps (including micro caps);
- c. associated with direct and indirect investments in non-OECD markets (including emerging countries); such investments are limited to 100% of assets;

**Investors should note that the way the non-OECD markets (including emerging countries), in which the SICAV will invest, operate and are supervised may differ from the standards prevailing in major international markets.**

Any downturn in the equity market may thus cause the SICAV's net asset value to decline.

3. Interest rate risk:

Risk associated with investments in fixed-income products. Therefore, if interest rates increase, the net asset value of the SICAV may decline;

4. Credit risk: the risk of a deterioration in the credit quality of, or a default by, an issuer included in the portfolio, or a default by a counterparty to an over-the-counter transaction (swap or repurchase agreement). As such, in the event of an increase in credit spreads, any long exposure to credit risk may result in a fall in the SICAV's net asset value. Similarly, in the event of a decrease in credit spreads,



- any short exposure to credit risk may result in a decline in the net asset value of the SICAV. Nevertheless, exposure to high-yield debt shall not represent more than 20% of assets.
5. **Foreign exchange risk:** The holder may be exposed to foreign exchange risk up to a maximum of 100%. Some assets are expressed in a currency other than the SICAV's accounting currency; changes in exchange rates may therefore cause the net asset value of the UCITS to decline;
  6. **Counterparty risk:**  
The UCITS may use securities financing transactions and/or forward financial instruments (over-the-counter derivatives). These transactions, entered into with a counterparty, expose the UCITS to a risk of the counterparty's default, which may cause the net asset value of the UCITS to decline. Nevertheless, the counterparty risk may be limited by the collateral pledged to the UCITS in accordance with the regulations in force.
  7. **Risk associated with securities financing transactions:** In addition to the counterparty risk previously mentioned, the use of these techniques and the management and reuse of the associated collateral involve certain specific risks such as: the potential lack of liquidity in any of the instruments used; potential risks regarding the legal documentation, the application of the contracts, and their limits; operational and custodial risks; a risk of incorrect valuation; and counterparty risk. If use of these transactions proves to be inadequate, ineffective, or a failure due to market conditions, the UCI may suffer significant losses that will have a negative effect on its net asset value.
  8. **Risk that the performance of the UCITS does not comply with its objectives.**
  9. **Risk of capital loss:** shareholders have no capital guarantee.
  10. **Liquidity risk:** Risk associated with low liquidity in certain underlying markets, which makes them vulnerable to substantial buy/sell flows.
  11. **Risk related to extra-financial (ESG) criteria:**  
The incorporation of sustainability risks in the investment process and responsible investing are based on the use of extra-financial criteria. Their application may lead to the exclusion of issuers, meaning market opportunities may be lost. As a result, the performance of the UCITS may be higher or lower than that of a UCITS that does not incorporate these criteria.  
ESG data, whether coming from internal or external sources, are derived from assessments that are not subject to strict market standards. This leaves room for subjectivity, and can result in very different ratings for an issuer from one provider to another. Moreover, ESG criteria can be incomplete or inaccurate. There is a risk of inaccurate assessment of a security or an issuer.  
These different aspects make it difficult to compare strategies incorporating ESG criteria.
  12. **Sustainability risk:** an environmental, social or governance-related event or condition that, if it occurs, could have a real or potential negative impact on the value of the investment. The occurrence of this type of event or condition may also result in a change in the fund's investment strategy, including the exclusion of the securities of certain issuers. More specifically, the negative effects of sustainability risks can affect issuers via a series of mechanisms, in particular: 1) a drop in revenues; 2) higher costs; 3) damage or impairment to the value of the assets; 4) a higher cost of capital; and 5) fines or regulatory risks. Due to the nature of sustainability risks and specific issues such as climate change, the probability that sustainability risks will have an impact on the returns of financial products is likely to increase in the longer term.

**Guarantee or protection:** None

**Eligible investors:** All investors (see summary table of share characteristics).

The shares of this UCITS are not and will not be registered in the United States pursuant to the US Securities Act of 1933, as amended, or admitted under any law of the United States. These shares may not be offered, sold, or transferred in or to the United States (including its territories and possessions) or benefit, directly or indirectly, any US Person (within the meaning of Regulation S of the US Securities Act of 1933) or equivalent (as referred to in the US HIRE Act of 18 March 2010 and in the FATCA framework).

**Typical investor profile:**

This UCITS is intended for investors seeking an investment vehicle with a diversified allocation that provides exposure to fixed-income products and/or equities, depending on market opportunities.

The amount that can be reasonably invested in this UCITS depends on each investor's personal situation. To determine this amount, investors must consider their personal wealth/assets, their current needs, and their needs over the recommended investment period, as well as their willingness to take risks or, otherwise, their preference for a cautious investment approach. Investors are also strongly advised to diversify their investments sufficiently so as not to be exposed solely to the risks of this UCITS.

**Recommended investment period:** More than 5 years

**Establishment and allocation of amounts available for distribution:**

Net income for the year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to the securities held in the portfolio of the SICAV, plus income from temporary cash holdings, less management fees and borrowing costs.



Amounts available for distribution consist of the following:

- 1) net income for the year, plus retained earnings, and plus or minus the income equalisation account;
- 2) realised capital gains, net of charges, minus realised capital losses, net of expenses recognised for the year, plus net capital gains of the same nature recognised in prior years that were not distributed or accumulated, minus or plus the capital gains equalisation account.

The amounts indicated in points 1) and 2) above may be accumulated and/or distributed and/or retained, independently of each other, in whole or in part.

Amounts available for distribution must be paid within a maximum period of five months after the year-end.

- C EUR, C USD, C USD H, F EUR, M EUR, P EUR, P CHF H, P USD, P USD H and R EUR shares: accumulation shares
- D EUR, MF EUR and PB EUR shares: distribution shares, full distribution of net income as defined in 1) above; the general meeting may distribute (fully or partially) and/or carry forward (fully or partially) the capital gains or losses defined in 2) above.

For accumulation shares: amounts available for distribution shall be fully accumulated, with the exception of those amounts that are subject to compulsory distribution by law.

For distribution shares: full distribution of the net income as defined in 1) above, concerning the capital gains or losses defined in 2) above, the management company may, each year, accumulate them (fully or partially) and/or distribute them (fully or partially) and/or carry them forward (fully or partially).

**Distribution frequency:**

- C EUR, C USD, C USD H, F EUR, M EUR, P EUR, P CHF H, P USD, P USD H and R EUR shares: amounts available for distribution are fully accumulated.
- D EUR, MF EUR and PB EUR shares: Annual on the decision of the general meeting. Interim distributions may be made on the decision of the Board of Directors.

**Share characteristics:**

Share class	ISIN	Allocation of amounts available for distribution	Fractional shares	Currency of issue	Eligible investors	Minimum initial subscription amount <sup>(1) (2)</sup>
C EUR	FR0011253624	Accumulation	Ten-thousandths	EUR	All investors	None Initial NAV: EUR 1,070.61
C USD	FR0012406163	Accumulation	Ten-thousandths	USD	All investors	None NAV of one share: USD 1,000
C USD H	FR0012406171	Accumulation	Ten-thousandths	USD*	All investors	None NAV of one share: USD 1,000
D EUR	FR0011261189	Distribution	Ten-thousandths	EUR	All investors	None Initial NAV: EUR 919.79
F EUR	FR0011261197	Accumulation	Ten-thousandths	EUR	All investors	None Initial NAV: EUR 995.90
M EUR	FR0011847417	Accumulation	Ten-thousandths	EUR	Shares reserved for the mutual funds, employees and officers of the Rothschild & Co group	EUR 1,000 Initial net asset value: EUR 1,000
MF EUR	FR0013294238	Distribution	Ten-thousandths	EUR	Shares reserved for feeder UCIs of the Rothschild & Co group	EUR 5,000 Initial NAV: equal to the NAV of the PB EUR share on the date of creation of the MF EUR share
P EUR	FR0011847409	Accumulation	Ten-thousandths	EUR	See below**	EUR 5,000 or EUR 500,000 for institutional investors  Initial net asset value of one share: EUR 1,000
P CHF H	FR0012406189	Accumulation	Ten-thousandths	CHF*	See below**	CHF 2,500 or CHF 500,000 for institutional investors  Net asset value at inception



						per share: CHF 1,000
P USD	FR0012406213	Accumulation	Ten-thousandths	USD	See below**	USD 5,000 or EUR 500,000 for institutional investors  Net asset value of one share : USD 1,000
P USD H	FR0012406262	Accumulation	Ten-thousandths	USD*	See below**	USD 5,000 or EUR 500,000 for institutional investors  Net asset value of one share share: USD 1,000
PB EUR	FR0013123544	Distribution	Ten-thousandths	EUR	See below**	EUR 5,000 or EUR 500,000 for institutional investors  Initial net asset value of one share: EUR 1,000
R EUR	FR0013123551	Accumulation	Ten-thousandths	EUR	All investors, but specifically intended for foreign distribution networks	None Initial net asset value of one share: EUR 10

<sup>1</sup> The Management Company or any other entity belonging to the same group is exempt from the initial minimum subscription obligation.

<sup>2</sup> Subsequent subscriptions may be for shares or fractions of shares, where applicable.

\* These shares are systematically hedged against the foreign exchange risk of the SICAV's reference currency.

\*\* Subscription for these shares is reserved for:

1) Investors subscribing through distributors or intermediaries:

- o subject to national laws prohibiting any retrocessions to distributors (for example, the United Kingdom and the Netherlands),

or

- o providing:
  - independent advisory service within the meaning of the European MiFID II regulation
  - individual discretionary portfolio management service
  - non-independent advisory service exclusively remunerated by the client

2) institutional investors whose minimum initial subscription amount is EUR 500,000 for the P EUR and PB EUR shares, USD 500,000 for the P USD and P USD H shares, and CHF 500,000 for the P CHF H share.

The SICAV has thirteen share classes: C EUR, C USD, C USD H, D EUR, F EUR, P EUR, M EUR, MF EUR, P CHF H, P USD, P USD H, PB EUR and R EUR. These thirteen classes differ mainly in terms of their currency of issue, their systematic hedging against foreign exchange risk, their par value, their rules for allocating amounts available for distribution, their management fees and subscription/redemption fees, and the distribution network(s) for which they are intended.

In addition, the Management Company reserves the right not to activate individual share classes, thus delaying their commercial launch.

#### **Subscriptions and redemptions:**

Subscription and redemption requests are received and centralised each day at 4:00 pm (D-1) at Rothschild Martin Maurel and executed on the basis of the net asset value of the following business day (D). Settlements relating to subscriptions and redemptions take place on the second business day following execution (D+2).

Orders are executed in accordance with the table below:



D-1 business day	D-1 business day	D: day of NAV calculation	D+1 business day	D+2 business days	D+2 business days
Centralisation of subscription orders before 4 pm <sup>1</sup>	Centralisation of redemption orders before 4 pm <sup>1</sup>	Execution of the order no later than day D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

<sup>1</sup> Unless otherwise agreed with your financial institution.

**Receipt of subscriptions and redemptions:** Rothschild & Co Asset Management – 29, avenue de Messine – 75008 Paris / Rothschild Martin Maurel – 29, avenue de Messine – 75008 Paris.

**Net asset value calculation:**

The net asset value is calculated on every day that the Paris stock exchange is open, with the exception of French public holidays.

**Location and methods of publication or communication of the net asset value:**

The net asset value is published on the Management Company's website: <https://am.eu.rothschildandco.com>

**Condition for share exchanges:**

Exchange requests are received and centralised each valuation day and executed on the basis of the net asset value of the shares on the following business day. Any fractional shares are either settled in cash, or cash must be added to subscribe for an additional share, which will be exempt from any subscription fee.

Switches from one share class in the SICAV to another are regarded as a disposal followed by a subscription and as such are subject to the tax system applicable to capital gains on disposals of securities.

**Fees and expenses**

**SUBSCRIPTION AND REDEMPTION FEES:**

Subscription and redemption fees respectively increase the subscription price paid by the investor or decrease the redemption price received. Fees retained by the UCITS are used to offset the costs incurred by the UCITS to invest or divest investors' monies. Any fees not retained are paid to the Management Company, promoter, distributor, etc.

Fees charged to the investor, deducted at the time of subscription and redemption	Base	Rate
Subscription fee not retained by the UCITS	Net asset value X number of shares	<u>C EUR, C USD, C USD H and D EUR shares</u> : 3% maximum <u>F EUR, MF EUR, P EUR, P CHF H, P USD, P USD H and PB EUR shares</u> : 2,5% maximum <u>M EUR shares</u> : 5% maximum <u>R EUR shares</u> : None
Subscription fee payable to the UCITS	Net asset value X number of shares	None
Redemption fee not retained by the UCITS	Net asset value X number of shares	None
Redemption fee payable to the UCITS	Net asset value X number of shares	None

Exchanges of M EUR shares are not subject to a fee. Exchanges of shares other than M EUR shares may be subject to a fee.

In the event of redemption followed by subscription, on the same day, in the same share class, and for the same amount on the basis of the same net asset value, no subscription and/or redemption fees will be charged.

**OPERATING EXPENSES AND MANAGEMENT FEES:**

These fees cover all costs billed directly to the UCITS, including auditors' fees, with the exception of transaction costs. Transaction costs include intermediation fees (brokerage, etc.) and turnover commissions, where applicable, which may be charged by the Depositary and the Management Company, in particular.

The following may be added to the operating expenses and management fees:

- performance fees. These reward the Management Company if the UCITS exceeds its objectives. They are therefore charged to the UCITS;
- turnover commissions charged to the UCITS;
- a share of the income from securities financing transactions.



A portion of the management fees for certain share classes may be passed on to promoters and distributors. For more information on the charges actually billed to the UCITS, refer to the Key Information Document (KID).

	Fees charged to the UCITS	Base	Rate
1	Financial management fees	Net assets	<u>C EUR, C USD, C USD H and D EUR shares:</u> 1.196% maximum until 31 December 2017 / 1.45% maximum from 1 January 2018 <u>F EUR shares:</u> 1.80% maximum <u>M EUR shares:</u> 0.001% maximum <u>MF EUR, P EUR, P CHF H, P USD, P USD H and                      PB EUR shares:</u> 0.90% maximum until 31 December 2017 / 0.95% maximum from 1 January 2018 <u>R EUR shares:</u> 2.30% maximum
2	Administrative fees not paid to the Management Company		
3	<u>Maximum indirect fees:</u> - <u>management fees</u> - <u>other fees:</u> - subscription: - redemption:	Net assets	Not applicable
4	<u>Service providers collecting turnover                      commissions:</u> Depository: between 0% and 50% Management Company: between 50% and 100%	Payable on each transaction	0.03% on bonds 0.30% on French equities 0.44% on foreign equities 0.50% on structured products €30 per contract on futures in euro €60 per contract on futures not in euro €0.20 per batch on options €100 per transaction on interest rate swaps
5	Performance fee	Net assets	None

Securities lending or borrowing is charged on a pro rata temporis basis according to a fixed or variable rate depending on market conditions.

Securities financing transactions:

For its securities financing transactions involving the sale of securities, the service provider of the SICAV shall be one or more credit institutions having their registered office in a member state of the European Union. The service providers will act independently of the SICAV and will systematically be counterparties of the market transactions. These service providers may belong to the Rothschild & Co group or an entity of the group to which it belongs (hereinafter the "Entity"). As such, the Entity carrying out these transactions may generate a potential conflict of interest.

No remuneration is retained by the Depository (as part of its custodian function) or the Management Company for securities financing transactions. All income from these transactions is received in full by the UCITS. These transactions generate costs that are borne by the UCITS; the Entity may not charge more than 50% of the income generated by these transactions.

In addition, the Management Company does not receive any soft commission.

Research-related expenses within the meaning of Article 314-21 of the AMF's General Regulation can be charged to the SICAV.

For any additional information, please refer to the SICAV's annual report.

Financial intermediary selection procedure:

The Management Company may in some cases use brokers to invest in other financial instruments. In these cases, the UCI may be charged brokerage fees.

When the Management Company trades other types of assets listed on a market (shares or units of UCITS, AIFs or foreign open-ended investment funds, shares or units of closed-end investment companies, forward financial instruments, etc.), it selects its financial intermediaries on the basis of a policy that takes into account quantitative criteria (price) and qualitative criteria (market position, internal organisation, speed, etc.), which are determined with reference to an internal assessment grid.

As this type of transaction is not predominant, Rothschild & Co Asset Management may select only one intermediary for their execution.



#### **IV. Commercial information**

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Modifications requiring special notification to shareholders will be reported to each identified shareholder or via Euroclear France for unidentified shareholders in the form of an information notice.

Modifications not requiring special notification to shareholders will be communicated either in the SICAV's interim documents available from the Depositary, in the press, on the Management Company's website (<https://am.eu.rothschildandco.com>), or by any other means in compliance with AMF regulations.

Repurchase or redemption of shares is carried out by Rothschild Martin Maurel.

Information on the procedures for incorporating criteria relating to compliance with social, environmental and governance objectives in the investment policy is available in the annual report of the UCITS and on the Management Company's website: <https://am.eu.rothschildandco.com>

The portfolio's composition may be sent to professional investors subject to supervision by the ACPR, the AMF, or equivalent European authorities, or to their service providers, with a confidentiality commitment, in order to meet their regulatory requirements related to Directive 2009/138/EC (Solvency II). It will be sent in accordance with the provisions defined by the AMF with a period not less than 48 hours after publication of the net asset value.

For any additional information, shareholders may contact the Management Company.

#### **V. Investment rules**

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Overall risk associated with financial contracts is calculated using the commitment method. This SICAV will comply with the regulatory ratios applicable to UCITS funds investing less than 10% in other UCITS.

#### **VI. Asset valuation and accounting rules at the approval date**

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The UCITS has adopted the EUR as its reference currency.

Securities traded on an exchange are valued at closing prices.  
Derivatives are valued at settlement prices.

Interest is recognised using the accrued interest method.

UCITS are valued at the last known price.  
Treasury bills are valued at the market rate.

Negotiable debt securities with a residual life of more than three months are valued at the market rate, with the exception of variable-rate or adjustable-rate negotiable debt securities not presenting any particular market sensitivity.

A simplified linearisation method is applied for negotiable debt securities with a remaining life of less than three months and not presenting any particular market sensitivity, on the basis of the crystallised three-month rate.

Repurchase agreements and sales with an option to repurchase are valued at the contract price.

Financial collateral is marked to market on a daily basis, in compliance with the valuation rules described above.

OATs are valued on the basis of the average contributor price

Currency futures are valued at the daily fixing price, plus a variable premium/discount depending on the maturity and currencies of the contract.

Credit default swaps (CDS) are valued as follows:

- for the leg representing the premium: pro rata temporis value of this premium
- for the leg representing the credit risk: according to the market price

Additions to the portfolio are recognised at their acquisition price, excluding costs.





## ***VII. Remuneration***

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In compliance with Directive 2009/65/EC, Rothschild & Co Asset Management, as the delegated financial portfolio manager of the SICAV, has drawn up and applies remuneration policies and practices compatible with sound and efficient risk management and that do not encourage risk taking incompatible with the SICAV's risk profiles and regulatory documents and that do not undermine the obligation to act in its best interests.

The remuneration policy complies with the economic strategy, objectives, values and interests of the SICAV and investors and includes measures aimed at avoiding conflicts of interest.

In addition, as a management company for AIFs and UCITS, Rothschild & Co Asset Management also applies the AIFM and UCITS Directives.

The provisions of the AIFM and UCITS Directives are applicable to the following functions:

- General Management (excluding Associate Managing Directors)
- Managers of AIFs and UCITS
- Development and marketing managers
- Head of internal control and compliance
- Risk functions (operations, trading, etc.)
- Administrative managers
- Any other employee with a significant impact on the risk profile of the company or the AIF/UCITS it manages, and whose overall remuneration is situated in the same remuneration tranche as other risk takers.

The remuneration policies and practices of Rothschild & Co Asset Management apply to all staff members, with specific rules on deferred variable remuneration applicable to those employees who are subject to the provisions of the AIFM and UCITS Directives.

Details concerning the remuneration policy of Rothschild & Co Asset Management are available on the website:  
<https://am.eu.rothschildandco.com>

A printed version of the Rothschild & Co Asset Management remuneration policy is made available free of charge to investors in the SICAV upon request to the SICAV's registered office.



# R-CO VALOR

Open-ended investment fund (SICAV)  
Registered office: 29 avenue de Messine – 75008 Paris  
789 648 409 R.C.S. PARIS

## ARTICLES OF ASSOCIATION

### TITLE 1

#### FORM – PURPOSE – NAME – REGISTERED OFFICE – DURATION OF THE COMPANY

##### **ARTICLE 1 – FORM**

The holders of shares hereinafter created and shares subsequently created hereby form an open-ended investment fund (SICAV) governed, in particular, by the provisions of the French Commercial Code relating to commercial companies (Book II – Title II – Chapters V and VI), the French Monetary and Financial Code (Book II – Title I – Chapter IV), their implementing texts, subsequent texts, and by these articles of association.

##### **ARTICLE 2 – PURPOSE**

The purpose of this SICAV is to establish and manage a portfolio of financial instruments and deposits.

##### **ARTICLE 3 – NAME**

The SICAV is an open-ended investment fund named: R-co Valor.

##### **ARTICLE 4 – REGISTERED OFFICE**

The registered office is located at 29, avenue de Messine, Paris 75008, France.

##### **ARTICLE 5 – DURATION**

The duration of the SICAV is 99 years from the date of its entry in the Trade and Companies Register, except in cases of early dissolution or extension provided for in these articles of association.



## TITLE 2

### CAPITAL – VARIATIONS OF CAPITAL – CHARACTERISTICS OF THE SHARES

#### **ARTICLE 6 – SHARE CAPITAL**

The minimum share capital of the SICAV is EUR 300,000.

The initial capital of the SICAV is EUR 304,745.40 divided into 306 fully paid-up shares.

It was constituted through a cash payment.

Share classes:

The characteristics and eligibility criteria for the various share classes are set out in the SICAV's prospectus.

The different share classes may:

- Apply different distribution policies (distribution or accumulation);
- Be denominated in different currencies;
- Be subject to different management fees;
- Be subject to different subscription and redemption fees;
- Have different nominal values;
- Be systematically hedged against risk, either partially or in full, as set out in the prospectus. This hedging process is performed using financial instruments that reduce the impact of the hedging transactions on the other share classes of the UCITS to a minimum;
- Be reserved for one or more distribution networks.

Be merged or split by decision of the extraordinary general meeting.

Shares may be subdivided on decision of the board of directors into tenths, hundredths, thousandths or ten-thousandths, referred to as fractional shares.

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

#### **ARTICLE 7 – VARIATIONS OF CAPITAL**

The amount of the capital is likely to vary, rising as a result of the issue of new shares and declining as a result of the redemption of shares at the request of shareholders.

#### **ARTICLE 8 – ISSUES AND REDEMPTIONS OF SHARES**

Shares may be issued at any time upon the request of shareholders on the basis of the net asset value plus any applicable subscription fees.

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

Redemptions can be made in cash and/or in kind. If the redemption in kind corresponds to a proportional share of assets in the portfolio, then the SICAV or management company is only required to obtain the written and signed agreement of the outgoing shareholder. If the redemption in kind does not correspond to a proportional share of assets in the portfolio, all shareholders must give their written approval authorising the redemption of the outgoing shareholder's shares against certain specific assets, as defined explicitly in the agreement.



In derogation from the above, if the fund is an ETF, redemptions on the primary market can, with the agreement of the portfolio's management company and with respect for the interests of shareholders, be made in kind according to the conditions defined in the prospectus or the fund's rules. The assets will then be delivered by the issuer account-keeper on the terms defined in the SICAV's prospectus.

In general, redeemed assets are valued according to the rules set out in Article 9, and redemptions in kind are carried out on the basis of the first net asset valuation following acceptance of the securities concerned.

Any subscription of new shares must be fully paid up, or the subscription shall be null and void. Newly issued shares shall have the same rights as shares in existence on the day of issue.

Pursuant to Article L. 214-7-4 of the French Financial and Monetary Code, the redemption of shares by the SICAV, and the issue of new shares, may be suspended on a temporary basis by the board of directors or executive board if this is necessary due to exceptional circumstances and required in the interests of shareholders.

If the net assets of the SICAV (or, where applicable, a sub-fund) fall below the minimum regulatory requirement, no redemptions of shares may be made.

A minimum subscription amount may be applied according to the procedures set out in the prospectus.

The SICAV may cease to issue units pursuant to the third paragraph of Article L. 214-7-4 of the French Monetary and Financial Code, either temporarily or permanently, fully or partially, in situations that objectively require that subscriptions be closed, for example if a maximum number of shares or a maximum amount of assets is reached, or at the end of a fixed subscription period. Should this provision be implemented, existing shareholders shall be informed thereof by any means, as well as of the threshold and the objective situation that led to the decision to fully or partially close subscriptions. In the event of partial closure, this information by all means shall explicitly specify the terms under which existing shareholders can continue to subscribe throughout the duration of this partial closure. Shareholders shall also be informed by any means of the decision by the SICAV or the management company either to end the full or partial closure of subscriptions (when falling below the threshold), or not (in the event of a modification to the threshold or a change in the objective situation leading to implementation of this provision). A change in the objective situation indicated, or in the threshold triggering the implementation of the provision, must always be made in the best interests of shareholders.

Shareholders shall be informed of the exact reasons for these changes by any means.

## **ARTICLE 9 – NET ASSET VALUE CALCULATION**

The net asset value of the share is calculated in accordance with the valuation rules specified in the prospectus. In addition, an indicative instantaneous net asset value shall be calculated by the investment firm in the event of admission to trading.

Contributions in kind may only consist of securities, instruments, or contracts eligible to form part of the assets of the UCITS; contributions and redemptions in kind are valued in accordance with the valuation rules applicable to the calculation of the net asset value.

## **ARTICLE 10 – FORM OF THE SHARES**

The shares may be in bearer or administered registered form, at the choice of subscribers. Pursuant to Article L. 211-4 of the French Monetary and Financial Code, the securities must be recorded in accounts, kept by an authorised intermediary.

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

with the intermediary of their choice, both for bearer securities and for administered registered securities.



The SICAV may, at its own expense, request the name, nationality and address of the SICAV's shareholders, together with the quantity of securities held by each of them in accordance with Article L. 211-5 of the French Monetary and Financial Code.

### **ARTICLE 11 – ADMISSION TO TRADING ON A REGULATED MARKET**

Shares may be listed for trading on a regulated market in compliance with applicable laws and regulations. IN this case, the SICAV must have implemented a mechanism to ensure that the price of its share does not deviate significantly from its net asset value.

### **Article 12 – RIGHTS AND OBLIGATIONS ATTACHED TO SHARES**

Each share entitles the holder to ownership of the corporate assets and an interest in the profits proportional to the fraction of the capital that it represents.

The rights and obligations attached to the share shall follow the security in any change of ownership.

Whenever it is necessary to own several shares in order to exercise any right whatsoever, and especially in the case of an exchange or merger, the owners of single shares or of a lower number of shares than is required, may only exercise these rights if they take personal responsibility for purchasing or selling the shares required.

### **ARTICLE 13 – INDIVISIBILITY OF SHARES**

All joint holders or beneficiaries of a share are required to be represented to the SICAV by a single person appointed by mutual agreement, or failing that, by the president of the commercial court with jurisdiction over the location of the registered office.

If fractions of shares are possible (Article 6):

Owners of fractions of shares may group together. In this case, they must be represented under the terms set out in the previous line, by a single person, who will exercise for each group, the rights attached to ownership of one whole share.

Voting rights at meetings may be allocated between the usufructuary and the bare owner, or leave this choice to the discretion of the interested parties, who shall be responsible for notifying the company.

## **TITLE 3**

### **ADMINISTRATION AND MANAGEMENT OF THE COMPANY**

#### **ARTICLE 14 – ADMINISTRATION**

The SICAV shall be administered by a board of directors of no fewer than three and no more than eighteen members appointed by the general meeting.

During the life of the SICAV, the directors shall be appointed or renewed in their functions by the ordinary general meeting of shareholders.

Directors may be natural persons or legal entities. Upon appointment, such legal entities must appoint a permanent representative who shall be subject to the same conditions and obligations and who shall incur the



same civil and criminal liabilities as if they were a member of the board of directors in their own name, without prejudice to the liability of the legal entity represented.

This mandate as permanent representative is granted for the duration of the mandate of the legal entity represented. If the legal entity revokes the mandate of its representative, it shall be required to notify the SICAV immediately by registered letter of this revocation as well as the identity of its new permanent representative. The same is true in the event of the death, resignation, or extended incapacity of the permanent representative.

## **ARTICLE 15 – TERM OF OFFICE OF DIRECTORS – RENEWAL OF THE BOARD**

Subject to the provisions of the last paragraph of this Article, the term of office for directors is three years for the initial directors and six years at most for subsequent directors, each year referring to the interval between two consecutive annual general meetings.

If one or more seats become vacant between two general meetings, as a result of death or resignation, the board of directors may make temporary appointments.

The director temporarily appointed by the board to replace another shall remain in office only for the remaining term of their predecessor. Their appointment shall be subject to ratification by the next general meeting.

Any outgoing director may be re-elected. They may be dismissed at any time by the ordinary general meeting.

The functions of each member of the board of directors shall end at the conclusion of the ordinary general meeting of shareholders to approve the accounts of the preceding financial year and held in the year in which his or her term expires, on the understanding that, if the meeting is not held during this year, said functions of the member in question shall end on 31 December of the same year, all subject to the exceptions below.

A director may be appointed for a period of less than six years if this is necessary to ensure that, insofar as possible, the board is renewed at regular intervals and fully for each period of six years. This shall be the case particularly if the number of directors is increased or decreased and this has an impact on the regularity of renewals.

If the number of members of the board of directors falls below the statutory minimum, the remaining member(s) must immediately convene the ordinary general meeting of shareholders to make appointments to ensure that the board has an appropriate number of members.

The number of directors over the age of 95 years old may not be more than one third of the directors in office. If this limit is exceeded, the oldest board member is deemed to have resigned from office.

The board of directors may be renewed in part.

In the event of the resignation or death of a director when the number of directors remaining in office is greater than or equal to the minimum required by the articles of association, the board may, on a provisional basis and for the remainder of the term, provide for their replacement.

## **ARTICLE 16 – EXECUTIVE COMMITTEE**

The board shall elect from among its members, for a duration that it determines but not exceeding the duration of the director's term, a chairman who must be a natural person.

The chairman of the board of directors organises and manages the work of the board and presents this at the general meeting. The chairman shall ensure that the management bodies of the SICAV function properly and, in particular, that the directors are able to fulfil their duties.

If it deems it useful, the board of directors shall also appoint a vice-chairman and may also choose a secretary, who may be someone who is not on the board of directors.



For the performance of their functions, the chairman must be under the age of 95 years. Any chairman who has reached the age of 95 shall continue to carry out their duties until the ordinary general meeting ruling on the accounts for the financial year during which they reached the age limit.

In the event of a temporary absence or the death of the chairman, the board will designate a session chairman chosen from among the vice-chairmen or, failing this, from among the board members.

## **ARTICLE 17 – MEETINGS AND DELIBERATIONS OF THE BOARD**

Meetings of the board of directors are called by its chairman as often as required in the interests of the SICAV, either at the registered office or at any other place or location indicated in the notice of meeting.

If the board has not met for more than two months, at least one third of its members may ask the chairman to convene a meeting for a specific agenda. The chief executive officer may also ask the chairman to convene the board of directors on a specific agenda. The chairman shall be bound by these requests.

Internal regulations may define, in accordance with legal and regulatory provisions, the conditions for organising meetings of the board of directors, which may take place by videoconference, except for the adoption of decisions expressly prohibited by the French Commercial Code.

Convening notices for the board meeting to approve the annual accounts shall be sent by post to each of the board members.

For all other committee meetings, a verbal convocation is allowed.

The presence of at least half of the members shall be required for valid deliberations. Decisions shall be taken by a majority of the members present or represented.

Each director shall have one vote. In the event of a tied vote, the chairman of the meeting shall have the casting vote.

If a videoconference is allowed, in compliance with prevailing regulations, the internal rules may stipulate that board members taking part in the board meeting via video are considered to be present for quorum and majority calculations.

## **ARTICLE 18 – MINUTES**

Minutes shall be kept, and copies or extracts of deliberations shall be issued and certified in accordance with the law.

## **ARTICLE 19 – AUTHORITY OF THE BOARD OF DIRECTORS**

The board of directors shall set the SICAV's business strategy and oversee its implementation. Within the limits of the corporate purpose and subject to the powers expressly conferred to shareholders' meetings, the board of directors shall consider any matter involving the proper functioning of the SICAV and rule on matters that concern it through its deliberations. The board of directors shall carry out the checks and verifications that it deems appropriate. The chairman or chief executive officer of the SICAV shall provide each board director with the documents and information required to carry out their duties.

Board members may give a proxy to other board members to represent them at a meeting of the board of directors. During a single board meeting, each director may only use one of the proxies received. These provisions are applicable to the permanent representative of a legal entity standing as board member.



## **ARTICLE 20 – GENERAL MANAGEMENT**

Either the chairman of the board of directors or another natural person appointed by the board of directors and bearing the title of chief executive officer shall assume responsibility for the general management of the SICAV. The choice between the two methods of general management shall be made under the conditions established in these articles of association by the board of directors for a term ending upon the expiry of the functions of the chairman of the board of directors currently in office. Shareholders and third parties shall be informed of this choice pursuant to the legal and regulatory provisions in force.

Depending on the choice made by the board of directors in accordance with the provisions set out above, the chairman or a chief executive officer shall be responsible for general management.

If the board of directors chooses to separate the functions of chairman and chief executive officer, it shall appoint the chief executive officer and set the duration of his or her term of office.

If the chairman of the board of directors is responsible for the general management of the SICAV, the following provisions relating to the chief executive officer shall apply to the chairman.

Subject to the powers that the law expressly allocates to shareholders' meetings as well as the powers that it specifically reserves for the board of directors, and within the limit of the corporate purpose, the chief executive officer shall be vested with the broadest powers to act in the name of the SICAV in all circumstances. The chief executive officer's powers shall be exercised within the limits of the corporate purpose and subject to those powers that the law expressly grants to shareholders' meetings and the board of directors. The chief executive officer shall represent the SICAV in its relations with third parties.

The chief executive officer may grant all partial delegations of their powers to any person of their choice.

The chief executive officer may be dismissed at any time by the board of directors.

Upon the recommendation of the chief executive officer, the board of directors may appoint up to five natural persons to assist the chief executive officer, who shall have the title of deputy chief executive officers.

The deputy chief executive officers may be dismissed at any time by the board on the proposal of the chief executive officer.

In agreement with the chief executive officer, the board of directors shall determine the extent and duration of the powers delegated to the deputy chief executive officers.

These powers may include the ability to make partial delegations. In the event of the chief executive officer's departure or incapacity, they shall maintain their functions and powers until the appointment of the new chief executive officer, unless the board decides otherwise.

The deputy chief executive officers shall have the same powers as the chief executive officer as regards third parties.

For the performance of their functions, the chief executive officer and deputy chief executive officers must be under the age of 95 years. Any chief executive officer or deputy chief executive officer who has reached the age of 95 shall continue to carry out their duties until the ordinary general meeting ruling on the accounts for the financial year during which they reached the age limit.

## **ARTICLE 21 – ALLOWANCES AND REMUNERATION OF THE BOARD**

The remuneration of the chairman of the board of directors and that of the chief executive officers shall be set by the board of directors; it may be fixed or both fixed and proportional.

Annual fixed remuneration may be assigned to the board of directors in the form of directors' fees; the amount of these fees is determined by the annual general meeting and they shall be maintained until otherwise decided by said meeting.





The board of directors shall divide this remuneration among its members as it sees fit.

## **ARTICLE 22 – DEPOSITARY**

The depositary shall be appointed by the board of directors. The depositary shall perform the duties for which it is responsible in accordance with the legal and regulatory provisions in force and those contractually entrusted to it by the SICAV or management company.

In particular, it must ensure the legality of decisions taken by the management company. Where applicable, the depositary must take any precautionary measures that it deems useful. It shall inform the AMF, in the event of a dispute with the management company.

## **ARTICLE 23 – PROSPECTUS**

The board of directors, or the management company if the SICAV has delegated its overall management, shall have all powers to make any changes necessary to ensure the proper management of the SICAV, within the framework of the legal and regulatory provisions specific to SICAVs.

# **TITLE 4**

## **STATUTORY AUDITOR**

## **ARTICLE 24 – APPOINTMENT – POWERS – REMUNERATION**

The statutory auditor shall be appointed from among persons authorised to carry out this function for commercial companies for a term of six financial years by the board of directors, subject to approval by the AMF.

The statutory auditor shall certify the accuracy and consistency of the financial statements.

The statutory auditor's mandate may be renewed.

The statutory auditor shall inform the AMF as soon as possible of any event or decision concerning the UCITS of which it has become aware in the course of its work, which may:

- 1) Constitute a breach of the legal and regulatory provisions governing this undertaking and likely to have a significant effect on its financial position, income or assets;
- 2) Impair its continued operation or the conditions thereof;
- 3) Result in the statutory auditor expressing a qualified opinion or refusing to certify the financial statements.

Asset valuations and the determination of exchange parities used in conversions, mergers, or spin-offs shall be audited by the statutory auditor.

The statutory auditor shall be responsible for assessing all contributions or redemptions in kind, with the exception of redemptions in kind for an ETF on the primary market.

The statutory auditor shall certify the composition of the assets and other information before publication.

The statutory auditor's fees shall be set by mutual agreement between the statutory auditor and the SICAV's board of directors or executive board on the basis of a work schedule specifying the procedures deemed to be necessary.

The statutory auditor shall certify the financial situation on which interim distributions are made.



## TITLE 5

### GENERAL MEETINGS

#### **ARTICLE 25 – GENERAL MEETINGS**

General meetings shall be convened and shall deliberate under the conditions provided for by law.

The annual general meeting, which must approve the SICAV's financial statements, must be convened within four months of the financial year-end.

General meetings shall be held at the SICAV's registered office or at any other location defined in the notice convening the meeting.

Any shareholder may participate, personally or through a proxy, in general meetings subject to proof of identity and ownership of shares, in the form of either an entry in registered security accounts, or a deposit in bearer security accounts or a certificate of deposit, at the locations mentioned in the notice of meeting; these formalities must be completed two days before the date of the general meeting.

A shareholder may be represented in accordance with the provisions of Article L.225-106 of the French Commercial Code.

A shareholder may also vote by correspondence under the conditions provided for by the regulations in force.

General meetings shall be chaired by the chairman of the board of directors or executive board, or in their absence, by a vice-chairman or by a director appointed for this purpose by the board of directors or executive board. Failing this, the general meeting shall elect its chairman.

Minutes of the general meeting shall be prepared, and their copies shall be certified and issued in accordance with the law.

## TITLE 6

### ANNUAL FINANCIAL STATEMENTS

#### **ARTICLE 26 – FINANCIAL YEAR**

The financial year shall begin on the day after the last trading day on the Paris stock exchange in December and end on the last trading day on the Paris stock exchange in December of the following year.

However, as an exception, the first financial year shall include all transactions carried out from the creation date until the last trading day on the Paris stock exchange in December 2013.

#### **ARTICLE 27 – ALLOCATION OF INCOME AND AMOUNTS AVAILABLE FOR DISTRIBUTION**

The board of directors shall establish the net income for the year, which, in accordance with the provisions of the law, is equal to the amount of interest, arrears, premiums, bonuses, and dividends, as well as all income relating to securities held in the SICAV's portfolio, plus income from temporary cash holdings, less management fees and borrowing costs.

Amounts available for distribution consist of the following:

1) Net income for the year plus retained earnings, plus or minus the balance of the income equalisation account;



2) Realised capital gains, net of charges, minus realised capital losses, net of expenses recognised for the year, plus net capital gains of the same nature recognised in prior years that were not distributed or accumulated, minus or plus the capital gains equalisation account.

The amounts indicated in points 1) and 2) above may be distributed independently of each other, in whole or in part.

Amounts available for distribution must be paid within a maximum period of five months after the year-end.

Each year, the annual general meeting shall decide on the allocation of the amounts available for distribution.

For each share class, where applicable, the SICAV may opt for one of the following formulas for each of the amounts mentioned in points 1) and 2):

- Pure accumulation: distributable amounts shall be fully accumulated, with the exception of those amounts which are subject to compulsory distribution by law;
- Pure distribution: all amounts available for distribution shall be distributed to the nearest round number; the company may make interim dividend distributions;
- For SICAVs that would like to remain free to accumulate and/or distribute, and/or retain amounts available for distribution, the general meeting shall decide each year on the allocation of the amounts indicated in points 1) and 2).

Where applicable, the board of directors can decide, during the financial year, to distribute one or more interim dividends, within the limits of the amounts of net income recognised in each of points 1) and 2) as of the decision date, and shall also determine the amounts of any interim dividends and their distribution dates.

For the (i) distribution only and (ii) accumulation and/or distribution shares, the general meeting shall decide each year on the allocation of capital gains (accumulated, distributed, and/or retained).

More precise details concerning the allocation of distributable amounts are provided in the prospectus.

## **TITLE 7**

### **EXTENSION – DISSOLUTION – LIQUIDATION**

#### **ARTICLE 28 – EXTENSION OR EARLY DISSOLUTION**

At any time and for any reason whatsoever, the board of directors may propose the extension, early dissolution, or liquidation of the SICAV to an extraordinary general meeting.

The issue of new shares and the redemption of shares by the SICAV at the request of shareholders shall cease on the day of publication of the notice of the general meeting at which the early dissolution and liquidation of the SICAV are proposed, or at the expiry of the duration of the SICAV.

#### **ARTICLE 29 – LIQUIDATION**

The liquidation methods shall be established according to the provisions of Article L.214-12 of the French Monetary and Financial Code.



## TITLE 8

### DISPUTES

#### **ARTICLE 30 – JURISDICTION – ELECTION OF DOMICILE**

Any disputes that may arise during the SICAV's lifetime or liquidation, either between shareholders and the SICAV, or between shareholders themselves on matters relating to the SICAV, shall be heard and decided in accordance with the law and subject to the jurisdiction of the competent courts.

Articles of association updated following the extraordinary general meeting of 22 May 2019



## ADDITIONAL INFORMATION FOR INVESTORS IN ITALY

Investors may contact:

- CACEIS Bank, Luxembourg Branch, in charge of:
  - processing subscription, repurchase and redemption orders and making other payments to unit/shareholders relating to the units/shares of the Fund/Sicav
  - information on how orders (subscription, repurchase and redemption) can be made and how repurchase and redemption proceeds are paid

at the following address: 5 allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg  
or by email : [FDS-Investor-Services@caceis.com](mailto:FDS-Investor-Services@caceis.com)

- Rothschild & Co Asset Management, concerning:
  - all claims and unit/shareholders rights related to their investment in the Fund/Sicav
  - information and documents made available to investors, such as the prospectus, key information documents and financial reports

at the following address: 29 avenue de Messine 75008 Paris France  
or by email: [clientserviceteam@rothschildandco.com](mailto:clientserviceteam@rothschildandco.com)  
<https://am.it.rothschildandco.com/it/contacto-2/>

For units/shares dedicated to Italian retail investors, please refer to the Italian application form (*modulo di sottoscrizione*) available from your usual paying agent.

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: R-co Valor

Legal entity identifier:  
9695005DN5QLA24VMP19

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: [N/A]

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: [N/A]

**It promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30.00% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

## What environmental and/or social characteristics are promoted by this financial product?



Through our work and MSCI ESG Research, we consider a broad spectrum of criteria relating to the E pillar (physical risks linked to climate change, water stress, waste management, etc.) and S pillar (staff training, product safety, auditing production practices, etc.) as part of our general approach.

Additionally, the investment teams seek to identify relevant and material factors as part of ex-ante analysis of ESG profiles and ex-post assessment of the sustainability trajectory of the issuer and/or industry. Based on dependencies and major impacts, the following elements may be considered: controversies (type, severity and recurrence), externalities (toxic/carbon emissions, water consumption, destruction of biodiversity, accidents, dismissals, strikes, precarious contracts, fraud, etc.) and contributions (Taxonomy alignment, participation in the United Nations sustainable development goals (SDG), alignment with the Paris Agreement temperature goal, etc.).

## What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The sustainability indicators used to demonstrate the promotion of the environmental and/or social characteristics are:

- ESG profile (ESG rating, rating trends and sector distribution)

**Sustainability indicators** are used to verify how the environmental or social characteristics promoted by the financial product are attained.

- Carbon intensity (divergence from indices, sector contribution and identification of main contributors)
- Transition profile (reduction targets, green share, categories of activities in transition, etc.)
- Governance: representation of women on the board of directors
- Sustainable Development Goals (SDG): percentage aligned with the SDG

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

A sustainable investment may be assessed with respect to three pillars: (i) **contributing to an environmental or social objective**, (ii) doing so without doing significant harm and (iii) applying good governance practices.

Our definition is based on data supplied by our service provider MSCI ESG Research.

Further details are available in the document “Definition of sustainable investments” which can be found on our website: <https://am.fr.rothschildandco.com/en/regulatory-information/>

As regards corporate issuers, our approach to sustainable investment takes into account:

- Companies’ general positive contribution through contributing revenue, i.e. revenue linked to activities with a positive impact on the environment or society (clean energy, energy efficiency, access to care, etc.) or to issuance of sustainable debt instruments (green, social or sustainable bonds);
- Contribution to environmental objectives, such as targets for reducing emissions in line with the Paris Agreement or reducing water use;
- Contribution to social objectives, through alignment with United Nations Sustainable Development Goal 5 (gender equality), 8 (decent work and economic growth) or 10 (reduced inequalities).

As regards public issuers, our approach to sustainable investment takes into account:

- States’ general positive contribution through issuance of sustainable debt instruments (green, social or sustainable bonds);
- Positive environmental contribution: Signatory to the Paris Agreement or the United Nations Convention on Biological Diversity;
- Positive social contribution: Performance with respect to equality (Gini index) and freedom of the press (Freedom House).

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

In order to be classed as sustainable, an investment must do no significant harm to the various environmental or social objectives to which it intends to contribute.

Rothschild & Co Asset Management has defined a “do no significant harm” (“DNSH”) procedure to ensure that the sustainable investments of a financial product do no significant harm to any of its environmental or social objectives. This procedure includes:

- Standard sector exclusions which reduce the product’s exposure to social and environmental controversies;
- Consideration of the mandatory principal adverse impacts (PAIs) of these investments on sustainability factors.

We also use ESG ratings as part of our approach, as a minimal safeguard in relation to overall sustainability performance.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

## How have the indicators for adverse impacts on sustainability factors been taken into account?

All mandatory PAIs are taken into consideration in the Management Company's definition of sustainable investments by means of: - Sectoral and normative exclusions, including compliance with minimum guarantees, through exclusionary PAIs: o PAI 10 – Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, for corporate issuers; o PAI 14 – Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons), for corporate issuers; o PAI 16 – Investee countries subject to social violations, for sovereign issuers; – A proprietary quantitative scoring model incorporating the mandatory PAIs. Further details on the scoring model are available in the document "Definition of sustainable investments" which can be found on our website: <https://am.fr.rothschildandco.com/en/regulatory-information/>

## How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Detailed description:

As per our definition of a sustainable investment for corporate issuers, we check to ensure that there are no violations of the United Nations Global Compact (UNGC) or OECD Guidelines for Multinational Enterprises. To that end, we use an overall controversy indicator measuring the company's past and current involvement in violations of international standards. The regulatory frameworks considered include the following: the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights, the Conventions of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises.

Moreover, for all the Management Company's investments, we exclude companies suspected of violating the ten fundamental principles of the United Nations Global Compact (UNGC).

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives And which is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

No

Rothschild & Co Asset Management has identified the principal adverse impacts (PAI) on sustainability factors on which we intend to focus our efforts and resources in order to deploy our responsible investment approach:

### **Corporate issuers:**

o Climate change

- Greenhouse gas intensity and emissions, scopes 1 and 2 (PAI 1 & 3)



- Exposure to companies active in the fossil fuel sector (PAI 4)
- Exposure to issuers that are not committed to adhering to the Paris Agreement (optional climate PAI 4)
- o Human rights, business ethics and respect for human dignity
  - Violation of fundamental ethical standards (PAI 10)
  - Board gender diversity (PAI 13)
  - Exposure to controversial weapons (PAI 14)
  - Exposure to issuers with fragile anti-corruption processes (optional social/human rights PAI 15)

**Sovereign issuers:**

- o Human rights, business ethics and respect for human dignity
  - Exposure to countries implicated in human rights violations and subject to related sanctions (PAI 16)

As part of taking mandatory PAIs into account and defining our optional and priority PAIs, we relied on methodology and data from our external service provider, MSCI ESG Research.

From an operational standpoint, adverse impacts are taken into account in every aspect of our sustainability approach, including the exclusion policy, the analysis and selection process using ESG criteria, the engagement system and ESG reporting. For this product, we produce annual reports on all mandatory PAIs and optional PAIs chosen by the Management Company.

Our Policy for taking into account the principal adverse impacts in sustainability is available on our website: <https://am.fr.rothschildandco.com/en/responsible-investing/documentation/>



## What investment strategy does this financial product follow?

The SICAV may invest, depending on market trends:

- between 0% and 100% in the equities of companies with any market capitalisation (up to 20% in small caps, including micro caps) from any geographical region (and up to 100% in equities from non-OECD countries, including emerging countries);
- between 0% and 100% in bonds with up to 20% in convertible bonds and up to 100% in callable and puttable bonds issued by public and/or corporate issuers with any rating; up to 20% of the portfolio may be invested in speculative-grade (high-yield) bonds and up to 10% in unrated bonds; and lastly
- between 0% and 10% in UCITS.

Up to 100% of the SICAV's assets may be exposed, directly and indirectly, to non-OECD countries including emerging markets, and up to 20% may be exposed to the risks associated with small caps, including micro caps.

Please refer to the prospectus for further information.

## What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

**Adherence to our common exclusion framework**

- o Regulatory exclusions: controversial weapons and international sanctions
- o Discretionary exclusions: United Nations Global Compact (UNGC) and thermal coal

**Integrating material ESG criteria into the analysis process**

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

o An assessment combining financial and ESG criteria: the integration of ESG criteria reflects the analysis process applied by each management team; it may be applied at sector or issuer level, and at management company and/or fund level, depending on the asset class in question.

#### **Adherence to sustainability requirements at portfolio level**

- o Target ESG score of at least BBB
- o Minimum level of Taxonomy-aligned and sustainable investments
- o Minimal coverage of ESG ratings:

The percent share of positions analysed on the basis of non-financial criteria will be permanently higher than:

- 90% of the portion of net assets invested in equities issued by companies with a market capitalisation of over EUR 10 billion that have their registered office in a developed country, debt securities and money market instruments with an investment grade credit rating, and sovereign debt issued by developed countries;
- 75% of the portion of net assets invested in equities issued by companies with a market capitalisation of less than EUR 10 billion or with their registered office located in an emerging country, debt securities and money market instruments with a high-yield credit rating, and sovereign debt issued by emerging countries.

o The rating of the portfolio, with regard to non-financial criteria, is higher than the rating of the initial investment universe.

#### **Active engagement**

- o Dialogue primarily focused around our top-priority themes (climate transition, inclusion and fair transition, etc.) and controversies,
- o A responsible voting policy for the entire equity scope,
- o Active participation in multiple industry working groups (ADEME, Finance for Tomorrow, AFG, Climate Action 100+, etc.) on the strategies implemented in the portfolios (impact, biodiversity, fossil fuel, fair transition, etc.)

The ESG ratings mainly come from a data provider called MSCI ESG Research, which rates companies from CCC to AAA (AAA being the best rating).

ESG monitoring is ongoing, since ESG data is fully integrated into our operational systems.

Our entire value chain (compliance, risk, investment management and reporting teams) is covered by the same ESG data flow (updated on a quarterly basis), with ESG constraints and requirements encoded into every system. This allows us to monitor ESG data on a daily basis and in real time.

Our common exclusion framework is kept up to date and encoded into the operational systems with pre-trade blocks by compliance. Specific sustainability constraints and objectives at product level are the responsibility of the risk department.

The management teams have access to ESG data and can monitor their sustainability constraints via their Bloomberg portal every day. The impact of portfolio movements on sustainability requirements are continuously assessed by the investment managers as part of the portfolio allocation process.

Furthermore, regular meetings of the investment committee offer an opportunity to assess the sustainability risks and ESG issues associated with specific issuers and/or portfolios.

Lastly, alerts covering rating changes and ESG controversies are implemented by MSCI ESG Research for the investment teams and control departments, and analysts monitor the latest news. Details of the controversy monitoring process are available in the PAI Policy.

ESG reports are produced using the same ESG data flow, then validated by the investment teams.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The initial investment universe is not reduced using a fixed selectivity rate, determined upstream of the investment process. However, the investment universe is reduced on the basis of regulatory exclusions, as well as our Management Company's discretionary exclusions.

## What is the policy to assess good governance practices of the investee companies?

To determine whether and when a company does not adopt, or no longer adopts, good governance practices, we have implemented a process on two levels:

### Standards-based screening

In accordance with our common exclusion framework, sovereign and corporate issuers subject to international sanctions or implicated in violations of the United Nations Global Compact are excluded from our initial investment universes for all our investment vehicles.

### Assessment of good governance practices

The portfolio managers and analysis teams are responsible for assessing and monitoring the governance practices of the companies in which they invest.

To assess good governance practices, the investment teams consider factors including: governance data from MSCI ESG Research, commitment to international codes of conduct (e.g. UNGC signatory), the degree of independence and diversity on the board of directors, controversies and the history of senior management and representatives of the board of directors.

In the context of MSCI ESG Research's ESG ratings, the governance pillar is considered material for all sectors and has a minimum weighting of 33% when calculating the final ESG score for every issuer. This governance pillar is based on two sub-themes: Corporate governance (structure and control, board of directors, remuneration and accounting) and corporate behaviour (business ethics and tax transparency). The topics addressed within each of these categories include sound management structures, remuneration matters, employee relations and tax compliance.

We see assessing good governance practices as an ongoing process, and the investment teams are encouraged to engage directly with companies to obtain additional information, raise concerns and/or resolve issues linked to the governance practices identified or associated controversies.



## What is the asset allocation planned for this financial product?

### Asset allocation

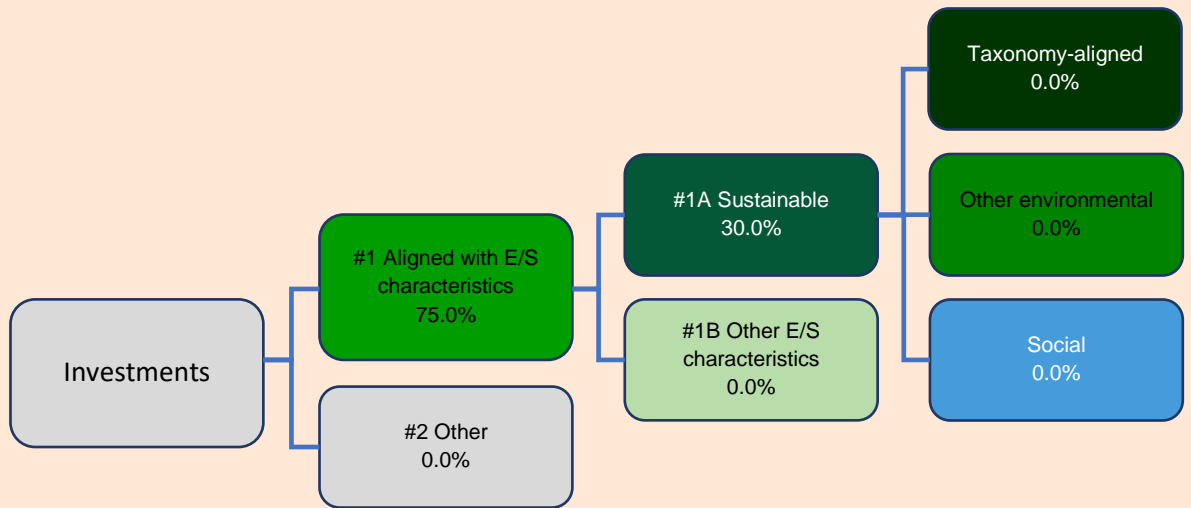
describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

While the product is committed to a minimum level of sustainable investment, no allocation between environmental and social objectives has been determined in advance, which explains the minimum of 0% for these two pillars. The asset allocation figures presented above are pre-contractual minimums expressed as a percentage of the net assets; they are not a forecast of a target allocation. For information on the percentages achieved, please refer to the annual report.

The underlying investments of the financial product that take into account the EU criteria for environmentally sustainable economic activities represent a minimum alignment commitment of 0% of investments.

A share of the financial product's net assets may be invested in instruments that do not promote environmental or social characteristics (cash, funds or derivatives). They provide technical support and uphold the fund's financial objective (hedging, movements of liabilities, etc.). Minimum ESG safeguards are applied in accordance with our sustainability approach. Details are provided in the response to the question on "other" investments below.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Interest rate and currency derivatives neither contribute to nor affect the environmental and social characteristics promoted by the financial product. Derivatives on other asset classes do not contribute to the attainment of the environmental and social characteristics, but may affect them. For the purposes of transparency, derivatives are not taken into account in the ratios presented above.

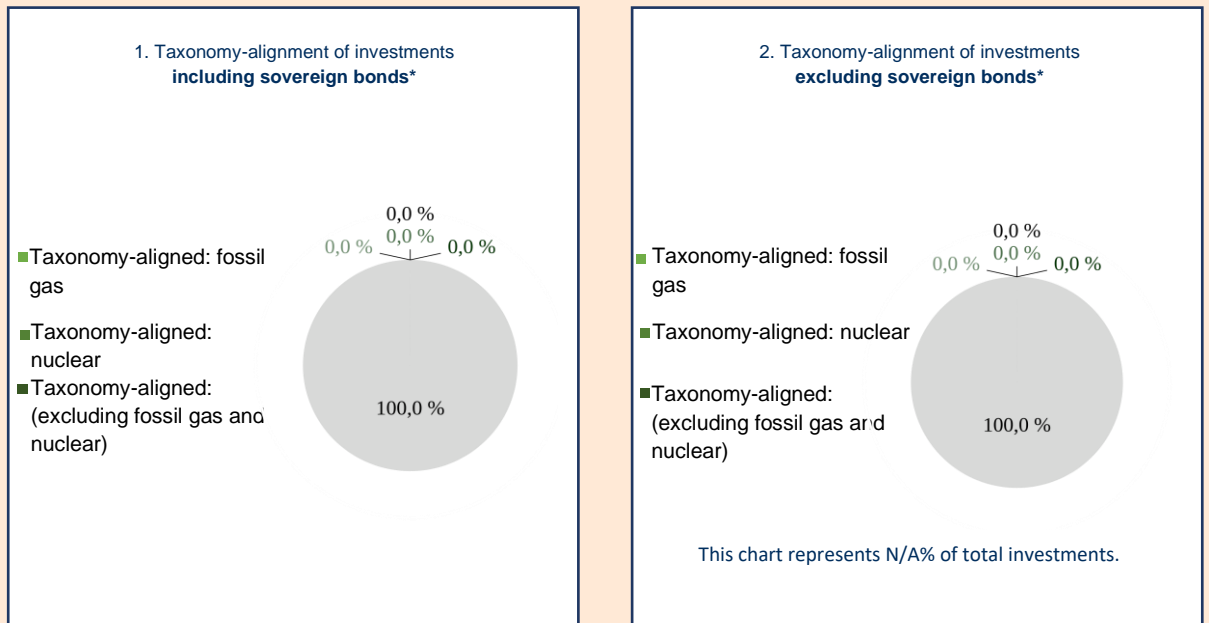


To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

## Does the financial product invest in nuclear and/or fossil gas related activities that are aligned with the EU Taxonomy<sup>1</sup>?

- Yes
- In fossil gas                       In nuclear energy
- No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures

## What is the minimum share of investments in transitional and enabling activities?

The minimum share in enabling and transitional activities is 0%.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Within the minimum invested in sustainable investments, the minimum share of investments with an environmental objective that are not aligned with the Taxonomy is 0%. While the product is committed to a minimum level of sustainable investments overall, no allocation between environmental and social objectives has been determined in advance.

<sup>1</sup> Activities related to nuclear and/or fossil gas related activities will only be considered Taxonomy-aligned if they contribute to climate change mitigation and do no significant harm to any of the objectives of the EU Taxonomy – see the explanatory note in the left-hand margin. All criteria applicable to economic activities in the nuclear and/or fossil gas related activities that are aligned with the EU Taxonomy are defined in Commission Delegated Regulation (EU) 2022/1214.

The applicable criteria for **fossil gas** to be considered aligned with the EU Taxonomy include restrictions on emissions and a transition to renewable energy sources or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive rules regarding nuclear safety and waste management.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



## What is the minimum share of socially sustainable investments?

Within the minimum invested in sustainable investments, the minimum share of investments with a social objective is 0%. While the product is committed to a minimum level of sustainable investments overall, no allocation between environmental and social objectives has been determined in advance.



## What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

A share of the financial product’s net assets may be invested in securities that are not analysed with respect to ESG criteria. However, all investments adhere to the Management Company’s common exclusion framework, guaranteeing a baseline level of compliance with ESG principles.

The securities held in the portfolio, in accordance with the allocation levels stated in the prospectus, serve to further the financial product’s financial investment objective.

The financial product may invest up to 10% of its net assets in cash on an ancillary basis. Cash may be invested in money market funds managed by our management company, in accordance with our ESG policy and where we have complete transparency.



## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

N/A.

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

N/A.

How does the designated index differ from a relevant broad market index?

N/A.

Where can the methodology used for the calculation of the designated index be found?

N/A.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



## Where can I find more product specific information online?

Further details on the financial product are available in the prospectus, the ESG policy and the policies for taking into account PAI and sustainability risks, which are available on our website: <https://am.fr.rothschildandco.com/en/responsible-investing/documentation/>