Sofidy Selection 1

Prospectus

UCITS subject to European Directive 2009/65/EC

1 General terms

Fund name: Sofidy Selection 1

Legal form: UCITS fund (*Fonds Communs de Placement* or FCP)

Member State in which the UCITS was created: FCP subject to French law

Inception date: 4 November 2014

Date of approval by the French Financial Markets Authority (*Autorité des Marchés Financiers*): 21 February 2014

Expected lifetime: 99 years

Overview of management offer:

	Units	ISIN Code	Payment of distributable amounts	Accounting currency	Minimum initial subscription	Subscribers concerned
P Units	P-C	FR0011694256	Accumulation	Euro	1 unit	All subscribers, in particular retail investors
I Units	I-C	FR0011694264	Accumulation	Euro	100 units	All subscribers, in particular institutional investors
GI Units	GI-C	FR0013349289	Accumulation	Euro	100 units	All subscribers, in particular institutional investors
C Units	C-C	FR0013349297	Accumulation	Euro	1 unit	Strictly reserved for investors that subscribe directly or through intermediaries that provide a discretionary portfolio management service and/or financial investment advice that does not authorise them to retain management fees, either contractually or pursuant to MiFID 2 or national regulations

Address for requests for the most recent annual report and periodic statement:

The most recent annual and periodic reports and the breakdown of assets will be sent within eight business days after a request in writing by the holder to the asset management company:

- SOFIDY: 303, square Champs Élysées, Evry Courcouronnes 91026 Évry Cedex – Tel.: +33 (0)1 69 87 02 00

These documents are also available on the asset management company's website:

- www.sofidy.com

2 - Participants

Asset management company: SOFIDY (303, square Champs Élysées, Evry Courcouronnes 91026 Évry Cedex), French simplified joint stock company – Portfolio management company approved by the AMF on 10/07/2007 under the number GP-07000042

Depositary and custodian: CACEIS BANK (1-3, place Valhubert, 75013 Paris)*Description of the depositary's tasks: CACEIS BANK, an institution approved by the CECEI, is responsible for the roles of depositary, custodian, centraliser of subscription and redemption orders and holding the unit register (the FCP's liabilities).Supervision and management of conflicts of interest: the depositary is independent of the asset management company. Potential conflicts of interest may be identified, particularly when the asset management company has commercial relations with CACEIS BANK other than those arising from its role as the Fund's depositary. In order to manage these situations, the depositary has in place and regularly updates a conflict of interest management policy intended to prevent conflicts of interest that could arise from these business relationships. The purpose of this policy is to identify and analyse potential conflict of interest situations and manage and monitor such situations.Delegated custody functions: CACEIS BANK is responsible for the custody of the Fund's assets. Nevertheless, in order to provide custody services for assets in certain countries, the depositary may sub-delegate the custody function. The description of the delegated custody functions, the list of CACEIS BANK's delegatees and sub-delegatees and the information relating to potential conflicts of interest from these delegations are available on the CACEIS website: www.caceis.com. Updated information is available to investors on request.*

Statutory auditor: KMPG Audit – 1 cours Valmy, 92923 Paris La Défense Cedex, represented par Mr Pascal Lagand.

Marketing agent:

- SOFIDY (303, square Champs Élysées, Evry Courcouronnes 91026 Évry Cedex), a French simplified joint stock company

The list of marketing agents is not exhaustive insofar as, in particular, the Fund's units are listed for trading through Euroclear. Thus, some marketing agent may not be mandated or known to the asset management company.

Delegated fund accountant : CACEIS Fund Administration (1-3, place Valhubert, 75013 Paris)

To this end, CACEIS Fund Administration has been appointed by the asset management company as delegated accounting manager for the Fund's valuation and administration. CACEIS Fund Administration is responsible for asset valuation, establishing the Fund's net asset value and preparing periodic documents.

Asset management company's delegated transfer agent: CACEIS BANK (1-3, place Valhubert, 75013 Paris)

3 - Operating and management procedures

General characteristics

Characteristics of the units:

- Nature of the right attached to the unit class: each unit entitles the holder to a share in the co-ownership of the assets and in the distribution of results proportional to the fraction of the assets it represents.
- Securities administration: the issuer's accounts are kept by the depositary (CACEIS BANK). The units are administered by Euroclear France.
- Voting rights: Since it is a mutual fund, no voting rights are attached to the units, as decisions are taken by the asset management company.
- Unit form: bearer.
- Decimalisation of units: shares are decimalised to 1/1000ths.

Accounting Year-end:

Last trading date of December on the Paris Stock Exchange. The closing date of the first financial year was the last trading date of December 2015.

Tax regime information:

The UCITS is not subject to corporate income tax and the unitholder is responsible for taxes payable on distributions or capital gains or losses.

The tax regime applicable to sums distributed by the UCITS, or to unrealised or realised capital gains or losses by the UCITS, depends on the investor's specific situation and/or the investment jurisdiction of the UCITS.

Conversion from one class of units to another will be deemed a sale followed by a purchase and will be subject to the same regime as capital gains on securities.

Holders are advised to consult with a specialised adviser regarding any doubts as to their specific tax position.

The Fund is not eligible to be held in a Share Savings Plan (PEA).

Special provisions

ISIN Code:

- P Unit: FR0011694256
- I Unit: FR0011694264
- GI Unit: FR0013349289
- C Unit: FR0013349297

Investment objective:

The objective of the Fund is to use discretionary management to outperform the FTSE EPRA/NAREIT Euro Zone Capped benchmark net of dividends reinvested after deduction of management fees over the recommended investment period (over five years) via exposure to equities in the European Union real estate sector and by reconciling financial and non-financial performance.

Benchmark:

The FCP benchmark is the FTSE EPRA/NAREIT Euro Zone Capped net of dividends reinvested (Bloomberg ticker: NR0EUE).

The FTSE EPRA/NAREIT Euro Zone Capped Index is a representative index of listed companies in the Euro Zone active in the real estate sector. It is composed of the listed companies divided into two sub-sectors:

- “Real Estate Investment Companies”, regardless of their sub-segment (office park, industrial park, commercial, residential or diversified park);
- “Real Estate Promotion and Management Companies”.

The purpose of the portfolio is not to replicate the benchmark. The selection of securities and their weighting in the Fund’s portfolio is determined based on the management team’s convictions without reference to the presence of those securities and their weighting in the benchmark. Consequently, the change in the net asset value of the UCITS may diverge significantly from that of of the benchmark.

The benchmark is calculated daily at the closing price using the official closing prices of the stock exchanges on which the constituent securities are listed. The closing price of this benchmark is available on the website www.ftse.com

In accordance with the provisions of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the benchmark administrator is listed in the register of administrators and benchmarks maintained by ESMA.

In accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the asset management company has a procedure for monitoring the benchmarks used describing the measures to be implemented in the event of substantial changes made to an index or its discontinuation.

Investment strategy:

Strategies used

The management implemented within the fund consists mainly of investing in shares of companies in the European Union real estate sector (at least 60%) while systematically integrating the environmental, social and governance (“ESG”) criteria into the management process.

The fund has the SRI label.

- **Thematic selection**

The aim of the investment strategy is to select, in order of priority, the following securities:

- listed real estate companies;
- companies operating in the real estate sector (including real estate service companies, developers, and companies in the construction industry);
- companies from other sectors but whose performance may be strongly linked to the real estate sector (including retail chains, infrastructure operators and specialists in the hotel/leisure sector);
- service providers or subcontractors for the real estate sector.

A first investment universe is built from a database provided by a non-financial rating agency (Sustainalytics) renowned for its research and rating of ESG risks as well as the monitoring of controversies. This database includes all securities in developed countries (investment without restrictions regarding market capitalisation size). This first investment universe is then reduced in terms of number of lines in accordance with the defined thematic selection. As the fund’s investment strategy is closely linked to the attainment of environmental and social objectives, SOFIDY ensures that at least 90% of the thematic investment universe is subject to ESG rating.

This external research does not replace the fundamental research conducted by the management teams, but serves to feed the ESG analysis of issuers to ensure a robust approach capable of covering a broad universe.

- **SRI filter**

Once the thematic universe of eligible securities has been defined, and in order to identify investment opportunities within its theme and limit risks over the duration of the investment, the fund implements a non-financial analysis based on a combination of approaches: normative (exclusion of companies in controversial sectors) and "best-in-universe" (selection of the top-rated issuers within the investment universe from an ESG point of view, regardless of their sector of activity). Finally, as described in the section below (Fundamental analysis), ESG criteria are systematically incorporated into the fundamental analysis conducted by the management teams.

Normative approach

The Sofidy Selection 1 Fund applies the management company's exclusion policy. This excludes companies operating in controversial sectors such as arms[1], pornography and prostitution, as well as companies that derive more than 30% of their revenue from thermal coal (mining, trading or energy production), tobacco and/or marijuana (planting and manufacturing of tobacco products).

In addition, the list of exclusions has been extended for the Sofidy Selection 1 Fund in order to exclude certain behaviours and sectors that could generate ESG risks and adverse impacts on sustainable development issues:

1. Weaponry and defence;
2. Cloning;
3. Trade in wildlife and related products;
4. Companies making more than 30% of their revenue from the extraction or production of other fossil fuels deemed controversial due to their source (unconventional deposits[2]) or the technology used (e.g. hydraulic fracture);
5. Palm oil.

"Best-in-universe" approach

The "best-in-universe" filter excludes companies with low ratings in terms of ESG criteria. To apply this approach, SOFIDY relies on the research of a renowned non-financial rating agency. Companies in the investment universe are ranked according to their ESG rating and the least virtuous 20% (i.e. the lowest rated) are excluded.

This approach ensures that the fund's ESG rating is improved in line with it investment universe.

[1] The exclusion of issuers involved in controversial weapons such as cluster munitions or anti-personnel mines applies to all French asset management companies.

[2] Shale, oil sands, accumulations of methane hydrates.

Below are some examples of the criteria taken into account by the non-financial rating agency in the ESG rating of the investment universe :

- **Environment:** carbon impact of activities, land use and biodiversity, emissions and waste management;
- **Social:** employee health and safety, relations with local communities;
- **Governance:** business ethics and corruption risks.

In order to ensure compliance with the objectives of the responsible investment policy, SOFIDY ensures that at least 90% of the investment universe and 90% of issuers in the portfolio in terms of net assets and number of lines are subject to ESG rating.

Up to a maximum of 10% of total assets, the Sofidy Selection 1 Fund may select securities not covered by our service provider's analysis.

- **Fundamental analysis of securities**

The study of eligible securities with regard to the theme of the fund is then supplemented with a fundamental, financial, non-financial and liquidity analysis of said securities.

SOFIDY believes that the long-term performance of a fund invested in shares of companies in the real estate sector is based on an in-depth analysis of a certain number of points:

i) For the underlying real estate asset

The fundamental investment criteria are based on:

- the quality of the real estate assets held by the company, in particular with regard to:
    - their location;
    - their construction;
- the quality of the management of the company, in particular with regard to:
    - the ability to maintain a high occupancy rate that guarantees an optimised flow of rents, synonymous with yield,
    - the solidity of the tenants, in particular with regard to their activity,
    - the ability to pool tenants (in terms of number and complementarity of activities) to allow for commercial attractiveness and diversification of rental risk.

In the medium term, investment decisions are also based on:

- the ability to increase rents in the medium and long term;
- the investment strategy (pipeline), or disinvestment strategy, and the quality of the implementation of that strategy in light of the above criteria.

In the longer term as well, the ability of the management of the target company to anticipate:
- consumption and use patterns;
- economic cycles;
- but also certain structural trends such as demographics, population flows and tourism.

ii) For the financial aspects

Securities selection is also based on an in-depth financial analysis to ensure the dynamic quality of financial indicators, particularly those relating to cash flow, by distinguishing between recurring and non-recurring income. Particular attention will be paid to:

- stock market multiples (level of valuation of the share compared to its comparables);
- the company's distribution and financing policy.

This management policy may lead SOFIDY to select a limited number of securities (a few dozen) and invest in small capitalisation securities.

This investment strategy may expose the Fund to currency risk with investments denominated in currencies other than the euro (not more than 20% of its assets).

iii) With regard to non-financial aspects

To ensure that ESG criteria are taken into account in the fundamental analysis, a non-financial analysis is also carried out internally on the basis of an analysis grid, for all securities in the portfolio.

Thus, each investment proposal must first be validated by an internal rating to ensure that it meets the responsible investment policy objectives for inclusion in the portfolio.

The non-financial analysis of companies is made up of three pillars designed to identify the main ESG risks and opportunities:

- **Governance:** corporate governance is a key factor in performance and risk management. The teams are particularly interested in establishing a governance model that follows clear rules and structured checks and balances in order to compensate for the shortcomings of traditional structures that can have negative impacts on a company's performance over the long term.
- **Social and societal**: the analysis also focuses on the company's social responsibility vis-à-vis its employees (talent retention, social inclusion, etc.) as well as the use of the Company's assets to boost social progress and/or regional attractiveness.
- **Environment:** the fundamental study takes into account the processes put in place by the companies to control the environmental risks associated with the real estate sector. In particular, the management teams carry out in-depth analyses of the main challenges and actions related to the energy transition.

All of these criteria make it possible to establish an ESG assessment of the company in terms of risks and opportunities, in the form of a ratings grid (a score of 100% representing a maximum ESG risk and a score of 0% a maximum ESG opportunity). Listed companies recognised as financial opportunities and with an attractive ESG profile (rating below 80%) are included in the portfolio in accordance with a weighting system that remains at the discretion of the manager.

In the event that a security no longer meets the investment criteria previously set due to a change in strategy or a controversy, the stake in the issuer will be sold in the best interests of the unitholders.

- **Methodological limitations**

The main methodological limitations associated with the investment strategy are:

- The use of an external non-financial rating agency (Sustainalytics): the management teams take into account the ESG risk rating and the carbon footprint calculation prepared by a recognised non-financial rating agency. The use of this agency may lead to a lack of transparency and completeness on the indicators used for the ESG assessment of issuers, delays in updating information that is out of the control of the management team and difficulties in checking the relevance and quality of the data provided;

- Investment in securities not covered by the analysis of the external non-financial rating agency: this possibility only concerns a maximum of 10% of the fund's portfolio, in terms of net assets and number of credit lines.

Finally, the management company undertakes to identify the potential negative impacts of its investments in accordance with Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, with the exception of indicators relating to biodiversity, for which it is unable to collect and use data. The main negative impact that has been identified is that of the contribution of investments to climate change. In this context, a carbon assessment is carried out monthly at fund level. The other negative impacts identified by the fund and the results of the analyses will be communicated annually in the ESG reports.

For more detailed information on the ESG criteria used and the methodology applied, please refer to the updated SRI Transparency Code which is available on our website at the following address: www.sofidy.com.

The fund promotes environmental characteristics as described in Article 8 of the SFDR Regulation. However, the fund does not commit to making sustainable investments and does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the "Taxonomy Regulation") and the alignment of its portfolio with this taxonomy regulation is not assessed. Therefore, the Do No Significant Harm principle does not apply to any of this fund's investments.

Eligible asset classes

- Assets (excluding embedded derivatives)

Shares

The Fund shall have at least 60% and up to 100% exposure to the European Union real estate equity market. Management choices may result in portfolio exposure to small capitalisation companies.

The Fund may also invest in the real estate equity market outside the European Union.

Debt securities and money market instruments

The Fund may invest up to 40% of its assets in debt securities and money market instruments denominated in the currencies of European Union countries and of public or private issuers whose registered office is located in the European Union (without rating criteria).

UCITS units or shares

The Fund may invest up to 10% of its assets in units or shares of French or foreign UCITS or in units or shares of investment funds governed by French law or established in other Member States of the European Union or investment funds established under foreign law that meet the four criteria of Article R214-13 of the French Monetary and Financial Code, without any classification constraints.

The Fund may invest in the UCITS or AIF(s) managed by SOFIDY or a related company.

- Derivative instruments

The Fund may invest up to 100% of its assets in forward financial instruments traded on French or foreign regulated markets to hedge the portfolio against equity, interest rate and currency risks or to expose it to equity, interest rate and currency risks, without seeking overexposure, to achieve the management objective. These actions may be carried out through futures, options or currency forwards.

Only simple forward financial instruments shall be eligible for investment.

- Securities with embedded derivatives

The Fund may invest up to 20% of its assets in securities with embedded derivatives (warrants, subscription warrants or convertible bonds) for the purpose of exposure to equity, interest rate and exchange rate risks, without seeking overexposure.

Securities with embedded derivatives that include only simple forward financial instruments shall be eligible for investment.

- Deposits and cash

The Fund may hold cash on an ancillary basis to cover redemptions of units by investors and for other reasons.

The Fund may make deposits of up to 40% of its assets to optimise cash management.

- Cash borrowings

The Fund may borrow up to 10% of its assets in cash from time to time in order to cover either a timing difference between purchases and sales of securities on the market or redemptions.

- Temporary acquisitions and disposals of securities

None.

Risk profile:

Your money will be primarily invested in financial instruments selected by the management company. These instruments will fluctuate in keeping with markets.

The Fund's risk profile is appropriate for investors seeking to invest long-term in a portfolio of exchange-listed securities.

The Fund may be exposed to the following risks:

- Risk of capital loss

The UCITS offers no performance or capital guarantees. Accordingly, the capital originally invested may not be fully repaid.

- Risk of discretionary management

The Fund's discretionary management style is based on anticipated changes in various markets and/or selection of securities. There is a risk that the UCITS is not invested at all times on the most high-performing markets or securities. The Fund's performance may therefore fall below the management objective. The Fund's net asset value may also decline.

- Equity risk

The Fund may be at least 60% and at most 100% exposed to equities. Equity markets may experience significant fluctuations depending, *inter alia*, on expectations for the global economy and company earnings. In the event of a market decline, the Fund's net asset value may fall.

- Sector risk

As the Fund invests in a specialised sector, it may be subject to greater risk (and volatility) than more diversified investments within a larger range of securities covering several sectors. The Fund's net asset value may therefore decline more quickly.

- Liquidity risk

The Fund may invest in small capitalisation shares and it may also have exposure to the debt of small and medium capitalised companies or in securities which, given their specific characteristics, may pose a liquidity risk. Since the volume traded in these securities is smaller, market downturns are more acute and abrupt than for large caps. The Fund's net asset value may therefore decline more quickly.

- Interest rate risk

The Fund may invest in interest-rate products. If rates increase, the value of interest-rate products may drop and result in a decline in the Fund's net asset value. Investors should also note that the price of equities, especially equities in the real estate sector, may be indirectly affected by changes in interest rates.

- Credit risk

Credit risk is the risk of a drop in credit quality of or default by an issuer. The value of debt securities in which the Fund may invest may result in a decline in the Fund's net asset value.

- Risk related to the use of derivative instruments

The risk related to management techniques is the risk that losses are magnified due to the use of simple forward financial instruments such as derivatives (futures and/or options). A decline in the net asset value may therefore be magnified.

- Currency risk

The Fund may be subject to currency risk. This is the risk of a drop in the investment currencies in relation to the portfolio's reference currency, which is the euro. If a currency falls in relation to the euro, the net asset value will decline.

- Sustainability risk:

Sustainability risk is an environmental, social or governance event or condition that, if it occurs, could have an actual or potential negative impact on the value of the investments made by the fund.

This risk is related to various risks that may result in unforeseen losses that could affect the investments and financial position of the fund. Three risks seem to dominate in terms of probability and materiality if they were to occur:

(i) Climate-related and biodiversity loss events attributable to climate change (e.g. physical risks such as sustained increases in temperatures, sea level rise, floods, fires, droughts and other meteorological disasters) or the company's response to climate change (e.g. transition risks related to regulatory, technological or market risks, etc.). The exposure of this fund's assets to these events increases with the frequency of extreme weather events.

(ii) Cybersecurity risks associated with the increasing use of digital technologies in all sectors. As cyber attacks become more sophisticated, the exposure of this fund's assets to fraud, theft and cyber attacks increases.

(iii) The risk of a pandemic (a pandemic being defined as an epidemic occurring worldwide or in a very large area, crossing international borders and generally affecting a large number of people) can slow the economy. Despite the significant advances in medicine over the past centuries, epidemics pose a significant threat to society and a wide range of economic sectors.

Social events (e.g. inequality, integration, labour relations, accident prevention, investment in human capital, change in customer behaviour, product quality and safety, sales practices, etc.) or governance-related shortcomings (e.g. significant and recurring breaches of international agreements, corruption, etc.) also translate into sustainability risks.

Subscribers affected (including profile of investor type):

- P Units: all subscribers, in particular retail investors;
- I and GI Units: all subscribers, in particular institutional investors;
- C Units: strictly reserved for investors that subscribe directly or through intermediaries that provide a portfolio management service under authorisation and/or financial investment advice that does not authorise them to retain management fees, either contractually or pursuant to MiFID 2 or national regulations.

Units of the Fund are not open to investors classified as “U.S. Persons”, as defined by Regulation S of the SEC (Part 230-17 CFR 230.903).

The Fund is not, and will not be, registered tor the purposes of the U.S. Investment Company Act of 1940. Any resale or transfer of units to the United States of America or to a “U.S. Person” may constitute a violation of U.S. law requiring the prior written consent of a fund’s asset management company. Those wishing to acquire or subscribe to units must certify in writing that they are not “U.S. Persons”.

The asset management company has the power to impose restrictions on (i) on the holding of units by a “U.S. Person” and thus order the forced sale of the units held or (ii) the transfer of units to a “U.S. Person”. This power also extends to any person who (a) appears to be directly or indirectly in breach of the laws and regulations of any country or any governmental authority or (b) could, in the opinion of the Fund’s asset management company, cause damage to the Fund that it would not otherwise have incurred or suffered.

The offering of units has not been authorised or rejected by the SEC, the special commission of a U.S. state or any other U.S. regulatory authority, nor have such authorities offered an opinion or sanctioned the merits of this offer, nor the accuracy or adequacy of the documents relating to this offer. Any statement to that effect is illegal.

All unitholders must immediately inform the Fund’s asset management company should they become a “U.S. Person”. Unitholders who become “U.S. Persons” will no longer be authorised to acquire new units and may be required to sell their units at any time to persons not qualified as “U.S. Persons”. The Fund’s asset management company reserves the right to order the forced sale of any unit held directly or indirectly by a “U.S. Person", or if the units are held by any other person deemed to be against the law or the Fund’s interests.

Standard profile:

The Fund is targeted towards a type of investor that wishes to gain exposure to the equity markets of the European Union real estate sector and therefore accepts irregular price changes by the UCITS. The reasonable amount to invest in this UCITS depends on the investor’s personal situation. To determine this, investors should consider their personal assets, current needs and the recommended investment period, as well as their risk appetite. In any event, sufficiently diversified investments are strongly recommended to avoid exposure solely to the risks of the UCITS.

Recommended investment period: greater than five years

Determination and allocation of the distributable amounts:

- P Units: Accumulation
- I Units: Accumulation
- GI Units: Accumulation
- C Units: Accumulation

Distributable amounts are comprised of:

- the net result plus retained earnings plus or minus the balance of the income adjustment account;
- realised capital gains, net of expenses, less realised losses, net of expenses, recognised during the financial year, plus net capital gains of the same nature recognised during previous financial years not yet distributed or capitalised, plus or minus the balance of the capital gains adjustment account.

Units or share characteristics:

Units	ISIN Code	Payment of distributable amounts	Accounting currency	Minimum initial subscription amount	Minimum subsequent subscription	Subscribers concerned	Initial unit value
P-C	FR0011694256	Accumulation	Euro	1 unit	1 unit	All subscribers, in particular retail investors	€100
I-C	FR0011694264	Accumulation	Euro	100 units	1 unit	All subscribers, in particular institutional investors	€1,000
GI-C	FR0013349289	Accumulation	Euro	100 units	1 unit	All subscribers, in particular institutional investors	€10,000
C-C	FR0013349297	Accumulation	Euro	1 unit	1 unit	All subscribers, in particular institutional investors	€100

Terms of subscription and redemption:

Subscription and redemption requests are centralised on each net asset value calculation day (D) before 12.30 pm and are executed on the next business day on the basis of the net asset value calculated and dated on day D (published on D+1). The period between the subscription or redemption clearing date and the settlement/delivery date is three working days. Subscription and redemption orders are received and cleared every day at 12.30 pm at CACEIS BANK, 1-3 place Valhubert, 75013 Paris.

Unitholders should note that orders sent to intermediaries other than CACEIS BANK must comply with the cut-off time for the clearance of orders, which applies to said intermediaries through CACEIS BANK. Consequently, such intermediaries may apply their own cut-off times earlier than those mentioned above to comply with their deadline for sending orders to CACEIS BANK.

The net asset value is calculated daily, except on public holidays in France and/or when the Paris Stock Exchange is closed. The net asset value is available from the asset management company (SOFIDY, 303 square des Champs-Élysées, Evry Courcouronnes 91026 Évry Cedex), on the asset management company's website (www.sofidy.com) and from the depositary (CACEIS BANK, 1-3 Place Valhubert, 75013 Paris).Orders are executed in accordance with the table below:

D: Net asset value calculation day	D+1 business day	D+3 business days
Centralization of subscription and redemption orders before 12:30 p.m.	Publication of the net asset value for day D	Delivery of subscriptions Settlement of redemptions

A switch from one category of shares to another is carried out by means of a request to redeem the shares of the category owned, followed by a request to subscribe for shares of another category. Investors' attention is therefore drawn to the fact that the switch from one category of units to another invokes the tax regime for capital gains or losses on financial instruments.

Fees and commissions

Entry and exit charges:

Entry and exit charges either increase the subscription price paid by the investor or reduce the redemption price. The charges retained by the UCITS compensate it for the costs it must pay to invest or divest the entrusted assets. Charges that are not paid to it revert to the asset management company, the marketers, etc.

Charges to be borne by the investor, levied from subscriptions or redemptions	**Base**	**Rate scale**
Subscription fees payable to third parties	Net asset value x number of units	P Units: 4% maximum I Units: 3% maximum GI Units: 1% maximum C Units: 4% maximum
Subscription fees taken by the UCITS	Net asset value x number of units	0%
Redemption fees payable to third parties	Net asset value x number of units	0%
Redemption fees payable to the UCITS	Net asset value x number of units	0%

Operating and management charges :

These charges cover all fees invoiced directly to the UCITS, except for:

- transaction fees (brokerage and transfer fees);

- outperformance commissions, which are paid to the management company when the UCITS has exceeded its objectives.

	Fees invoiced to the UCITS	Base	Rate scale
1	Financial management and administrative costs external to the asset management company (CAC, depositary, etc.) including taxes	Net assets	P Units: 2.20% including taxes maximum I Units: 1.10% including taxes maximum GI Units: 0.75% including taxes maximum C Units: 1.30% including taxes maximum
2	Transfer fees *(The transfer fees are received exclusively by the depositary[1].)*	ESES (Euro Settlement for Euronext-zone Securities) marketable securities excluding UCITS (France, Belgium and the Netherlands)	€8
		Marketable securities excluding UCITS (Germany, Austria, Luxembourg, Greece, Switzerland, Spain, Italy, Portugal, Sweden, Finland, Norway, Denmark, UK, US, Clearstream and Japan)	€13
		Marketable securities excluding UCITS (Hong Kong, Singapore, Australia, New Zealand, Turkey and Poland)	€35
		Marketable securities excluding UCITS (Czech Republic)	€45
		UCITS	€10 (+€5 per annual or repaired instruction)
		Cash	€2
		Spot, Forward and Currency SWAP (STP integration)	€20
		Spot currency (manual integration)	€50
		Forward currency (manual integration)	€70

		Currency SWAP (manual integration)	€100
3	Performance fees	Net assets	20% including taxes of the annual performance of the Fund net of fees compared with the FTSE EPRA/NAREIT Euro Zone Capped index net dividends reinvested. In compliance with the “high water mark” principle [(2)] from 1 December 2020

[(1)] Transfer fees are deducted in full by the UCITS Account-Keeper/Custodian. To perform its duties, the depositary in its capacity as Account-Keeper/Custodian of the UCITS charges a fixed or flat-rate fee per transaction depending on the nature of the securities, markets and financial instruments traded.

[(2)] Performance fees follow the "High Water Mark" principle: no end of financial year performance fee is paid so long as the Fund's performance is below that of the benchmark since the last time a variable fee was paid. In addition, these performance fees are only paid if the Fund's performance is positive in absolute terms since the last time a variable fee was paid.

Performance fee calculation:

Base	**Net assets before variable management fees**
Date of recognition	At the end of the financial year
Performance calculation	The calculation of the performance fee applies separately to each unit. The additional performance on which the rate of 20% including taxes applies is equal to the difference between: - the net assets of the unit before variable management fees (but net of fixed management fees); - the value of a theoretical reference asset having achieved a performance equal to that of the benchmark (FTSE EPRA/NAREIT Euro Zone Capped net dividends reinvested) since the last year-end closing where an outperformance fee has been paid [(1)] and recording the same changes from subscriptions/redemptions as the UCITS.
Provisioning	Provision (or reversal of provision) included daily in the net asset value

Condition	Positive unit performance compared to the last year-end closing where a performance fee has been paid [(1)]
Share of performance fee	20% including taxes
Unit redemptions	When units are redeemed, the share of the performance fee provisioned equal to the units redeemed is acquired by the asset management company.
Withdrawal date	At the closing date of each financial year

(1) Since the 1 January 2020 for the first reference period for commissions including the "high water mark" principle

Intermediary selection procedure:

Each year, financial intermediaries are selected by the managers of the asset management company based on a series of service quality criteria:

- quality and price of execution (best execution);
- availability and responsiveness of the dedicated salesperson;
- quality of post-execution processing.

4 - Sales information

Information requests and documents relating to the UCITS can be consulted and downloaded from the website www.sofidy.com or obtained directly from the asset management company:

- Asset management company: SOFIDY (303 square Champs Élysées, Evry Courcouronnes 91026 Évry Cedex)
- Email: sofidy@sofidy.com
- Telephone: +33 (0)1 69 87 02 00

Subscription and redemption requests relating to the Fund are centralised by the Fund's depositary: CACEIS Bank (1-3, place Valhubert, 75013 Paris).

Information on the inclusion of environmental, social and governance (ESG) criteria into investment policy is available at www.sodify.com.

The management company may send the composition of the UCITS portfolio to its investors within a period of no less than 48 hours after the publication of the net asset value, solely for the purposes of calculating the regulatory requirements related to the Directive 2009/138/EC (Solvency 2). Each investor who wishes to participate in this system must have procedures in place to manage this sensitive information prior to receiving the portfolio composition so that it is used only for the calculation of prudential requirements.

5 - Investment rules

In addition to the ratios specific to the UCITS defined in the section “Eligible asset classes” in this prospectus, the UCITS shall comply with the regulatory ratios applicable to UCITS in accordance with Directive 2009/65/EC.

6 - Overall risk

Overall risk is based on the commitment calculation method.

7 - Asset valuation rules

Accounting methods:

The entity complies with the accounting rules prescribed by the regulations in force, in particular the accounting guidelines for UCITS (*Conseil National de la Comptabilité* Notice no. 2003-08 of 24 June 2003).

The accounting currency of the Fund is the euro.

Accounts relating to the securities portfolio are kept by reference to historical cost: inflows (purchases or subscriptions) and outflows (sales or redemptions) are recognised at their acquisition price, excluding costs. Any outflow generates a capital gain or loss on sale or redemption and possibly a redemption premium.

The UCITS values its portfolio at current value, the value resulting from the market value or, in the absence of a market, from external financial methods: appraised values, value used in a takeover bid or public exchange offer, significant transactions, etc.

The difference between the initial value and the current value generates a capital gain or loss, which will be recorded as “portfolio estimate variance”.

Valuation rules are determined by, and under the responsibility of, the asset management company.

Asset valuation rules:

At each valuation, the Fund’s assets are valued according to the following principles:

- Equities, bonds and similar listed securities (French and foreign securities): valued at their closing price, for foreign securities at the last known closing price;
- UCITS securities in the portfolio: valuation based on the last known net asset value;
- Listed derivatives: settlement price and/or closing price of the day;
- Negotiable debt securities:
  - negotiable debt securities that, on their acquisition, have a remaining maturity of less than three months, are valued linearly. The difference between the acquisition value and the redemption value is “linearised” over the remaining term,
  - negotiable debt securities acquired with a residual maturity of more than three months are marked to market until three months and one day before maturity. The reference rate used is the actuarial yield of French Government medium-term notes (BTANs) of equivalent maturity published by the Banque de France. The difference between the market value at

three months and one day before maturity and the redemption value is "linearised" over the last three months.

Financial instruments, the price of which has not been recognised, are valued at either the last previous quoted price or the probable trading value as valued by the asset management company's executives. These valuations and documentation thereof are sent to the statutory auditor at the time of audit;

- Currencies: spot currencies are valued using the rates published daily on the financial databases used by the asset management company.

Income is recognised according to the accrual method.

8 - Remuneration Policy

The asset management company's employee remuneration policy consists of a fixed portion and a variable portion. Variable remuneration is, where applicable, subject to the provisions of the AIFM and UCITS 5 Directives for Identified Staff within the meaning of those Directives. This remuneration is supplemented by mandatory employee savings schemes (profit-sharing) or voluntary schemes (incentive schemes, additional profit-sharing and matching contributions) as well as employee fund schemes (participation in the capital of the asset management company and managed funds).

The variable remuneration policy seeks to align the interests of employees with savers/investors in the managed funds.

Details of the remuneration policy are available on the asset management company's website www.sofidy.com. A hard copy version is available free on request.

TERMS AND CONDITIONS

TITLE 1 - ASSETS AND UNITS

Article 1 – Co-ownership units

The rights of co-owners are expressed in units, with each unit equal to the same fraction of the Fund's assets. Each unitholder has a co-ownership right over the assets of the Fund in proportion to the number of units held.

The term of the Fund shall be 99 years from 4 November 2014, except in the event of early dissolution or extension as specified in these rules.

Unit classes:
The terms of the different classes of units and their conditions of access are detailed in the Fund's prospectus.
The different unit classes may:

- have different income distribution regimes (distribution or capitalisation);
- be denominated in different currencies;
- be subject to different management fees;
- be subject to different subscription and redemption commissions;
- have a different par value;
- be reserved for one or more sales distribution networks.

Units may be split, at the discretion of the asset management company's Executive Management, into tenths, hundredths, thousandths or ten-thousandths referred to as fractions of units.

The provisions of the rules governing the issue and redemption of units shall apply to fractional units, the value of which shall always be proportional to the value of the unit that they represent. All other provisions of the regulations relating to the units apply to fractions of units without it being necessary to state this specifically, unless otherwise provided.

Lastly, the asset management company's Executive Management may, at its sole discretion, divide the units by creating new units that are allocated to the unitholders in exchange for the old units.

Article 2 - Minimum asset amount

Units may not be redeemed if the assets of the Fund fall below €300,000; if the assets remain below such amount for thirty days, the asset management company shall take the necessary steps to liquidate the UCITS concerned or perform one of the transactions listed in Article 411-16 of the AMF General Regulation (transfer of the UCITS).

Article 3 - Issuance and redemption of units

Units are issued at all times at the request of bearers based on their net asset value plus any subscription fees.

Redemptions and subscriptions are made under the terms and conditions and according to the procedures defined in the prospectus.

Fund units may be listed according to the applicable regulation.

Subscriptions must be fully paid up on the day the net asset value is calculated. They may be made in cash and/or by contribution of financial instruments. The asset management company has the right to refuse the securities proposed and, to this end, has a seven-day window after their deposit to announce its decision. If accepted, the securities contributed shall be valued according to the rules set forth in Article 4 and the subscription shall be completed based on the first net asset value following acceptance of the securities in question.

Redemptions are made exclusively in cash, except where the Fund is liquidated if unitholders have signed an agreement to accept redemption in securities. They shall be paid by the account-keeper within a maximum of five days after the valuation of the unit.

Nevertheless, if under exceptional circumstances, the redemption requires the prior sale of assets included in the Fund, this timeframe may be extended by up to 30 days maximum.

Except for inheritance or inter vivos distributions, the sale or transfer of units between unitholders, or from unitholders to a third party, is equivalent to a redemption followed by a subscription; in the case of a third party, the amount of the sale or transfer must, if required, be supplemented by the beneficiary to reach at least the minimum subscription required by the Fund's prospectus.

Pursuant to Article L. 214-8-7 of the French Monetary and Financial Code, the issuance and redemption by the Fund of its units may be temporarily suspended by the asset management company under exceptional circumstances and in the interest of unitholders.

If the Fund's net assets are less than the amount set by the regulation, no unit may be redeemed.
The Fund's asset management company may restrict or prevent certain persons or entities prohibited from holding units of the mutual fund (hereinafter, the "Ineligible Person").

An Ineligible Person is a "U.S. Person" as defined by Regulation S of the SEC (Part 230-17 CFR 230.903) and detailed in the prospectus.

To that end, the Fund's asset management company may:

(i) refuse to issue any units if it appears that such an issuance would or may result in the units being directly or indirectly held for the benefit of an Ineligible Person;
(ii) at any time require any person or entity whose name appears on the unitholder register, to provide any information, accompanied by a sworn statement, which it may deem necessary for the purpose of determining if the beneficial owner of the units concerned is an Ineligible Person; and
(iii) if it appears to the asset management company that a person or entity is (i) an Ineligible Person and (ii) alone or jointly, the beneficial owner of the units, order the forced sale of all units held by such unitholder after ten business days following the date on which the asset management company notifies the unitholder of the compulsory redemption. The forced sale shall be made at the last known net asset value, less any applicable fees, duties and commissions, which shall remain payable by the Ineligible Person after a period of ten business days following the date on which the asset management company notifies the unitholder of the compulsory redemption, during which the beneficial unitholder may present its observations to the competent body.

Article 4 – Calculation of net asset value
The net asset value of the units is calculated by taking account of the valuation rules stated in the prospectus.

TITLE 2 - FUND OPERATIONS

Article 5 – The asset management company
The asset management company manages the Fund in accordance with the guidelines defined for the Fund.

The asset management company acts in all circumstances on behalf of unitholders and may alone exercise the voting rights attached to securities held by the Fund.

Article 5 bis - Operating rules
The instruments and deposits eligible to be Fund assets and the investment rules are described in the prospectus.

Article 6 – The depositary
The depositary shall perform its tasks pursuant to the laws and regulations in force as well as the provisions contractually entrusted to it by the asset management company. It must ensure decisions are lawfully taken by the asset management company. It shall, where appropriate, take any precautionary measures it deems necessary. In the event of a dispute with the asset management company, it shall inform the French Financial Markets Authority (AMF).

Article 7 – The statutory auditor
A statutory auditor is appointed for six financial years, after agreement with the AMF, by the Chief Executive Officer of the asset management company.

It shall certify the accuracy of the financial statements.

The statutory auditor can be re-appointed for another term.

The statutory auditor is required to report as soon as possible to the AMF any fact or decision concerning the UCITS of which it has become aware during the performance of its duties that may:
1) constitute a violation of the laws or regulations applicable to the Fund that may have a material impact on the financial position, results or assets and liabilities;
2) adversely affect the conditions or the continuity of its operations;
3) result in a qualified opinion or the refusal to certify the financial statements.

It is the statutory auditor who oversees the valuation of assets and the determination of exchange ratios during transformation, merger or spin-off operations.

It shall assess the value of any in-kind contribution.

It shall monitor the composition of the assets and other items before publication.

The statutory auditor's fees are set by mutual agreement between the statutory auditor and the Chief Executive Officer of the asset management company on the basis of a work programme specifying the procedures deemed necessary.

It certifies the situations that serve as a basis for distributing interim dividends.

Article 8 - Accounts and management report
At the end of each financial year, the asset management company shall prepare the summary documents and a report on the Fund's management during the past financial year.

The asset management company prepares, at least every six months and under the supervision of the depositary, a list of the UCITS' assets.

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

TITLE 3 - PROCEDURE FOR ALLOCATION OF DISTRIBUTABLE AMOUNTS

Article 9 - Procedure for allocation of the distributable amounts
The net result for the financial year is equal to the amount of interest, arrears, dividends, premiums and allotments, attendance fees and all income relating to the securities in the Fund's portfolio, plus income from amounts temporarily available, less management fees and borrowing costs.
Distributable amounts are comprised of:
- the net result plus retained earnings plus or minus the balance of the income adjustment account;
- realised capital gains, net of expenses, less realised losses, net of expenses, recognised during the financial year, plus net capital gains of the same nature recognised during previous financial years not yet distributed or capitalised, plus or minus the balance of the capital gains adjustment account.

The management company decides on the breakdown of profits.

Net result is allocated between the two classes of units in proportion to their share of the overall net assets.

For each class of units, where applicable, the mutual fund may choose one of the following formulas:

- Pure capitalisation: distributable amounts are fully capitalised except for those that are subject to mandatory distribution by law;
- Pure distribution: the sums are distributed in full, after rounding up. Interim dividends may be distributed;
- For mutual funds that wish to retain the freedom to capitalise and/or distribute. The asset management company shall decide how to appropriate profits income each year.

The asset management company has decided to create "C" accumulation units.

The amounts that may be capitalised are equal to the previously defined net result plus or minus the balance of the income adjustment account for the C unit class for the financial year ended.

TITLE 4 - MERGER - SPIN-OFF - DISSOLUTION - LIQUIDATION

Article 10 – Merger – Spin-off
The asset management company may either contribute all or part of the assets included in the Fund to another UCITS it manages, or split the Fund into two or more other funds.

Such merger/demerger transactions may only be completed one month after unitholders have been notified.

A new certificate detailing the number of units held by each unitholder must then be delivered.

Article 11 – Dissolution - Extension
If the Fund's assets remain below the amount set forth in Article 2 above for thirty days, the asset management company shall inform the French Financial Markets Authority and dissolve the Fund, unless it merges with another mutual fund.

The asset management company may carry out an early dissolution of the Fund. It shall inform the unitholders of its decision and from that date will no longer accept subscription or redemption requests.

The asset management company shall also dissolve the Fund if it receives a request for redemption of all units, the termination of the depositary, if no other depositary has been appointed, or on expiry of the term of the Fund, if such term has not been extended.

The asset management company shall inform the French Financial Markets Authority (AMF) by post of the date and dissolution procedure that it intends to use.

It shall then send the AMF the statutory auditor's report.

The asset management company may decide to extend the Fund in agreement with the depositary. Its decision must be taken at least three months before the expiry of the Fund's original term and notified to the unitholders and the AMF.

Article 12 - Liquidation
In the event of dissolution, the asset management company or the appointed liquidator shall assume the duties of liquidator; failing that, the liquidator shall be appointed by a court at the request of any interested person. To that end, they are granted the broadest powers to sell assets, pay off any creditors and distribute the available balance among the unitholders in cash or securities.

The statutory auditor and the depositary shall continue to perform their duties until liquidation transactions are completed.

TITLE 5 – DISPUTES

Article 13 - Jurisdiction - Address of service
Any disputes relating to the Fund that may arise during its operation or at its liquidation, either between unitholders or between unitholders and the asset management company or the depositary, shall be subject to the jurisdiction of the competent courts of law.