

Prospectus

ALLIANZ EURO OBLIG COURT TERME ISR

Allianz 
Global Investors

Date of authorisation : 25 June 2010

Publication date : 19 June 2015

Important Information

Investment Restrictions applicable to US Persons

The Fund is not and will not be registered in the United States of America under the United States Investment Company Act of 1940 as amended. Units in the Fund have not been and will not be registered in the United States of America pursuant to the United States Securities Act of 1933 as amended (the "Securities Act") or pursuant to the securities laws of any state of the United States of America. Those units made available in connection with this offering may not be directly or indirectly offered or sold in the United States of America or to or for the benefit of any US Person as defined in Rule 902 of Regulation S applied pursuant to the Securities Act. Potential applicants are required to declare that they are not a US Person and are not applying for shares on behalf of any US Person nor acquiring shares with the intent to sell them to a US Person. Should a shareholder become a US Person, she/he may be subject to US withholding taxes and tax reporting.

US Person

A "US Person" is defined as any person from the United States within the meaning of Rule 902 of Regulation S under the Securities Act of 1933 (the "Securities Act"), as the definition of such term may be changed by legislation, rules, regulations or by judicial or administrative agency interpretations.

A "US Person" from the United States denotes, without limitation: i. Any natural person resident in the United States; ii. Any partnership or corporation organised or incorporated under the laws of the United States; iii. Any estate of which any executor or administrator is a US Person; iv. Any trust of which the trustee is a US Person; v. Any agency or affiliate of a foreign entity located in the United States; vi. Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary administrator for the benefit or account of a US Person; vii. Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary administrator organised, incorporated, or, if an individual, resident in the United States; and viii. Any partnership or corporation if: (1) It is organised or incorporated under the laws of any foreign jurisdiction; and (2) Formed by a US person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts.

US Tax Withholding and Reporting under FATCA

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act ("FATCA") generally impose a US federal reporting and withholding tax regime with respect to certain US source income (including, income, dividends and interest) and gross proceeds from the sale or other disposal of property. The rules are designed to require US persons' direct and indirect ownership of certain non-US accounts and non-US entities to be reported to the US Internal Revenue Service. The Fund may be required to withhold tax in respect of non-compliant Holders at the rate of 30%, if there is a failure to provide certain required information. These rules generally apply to certain payments made after 1 July 2014.

France has entered into an intergovernmental agreement ("IGA") with the United States of America. Under IGA, FATCA compliance will be enforced under new I tax legislation and reporting rules and practices applicable in France.

The Fund will likely require additional information from Unitholders in order to comply with these provisions. Each prospective Unitholder should consult her/his/its own tax adviser on the applicable requirements under FATCA. The Fund may disclose information, certifications or other documentation that it receives from (or concerning) its investors to the US Internal Revenue Service, non-US taxing authorities, or other parties as necessary to comply with FATCA, related intergovernmental agreements or other applicable law or regulation. Prospective investors are urged to consult their tax adviser regarding the applicability of FATCA and any other reporting requirements with respect to the investors' own situations.

ALLIANZ EURO OBLIG COURT TERME ISR

PROSPECTUS

UCITS subject to European
Directive 2009/65/EC

I – GENERAL CHARACTERISTICS

► **Name of the Fund**

ALLIANZ EURO OBLIG COURT TERME ISR

► **Legal form and member state in which the Fund was incorporated**

Mutual fund (Fonds Commun de Placement, FCP) under French law

► **Launch date and scheduled duration:**

Launch date : 5 July 2010
 Expected period of existence : 99 years

Summary of the management offer

Units	ISIN code	Allocation of distributable sums	Base currency	Minimum subscription amount	Minimum initial subscription	Target subscribers	Splitting of units	Initial Net Asset Value
R/C	FR0011387299	Accumulation	EURO	N/A	N/A	All Subscribers	thousandths	€1,000.00
I/ C and/or D	FR0010914572	Accumulation and/or Distribution	EURO	N/A	€160,000*	Unit intended for Corporate and Institutional Investors	thousandths	€10,000.00

* (except management company)

► **Place where the latest annual report and interim financial statement may be obtained**

Investors will be sent the Fund's prospectus and latest annual and interim documents within one week after requesting them in writing from:

Allianz Global Investors GmbH
 Bockenheimer Landstrasse 42-44
 D-60323 Frankfurt-am-Main, Germany

or from Allianz Global Investors, French Office
 3 boulevard des Italiens, 75113 Paris Cedex 02, France
 E-mail: asset@allianzgi.com

These documents can also be downloaded from the website: www.allianzgi.fr

Additional information may be obtained where required by sending a request to:
Allianz Global Investors GmbH
Bockenheimer Landstrasse 42-44
D-60323 Frankfurt-am-Main, Germany

or from Allianz Global Investors, French Office
Marketing/Communications Division
3 boulevard des Italiens, 75113 Paris Cedex 02, France
E-mail: asset@allianzgi.com

II - SERVICE PROVIDERS

► Portfolio management company

Name : Allianz Global Investors GmbH
Legal form : Private Limited Liability Company (*Gesellschaft mit beschränkter Haftung*) under German law
Registered office : Bockenheimer Landstrasse 42-44, D-60323 Frankfurt-am-Main, Germany
Activity : Portfolio management company approved by the German Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)*), Marie-Curie-Str. 24–28, D-60439 Frankfurt-am-Main, Germany

► Custodian and depository

Name : Société Générale
Legal form : Private Limited Liability Company (*Société Anonyme*)
Registered office : 29 boulevard Haussmann, 75009 Paris, France
Postal Address : 75886 Paris Cedex 18
Activity : Credit institution authorised by the Banking Commission

The custodian performs the duties of depository, and custodian of the assets in the portfolio and is the registrar of the units of the Fund.

► Administrative and Accounting Manager by appointment

Name : Société Générale Securities Services Net Asset Value
Legal form : Private Limited Liability Company (*Société anonyme*) with an executive board and a supervisory board
Share capital : €40,000
Registered office : 10 Passage de l'Arche, 92800 Puteaux, France
SIREN : 434 483 913

► Statutory Auditor

Name : KPMG
Registered office : 1, Cours Valmy, 92923 Paris La Défense Cedex, France
Signatory : Mrs. Isabelle Bousquié

► Distributor

Allianz Global Investors and/or Allianz Group companies

► Advisers

N/A

► Appointed clearing house of the Fund represented by the Management Company

Name : Société Générale
Legal form : Private Limited Liability Company (*Société Anonyme*)
Registered office : 29 boulevard Haussmann, 75009 Paris, France
Postal Address : 75886 Paris Cedex 18
Activity : Credit institution authorised by the Banking Commission
Order clearing and Registrar : 32, rue du Champ de Tir, 44000 Nantes, France

The SOCIETE GENERALE is in charge of liability accounting, specifically for receiving subscription and redemption orders.

► **Representative in Sweden (paying agent and information agent)**

Name : Nordea Bank AB (publ)
Address : Smålandsgatan 17, 105 71 Stockholm, Sweden

III - OPERATING AND MANAGEMENT ARRANGEMENTS

III.1 GENERAL CHARACTERISTICS

► **Characteristics of units**

Each unitholder is entitled to joint-ownership of the Fund's assets in proportion to the number of units held:

- The units are recorded in a register in the name of the subscribers' account-holding establishments on their behalf;
- No voting rights are attached to the units, and decisions are made by the management company;
- Units may be acquired by subscribers in their preferred form: nominative or bearer;
- The unitholders' register is kept by Euroclear.

► **Financial year end**

Financial year end : Last net asset value of December
First financial year end : 30 December 2011

► **Information on the taxation system where appropriate**

The Fund is not subject to corporation tax. However, capital gains or losses are taxable when remitted to unitholders.

The tax regime applicable to these actual or realised capital gains or losses depends on the tax provisions applicable to the investor's financial situation and/or the jurisdiction in which the Fund is invested; if investors are unsure of their tax situation, they should contact an adviser or professional.

► **Savings Directive**

European Directive 2003/48 EC of 3 June 2003 (Savings Directive) applicable from 1 July 2005, introduced new provisions to ensure effective taxation of cross-border savings income in the form of "interest payments" (as defined in the Directive), paid to actual beneficiaries (specifically private individuals) who, for tax purposes, are residents in a European Union Member State, a dependent or associated territory of a Member State, or a third-party country that has signed a bilateral agreement that includes a reciprocity clause.

This Directive concerns:

- Income or the total amount of the proceeds realised from the sale of Fund units in compliance with Directive 2009/65/EC or similar (opted-out Fund), of which more than 25% is invested in bonds and other debt securities,
- As well as income similar in nature to interest paid by Distribution Funds (1) in compliance with Directive 2009/65/EC or similar.

Depending on the geographical location of the paying agent (defined as the agent paying interest or allocating payment of interest to the immediate benefit of the actual beneficiary), the directive provides for the submission of some of these items to the tax authorities of the holder's country of residence (general case) or the application of tax withholding initially set at 15% (for paying agents located in Austria, Luxembourg and in countries or territories that have signed equivalent agreements, such as Switzerland and Monaco).

This Directive has no impact on holders whose units are held by a paying agent located in their country of residence.

The situation of the Fund with regard to this text is as follows:

Holding threshold in bonds and debt instruments	Position relative to threshold defined	Status of the Fund
25%	Exceeds threshold	IN

► Classification

Bonds and other debt securities denominated in euro

► Management objective

The Fund aims to match or outperform the EONIA index net of management fees, over the recommended investment period.

► Benchmark index

The Fund's performance is to be compared against the market index: EONIA

EONIA or Euro OverNight Index Average is the market on which specially authorised institutions and banks trade short-term capital. It aims to ensure the liquidity of banks on a daily basis. The EONIA rate is the overnight rate calculated as a weighted average of all overnight financing transactions that are unsecured on the interbank market, initiated within the Euro zone by the panel of participating banks.

► Investment strategy

In order to achieve its management objective, the Funds expose their assets primarily to debt securities on the money market and to bonds or similar products denominated in euro.

Among rate instruments, securities from public and private issuers are accepted.

The Fund's investment strategy has a dual focus.

1 - The first focus aims to make the most of opportunities that arise on the public and private government bond market.

Bonds and other eligible debt instruments must have the following characteristics at the time of purchase:

- In the case of a rating given by all three major rating agencies (Moody's, Standard&Poor's and Fitch), at least two of the agencies must have awarded a rating of BBB- or above, for the long-term rating (Standard&Poor's or equivalent) or a rating of A-3 or above for the short-term rating (Standard&Poor's rating or equivalent). The rating used will then be taken as the lower of the two best ratings.
It is also understood that none of the three ratings given by the three major rating agencies (Moody's, Standard&Poor's and Fitch) can fall below BBB- (Standard&Poor's or equivalent) for the long-term rating, or A-3 (Standard&Poor's or equivalent) for the short-term rating.
- In the event that only two ratings are available from the three major rating agencies (Moody's, Standard&Poor's and Fitch), the rating used will be the lower of the two. This rating must be at least BBB- (Standard&Poor's or equivalent) for the long-term rating, or at least A-3 (Standard&Poor's or equivalent) for the short-term rating.
- In the event that only one rating is available from the three major rating agencies (Moody's, Standard&Poor's and Fitch), this rating must be at least BBB- for the long-term rating (Standard&Poor's or equivalent), or at least A-3 for the short-term rating (Standard&Poor's or equivalent).

If there is no rating for the issue, then the issuer's rating must be taken into account.

The securities chosen are based around OECD countries

In order to limit the Fund's exposure to credit and liquidity risks, the maximum residual life upon acquisition of each debt security or similar security cannot exceed 3 years. In addition, the weighted average life of the portfolio (or WAL), which measures the Fund's sensitivity to credit risk, cannot exceed 1.5 years. If the portfolio's weighted average life is exceeded on occasion, specifically due to a significant decrease in net assets, then the Management Company will assess the opportunity for the disposal of portfolio securities with the main assessment criterion being holders' interest, so as to return the portfolio's weighted average life below 1.5 years within a reasonable and compatible time with said interest.

2 - The second focus is the taking of directional positions according to the expected movements in key interest rates by the European Central Bank, and short-term fluctuations of the benchmark. This strategy is reflected in greater or lesser exposure than the benchmark to the rate market within the authorised sensitivity range [0; +1.5]. The Fund's exposure may be adjusted via the use of interest-rate swap agreements or derivative instruments listed on interest rates (futures).

The investment decision is generally made in two stages; the first is a sector strategy to identify the economic sectors to

prioritise or underweight, while attempting to limit the Fund's exposure to market movements.

The second stage is based on issuer selection. This strategy helps to identify the most attractive securities within each sector's universe of securities.

In connection with the strategies developed, the manager may, in exceptional circumstances, use derivatives in addition to the securities in the portfolio with a total commitment of up to 100% of assets. The use of such instruments falls within the chosen sensitivity range [0; +1.5].

On a subsidiary basis, the Fund may invest in money market funds in order to provide a return on the liquid funds from transactions initiated by the Fund manager. These investments will account for less than 10% of the Fund's net assets.

The investment strategies outlined above are employed according to the recommendations (and the degree of conviction associated with them) by the managers/specialists at Allianz Global Investors with a view to limiting the Fund's exposure to interest-rate risk and credit risk.

The Fund employs an investment process that is based on expertise in terms of sector and geographic allocation (top-down approach). Once this investment framework has been defined, securities-picking becomes our main investment focus (bottom-up approach)

1. Credit strategy: Significant and recurring

a) Choice of securities:

Our choice of securities is based on the dual focus of financial and "Socially Responsible" criteria. The beyond-financial analysis of securities, which is sensitive to the environment, to man, to the challenges of sustainable development and to relations with society allows us to assess the value of a security differently, by identifying the risks and potential destruction of values facing a given issuer, which cannot be revealed by financial analysis alone.

This strategy helps to identify the most attractive securities within the investment universe split into two homogeneous categories:

- Issues from private companies
- Issues of secured debt

The manager's decisions will be based on:

- Intrinsic criteria: Financial analysis of issuers from the investment universe,
- Relative criteria: Yield, liquidity, ease of listing with market intermediaries.
- Beyond-financial criteria: Assessment of an issuer specifically by specialist rating agencies such as Innovest, Vigeo or oekom, according to a number of "Socially Responsible" criteria (Human Rights, Corporate Governance, Social, Environment).

b) Sector strategy

This strategy helps to identify the economic sectors to prioritise or underweight, while attempting to limit the Fund's exposure to fluctuations in private sector borrowing. Investment decisions are based on a thorough financial analysis performed by managers, the team of credit analysts and input from external sources (rating agencies, brokers, counterparties, etc.).

The economic sectors envisaged are those found in the major classifications:

- Cyclical consumer goods
- Non-cyclical consumer goods
- Energy
- Industries
- Basic products
- Healthcare
- Utilities
- Financial services
- Technology
- Telecommunication

The manager's decisions will be based on:

- Intrinsic criteria: Expectations in terms of economic activity, structural advantages, etc.
- Relative criteria: Appraisal of these elements across the various sectors considered.

c) Managing sensitivity to credit risk

Every investment made in private sector securities exposes the Fund to the risk of changes in private sector borrowing. Managing credit sensitivity consists in selecting the maturity of the investments on the credit curve with a view to minimising

the portfolio's exposure to this risk.

2 - Directional strategy: Significant and recurring

This involves taking directional positions on actual and nominal rates depending on the trend observed on the bond market. This strategy is reflected in greater or lesser exposure to the actual rates market. The aim is thus to make the most of any rise in the market and to shelter profits in the event of a downturn.

The trend on the actual rates market is specifically assessed by using monetary and budgetary policies and via expectations in terms of growth and inflation.

Inflation is obviously an important factor when assessing inflation-linked bonds, since it influences prices through the coupons paid and the capital paid at maturity. Inflation also influences porting, i.e. the difference between the actual rate plus inflation realised and the repo rate.

In order to prevent possible conflicts of interest, Allianz Group has implemented a policy to handle conflicts of interest, available from the website www.allianzgi.fr

Assets used

The Fund does not invest in financial securities from companies which, according to the Management Company, are engaged in activities prohibited by the Ottawa Convention on anti-personnel mines or the Oslo Convention on cluster munitions. In order to assess whether or not a company is engaged in such activities, the Management Company considers (a) analysis from bodies specialising in compliance with such conventions, (b) responses received by companies during the analysis of their activity and (c) information in the public domain. These assessments may be conducted by the Management Company itself or by a third-party company, specifically Allianz Group companies.

Debt securities and money market instruments (from 0% up to 100% of its assets, of which up to 100% in securities held directly)

Distribution of private/public debt: up to 100% of the "Debt securities" portfolio in private debt.

Criteria related to ratings:

Bonds and other eligible debt instruments must have the following characteristics at the time of purchase:

- In the case of a rating given by all three major rating agencies (Moody's, Standard&Poor's and Fitch), at least two of the agencies must have awarded a rating of BBB- or above, for the long-term rating (Standard&Poor's or equivalent) or a rating of A-3 or above for the short-term rating (Standard&Poor's rating or equivalent). The rating used will then be the lower of the two best ratings.
It is also understood that none of the three ratings given by the three major rating agencies (Moody's, Standard&Poor's and Fitch) can fall below BBB- (Standard&Poor's or equivalent) for the long-term rating or A-3 (Standard&Poor's or equivalent) for the short-term rating.
- In the event that only two ratings are available from the three major rating agencies (Moody's, Standard&Poor's and Fitch), the rating used will be the lower of the two. This rating must be at least BBB- (Standard&Poor's or equivalent) for the long-term rating or at least A-3 (Standard&Poor's or equivalent) for the short-term rating.
- In the event that only one rating is available from the three major rating agencies (Moody's, Standard&Poor's and Fitch), this rating must be at least BBB- for the long-term rating (Standard&Poor's or equivalent) or at least A-3 for the short-term rating (Standard&Poor's or equivalent).

If there is no rating for the issue, then the issuer's rating must be taken into account.
The securities chosen are based around OECD countries.

Legal types of instruments used:

Debt instruments of all types specifically including:

- Treasury bills
- Certificates of deposit
- Inflation-linked bonds
- Negotiable debt securities

The Fund may invest in debt securities and international money market instruments denominated in euros.

Specific remarks:

The portfolio's sensitivity range is 0-1.5.

Furthermore, the maximum residual life upon acquisition of each debt security or money market instrument cannot exceed 3 years.

The Fund will not be exposed to currency risk on its "Debt securities" portfolio.

Mutual funds and investment funds (from 0% up to 10% of assets)

- Holding of all types of mutual funds
- Cash Fund
- French-law Fund
- European-law Fund
- French-law AIF complying with the criteria set out in the French Monetary and Financial Code
- Foreign-law AIF complying with the criteria set out in the French Monetary and Financial Code
- Foreign-law Investment Fund complying with the criteria set out in the French Monetary and Financial Code
- Trackers / ETF

The manager may invest in mutual funds managed by the Management Company and/or by Allianz group entities.

In order to prevent possible conflicts of interest, the Allianz Group has implemented a policy to handle conflicts of interest, available from the website www.allianzgi.fr

Derivatives (up to 100% of its assets)

Type of markets in which investments are made:

- Regulated Markets
- Organised markets
- Over-the-counter (OTC) markets.

Type of instruments used:

- Interest-rate futures
- Interest-rate swaps

Nature and investment:

Risks	Hedging	Exposure	Arbitrage
Interest-rate risk	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Maximum Leverage: 1.00

Strategy of using derivatives to achieve the management objective: -

- Manage interest-rate risk

Investment policy regarding financial guarantees

When the Fund makes transactions on OTC financial derivatives, the management company must follow this financial guarantees management policy. As long as the pledges are not binding, the required level of guarantee remains at the discretion of the Fund's portfolio manager.

Financial guarantees received must comply with the management company's financial guarantees policy and must meet the following criteria at all times:

- (i) Liquidity: Financial guarantees must be very liquid, so that they can be sold quickly at a price close to the valuation prior to sale.
- (ii) Valuation: Financial guarantees must be subject to valuation, and traded on a market at least daily.
- (iii) Issuer credit quality: Financial guarantees must be issued by a high-quality issuer and when presented, must have a rating issued by a recognised rating agency of at least AA (Standard&Poor's, Fitch) or Aa3 (Moody's) or equivalent ratings by other rating agencies.
- (iv) Correlation: Financial guarantees received must be presented by an entity separate from the counterparty, and must not be highly correlated with the performance of the counterparty.
- (v) Diversification: Financial guarantees must be sufficiently diversified in terms of countries, markets and issuers.

(vi) Custody: Financial guarantees received in the form of transferred ownership must be held by the Fund's custodian, or its agent.

(vii) Implementation of guarantees: The Fund must be able to execute the financial guarantees received at any time, without the counterparty's consultation or approval, in the event of default of said counterparty.

(viii) Financial guarantees other than cash should not be sold, reinvested or pledged as security.

(ix) Financial guarantees received in cash should only be

- Held in custody in compliance with the eligibility rules applicable to mutual funds;
- Invested in a diversified manner in high-quality government bonds which, when purchased, have been issued a minimum rating of AA (Standard & Poor's, Fitch) or Aa3 (Moody's) from a recognised rating agency or any other equivalent ratings from another rating agency;
- Invested in short-term money market funds;
- Used for the purpose of repo transactions.

(x) Haircut: Financial guarantees received are assessed taking into account appropriate haircuts in order to provide protection against short-term credit risk, interest-rate risk, risks related to foreign markets and liquidity risk. The amount of the haircuts will depend on the volatility of the price of the underlying asset classes, on the time required to liquidate these assets where applicable, on the maturity of these assets and on the creditworthiness of the issuer.

Cash borrowings

On an exceptional basis, with the aim of investing in anticipation of a market rise or on a temporary basis as part of managing large redemptions, the Manager may borrow cash up to a maximum of 10% of the net assets of the fund from:

Société Générale

Deposits

Limited to 100% of its net assets.

Temporary acquisitions and disposals of securities

The Fund may commit up to 100% of its net assets to temporary acquisitions and disposals of securities.

Type of transactions used:

- Repo and reverse repo agreements with reference to the French Monetary and Financial Code
- Lending and borrowing of securities with reference to the French Monetary and Financial Code
- Other

Types of transactions (all transactions being carried out for the sole purpose of achieving the management objective):

- Cash management
- Optimisation of the Fund's income
- Possible contribution to the leverage effect of the Fund
- Other

Compensation: Additional information is given in the "Charges and fees" section.

Potential impact of the use of management techniques and financial instruments on the performance of each Fund

The use of management techniques and financial instruments may have a positive impact and a negative impact on the performance of the Fund.

The use of repo agreements will result in additional income for the Fund by way of loan interest paid by the counterparty. However, the use of such transactions also involves certain risks in respect of this Fund which may generate losses (for instance in the event of default of the counterparty).

Repo transactions allow either to invest or to obtain cash on behalf of the Fund, generally on a short-term basis. If the Fund is engaged in a repo transaction as lender, it obtains additional cash which can be fully invested in line with the Fund's investment policy. In such cases, the Fund must comply with its repo obligations, regardless of whether the use of the cash obtained following repo transactions resulted in losses or gains to the Fund. If the Fund is engaged in a repo transaction as borrower, this reduces its cash, which can thus not be used in other investments.

Policy on direct and indirect operational costs and fees relating to the use of efficient portfolio management (EPM) techniques (i.e. repo and reverse repo agreements, securities lending and borrowing, and performance swaps or total return swaps)

Direct and indirect operational costs and fees arising from EPM techniques may be deducted from the income delivered to the Fund (for instance, as a result of income-sharing arrangements). These costs and fees should not include hidden income. All the revenues arising from such EPM techniques, net of direct and indirect operational costs, will be returned to the Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, brokers or financial intermediaries and may be related parties to the Management Company. The revenues arising from such EPM techniques for the relevant period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these EPM techniques, will be disclosed in the Fund's annual report.

Conflicts of interest

In order to prevent possible conflicts of interest, Allianz Group has implemented a policy to handle conflicts of interest, available from the website www.allianzgi.fr

► Risk profile

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

The Fund does not offer any guarantees, and the capital invested may not be fully recouped due to market fluctuations. The size of these fluctuations can be measured by a simple indicator: volatility.

Volatility is an indicator allowing a Fund's average magnitude of performance to be quantified through observation of its past performance. As such, and as an example, the volatility of a Money Market Portfolio is less than that of a Bond Portfolio which in turn presents less volatility than an Equity Portfolio.

This concept of volatility reflects both the Fund's upward and downward performance potential. Thus, the higher its volatility, the greater its ability to generate performance, and conversely, the greater its risk of incurring higher losses.

This volatility can be broken down into risk factors. These factors are also sources of added value, in which the portfolio invests in order to generate performance. Among all the risk factors/added value at their disposal, our management teams endeavour to manage their risk budget at all times by prioritising sources that are subject to strong convictions. The main risk factors to which this Fund may be exposed are outlined below.

- **Short-term Interest-rate risk:** Fluctuations in the bond instruments held directly or indirectly in the portfolio correlate to variations in interest rates. In the event that interest rates rise and the Fund's sensitivity to changes in interest rates is positive, then the value of the bond instruments in the portfolio will decrease, and the value of the Fund unit will fall accordingly.

- **Credit risk:** Since the portfolio may be invested directly or indirectly in financial instruments issued by private institutions, it is exposed to the risk of default by these issuers. For instance, if a company goes bankrupt after issuing bonds that were included in the portfolio, these bonds may not be redeemed, or redeemed only in part. Their value falls and the value of the Fund unit falls accordingly.

- **Sector rate risk:** Interest-rate markets comprise a very wide universe of securities. Within this universe, the portfolio may focus at its will on a given market segment, either in line with its universe/benchmark, where appropriate, or based on the expectations of our management teams. These segments may be linked to countries/geographic regions, issuer type (government, agency, secured, private company, etc.), or rate type (nominal, actual, variable), etc. Some segments are more volatile than others, and can thus generate more volatility in the portfolio's performance, while others are more defensive.

On an ancillary basis, the fund is also exposed to the following risks:

- **Counterparty risk:** This risk relates to agreements involving forward financial instruments in the event that one of the contracted counterparties fails to fulfil its commitments (for example: payment, repayment), thus potentially entailing a fall in the net asset value. Default by a counterparty may result in losses for the relevant Fund. Nevertheless, in particular regarding OTC transactions, such a risk may be significantly reduced by pledging from the counterparty of financial guarantees in accordance with the management company's financial guarantees management policy.

► Guarantee or protection

N/A

► Eligible subscribers and typical investor profile

The Fund comprises two unit classes.

R units are aimed at: All Subscribers

The risk profile of the Fund makes it suitable for subscription by unitholders seeking exposure to:

- Short-term interest rate risk in the Euro zone

Minimum recommended investment period: Six months

I units are aimed at: Corporate and Institutional Investors

The risk profile of the Fund makes it suitable for subscription by unitholders seeking exposure to:

- Short-term interest rate risk in the Euro zone

Minimum recommended investment period: Six months

For private individuals, the amount that it is reasonable to invest in this Fund depends on your specific situation. In order to determine this, you must take into account your personal wealth/assets, your current and future needs as well as your desire to take risks or, on the contrary, to invest more cautiously. It is also highly recommended to diversify your investments sufficiently so as not to expose them solely to the risks of this Fund.

Subscription of units of the Fund is only permitted to investors who do not have the status of "U.S. Person" as defined in the U.S. federal securities regulations.

The units have not been, nor will they be, registered under the U.S. Securities Act of 1933 (hereafter "the Act of 1933"), or under any applicable law in a U.S. state, and the units cannot be directly or indirectly divested, offered or sold in the United States of America (including its territories and possessions) to any U.S. national (hereafter "U.S. Person"), as defined by the U.S. "Regulation S" in the context of the Act of 1933 adopted by the U.S. market regulatory authority ("Securities and Exchange Commission" or "SEC"), unless (i) a registration of the units were to take place or (ii) an exemption was applicable (with prior consent of the Fund management company).

The Fund is not, nor will it be, registered under the U.S. Investment Company Act of 1940. Any resale or divestiture of units in the United States of America or to a U.S. Person may constitute a breach of U.S. law and require prior written consent of the Fund management company. Those seeking to acquire or subscribe units will have to certify in writing that they are not U.S. Persons.

The Fund Management Company has the authority to impose restrictions (i) on the holding of units by a U.S. Person and thus effect the mandatory redemption of the units held, and (ii) on the transfer of units to a "U.S. Person". This authority also extends to any person (a) who is deemed to be directly or indirectly in breach of the laws and regulations of any country or any government authority, or (b) who could, in the opinion of the Fund management company, cause harm to the Fund that it would not otherwise have suffered or endured.

The unit offer has not been authorised or rejected by the SEC, a specialist committee of a U.S. state or any other U.S. regulatory authority, nor have these authorities pronounced or sanctioned the merits of this offer, or the accuracy or adequacy of the documents pertaining to it. Any affirmation in this regard is against the law.

All unitholders must immediately inform the Fund in the event that they should become a U.S. Person. Any unitholder who becomes a U.S. Person will no longer be authorised to acquire new units and may be asked to dispose of their units at any time to persons who do not have the status of U.S. Person. The Fund management company reserves the right to carry out the mandatory redemption of any unit held directly or indirectly by a U.S. Person, or if the holding of units by any person whatsoever is contrary to the law or the interests of the Fund.

The definition of "U.S. Person(s)" as defined by Regulation S of the SEC (Part 230 – 17 CFR 230.903) is available at: <http://www.sec.gov/about/laws/secrulesregs.htm>

► **Determination and allocation of income/distributable sums and frequency of distribution or accumulation**

Unit/share class	Allocation of profits	Allocation of net realised capital gains	Frequency
R/C	Accumulation	Accumulation	Annual accumulation
I/C and/or D	Accumulation and/or Distribution on decision of the management company	Accumulation and/or Distribution (in whole or in part) or retained earnings (in whole or in part) on decision of the management company	Annual accumulation Annual distribution with possibility of interim dividends

Characteristics of the units or shares

Units	ISIN Code	Allocation of distributable sums	Base currency	Minimum subscription amount	Minimum initial subscription	Target subscribers	Splitting of units	Initial Net Asset Value
R/C	FR0011387299	Accumulation	EURO	N/A	N/A	All Subscribers	thousandths	€1,000.00
I/ C and/or D	FR0010914572	Accumulation and/or Distribution	EURO	N/A	€160,000*	Unit intended for Corporate and Institutional Investors	thousandths	€10,000.00

* (except management company)

► Subscription and redemption procedures

Subscriptions and redemptions are processed daily at 12pm and effected based on the net asset value for the day. In the event of the suspension of the net asset value, orders are executed based on the net asset value for the following day.

Subscription and redemption orders are processed with the transfer agent:

Société Générale

Département des titres et de la bourse (Securities and stock market department)

32, rue du Champ de Tir, 44000 Nantes, FRANCE

► Financial year end

Financial year end : Last net asset value of December

First financial year end : 30 December 2011

► Date and frequency of calculation of the net asset value

The net asset value is calculated daily. The net asset value for the day is calculated on the following working day in accordance with the asset valuation method in the prospectus. It is published daily in Paris with the exception of days on which the Paris stock exchange is closed and official public holidays in France.

► Place of publication or communication of the net asset value

It is published on the website of the French branch: www.allianzgi.fr.

► Costs and fees

R unit

Subscription and redemption fees:

Subscription and redemption fees are levied by increasing the subscription price paid by the investor or decreasing the redemption price. Fees are retained by the Fund to offset the costs incurred by the Fund in investing or divesting the assets entrusted to it. Fees that are not paid are accrued by the management company, the promoter, etc.

Fees paid by the investor, charged at subscription and redemption	Basis	Maximum rate/scale
Subscription fee: not accruing to the Fund	NAV × number of units	1.00%
Subscription fee: accruing to the Fund	NAV × number of units	N/A
Redemption fee: not accruing to the Fund	NAV × number of units	N/A
Redemption fee: accruing to the Fund	NAV × number of units	N/A

Exemption: Fund of the Allianz Group

Operating and management fees:

These fees cover all costs charged directly to the Fund, with the exception of transaction costs. Transaction costs include intermediary costs (brokerage, stock market taxes, etc.) as well as transfer fees, if any, that may be charged particularly by the custodian and the management company.

The fees of the ratings agency Moody's are borne by the Fund up to the maximum rate for the operating and management fees.

In addition to the operating and management fees, there may be:

- Performance fees. These reward the management company when the Fund exceeds its objectives. They are therefore charged to the Fund;
- Transfer fees charged to the Fund;
- A share of the income from the temporary purchases and sales of securities.

For more information on the fees actually charged to the Fund, please see the KIID.

Fees charged to the Fund:	Basis	Maximum rate/scale
Management fees	Net assets	Maximum rate 0.70% including tax
Maximum indirect fees (fees and management fees)	Net assets	Not significant*
Service providers charging transfer fees: the custodian	Charge on each transaction	N/A
Performance fees	Net assets	N/A

*The Fund invests less than 20% in other Funds

The procedures for calculating and distributing the remuneration from the temporary purchases and sales of securities shall be: 100% accruing to the Fund

In order to prevent any conflicts of interest, Allianz Group has drawn up a management policy concerning conflicts of interest, available at www.allianzgi.fr.

I unit

Subscription and redemption fees:

Subscription and redemption fees are levied by increasing the subscription price paid by the investor or decreasing the redemption price. Fees are retained by the Fund to offset the costs incurred by the Fund in investing or divesting the assets entrusted to it. Fees that are not paid are accrued by the management company, the promoter, etc.

Fees paid by the investor, charged at subscription and redemption	Basis	Maximum rate/scale
Subscription fee: not accruing to the Fund	NAV × number of units	N/A
Subscription fee: accruing to the Fund	NAV × number of units	N/A
Redemption fee: not accruing to the Fund	NAV × number of units	N/A
Redemption fee: accruing to the Fund	NAV × number of units	N/A

Operating and management fees:

These fees cover all costs charged directly to the Fund, with the exception of transaction costs. Transaction costs include intermediary costs (brokerage, stock market taxes, etc.) as well as transfer fees, if any, that may be charged particularly by the custodian and the management company.

In addition to the operating and management fees, there may be:

- Performance fees. These reward the management company when the Fund exceeds its objectives. They are therefore charged to the Fund;
- Transfer fees charged to the Fund;
- A share of the income from the temporary purchases and sales of securities.

Fees charged to the Fund:	Basis	Maximum rate/scale
Management fees	Net assets	Maximum rate 0.40% including tax
Maximum indirect fees (fees and management fees)	Net assets	Not significant*
Service providers charging transfer fees: the custodian	Charge on each transaction	N/A
Performance fees	Net assets	N/A

*The Fund invests less than 20% in other Funds

The procedures for calculating and distributing the remuneration from the temporary purchases and sales of securities shall be: 100% accruing to the Fund.

In order to prevent possible conflicts of interest, Allianz Group has implemented a policy to handle conflicts of interest, available from the website www.allianzgi.fr

IV – COMMERCIAL INFORMATION

► Place where the latest annual report and interim financial statement may be obtained

Investors will be sent the Fund's prospectus and latest annual and interim documents within one week after requesting them in writing from:

Allianz Global Investors GmbH
Bockenheimer Landstrasse 42-44
D-60323 Frankfurt-am-Main, Germany

or from Allianz Global Investors, French Office
3 boulevard des Italiens, 75113 Paris Cedex 02, France
E-mail: asset@allianzgi.com

These documents can also be downloaded from the website: www.allianzgi.fr

Additional information may be obtained where required by sending a request to:
Allianz Global Investors GmbH
Bockenheimer Landstrasse 42-44
D-60323 Frankfurt-am-Main, Germany

or from Allianz Global Investors, French Office
Marketing/Communications Division
3 boulevard des Italiens, 75113 Paris Cedex 02, France
E-mail: asset@allianzgi.com

Information on the environmental, social and governance (ESG) criteria will be available on the management company website and in the annual report of the Fund.

V – INVESTMENT RULES

The Fund shall comply with the investment rules of common law set out in the French Monetary and Financial Code.

VI – GLOBAL RISK

The selected method for assessing exposure through forward financial instruments is the commitment calculation method (new name for the linear method).

VII – ASSET VALUATION RULES

VII.1 APPLIED TEXT

The Fund has complied with the accounting rules prescribed by the accounting regulations committee regulation no. 2003-02 of 2 October 2003 relating to the chart of accounts of the Fund.

VII.2 VALUATION AND ACCOUNTING METHODS

VALUATION METHODS

Determination of the net asset value is effected by taking into account the valuation methods specified below.

► Financial instruments and forward financial instruments traded on a regulated market

Debt securities and money market instruments

Bonds and assimilated securities traded on a French or foreign regulated market are valued on the basis of the day's closing price or the last known price, regardless of the listing place.

Some bonds may be valued using the prices provided daily by active contributors on this market (listed on the Bloomberg site), providing a valuation closer to the market.

Debt securities are valued at their current value.

When there are no significant transactions, an actuarial method is used by applying the issue rate of equivalent securities assorted with the risk margin linked to the issuer. The reference rates are the following:

- Debt securities of more than one year: rate for French government treasury notes (BTAN)
- Debt securities of less than one year: EURIBOR rate

Marketable debt securities with an issue period of three months or less are valued by averaging, on a straight-line basis over the residual term, the difference between the purchase price and redemption price. In accordance with the principle of prudence, these valuations are adjusted according to the issuer risk.

Marketable debt securities with an issue period of more than three months but with a residual maturity of less than three months are valued by averaging, on a straight-line basis over the residual term, the difference between the last known current price and the redemption price. In accordance with the principle of prudence, these valuations are adjusted according to the issuer risk.

Fund units or shares or investment funds

Fund units or shares or investment funds traded on a regulated market are valued on the basis of the day's closing price or at the last known price.

Forward financial instruments and derivative instruments

Firm forward contracts are valued at the day's settlement price.

Conditional forward contracts are valued at the day's settlement price.

Financial instruments and derivatives whose price has not been determined

Financial instruments whose prices have not been determined on the valuation day or whose prices have been adjusted are valued at their probable trading price under the responsibility of the management company. These valuations and their justification are notified to the statutory auditor for auditing purposes.

▶ **Financial instruments and forward financial instruments not traded on a regulated market**

Debt securities and money market instruments

Debt securities are valued at their current value.

Fund units or shares or investment funds

Fund units or shares or investment funds are valued on the basis of the last known net asset value.

Forward financial instruments and derivatives

Interest rate and/or currency swaps

Swaps are valued at their current value by discounting future flows unless, in the absence of any specific sensitivity to market risks, the swaps have a residual maturity of less than or equal to three months. In accordance with the principle of prudence, these valuations are adjusted according to the counterparty risk.

Secured swap contracts

The financial instrument and the associated interest rate and/or currency swap, comprising the secured swap, are subject to an overall evaluation.

Dividend or performance swaps

Swaps are valued at their current value, excluding any termination fees, using financial models: intrinsic mathematical value or other models using calculations or parameters taking anticipation into account.

Currency forwards

Receivables for forward currency purchases and debts for forward currency sales are valued at the end of their term on the valuation day.

Credit derivatives

Credit default swaps (CDS) are valued at their current value. In accordance with the principle of prudence, these valuations are adjusted according to the counterparty risk.

► **Temporary acquisitions and sales of securities**

Securities lending

Receivables representing the loaned securities are valued at the market value of the securities concerned, plus any loan fees calculated on a pro rata basis.

Borrowed securities

Borrowed securities, and the debt representing these borrowed securities, are valued at the market value of the securities concerned plus, in terms of the debt, any borrowing fees calculated on a pro rata basis.

Reverse repurchase agreements delivered

Receivables representing securities received under repurchase agreements are valued at their contractual amount, plus any payment receivable calculated on a pro rata basis.

Fixed-rate reverse repurchase agreements, not able to be cancelled at any time without cost or penalties for the Fund, with a maturity of more than three months, are valued at the current value of the contract.

Repurchase agreements delivered

Securities transferred under repurchase agreements are valued at their market value, and the debt representing these securities is valued based on their contractual amount, plus any fees payable calculated on a pro rata basis.

For fixed-rate repurchase agreements, not able to be cancelled at any time without cost or penalties for the Fund, with a maturity of more than three months, their representative debt is valued at the current value of the contract.

► **Deposits and Loans**

Term deposits

Term deposits are valued at their contractual value, calculated on the basis of the terms and conditions stated in the contract. In accordance with the principle of prudence, the valuation is adjusted by the counterparty default risk.

Cash borrowings

Cash borrowings are valued at their contractual value, calculated on the basis of the terms and conditions stated in the contract.

► **Assets and liabilities in foreign currencies**

The reference currency for accounting purposes is the Euro.

Assets and liabilities denominated in a currency other than the accounting reference currency are valued at their day's exchange rate in Paris.

ACCOUNTING METHODS

Accounting method for recording income from deposits and fixed-income instruments: Recorded on the income statement as and when acquired.

Recording of acquisition and disposal costs attached to financial instruments: Portfolio transactions are recorded at the acquisition or sale price, excluding costs.

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FUND REGULATIONS

I: ASSETS AND UNITS

► Article 1 - Co-ownership units

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

The term of the Fund is of 99 years starting from 05/07/2010 unless the Fund is wound up early or the extension detailed in these regulations applies. However, to date, the term of the Fund has not been extended.

Unit classes:

The features of the various unit classes and the eligibility conditions are set out in the Fund's prospectus.

The various unit classes may:

- Have different income allocation rules (distribution or accumulation);
- Be denominated in different currencies;
- Incur different management fees;
- Incur different subscription and redemption fees;
- Have a different par value;
- Be systematically hedged against risk, in part or in full, as defined in the prospectus. This hedging is achieved using financial instruments that minimise the impact of hedging transactions on the other Fund unit classes;
- Be restricted to one or more marketing channels.

The Fund may combine or split the units.

The governing body of the management company may decide to split units into fractions of units.

The provisions of the regulations governing the issue and redemption of units shall apply to fractions of units, and their value shall always be proportional to that of the unit they represent. Unless stated otherwise, all other provisions of the regulations relating to units apply to fractions of units without the need to specifically state that this is the case, except when it is otherwise disposed.

Finally, the governing body of the management company may also decide, at its own discretion, to split the units by issuing new units, which are allocated to unitholders in exchange for their existing units.

► Article 2 - Minimum assets

Units may not be redeemed if the assets of the Fund fall below 300,000 Euros. If the Fund's assets remain below this amount for 30 days, the portfolio management company shall take necessary measures to liquidate the Fund concerned, or execute one of the transactions stipulated in Article 411-16 of the general regulations of the AMF (transfer of the Fund).

► Article 3 - Issue and redemption of units

Units may be issued at any time at the request of unitholders based on their net asset value, plus any subscription fees if applicable. Redemptions and subscriptions operate according to the terms and conditions stipulated in the prospectus.

Mutual fund units may be admitted to an official listing in accordance with applicable regulations.

Subscriptions must be fully paid up on the net asset value calculation date. Subscriptions may be paid for in cash and/or in transferable securities. The management company reserves the right to refuse the securities offered and, to this end, has a period of seven days from the date of their deposit to notify its decision. If accepted, the securities provided shall be valued in accordance with the rules specified in Article 4 and the subscription shall take place on the basis of the first net asset value following acceptance of the securities in question.

Redemptions are made exclusively in cash, unless if the Fund is liquidated and unitholders have agreed to be reimbursed in

securities. The custodian shall settle any redemption within a maximum of five days following the unit valuation date.

However, if, in exceptional circumstances, the redemption requires prior sale of assets held in the fund, this deadline may be extended up to a maximum of 30 days.

Except in the case of inheritance or living gift, the sale or transfer of units between unitholders, or between unitholders and a third party, is akin to a redemption followed by a subscription. When involving a third party, the amount of the sale or transfer must, if necessary, be supplemented by the beneficiary to reach at least the minimum subscription stipulated in the prospectus.

Pursuant to Article L. 214-8-7 of the French Monetary and Financial Code, the management company may temporarily suspend the Fund's redemption of its units and the issuing of new units, when required by exceptional circumstances and if such an action is deemed to be in the best interest of unitholders.

Where the net assets of the Fund fall below the amount stipulated in the regulations, no units may be redeemed (in the sub-fund concerned, where applicable).

The Fund may apply minimum subscription requirements, in accordance with the terms and conditions set out in the prospectus.

The Fund may stop issuing units pursuant to paragraph three of Article L. 214-8-7 of the French Monetary and Financial Code, in the following cases:

- The Fund is aimed at a maximum of 20 unitholders;
- The Fund is aimed at a class of investors whose features are defined in the Fund's prospectus;
- In objective situations causing the Fund to be closed to new subscriptions such as: a maximum number of units or shares issued, a maximum asset value having been reached, or expiry of a determined subscription period. These objective situations are detailed in the Fund's prospectus.

The Fund's management company may limit or prevent any prohibited person or entity from holding units in the Fund (referred to hereinafter as a "Non-Eligible Person"). A Non-Eligible Person is a "US Person" as defined by Regulation S of the SEC (Part 230 - 17 CFR 230.903) and specified in the Prospectus.

To this end, the Fund's management company may:

- (i) Refuse to issue any units if it deems that as a result of such an issuance, these units would or could be held, directly or indirectly, by or on behalf of a Non-Eligible Person;
- (ii) At any time, require a person or entity whose name appears on the register of the unitholders to provide any information required, accompanied by a declaration on oath, that the management company considers necessary to determine whether or not the actual beneficiary of the units or shares is a Non-Eligible Person; and
- (iii) When it appears to the management company that a person or entity (i) is a non Eligible Person and, (ii) alone or jointly, is the beneficial owner of the units, it may compulsorily redeem all of the units held by such a unitholder and, during this time, the beneficial owner of unit may make any relevant representations. The compulsory redemption will be based on the last known net asset value plus, where appropriate, any fees and charges applicable, which shall remain payable by the Non-Eligible Person.

(The definitions of a "US Person" or a "beneficial owner" are available at the following address: <http://www.sec.gov/about/laws/secrulesregs.htm>).

► Article 4 - Calculation of net asset value

The net asset value of the units is calculated in accordance with the valuation rules set out in the prospectus. Contributions in kind may only comprise securities, stocks or contracts that are permitted to be part of the assets of the Fund; these are valued in accordance with the valuation rules applicable to the calculation of the net asset value.

II. FUND OPERATIONS

▶ Article 5 - Management company

The management company manages the Fund in accordance with the strategy defined for the Fund. The management company will at all times act on behalf of the unitholders and it alone is entitled to exercise the voting rights attached to the securities in the Fund.

▶ Article 5a - Operating rules

The instruments and deposits eligible to be part of the assets of the Fund and the investment rules are described in the prospectus.

▶ Article 6 - The depositary

The depositary performs the duties for which it is responsible by virtue of applicable legal and regulatory provisions and those contractually entrusted to it by the portfolio management company. It must especially ensure that all decisions taken by the management company are lawful. If necessary, the depositary shall take any custodial measures considered appropriate. In the event of any disputes with the management company, the depositary shall inform the French Financial Markets Authority (AMF).

If the Fund is a feeder Fund, the depositary will have signed an information exchange agreement with the depositary of the master Fund (or where applicable, when said depositary is also the depositary of the master Fund, it will have established a suitable schedule of work).

▶ Article 7 – The statutory auditor

The governing body of the executive board of the management company of portfolio shall appoint a statutory auditor for a term of six financial years, after obtaining the agreement from the French Financial Markets Authority (AMF). The auditor certifies the accuracy and regularity of the accounts. The statutory auditor's mandate may be renewed. The auditor must promptly notify AMF of any event or decision relating to Fund that it discovers while performing its duties that is liable to:

1. Constitute a material breach of any laws or regulations that apply to the Fund and that may have a significant impact on its financial position, profits or assets;
2. Adversely affect its operating conditions or continued operation;
3. Lead to the expression of reservations or refusal to certify the accounts.

Asset valuations and the determination of exchange rates used in currency conversions, mergers or demergers shall be audited by the statutory auditor. The auditor shall evaluate any contribution in kind for which it is responsible. The auditor certifies the accuracy and composition of the assets and other information before publication. The auditor's fees are determined by mutual agreement between the auditor and the management company's executive board or board of directors of portfolio on the basis of a work schedule indicating the duties deemed necessary.

The auditor certifies the financial statements used for interim dividends.

If the Fund is a feeder Fund:

- The statutory auditor will have signed an agreement to exchange information with the statutory auditor of the master Fund.
- When the auditor of the feeder Fund is also the auditor of the master Fund, an appropriate schedule of work must be established.

► Article 8 – Financial statements and management report

At the end of each financial year, the portfolio management company prepares the summary accounts and a report on the management of the Fund for the year that has just ended.

The portfolio management company issues, at least every six months, and under the authority of the depositary, an inventory of the Fund's assets. The statutory auditor will check all of the above documents.

The management company shall make these documents available to unitholders within four months of the end of the financial year and shall inform them of the amount of income to which they are entitled: these documents are either sent by post to unitholders who have expressly requested such a method or made available at the premises of the fund management company or at the depositary.

III. ALLOCATION OF DISTRIBUTABLE SUMS

► Article 9

The distributable sums consist of:

1. The net income plus any amounts carried forward and increased or decreased by the balance of income accruals.

Net income for the financial period is equal to the amount of interest, arrears, dividends, premiums, instalments and attendance fees and all income from the securities comprising the portfolio, plus income from the sums temporarily available and less management fees and borrowing costs.

2. Capital gains realised, net of costs, less any capital losses realised, net of costs, reported during the period, plus any capital gains of the same nature reported during previous periods and not distributed or accumulated and reduced or increased by the balance of capital gains accruals.

The amounts mentioned in 1 and 2 can be distributed, in whole or in part, independently one from the other.

For each unit class, if necessary, the Fund may opt for one of the following:

- Full accumulation: Distributable sums are fully capitalised
- Pure distribution: Distributable amounts are partially or fully distributed within five months following the closing of the annual accounts with an option to distribute interim dividends during the financial year;

for Funds wishing to choose freely between accumulation and/or distribution, partly or fully: the management company shall determine each year the amounts to be distributed, with an option to distribute interim dividends during the financial year.

The allocation terms and conditions applicable to distributable amounts are set out in the prospectus.

IV. MERGERS - SPLITS - DISSOLUTION - LIQUIDATION

► Article 10 - Merger - Splits

The portfolio management company may transfer all or part of the assets in the Fund to another Fund, or split the Fund into two or more other mutual funds.

Unitholders must be given prior notice of such a merger or demerger.

A new certificate will be issued to indicate the number of units held by each unitholder.

► Article 11 - Dissolution - Extension

If the Fund's assets remain below the minimum amount set in Article 2 for thirty days, the management company shall notify the French Financial Markets Authority (AMF) and then either arrange a merger with another mutual fund or wind up the Fund. The management company may wind up the fund early; it shall notify the unitholders of this decision and no subscription or redemption requests shall be accepted after this date.

The management company may also wind up the Fund: if it receives a request to redeem all of its units, if the depositary's term of office is terminated and no other depositary has been appointed, or on expiry of the fund's term, if it has not been extended.

The management company shall inform AMF by post of the date of the dissolution and the procedure adopted. It shall then send the auditor's report to AMF.

In agreement with the depositary, the management company may decide to extend the term of the Fund. This decision must be taken at least three months before the anticipated expiry of the Fund's term and must be communicated to unitholders and AMF.

► **Article 12 – Liquidation**

If the fund is dissolved, the management company or the depositary shall be responsible for the liquidation proceedings; if this is not the case, the liquidator shall be appointed by the courts at the request of any interested party. To that end, they are vested with the widest powers to sell the fund's assets, pay any creditors and distribute the available balance among the unitholders in cash or securities.

The statutory auditor and the depositary shall continue to carry out their duties until the liquidation proceedings have been completed.

V. DISPUTES

► **Article 13 - Jurisdiction - Election of domicile**

Any disputes relating to the Fund that may arise during the period of its operation or during its liquidation, either between unitholders or between unitholders and the management company or the depositary, are subject to the jurisdiction of the competent courts.