ELLIPSIS CREDIT ROAD 2028

ISIN codes

IEUR units: FR001400B8G2

I-DEUR units: FR001400B8H0

ICHF units: FR001400B8I8

JEUR units: FR001400B8J6

J-DEUR units: FR001400B8K4

JCHF units: FR001400B8L2

PEUR units: FR001400B8M0

P-DEUR units: FR001400B8N8

PCHF units: FR001400B8O6

Z units: FR001400DCP7

UCITS compliant with European directive 2009/65/EC (UCITS IV)

Publication date: November 15th, 2023

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RULES

1. GENERAL CHARACTERISTICS

Structure of the UCITS:

Name

Ellipsis Credit Road 2028

Legal form and Member State in which the Fund was established

The UCITS is a French mutual fund (*Fonds Commun de Placement*, FCP)

Inception date and intended lifetime

The Fund was approved by the AMF on 27 September 2022 and launched on 16 November 2022 initially for a duration running until 30 June 2028 (hereinafter the "Fund Maturity Date"). As the Fund's Maturity Date, or otherwise the Fund's Accelerated Maturity Date (as defined in the Investment Objective section below) approaches, the Management will opt either to merge the Fund with another UCITS or liquidate it subject to the AMF's approval depending on market conditions at the time.

The first subscription period will run from 16 November 2022. Subscriptions may, however, be suspended and reinstated by the Management Company depending on the market conditions prevailing at the time or the possibility of achieving a management objective deemed to be efficient by the Management Company. Investors will be informed of the suspension and resumption of subscriptions by any means available on the Management Company's website.

Fund overview

Unit	ISIN code	Initial net asset value	Allocation of distributable sums	Currency	Target investors	Minimum initial investment
IEUR	FR001400B8G2	EUR10,000	Accumulation	EUR	All investors, more specifically intended for institutional investors, funds of funds, pension funds, retirement funds or for investors dealing for their own account	EUR1,000,000
I-DEUR	FR001400B8H0	EUR10,000	Accumulation and/or Distribution	EUR		EUR1,000,000
ICHF	FR001400B8I8	CHF10,000	Accumulation	CHF		CHF1,000,000
JEUR	FR001400B8J6	EUR100	Accumulation	EUR	All investors, more specifically intended for investors who subscribe through distributors or intermediaries: - providing a service of investment advisory or of portfolio management within a discretionary mandate, and - exclusively remunerated by the investors.	None
J-DEUR	FR001400B8K4	EUR100	Accumulation and/or Distribution	EUR		
JCHF	FR001400B8L2	CHF100	Accumulation	CHF		
PEUR	FR001400B8M0	EUR100	Accumulation	EUR	All investors	None
P-DEUR	FR001400B8N8	EUR100	Accumulation and/or Distribution	EUR		
PCHF	FR001400B8O6	CHF100	Accumulation	CHF		
Z units	FR001400DCP7	EUR10,000	Accumulation	EUR	Reserved for entities of the Kepler Cheuvreux Group, mutual funds and mandates managed by the Management Company and its employees.	None

Place where the latest annual report or periodic statement can be obtained

The latest annual and periodic documents are available at www.ellipsis-am.com or can be posted within eight business days if the investor sends a written request to the following address:

Ellipsis Asset Management
112 avenue Kleber - 75116 Paris
E-mail: client_service@ellipsis-am.com

Additional information can be obtained from your usual point of contact.

The AMF website (www.amf-france.org) contains further information on the list of regulatory documents.

2. DIRECTORY

Portfolio management company

Ellipsis Asset Management
Société anonyme (public limited company) with a board of directors and a supervisory board
Portfolio management company authorised by the AMF under number GP 11-000014 on 2 May 2011
112 avenue Kleber - 75116 Paris

Depositary and custodian

Société Générale SA
Credit institution authorised by the ACPR (Autorité de Contrôle Prudentiel et de Résolution) and under the supervision of the AMF (Autorité des Marchés Financiers).
Registered office: 29 Boulevard Haussmann - 75009 Paris
Postal address: 75886 Paris cedex 18
The services provided by the depositary and custodian include keeping a register and safeguarding the Fund's assets, ensuring that the decisions taken by the Management Company are in keeping with the law, monitoring the Fund's cash flows and performing optional ancillary services, such as managing liabilities. The depositary and custodian shall endeavour to prevent the occurrence of conflicts of interest. Potential conflicts of interest may arise if the Management Company maintains business relations with the depositary and custodian having also appointed it as its depositary.

The depositary and custodian has prepared a policy for managing conflicts of interest, which it keeps up to date, and endeavours to prevent the occurrence of conflicts of interest.
The safeguarding of the Fund's assets may be delegated by the depositary and custodian. To that end, the depositary and custodian shall (i) ensure that the sub-custodian is duly authorised to manage and safeguard the financial instruments and (ii) supervise the transactions carried out. The depositary and custodian applies a procedure that prevents the occurrence of conflicts of interest that may arise as a result of the safeguarding of assets having been delegated.

The list of sub-custodians and further details are available at **www.ellipsis-am.com** and a paper copy is available free of charge on request. Updated information will also be provided to investors on request.

Bank responsible for centralising subscription and redemption orders and Registrar, as delegated by the Management Company

Société Générale
32 rue du Champ de Tir - 44000 Nantes

Statutory Auditor

PricewaterhouseCoopers Audit
Represented by Frederic Sellam
63 rue de Villiers - 92200 Neuilly-sur-Seine

Promoters

Ellipsis Asset Management
This is not a comprehensive list of promoters as the Fund is admitted for trading on Euroclear. Accordingly, some promoters may not be known to the management company.

Representatives

Ellipsis Asset Management will assume sole responsibility for the investment management of the Fund.

Accounting and valuation are delegated to the administrative and accounting manager:

SOCIETE GENERALE
Registered office: 29 boulevard Haussmann – 75009 PARIS
Postal address: 189 rue d'Aubervilliers – 75886 PARIS Cedex 18

The services provided by the administrative manager and accountant include calculating the Fund's net asset value. Once determined, the net asset value must be approved by the Management Company before publication. The administrative manager and accountant's obligations are best efforts obligations. The administrative manager and accountant shall endeavour to prevent the occurrence of conflicts of interest.

Advisers

N/A

3. MANAGEMENT AND ADMINISTRATION PROCEDURES

3.1 General provisions

Characteristics of the units or shares:

IEUR units:	FR001400B8G2
I-DEUR units:	FR001400B8H0
ICHF units:	FR001400B8I8
JEUR units:	FR001400B8J6
J-DEUR units:	FR001400B8K4
JCHF units:	FR001400B8L2
PEUR units:	FR001400B8M0
P-DEUR units:	FR001400B8N8
PCHF units:	FR001400B8O6
Z units:	FR001400DCP7

Nature of rights attached to the units: each unitholder has a co-ownership right in and to the Fund's net assets proportional to the number of units held.

Custodian duties: the depositary acts as custodian. The Fund is listed on Euroclear France.

Voting rights: no voting rights are attached to units held as the Fund is a co-ownership of transferable securities. Decisions regarding the Fund are taken by Ellipsis AM in the unitholders' best interests.

Type of units: units are issued in bearer form.

Decimalisation of units: each unit may be divided into thousandths of units.

YEAR-END

Last NAV calculation date in December. First year-end: 31 December 2023.

TAX REGIME INFORMATION

Investors should be aware that the following information is only a general overview of the tax regime applicable to investors in a French fund according to current French legislation. Investors are therefore advised to assess their personal situation with their usual tax adviser.

Taxation at Fund level

Due to their co-ownership structure, FCPs are *ipso jure* outside the scope of application of corporation tax in France; they therefore enjoy a certain level of transparency so that income received and earned by the Fund in the course of its investment activities is not taxable at this level.

Abroad (in the investment countries of the Fund), gains realised on the sale of foreign transferable securities and foreign income received by the Fund in connection with its investment activities may in some cases be taxable (generally in the form of withholding tax). Foreign taxes may, in limited cases, be reduced or eliminated if any tax treaties apply.

Taxation at unitholder level

The tax regime applicable to amounts paid out by the Fund or to capital gains or losses realised or unrealised by the Fund depends on tax arrangements applicable to the investor's individual situation and/or the jurisdiction in which the Fund is invested. Investors are advised to assess their personal situation with their usual tax adviser.

3.2 Specific provisions

a. ISIN codes

ISIN code for IEUR units:	FR001400B8G2
ISIN code for I-DEUR units:	FR001400B8H0
ISIN code for ICHF units:	FR001400B8I8
ISIN code for JEUR units:	FR001400B8J6
ISIN code for J-DEUR units:	FR001400B8K4
ISIN code for JCHF units:	FR001400B8L2
ISIN code for PEUR units:	FR001400B8M0
ISIN code for P-DEUR units:	FR001400B8N8
ISIN code for PCHF units:	FR001400B8O6
ISIN code for Z units:	FR001400DCP7

b. Investment objective

The investment objective is to obtain at the Fund's Maturity Date on 30 June 2028 an annualised return net of fees of more than 5.75% for I units, more than 5.40% for J units, more than 4.90% for P units and more than 6.25% for Z units (hereinafter the "Target Return"), through active and discretionary management of a portfolio of debt securities.

This net annualised performance target is based on the Management Company's market assumptions at the launch of the Fund which factor in a potential default risk of one or more issuers and any currency hedging expenses incurred and used to calculate the performance fee; it does not constitute a guaranteed return.

The recommended investment horizon is about 5 years starting from the Fund's inception, i.e. up to 30 June 2028.

However, by 30 June 2026 at the latest, if the Fund has achieved or exceeded 70% of the total cumulative target return between 16 November 2022 (the unit's estimated launch date) and 30 June 2028 (hereinafter the "IRR"), the Management Company may, depending on market conditions at the time, opt either to merge the Fund with another UCITS or liquidate the Fund early subject to the AMF's approval (on the "Accelerated Maturity Date").

The IRR for each unit is as follows:

- 26.547% for I units, i.e. a net asset value of EUR12,654.06 observed no later than 30/06/2026;
- 24.72% for J units, i.e. a net asset value of EUR124.72 observed no later than 30/06/2026;
- 22.16% for P units, i.e. a net asset value of EUR122.16 observed no later than 30/06/2026;
- 29.195% for Z units, i.e. a net asset value of EUR12,919.49 observed no later than 30/06/2026.

The IRRs shown above are calculated assuming management fees remain unchanged between the unit's launch date and the observation date.

c. Benchmark

A discretionary approach is taken when managing the Fund on account of its investment objective and the investment strategy adopted, which consists primarily of holding bonds to maturity. The Fund is not managed with reference to an index.

However, the Fund's performance may be compared *ex post* with its Target Return, i.e.:

- an annualised return of 5.75% net of fees for I unit classes;
- an annualised return of 5.40% net of fees for J unit classes;
- an annualised return of 4.90% net of fees for P unit classes;
- an annualised return of 6.25% net of fees for Z unit classes.

d. Investment strategy

The Fund's strategy will be to buy the securities selected and hold them until maturity ("buy and hold") in order to receive the coupons that are paid out and repay the principal at maturity or before.

The Fund seeks to optimise the portfolio's average actuarial yield at the Maturity Date of 30 June 2028 and to select issuers with the lowest probability of default in view of the yield offered and a fundamental analysis of the different risk factors inherent in these issuers.

The investment strategy is based on a discretionary approach that relies on a comprehensive (bottom-up) credit analysis of both the issuer and the issuance. The strategy therefore does not only consist in buying and holding the securities; the Management Company may also carry out arbitrage transactions if new market opportunities arise or if it identifies an increased default risk of one of the issuers held in the portfolio going forward, in accordance with the views of the fund manager. The investment strategy involves taking a large number of parameters into consideration in order to:

• adopt an investment strategy that is based on a bond picking approach combined with a technical analysis carried out as part of the portfolio construction process, while always seeking a favourable risk/reward profile that is consistent with the official investment objective;

• manage the portfolio’s return depending on movements in interest rates or spreads;

• control and measure geographic exposure and sector exposure in order to keep default risk sufficiently diversified.

Given that the maximum maturity of the securities is set at a specific date and considering the Fund’s performance target, the bond picking process may vary at the portfolio manager’s discretion depending on market opportunities and the approaching maturity of the securities selected.

Up to 100% of the portfolio’s net assets will be made up of debt securities and money-market instruments denominated in euros, or in other foreign currencies up to a limit of 20% of net assets, issued by private issuers and, on an ancillary basis, by public issuers located in OECD member countries and, up to a limit of 20% of net assets, in non-OECD countries, with maturities of at most 6 months + 1 day post-30 June 2028 (final maturity or early redemption option exercised at the Fund’s discretion). Therefore, the modified duration range within which the Fund is managed lies between 0 and +6. Given the Fund’s strategy, the portfolio's sensitivity will decline over time.

The Fund may invest up to 100% of its assets in Investment Grade securities rated BB+ or above (according to the rating scales used by the official rating agencies or a rating deemed equivalent by the Management Company) and up 100% of net assets in speculative grade, i.e. high yield, securities rated between BB+ and CCC+ (according to the rating scales used by the official rating agencies or a rating deemed equivalent by the Management Company, which does not make exclusive or systematic use of the credit ratings issued by said agencies). The Fund may hold no more than 10% of net assets in securities rated CCC+ (according to the rating scales used by the official rating agencies or a rating deemed equivalent by the Management Company). The average rating of securities held by the Fund will be BB- (according to the rating scales used by the official rating agencies or a rating deemed equivalent by the Management Company).

In addition, the percentage of unrated securities held in the portfolio may not exceed 25% of the Fund’s net assets.

Allocation is decided without any concentration by sector or by issuer market capitalisation within the main debt markets and without any limitation on the type of debt (fixed rate or floating rate, dated or perpetual bonds and, within a limit of 10% of net assets, financial subordinated bonds, with the exception of contingent convertible bonds) so that the portfolio manager can select the most appropriate vehicle depending on market conditions.

The Fund’s exposure to equity risk will not exceed 10% of net assets.

Derivatives and instruments with embedded derivatives are used in order to create synthetic exposure to one or more risks, in line with the investment objective, but without exceeding an overall exposure limit of 110% of net assets. Derivatives may also be used to perform arbitrage transactions as well as to hedge the portfolio.

The Fund will not enter into temporary securities purchase and sale agreements.

The Fund may invest up to 10% of its net assets in the units or shares of French or foreign UCIs or investment funds in order to manage its cash position and adjust liability movements.

The Fund is hedged against currency risk, which corresponds to the risk of a variation in each financial instrument’s denomination currency against the Fund’s accounting currency. In addition, each Fund unit is hedged against currency risk, which corresponds to the risk of a variation in the Fund’s accounting currency against the unit’s denomination currency. Currency risk hedging can never be perfect, so a residual currency risk may remain nonetheless and correspond to up to 5% of net assets.

Modified duration range within which the Fund is managed	Between 0 and +6
Currencies of securities in which the Fund is invested	Euro: up to 100% of net assets Other currencies: up to 20% of net assets
Level of currency risk borne by the Fund	Residual: up to 5% of net assets
Geographic zone of the issuers of securities to which the Fund is exposed	OECD member countries: up to 100% of net assets Non-OECD countries: up to 20% of net assets

Maximum portfolio turnover may go as high as 25% per year. This is a highly conservative assumption and a maximum in the event of the primary market offering particularly attractive opportunities that would justify switching out of existing positions, thus increasing the portfolio’s IRR without increasing the associated risk.
In normal market conditions, and if such a configuration fails to arise on the primary market, the annual portfolio turnover rate will remain low at between 0 and 5%.

Integration of ESG criteria into the investment strategy:

The fund does not have a sustainable investment objective.

Under European Regulation (EU) 2019/2088 on sustainability reporting in the financial services sector (hereinafter the SFDR), the fund belongs to the category of products promoting environmental and/or social characteristics (so-called "Article 8").

The fund’s performance may be affected by environmental, social or governance events affecting the issuers to which the fund is exposed. This sustainability risk may lead to a decrease in the fund’s net asset value. It is taken into account in investment decisions through:

1/ Exclusion policies: these focus on sensitive sectors as regards climate change and human rights, and are based on lists of excluded issuers established by the BNP Paribas Group. In addition, the Fund undertakes not to hold any issuers of the exclusion list of the Swiss Association for Responsible Investments SVVK-ASIR: https://svvk-asir.ch/fr/liste-d-exclusion in its portfolio, unless it can justify this by an internal analysis of the environmental characteristics of the instrument or the issuer.

2/ An ESG analysis of securities held in the portfolio covering at least 90% of the securities held in the portfolio, all credit risk categories combined (investment grade and high yield) and calculated in terms of the number of issuers. This makes it possible to exclude issuers for which sustainability risk - and particularly governance risk - could compromise the sustainability of the company's economic and financial model, have a significant impact on its stock market value or lead to a significant downgrade of its credit rating.

3/ A “rating improvement” approach: the portfolio’s average ESG rating must be better than that of the ICE BofAML BB-B Euro Non-Financial High Yield Constrained Index in euros. This index is representative of euro-denominated speculative grade bonds (from non-financial corporate issuers) rated B-/B3 or above. It is available on the ICE (Intercontinental Exchange) website: https://www.theice.com/market-data/indices (ticker HEC5).

This financial product promotes environmental and social characteristics. However, the underlying investments of this financial product do not take into account the European Union criteria for environmentally sustainable economic activities within the meaning of Regulation (EU) 2020/852 (hereinafter the "Taxonomy Regulation") and it is not currently in a position to commit its portfolio to a minimum share of activities aligned with the Taxonomy Regulation. The percentage of assets aligned with the Taxonomy Regulation should be considered 0%. Therefore, the “do no significant harm” principle does not apply to the underlying investments of this financial product.

The principal adverse impacts (PAI) on sustainability factors, within the meaning of article 7 of the SFDR, are currently not factored into the fund’s investment decisions as there is currently no reliable data available in the market.

For more information, please visit: https://www.ellipsis-am.com/esg

e. Assets used

- Debt securities and money-market instruments

Up to 100% of the Fund’s assets may be exposed to private and, on an ancillary basis, public debt securities and money-market instruments of any kind, denominated in euros and, up to a limit of 20% of net assets, in other currencies, on the Investment Grade or Speculative Grade markets of OECD member countries and, up to a limit of 20% of net assets, of non-OECD countries.

In particular, the Fund may invest in the following securities:
- Fixed, floating or adjustable-rate bonds,
- EMTNs (Euro Medium Term Notes),
- Bond-like convertible bonds (offering a yield comparable to that on the bond market, where first-order sensitivity to equity risk is not significant).
- French government bonds (OAT),
- Short and medium-term negotiable securities,
- Other: participation certificates, constant maturity treasuries, subordinated debt

- Shares and equity securities

The Fund does not aim to hold equities directly except where they result from a conversion or exchange involving a convertible bond or subordinated bond. The Fund’s exposure to pure equities is limited to 10% of net assets.

- Units and shares of UCIs or investment funds

The Fund may invest up to 10% of its net assets in shares or units of the following UCIs or investment funds:
  - French or foreign UCIs in accordance with Directive 2009/65/EC;
  - French or foreign UCIs in accordance with Directive 2011/61/EU or foreign investment funds meeting the four conditions set out in article R214-13 of the French Monetary and Financial Code.

UCIs may be used, for instance, to manage the Fund’s cash position and adjust its liability movements.

These UCIs may be managed by the Management Company or one of its affiliates.

- Derivative instruments

The Fund may hold derivatives traded on regulated, organised or over-the-counter markets in order to:
- perform credit and interest rate arbitrage transactions,
- expose the portfolio to interest rate and credit risk, with a view to recreating synthetic exposure in line with its investment objective for diversification purposes, as well as to equity risk limited to 5% of net assets,
- hedge the portfolio against interest rate risk, credit risk, currency risk as well as equity risk.

Eligible derivatives are listed below:
- Interest rate futures and bond or equity futures;
- Options on interest rate futures and on bond or equity futures;
- Options on ETFs (exchanged traded funds);
- Forward rate agreements and currency forwards;
- Interest rate swaps and currency swaps;
- Performance swaps (Total Return Swaps on a specific issuer or index);
- Credit derivatives (Credit Default Swaps on a specific issuer or index).

In pursuit of its investment objective, the Fund may use total return swaps (TRSs) for the purposes of hedging or exposure (long or short).

A TRS is an over-the-counter swap contract in which two parties exchange flows: from the seller’s perspective, the asset’s interest rate plus any increase in its value; from the buyer’s perspective, a periodic premium plus any depreciation in the value of the asset.

The TRSs that the Fund can use are contracts on individual securities or bond indexes in which the Fund can invest in accordance with its investment objectives in exchange for a periodic payment indexed to a benchmark money market rate.

The TRS counterparty will have no discretionary power over either the composition or management of the Fund’s portfolio, or the underlying asset of the TRS. Furthermore, the counterparty’s approval is not required for any transaction pertaining to the Fund’s portfolio.

The maximum percentage of assets that may be subject to TRSs will not exceed 10% of the Fund’s net assets. It is expected that 0% to 10% of net assets under management will be involved in such transactions.

- Derivative counterparty selection criteria:

These transactions are carried out with French or international counterparties, such as credit institutions or providers of investment services, whose registered offices are located in member countries of the OECD, Hong Kong or Singapore, and whose ratings must be no lower than investment grade (securities rated BBB- / Baa3 or above depending on the official rating agency). These counterparties may also belong to a group to which the Management Company belongs.
There is an operational risk and counterparty risk associated with these transactions subject to the exchange of collateral. Cash collateral received by the UCITS may be reinvested in accordance with the provisions set out in the paragraph “Collateral Management Policy”.

- Securities with embedded derivatives

The Fund may use instruments with embedded derivatives (e.g. certificates, structured EMTNs and medium-term negotiable securities, synthetic convertible bonds, callable or puttable bonds, subscription certificates, warrants) to expose the portfolio to interest rate or credit risk in order to recreate synthetic exposure to one or more risks in line with its investment objective.

- Deposits

When investing its cash, the Fund may make deposits in accordance with the terms of article R214-14 of the French Monetary and Financial Code.

- Temporary purchases and sales of securities

The Fund does not aim to enter into transactions involving the temporary purchase (reverse repurchase and borrowing) or sale (repurchase and lending) of securities.

- Cash borrowing

The Fund reserves the right to borrow a cash amount corresponding to up to 10% of the net asset value.

f. Collateral Investment Policy

Collateral denotes all the assets pledged as security for the purpose of derivatives transactions traded OTC or of effective portfolio management operations (temporary purchases and sales of securities).

To this end, collateral received in order to reduce counterparty risk must meet, *inter alia*, the liquidity, evaluation and issuer credit quality criteria as well as the correlation and diversification criteria reiterated in the regulations, particularly in AMF position 2013-06.

The types of eligible assets used include liquid assets, government bonds, private debt instruments, company shares or any other asset agreed between the parties when concluding the transaction, up to the limit authorised in the regulations. These assets are valued at market value on a daily basis pursuant to the provisions of the section entitled “Asset valuation and accounting rules” and are subject to daily variation margins. A discount policy has been drawn up by the management company and configured for each type of asset received depending on its market value. It is based on an extreme risk measure (VaR 95%) over an investment horizon in line with the point at which these positions will be closed. Assets received by the Fund are held by the custodian.

The management company reserves the right to reject any collateral assets it deems inappropriate based on internal criteria. A list of assets or types of assets to be rejected is kept up to date by the management company Ellipsis AM. Any additions or deletions of a security or asset category are validated by the risk committee.

Cash collateral paid by a counterparty must be reinvested in accordance with the prevailing regulations. The risks associated with cash reinvestments depend on the asset type and/or transaction type and may include counterparty risk, operational risk and liquidity risk.

g. Total exposure

Total risk exposures resulting from securities commitments and positions may not exceed 200% of assets.

The strategy applied to the Fund does not aim to generate overexposure to the markets. However, the Fund may reach total exposure bordering on 110% of its net assets owing to the use of derivatives, securities with embedded derivatives and cash borrowing.

h. Risk profile

Your money will be invested mainly in financial instruments selected by the management company. These instruments will be exposed to market movements and fluctuations.

- Risk that investors may not recover the full amount of their initial investment

The Fund does not provide a capital guarantee. As such, there is a risk that Fund unitholders may not recover the full amount of their initial investment at maturity or at any other time. Potential investors should be aware that their subscriptions and the Fund’s investments are subject to normal market fluctuations as well as other risks inherent in any investment in transferable securities. Accordingly, only investors with a sufficient knowledge and understanding of the financial markets and who are able to bear the loss of their initial investment should invest in the Fund. There is no guarantee or certainty that the value of investments and deposits made by the Fund will rise or that the Fund’s investment objectives will actually be achieved. The value of investments and subsequent returns may rise or fall sharply and, in the latter case, present a significant risk of Fund unitholders losing their initial investment.

- Risk relating to discretionary management

The discretionary management approach is based on expectations of changes in the different markets or strategies pursued by the Fund. There is a risk that the product may not be invested in the best-performing markets or financial instruments at all times.

- Credit risk

Credit risk represents the possibility of an issuer being downgraded or even defaulting and the resulting negative impact on the valuation or price of the affected security. When it materialises, credit risk has a direct negative impact on the Fund’s net asset value (NAV). The Fund’s investment strategy may expose the Fund to a high credit risk.

- Risk associated with investing in speculative securities

The Fund is invested in low-rated speculative securities. Falls in the prices of these securities may be quicker and steeper than for investment grade securities, causing net asset value to fall more quickly and more steeply.

- Interest rate risk

Interest rate risk relates to the possibility of bond yields rising. Such an eventuality would cause the price or valuation of bonds to fall, thereby decreasing the Fund's net asset value. The portfolio's average modified duration is between 0 and +6, i.e. for a 1% upward shift in the yield curve, the Fund may fall by up to 6%.

- Risk associated with holding small issues

The Fund may be invested in bonds issued in small volumes. Such bonds may therefore be illiquid and issued by companies that, for specific reasons, may present risks to investors. These considerations may lead to a fall in the NAV of the UCITS.

- Risk associated with subordinated debt

Subordinated debt presents a higher risk of capital loss and non-payment of coupons than senior debt does. Investment in subordinated debt may therefore have a negative effect on NAV.

- Risk associated with investing in convertible bonds

The value of convertible bonds depends on several factors: interest rate levels, changes in the prices of underlying equities, changes in the price of the derivative embedded in the convertible bond. These various considerations may lead to a fall in the NAV of the UCITS.

- Risk associated with futures

The Fund is exposed to risks associated with futures, in particular:

  - rises and falls in the prices of futures in line with changes in the prices of their underlyings,
  - divergences between the prices of futures and the value of these instruments' underlyings,
  - the possibility that these instruments may occasionally be less liquid on the secondary market,
  - a counterparty default risk.

The use of futures may therefore lead to specific losses for the Fund that would not have occurred if such strategies had not been applied.

- Counterparty risk

The risk of non-payment of a flow (or liability) by a counterparty with which positions have been exchanged and undertakings signed. This risk is mitigated by the counterparty selection process implemented by Ellipsis AM. The significance of this risk for the holder of the Fund will depend on the level of allocation realised in the underlying strategies subjected to this type of risk.

- Operational risk

The risk that the Fund may suffer losses owing to inadequate internal processes and failures attributable to the portfolio management company's personnel or systems, or resulting from external events, including legal risk and documentation risk, as well as the risk associated with the trading, settlement and valuation procedures applied on behalf of the Fund.

- Risk of potential conflicts of interest

The risk associated with OTC transactions where the Fund's counterparty and/or financial intermediary is an entity linked to the group to which the management company belongs, and with potential conflicts of interest between unitholders and clients. This risk is managed by way of a procedure for managing conflicts of interest, the main provisions of which are available at **www.ellipsis-am.com**.

- Ancillary risk: equity risk

This relates to the risk of changes in the prices of equities to which the portfolio may be exposed due to the possible conversion of convertible bonds, subordinated debt or the use of derivative instruments. The UCITS may also have minority exposure to convertible bonds if these present attractive opportunities. Equity sensitivity to convertible bonds is generally negligible but changes in the markets and, in particular, a rise in the equity underlying the convertible bond may leave residual equity sensitivity. Accordingly, there is a risk of a decline in net asset value proportionate to this exposure.

- Currency risk

The Fund is hedged against currency risk, which corresponds to the risk of a variation in each financial instrument's denomination currency against the Fund's accounting currency. In addition, each Fund unit is hedged against currency risk, which corresponds to the risk of a variation in the Fund's accounting currency against the unit's denomination currency. Currency risk hedging can never be perfect, so a residual currency risk may remain nonetheless and correspond to up to 5% of net assets.

- Sustainability risk:

The fund's performance may be affected by environmental, social or governance events affecting the issuers to which the fund is exposed. The approach taken to factor this risk into the fund's investment decisions is described in the Investment Strategy section of the prospectus.

- Risks associated with the temporary purchase and sale of securities, total return swaps and collateral management:

The temporary purchase and sale of securities and use of total return swaps may increase or decrease the Fund's net asset value.
The risks associated with these transactions and with collateral management are credit risk, counterparty risk and liquidity risk, as defined above.
Operational and legal risks are extremely limited because the operational process followed is appropriate, the Fund's depositary has custody of any collateral received and this type of transaction is governed by framework agreements entered into with each counterparty.
Lastly, collateral reuse risk is very low because only cash collateral is reused, as per the Fund's rules.

i. Guarantee or protection

The Fund does not guarantee or protect the capital invested.

j. Target investors and investor profile

I units: all investors, more specifically intended for institutional investors, funds of funds, pension funds, retirement funds or for investors dealing for their own account.
J units: all investors, more specifically intended for investors who subscribe through distributors or intermediaries:

- providing a service of investment advisory or of portfolio management within a discretionary mandate, and
- exclusively remunerated by the investors.

P units: all investors.
Z units: reserved for entities of the Kepler Cheuvreux Group, mutual funds and mandates managed by the Management Company and its employees.

Minimum recommended investment period: until 30 June 2028. This fund may not be suitable for investors planning to withdraw their investment prior to this date

The Fund is intended for investors seeking a bond reward during the minimum recommended investment period, gained notably from a portfolio made up of speculative bonds and negotiable debt securities.

The appropriate amount to be invested in the Fund depends on the investor's personal situation. To determine this amount, investors should take account of their personal wealth and/or assets, their cash requirements now and during the life of the Fund, and their degree of risk appetite or aversion. Investors are also advised to sufficiently diversify their investments to avoid being exposed only to the risks of this Fund.

Although this Fund's units are open to all subscribers, Ineligible Persons as well as certain Ineligible Intermediaries defined hereunder are not authorised to subscribe to or directly hold units in the Fund, nor to be registered with the Bank responsible for centralising subscription and redemption orders and for keeping the unit register, or with local transfer agents.

Ineligible Persons:

- Any "U.S. Person", as defined by U.S. Regulation S of the SEC (Part 230-17 CFR 230.903): the Fund is not, and will not be, registered under the U.S. Securities Act of 1933 or under the Investment Company Act of 1940. Any resale or disposal of units in the United States of America or to a "U.S. Person", as defined by U.S. Regulation S, may constitute a violation of U.S. law and requires the prior written consent of the Management Company. The unit offering 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 the aforementioned authorities given an opinion on or recognised the merits of this offering, nor of the accuracy or adequacy of the documents relating to this offer. Any assertion in this respect is contrary to law;
- Any Specified U.S. Person within the meaning of the Foreign Account Tax Compliance Act (FATCA) of 2010, defined by the intergovernmental agreement signed between France and the United States on 14 November 2013;
- Any Reportable Person and Passive Non Financial Entity (NFE) with Controlling Persons who are Reportable Persons under Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (DAC), or any equivalent concept under the multilateral competent authority agreement on automatic exchange of financial account information signed by France on 29 October 2014 (CRS).

Ineligible Intermediaries:

- Financial institutions that are not Participating Financial Institutions under FATCA, as well as Passive Non-Financial Foreign Entities under FATCA;
- Financial institutions that are not Financial Institutions or equivalents under DAC/CRS.

The definitions of these concepts are available by clicking on the following links:

- Regulation S: http://www.sec.gov/rules/final/33-7505.htm
- FATCA: https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000030024817
- DAC: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0107&from=EN
- CRS: http://www.oecd.org/tax/exchange-of-tax-information/multilateral-competent-authority-agreement.pdf

Investors wishing to acquire or subscribe to the Fund's units must, where necessary, certify in writing that they are not "U.S. Persons" as per Regulation S, Specified US Persons as per FATCA and/or Reportable Persons or equivalents as per DAC/CRS.

All unitholders must immediately inform the Management Company in the event of them becoming an Ineligible Person. Any unitholder that becomes an Ineligible Person will no longer be permitted to purchase new units. The Management Company reserves the right to carry out a compulsory redemption of any units held directly or indirectly by an Ineligible Person or via an Ineligible Intermediary, or if the holding of units by any person is contrary to the law or to the Fund's best interests.

Unitholders are informed that, when appropriate, the Management Company, Registrar or any other intermediary account holder may have to communicate to any financial authority or equivalent body personal information about the unitholders, such as names, tax identification numbers, addresses, birth dates, account numbers as well as any financial information concerning the accounts in question (balances, values, amounts, gains, etc.).

The Fund's FATCA status, as defined by the intergovernmental agreement signed on 14 November 2013 between France and the United States, is that of a non-reporting financial institution deemed compliant (Annex II, II, B of the aforementioned agreement).

The Fund's DAC/CRS status is that of a non-reporting financial institution within the Investment Entity category, qualifying for the exempt collective investment vehicle regime.

Any national, be they a natural person or legal person/entity, referred to in Council Regulation (EU) 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine is prohibited from subscribing to this Fund's units.

k. Procedures for determining and allocating distributable amounts

Distributable amounts are made up of:

1° Net income plus retained earnings, plus or minus the balance of the income equalisation account;

2° Realised gains, net of fees, minus realised losses, net of fees, recognised during the financial year, plus net realised gains of the same type recognised during previous financial years which have not been distributed or accrued, plus or minus the balance of the capital gains equalisation account.

- Unit classes IEUR, ICHF, JEUR, JCHF, PEUR, PCHF and Z: accumulation
- Unit classes I-DEUR, J-DEUR and P-DEUR: accumulation and/or distribution

Ability to pay out interim dividends:

- Amounts payable from net income: fully paid out to the nearest whole number. The Management Company may decide to pay out exceptional interim dividends
- Amounts payable from realised capital gains: accumulated in full

Distribution frequency

- Unit classes IEUR, ICHF, JEUR, JCHF, PEUR, PCHF and Z: N/A.
- Unit classes I-DEUR, J-DEUR and P-DEUR:

- Amounts payable from net income: annual. The Fund may pay out interim dividends if so decided by the Management Company. They will be paid out within five months after the end of the Fund's financial year.
- Amounts payable from realised capital gains: N/A

l. Characteristics of the units

Subscriptions are for a given number of units or for a specific amount. Redemptions are for a given number of units. Units are divided into thousandths of units.

Units are denominated in euros, except in the case of ICHF, JCHF and PCHF units, which are denominated in Swiss francs.

m. Subscription and redemption procedures

- Date and frequency of net asset value calculations:

Net asset value is calculated daily based on closing prices, except on French public holidays and Target non-trading days. In this case, NAV will be calculated based on the following business day's closing prices.

Subscription/redemption orders must be received by 11:00am for that day's NAV to apply.

Subscription and redemption orders are centralised and executed based on the next NAV calculated on the basis of that day's closing prices. They are executed in accordance with the following table:

D	D	D: NAV calculation date	D+1 working day	D+2 working days	D+2 working days
Centralisation of subscription orders before 11:00am[1]	Centralisation of redemption orders before 11:00am[1]	Execution of order no later than D	Publication of NAV	Settlement of subscriptions	Settlement of redemptions

[1] Unless a specific time frame has been agreed with your bank.

Special attention should be paid to the technical time frames of financial intermediaries or promoters who enforce earlier deadlines for receiving subscription/redemption orders to allow for the time needed to send these orders to the Fund's depositary.

- Minimum investment:

Initial subscription:
- EUR/CHF1,000,000 for IEUR, I-DEUR and ICHF units.
- No minimum threshold for JEUR, J-DEUR, JCHF, PEUR, P-DEUR, PCHF or Z units.

Subsequent subscriptions: 1 thousandth of a unit

- Address to which subscription and redemption orders should be sent:

Société Générale
32 rue du Champ de Tir - 44000 Nantes
+33 (0)2 51 85 57 09

- Arrangements for the publication or communication of the NAV:

The NAV will be available on the www.ellipsis-am.com website and via leading financial data providers. The NAV will also be published at the management company's premises at the following address:

Ellipsis Asset Management
112 avenue Kleber - 75116 Paris

- Redemption cap mechanism ("gates")

In exceptional circumstances, the absence of a redemption cap mechanism may result in the Fund's inability to meet redemption requests, thereby increasing the risk of a complete suspension of subscriptions and redemptions for this Fund.

4. FEES AND EXPENSES

4.1 Fund subscription and redemption fees

The Fund's subscription fees increase the subscription price paid by the investor, while redemption fees decrease the redemption price. The fees payable to the Fund serve to cover the costs incurred by the Fund to invest and disinvest investors' monies. Fees not payable to the Fund are allocated to the management company and/or distributors.

Subscription/redemption fees payable by the investor	Basis	Rate
Subscription fee payable to third parties	NAV * number of units subscribed	N/A
Subscription fee payable to the Fund	NAV * number of units subscribed	N/A
Redemption fee payable to third parties	NAV * number of units redeemed	N/A
Redemption fee payable to the Fund	NAV * number of units redeemed	N/A

4.2 Fund management and administration fees

Management and administration fees include all fees charged directly to the Fund except for transaction costs. Transaction costs include intermediary fees (brokerage fees, stock market taxes, etc.) as well as transaction fees, if any, that may be charged by the depositary and the Management Company in particular.

Please refer to the Key Investor Information Document for more information on the fees actually invoiced to the Fund.

	Fees charged to the Fund	Basis	Rate
1	Financial management fees (maximum annual rate inclusive of tax) Provisions will be made for these fees on each NAV calculation date, recorded in full on the Fund income statement and debited quarterly.	Net Asset Value	I units: maximum 0.65% J units: maximum 1% P units: maximum 1.50% Z units: maximum 0.15%
2	Administrative fees external to the management company (statutory auditor, depositary, valuation agent, account holder, technical distribution fees, lawyers, benchmark license fees, etc.)	Net Asset Value	Borne entirely by the management company
3	Maximum indirect fees (management fees and charges)	Net Asset Value	Non-significant
4	Transaction fees	Fixed fee payable on each transaction	From 0 to €50 maximum including taxes collected by the depositary From 0 to €50 maximum including taxes collected by the Management Company
5	Performance fees	Net Asset Value	I units: 10% including tax of the annual outperformance net of fees over and above an annualised return net of fees of 5.75% once the underperformance of the last 5 years has been offset. J units: 10% including tax of the annual outperformance net of fees over and above an annualised return net of fees of 5.40% once the underperformance of the last 5 years has been offset. P units: 10% including tax of the annual outperformance net of fees over and above an annualised return net of fees of 4.90% once the underperformance of the last 5 years has been offset. Z units: N/A

Financial research fees may also be charged to the Fund.

The fees referred to below may be excluded from the five blocks of fees mentioned above:

- contributions owed for the management of the Fund in accordance with section II, paragraph 3 d) of article 621-5-3 of the French Monetary and Financial Code;
- one-off and non-recurring taxes, charges, fees and government duties (relating to the Fund);
- one-off and non-recurring costs associated with debt recovery or a procedure to assert a right (e.g. share class procedure);

Information relating to these fees is also set out *ex post* in the Fund's annual report.

Details of the performance fee

Variable management fees will be levied for the benefit of the Management Company as follows:

- 10% including tax of the annual return net of fees excluding provisions for variable management fees: i) over and above 5.75% of the annual return net of fees for I units; ii) over and above 5.40% of the annual return net of fees for J units, iii) over and above 4.90% of the annual return net of fees for P units and iv) over and above 6.25% of the annual return net of fees for Z units. The provision for variable management fees is adjusted each time net asset value is calculated, based on 10% including tax of the unit's positive outperformance relative to its Target Return. The provisions for variable management fees will only be applied when the performance of the fund is higher than that of its Target Return and only on the positive difference in performance. Should the UCITS underperform its Target Return, this provision will be readjusted through reversals of provisions. Reversals of provisions are capped at the level of the allocations;
- A unit's outperformance will be calculated for the first time as from the day on which the unit is launched;
- The management company crystallises variable management fees annually based on the last net asset value of the accounting year: the management company deducts these variable management fees annually after the end of the financial year;
- If units are redeemed and if there is a provision for variable management fees, the portion proportional to the redeemed units is crystallized and accrued to the management company; the variable management fees thus crystallized during a financial year may be charged by the management company at the end of each quarter;
- Investors' attention is drawn to the fact that variable management fees are accrued to the management company even if the end-of-year net asset value is lower than the previous year's closing net asset value;
- Any underperformance by the fund relative to the benchmark is offset before performance fees become due. To this end, the duration of the performance reference period is set at 5 years rolling; so, if the fund experiences another year of underperformance within this initial 5-year period and has failed to offset it by the end of this initial period, then a subsequent period of up to 5 years begins starting from this new year of underperformance;
- For units launched during the financial year, the first performance calculation period will run from the date the unit is launched until the end of the following financial year;
- The performance fee is calculated over a period of at least 12 months.

The methodology applied to calculate performance fees is based on the reference asset calculation method, which makes it possible to simulate a reference asset subject to the same subscription and redemption conditions as the original fund while benefiting from the chosen index's performance. This fictitious asset is then compared with the performance delivered by the sub-fund's real assets. The difference between the two assets therefore gives the unit's outperformance relative to its benchmark.

The examples below illustrate the methodology applied to calculate the performance fees described above:

Example: general operation

	Year 1	Year 2	Year 3	Year 4	Year 5
Performance of the Fund's units	10%	-4%	-7%	6%	3%
Performance of the benchmark	5%	-5%	-3%	4%	0%
Out/underperformance	5%	1%	-4%	2%	3%
Cumulative performance of the Fund during the observation period	10%	-4%	-7%	-1%	2%
Cumulative performance of the benchmark during the observation period	5%	-5%	-3%	1%	1%
Cumulative out/underperformance during the observation period	5%	1%	-4%	-2%	1%
Do you charge a commission?	Yes	Yes	No, as the fund underperformed the benchmark	No, as the Fund has underperformed over the whole of the current observation period, starting in year 3	Yes
Start of a new observation period?	Yes, a new observation period starts in year 2	Yes, a new observation period starts in year 3	No, the observation period is extended to cover years 3 and 4	No, the observation period is extended to cover years 3, 4 and 5	Yes, a new observation period starts in year 6
NB: To make the example easier to understand, we have indicated here the performance of the Fund and of the benchmark in percentage terms. In reality, out/underperformance will be measured in amount terms and expressed as the difference between the Fund's net assets and the assets as described in the methodology above					

Proceeds from temporary purchases and sales of securities:

Temporary purchases or sales of securities, and securities lending and borrowing transactions, will be carried out at market conditions with any income payable in full to the Fund. Any fees and costs generated by these operations will be borne by the management company.

For further information, unitholders should refer to the Fund's annual report.

Procedure for selecting financial intermediaries:

Financial intermediaries are selected by Ellipsis Asset Management according to the following criteria (not cumulative):
• liquidity provision: the ability to provide the best prices, to administer the contributions sent
• commercial quality: the ability of the financial intermediary to solicit our managers appropriately
• the reliability of the confirmation, settlement / delivery and invoicing processes
• the efficiency of the search to obtain the best outcome.

5. COMMERCIAL INFORMATION

ESG (Environmental, Social and Governance) criteria do not form simultaneously the basis of all investment choices made when managing this fund. Information on the application of ESG criteria can be found at **www.ellipsis-am.com.**

Full prospectus and latest annual and periodic reports:

Further information on the Fund (prospectus/annual reports/half-yearly documents) can be obtained in French free of charge by writing to Ellipsis Asset Management, 112 avenue Kleber, 75116 Paris, emailing client_service@ellipsis-am.com or visiting www.ellipsis-am.com.

Information on subscription and redemption orders:

The depositary centralises all Fund subscription and redemption orders:

Société Générale
32 rue du Champ de Tir - 44000 Nantes
+33 (0)2 51 85 57 09

Information on the disclosure of the composition of the assets:

To allow certain investors to make calculations as per the regulatory requirements set out in European Directive 2009/138/EC (Solvency II) in particular, the Fund may disclose the composition of its assets in accordance with the policy determined by the "Autorité des marchés financiers" in its position n°2004-07 concerning market timing and late trading practices.

6. INVESTMENT RULES

The Fund is a UCITS complying with the provisions of European Directive 2009/65/EC. It respects the regulatory ratios set out in articles R.214-9 *et seq.* of the French Monetary and Financial Code.

7. GLOBAL EXPOSURE

The commitment approach, as defined in article 411-73 *et seq.* of the AMF General Regulation, is used to calculate the Fund's global exposure to futures.

8. ASSET VALUATION AND ACCOUNTING RULES

The portfolio's accounting currency is the euro.

The Fund complies with accounting rules applicable under current regulations, in particular the UCI accounting standards set out in the decree of the Minister of the Economy of 6 May 1993 and amended by the accounting regulations committee regulation 2014-01 of 14 January 2014.

8.1 Method used to value financial instruments

a. Exchange rates

The exchange rate used to value the assets in the Fund's accounting currency is supplied by a specialist data provider.

b. Financial instruments and transferable securities traded on a regulated or organised market

Equities and exchange traded funds (ETFs): equities and ETFs are valued based on NAV date closing prices published by the markets in question. For multi-venue securities (those admitted and listed on several marketplaces), the Management Company ensures that the accounting manager uses the most liquid venue. If the venue configured by the accounting manager is not adequate, the Management Company reserves the right to request configuration of the most representative venue.

Bonds and convertible bonds: bond prices are retrieved by a specialist data provider or benchmark calculation agent and calculated using external contributors' prices on the NAV date based on mid-close prices.

Negotiable debt securities and money-market instruments: these are supplied by a specialist data provider using external contributors' prices on the NAV date. Instruments with a residual life of 3 months or less may be valued using the straight-line method, provided they have no particular sensitivity.

c. UCI units or shares

Units and shares of undertakings for collective investment are measured at the net asset value on the NAV date. In the absence of a definitive net asset value within time frames compatible with the Fund's valuation, the Fund will be valued at the most recent known NAV. In the specific case of funds of funds, only the net asset value on the NAV date is used.

d. Temporary purchases and sales of securities

Temporary sales of securities: loaned and repurchased securities are reclassified and the corresponding receivable is recorded at market value on the asset side of the balance sheet. Interest on the transaction is recognised on a straight-line basis using the reference rate.

Temporary purchases of securities: borrowed and reverse repurchased securities are measured at market value. The debt representing the redelivery obligation is also valued at the market value of the securities. Interest on the transaction is recognised on a straight-line basis using the reference rate.

e. Futures or options traded on a regulated French and foreign market

These instruments are valued at their NAV date settlement price on the various futures markets.

f. Futures or options traded over the counter

These instruments are valued using models that have been validated by the Management Company and use market data supplied by specialist data providers.

- ✓ CFDs on equities, ETFs, bonds or convertible bonds: CFDs are valued at the difference between the NAV date closing price and the purchase price of the underlying asset, adjusted for borrowing costs.
- ✓ Index TRSs: these are valued at the difference between the performance of the total return leg and that of the money market leg corresponding to accrued interest.
- ✓ Options traded over the counter: options are valued using an internal model in accordance with the Black & Scholes formula and by modelling forward curves and volatility ranges.
- ✓ Currency forwards: currency forwards are valued at the difference between the negotiated forward exchange rate and a theoretical forward exchange rate using NAV date market data (the interpolated interest rate and spot exchange rate of the currency pair).
- ✓ CDSs: CDSs are valued based on the ISDA algorithm using spread and rate data.

g. Assets pledged as collateral

Collateral denotes all the assets pledged as security for the purpose of transactions involving futures traded OTC or effective portfolio management transactions (temporary purchases and sales of securities).

The types of eligible assets used include liquid assets, government bonds, private debt instruments, company shares or any other asset agreed between the parties when concluding the transaction, up to the limit authorised in the regulations. These assets are valued daily at market prices, in accordance with the provisions set out in the section "Asset valuation and accounting rules".

h. Alternative practical methods

In the absence of the financial data needed to value a financial instrument, or in cases where the retrieved price of a financial instrument is not representative of market conditions, particularly in the absence of significant transactions, the Management Company may value the financial instrument at its probable trading value. These valuations and their justifications are supplied to the Statutory Auditor when it carries out its audit.

i. Main market data providers

The main specialist data providers used for valuations are Bloomberg and Reuters. The Management Company is liable to change this list.

8.2 Method used to record trading costs

Securities purchased are recorded at their acquisition price including fees, and securities sold are recorded at their sale price including fees.

8.3 Method used to calculate distributable income

Income is recorded on a cash basis.

Income consists of:

- income from transferable securities,
- dividends and interest received at the currency rate for transferable securities,
- proceeds from cash deposits, loans, repurchase agreements and other investments,
- flows paid on swaps: if the flows on a swap are of a different nature, the investment objective will determine whether the flows are recorded as capital or income,
- the balance received on a swap contract with asymmetric terms: when a settlement received is intended to rebalance the flows exchanged, the investment objective will determine whether the flows are recorded as capital or income.

The following are deducted from this income:

- management fees,
- financial costs and charges on securities lending and borrowing transactions and other investments,
- flows paid on swaps: if the flows on a swap are of a different nature, the investment objective will determine whether the flows are recorded as capital or income,
- the balance paid on a swap contract with asymmetric terms: when a settlement paid is intended to rebalance the flows exchanged, the investment objective will determine whether the flows are recorded as capital or income.

8.4 Method used to adjust net asset value due to partial swing pricing

The Fund can undergo a decline in its net asset value ("NAV") due to subscription / redemption orders carried out by investors at a price that does not reflect the costs of adjustment associated with the operations of investment or disinvestment of the portfolio. In order to reduce the impact of this dilution and to protect the interests of existing unitholders, the Fund sets up a partial swing pricing mechanism. This mechanism is governed by a swing pricing policy and allows the management company to ensure that the costs of adjustment are borne by the investors who request the subscription or redemption of Fund units, while protecting the unitholders who remain within the Fund.

If, on a given NAV date, the total net amount of subscription / redemption orders carried out by investors on all the Fund’s unit classes exceeds a pre-established threshold determined by the management company on the basis of objective criteria as a percentage of the Fund’s net assets, the NAV can be adjusted upwards or downwards in order to take into account the costs of adjustment attributable respectively to the net subscription / redemption orders. The NAV of each unit class is calculated separately but any adjustment has an identical impact in percentage terms on the NAVs of all the Fund’s unit classes. The cost and threshold parameters are determined by the management company and revised periodically, with each period not exceeding 6 months. These costs are estimated by the management company on the basis of transaction fees, bid-ask spreads, as well as possible taxes applicable to the Fund.

Since this adjustment is linked to the net balance of subscriptions / redemptions within the Fund, it is not possible to accurately predict whether swing pricing will be applied at any given moment in the future. Consequently, nor is it possible to predict with any accuracy the frequency at which the management company will have to make such adjustments, which cannot exceed 2% of NAV. Investors are informed that the volatility of the Fund’s NAV may not only reflect that of the securities held in the portfolio due to the application of swing pricing.

9. REMUNERATION POLICY

In accordance with the provisions of Directives 2011/61/EU and 2014/91/EU amending Directive 2009/65/EC, as well as the provisions of articles 319-10 and 321-125 of the AMF’s General Regulation, the Management Company has implemented a remuneration policy for the categories of employees whose professional activities have a significant impact on the risk profile of the Management Company or of the UCIs it manages. These categories of employees include members of the Management Board, the Chief Compliance and Internal Control Officer, risk controllers, portfolio managers, sales staff and managers of support functions, and, in general, all employees whose professional activities have a significant impact on the risk profile of Ellipsis AM or of the investment funds it manages and whose overall compensation is in the same category as that of the Management Board and risk takers.

The Remuneration Committee is organised in accordance with internal regulations, in compliance with the principles set out in Directives 2011/61/EU and 2014/91/EU amending Directive 2009/65/EC. The Management Company’s remuneration policy was developed to promote proper risk management and to discourage risk-taking above the level of risk that it can handle, taking into account the investment profiles of the funds managed and implementing measures to prevent conflicts of interest.

The remuneration policy is reviewed every year. The Management Company’s updated remuneration policy, which describes the method used to calculate remuneration and benefits and the composition of the Remuneration Committee responsible for the allocation thereof, is available on request from the Management Company’s registered office and online at www.ellipsis-am.com.

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RULES
ELLIPSIS CREDIT ROAD 2028

TITLE I

ASSETS AND UNITS

Article 1 - Co-ownership units

The co-owners' rights are represented by units, with each unit corresponding to the same fraction of the Fund's assets. Each unitholder has a co-ownership right in and to the assets of the Fund proportional to the number of units held.
The life of the Fund is 99 years except in the cases of early dissolution provided for in the regulations.

The characteristics of the various classes of units and their eligibility requirements are described in the Fund prospectus.

The different unit classes may:
- Benefit from different dividend policies;
- Be denominated in different currencies;
- Be charged different management fees;
- Be charged different subscription and redemption fees;
- Have a different par value;
- Be systematically hedged, either partially or completely, as described in the prospectus. Risk is hedged via financial instruments that minimise the impact of hedging transactions on the UCITS' other unit classes;
- Be reserved for one or more distribution networks.

The Fund reserves the right to combine or split units. Units are divided into thousandths, called fractions of units.

The provisions of the regulations governing the issue and redemption of units shall apply to fractions of units, whose value shall always be proportionate to that of the unit they represent. Unless stipulated otherwise, all other provisions of the regulations relating to units shall apply to fractions of units without any need to make a specific provision to that end.

Lastly, the management company's management board may decide, at its own discretion, to sub-divide the units by issuing new units, which shall be allocated to unitholders in exchange for their existing units.

Article 2 - Minimum amount of assets

Units may not be redeemed if the Fund's assets fall below EUR 300,000. Should the assets remain below this amount for thirty days, the management company will take the necessary measures to liquidate the fund concerned or carry out one of the procedures mentioned in article 411-16 of the AMF's General Regulation (change of fund).

Article 3 - Issue and redemption of units

Units are issued each time a subscription request is received on the basis of their net asset value plus a subscription fee, where applicable.
Subscriptions and redemptions are executed in accordance with the conditions and procedures defined in the prospectus. Where applicable, the minimum subscription amount will be shown in the prospectus.
Units of the Fund may be admitted to an official stock exchange listing in accordance with the regulations in force.

Subscriptions must be fully paid up on the day the net asset value is determined. Subscriptions may be made in cash and/or by a contribution in kind in the form of financial instruments. The management company is entitled to refuse any securities tendered and, for that purpose, must announce its decision within seven days of the date on which the securities were tendered. If they are accepted, the securities tendered are valued according to the rules laid down in article 4, and the subscription is based on the first net asset value following acceptance of the securities concerned.

Redemptions can be made in cash and/or in kind. If the in-kind redemption corresponds to a representative share of portfolio assets, the Fund or the Management Company need obtain only the signed written consent of the departing investor. If the in-kind redemption does not correspond to a representative share of portfolio assets, all investors need to give their written consent to the departing investor redeeming their units against certain specific assets, as explicitly defined in the agreement.

By derogation from the above, if the Fund is an ETF, redemptions on the primary market may, with the agreement of the portfolio management company and in the interests of the unitholders, be made in kind in the terms and conditions set out in the Fund's rules or prospectus. The assets are then delivered by the issuance account keeper within the terms and conditions set out in the Fund's prospectus.

Redeemed assets are generally valued using the rules set out in article 4 and the in-kind redemption is carried out based on the first NAV after the securities in question have been accepted.

The redemptions are settled by the issuance account keeper within five days of the valuation day of the units.

However, if in exceptional circumstances the redemption requires the prior sale of assets held in the Fund, this deadline may be extended to a maximum of 30 days.
With the exception of a succession or an inter vivos gift, the sale or transfer of units between unitholders, or unitholders and third parties, is treated as a redemption followed by a subscription; if this involves a third party, the sale or transfer amount must, where applicable, be supplemented by the beneficiary in order to reach at least the minimum subscription amount stipulated by the prospectus.

Pursuant to article L.214-8-7 of the French Monetary and Financial Code, the management company may temporarily suspend the redemption of units or the issue of new units by the Fund when exceptional circumstances and the interests of the unitholders so require.
If the net assets of the Fund have fallen below the minimum threshold set by the regulations, no redemptions may be carried out.

In application of the third paragraph of article L.214-8-7 of the French Monetary and Financial Code, the fund may stop issuing some or all units temporarily or permanently in objective situations leading to the closure of subscriptions, such as a maximum number of units issued, a maximum amount of assets reached or the expiry of a fixed subscription period. Existing unitholders will be informed of this decision by any means, as well as of the trigger point and the objective situation that led to the partial or complete closure. In the case of partial closure, this notification will specifically mention the means by which existing unitholders may continue to subscribe during the period of partial closure. The management company also informs unitholders by any means of a decision to end the partial or total closure of subscriptions (when they fall below the trigger point again), or not to end it (if the trigger point is changed or there is a development in the objective situation that led to the closure decision). A change in the objective situation cited or the trigger point must always made in unitholders' best interests. Information stating the exact reasons for these changes may be given by any means.

The Fund's Management Company may restrict or prohibit (i) ownership of Fund units by any natural person or legal entity for whom it is forbidden to hold Fund units in the "target subscribers" section of the prospectus (hereinafter, an "Ineligible Person"), and/or (ii) the registration with the Bank responsible for centralising subscription and redemption requests and Registrar Fund's register or the local transfer agent's register (the "Registers") of any Intermediary mentioned in the "target subscribers" section of the prospectus ("Ineligible Intermediary").

To this end, the Fund's Management Company may:
1° refuse to issue any units if it appears that such an issue could or would lead to those units being held directly or indirectly by an Ineligible Person or Ineligible Intermediary or entered into the Registers;
2° at any moment require an intermediary whose name appears in the Registers to provide any information, accompanied by a sworn statement, that it deems necessary for the purposes of determining whether or not the beneficial owner of the units in question is an Ineligible Person; and
3° if it appears that the beneficial owner of the units is an Ineligible Person or an Ineligible Intermediary is entered into the Registers of unitholders, carry out a compulsory redemption of all of the units held by the Ineligible Person or Ineligible Intermediary following a period of ten business days. The compulsory redemption will be carried out using the last known net asset value, less any charges, fees and commissions that may be applicable, which will remain the responsibility of the Person affected by the redemption.

Article 4 - Calculation of the net asset value

The net asset value is calculated in accordance with the valuation rules specified in the prospectus.

Contributions in kind may comprise only stocks, securities, or contracts admissible as assets of UCITS; contributions and redemptions in kind are valued according to the valuation rules governing the calculation of the net asset value.

TITLE II

MANAGEMENT OF THE FUND

Article 5 - The Management Company

The Fund is managed by the management company Ellipsis Asset Management in accordance with the Fund's investment objectives.

The Management Company shall act in all circumstances in the sole interest of the unitholders and has the exclusive right to exercise the voting rights attached to the securities held in the Fund.

Article 5a - Operating rules

The instruments and deposits in which the UCITS' net assets may be invested, as well as the investment rules, are described in the prospectus.

Article 6 - The depositary

The depositary performs the tasks incumbent upon it under laws and regulations in force, as well as those contractually agreed. In particular, it must ensure that decisions taken by the portfolio management company are lawful. Where applicable, it must take all protective measures that it deems necessary. In the event of a dispute with the management company, it shall inform the AMF.

Article 7 - The statutory auditor

A statutory auditor is appointed by the governance body of the management company for a term of six financial years with the approval of the AMF.

It shall certify the regularity and fairness of the accounts. The statutory auditor's mandate may be renewed.

The statutory auditor is required to inform the AMF as soon as possible of any event or decision involving the undertaking for collective investment in transferable securities discovered when exercising its task that is likely to:

1° Constitute a violation of the legal or regulatory provisions applicable to this undertaking and likely to have a material impact on the financial position, result or assets;
2° Adversely affect its operating conditions or continuity;
3° Lead to the issuance of reserves or refusal to certify the accounts.

Assets will be valued and exchange ratios will be determined for the purpose of any conversion, merger or split under the statutory auditor's supervision.

The statutory auditor assesses any contribution or redemption in kind under its responsibility, except when an ETF is redeemed in kind on the primary market.

It shall check the composition of the assets and other information before any publication.

The statutory auditor's fees are determined by mutual agreement between the statutory auditor and the management board of the Management Company on the basis of an agenda indicating all duties deemed necessary.

The statutory auditor certifies positions that serve as the basis for the payment of interim dividends. The statutory auditor's fees are included in the management fees.

Article 8 - The financial statements and the management report

At the end of each financial year, the portfolio management company prepares the financial statements and a report on the management of the Fund during the last financial year.

The portfolio management company establishes a list of the Fund's assets at least biannually and under the supervision of the depositary.

The portfolio management company shall make these documents available to unitholders within four months of the financial year-end and shall inform them of the amount of income attributable to them: these documents shall be sent by post if expressly requested by the unitholders, or made available to them at the offices of the portfolio management company.

TITRE III

TERMS AND CONDITIONS FOR THE ALLOCATION OF DISTRIBUTABLE SUMS

Article 9 - Allocation of distributable sums

The net income for the financial year is equal to the amount of interest, arrears, dividends, premiums and lots, directors' fees and all income relating to the securities in the fund's portfolio, plus the proceeds of sums temporarily available, less management fees and borrowing costs.

The distributable sums are made up of :

1° Net income plus retained earnings, plus or minus the balance of the income equalisation account;

2° Realised gains, net of fees, minus realised losses, net of fees, recognised during the financial year, plus net realised gains of the same type recognised during previous financial years which have not been distributed or accrued, plus or minus the balance of the capital gains equalisation account.

The sums mentioned in 1° and 2° may be distributed, in whole or in part, independently of each other.

The management company shall decide on the distribution of the results.

For each class of units, where applicable, the FCP may opt for one of the following formulas:
-pure capitalisation: the distributable sums are fully capitalised, with the exception of those which are subject to compulsory distribution by law;
-pure distribution: the sums are distributed in full, to the nearest rounding; possibility of distributing interim dividends;
-for FCPs wishing to retain the freedom to capitalise and/or distribute. The management company decides each year on the allocation of the results.

Where applicable, interim distributions may be made in accordance with the applicable regulations.

The precise terms and conditions for the allocation of distributable sums are defined in the prospectus.

TITLE IV

MERGER - SPLIT - DISSOLUTION - LIQUIDATION

Article 10 - Merger - Split

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

Such mergers or splits may only be carried out after unitholders have been notified. Such mergers or splits give rise to the issue of a new certificate indicating the number of units held by each unitholder.

Article 11 - Dissolution - Extension

If the assets of the Fund remain below the amount set in article 2 above for thirty days, the Management Company shall inform the AMF and shall dissolve the Fund, except in the event of a merger with another fund.

The management company may dissolve the Fund before term. It shall inform the unitholders of its decision, after which no further subscription or redemption requests shall be accepted.

The management company shall also dissolve the Fund if a request is made for the redemption of all of the units, if the depositary's appointment is terminated and no other depositary has been appointed, or upon expiry of the Fund's term, unless such term is extended.

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

The Fund’s extension may be decided by the management company subject to the agreement of the depositary. Its decision must be taken at least three months before the expiry of the Fund's term and must be notified to the unitholders and the AMF.

Article 12 - Liquidation

In the event of dissolution, the management company acts as liquidator; failing this, interested parties may ask the courts to appoint a liquidator. To this end, they shall be granted the broadest powers to realise assets, reimburse any creditors and allocate the available balance among the unitholders in the form of cash or securities.

The statutory auditor and the depositary shall continue to perform their functions until the end of the liquidation.

TITLE V

DISPUTES

Article 13 - Jurisdiction - Address for service

All disputes relating to the Fund that may arise during the term of the Fund or during its liquidation, either among the unitholders or between the unitholders and the management company or the depositary, shall be submitted to the courts having jurisdiction.

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