

# LONGCHAMP ASSET MANAGEMENT

## LONGCHAMP TREASURY FUND PROSPECTUS

Fund compliant with European Directive 2009/65/EC

### I. GENERAL CHARACTERISTICS

#### 1 – FUND STRUCTURE

- **Name** • LONGCHAMP TREASURY FUND ('the Fund')
- **Legal Form** • UCITS Fund governed by French law (FCP)
- **Creation date and expected term** • The Fund was approved on 27/10/2015 and was created on 25/04/2016 for a period of 99 years

#### • Summary of the Investment Management Offer

Share Class	Characteristics						
	ISIN Code	Allocation of Distributable Income	Base Currency	Initial NAV	Target Investors	Minimum Initial Investment	Minimum Subsequent Investment
I	FR0012993533	Accumulation	EURO	1 000 €	All subscribers, including institutional and high net worth individuals	1, 000,000 € (*)	1 thousandths of a unit

(\*) The amount does not apply to Longchamp Asset Management's employees, funds and accounts under management.

- **Address for obtaining annual reports, periodic states, net asset values and information on performances of the fund:**

The latest financials (Annual and Semi-Annual Reports) as well as the assets breakdown are available on the website [www.longchamp-am.com](http://www.longchamp-am.com) or shall be sent to shareholders within eight business days upon written request to:

**Longchamp Asset Management**  
30 rue de Galilée  
75116 Paris  
Tel: 01.71.70.40.30  
e-mail: [ir@longchamp-am.com](mailto:ir@longchamp-am.com)

Any additional information can be obtained from the Investment Management Company mentioned above.

## 2 – ROLES

- **Investment Management Company:**

**Name: Longchamp Asset Management**

Asset Management Company approved by the Autorité des Marchés Financiers (“AMF”) on 01/03/2013

License number: GP-13000009

Head Office and Postal Address: 30 rue Galilée - 75116 – Paris.

- **Custodian, Trustee, Transfer Agent:**

**Name: Société Générale Securities Services**, Credit institution created on the 04 May 1864 by decree of authorization signed by Napoléon III and certified by the Autorité de Contrôle Prudentiel et de Résolution

**Custodian’s postal address:** 75886 Paris Cedex 18

**Transfer Agent’s postal address:** 32, rue du Champ de Tir – 44000 Nantes

**Head Office:** 29 Boulevard Haussmann – 75009 Paris

- **Auditor:**

**Name: PricewaterhouseCoopers Audit**

**Postal Address & Head Office:** Crystal Park - 63 rue de Villiers – 92200 NEUILLY SUR SEINE

- **Distributor:**

**Longchamp Asset Management**  
30 rue Galilée  
75116 Paris  
Tel: 01.71.70.40.30  
e-mail: [ir@longchamp-am.com](mailto:ir@longchamp-am.com)

Longchamp Asset Management may delegate the marketing of the Fund’s shares to accredited third parties. The Fund is registered with Euroclear France; its shares may be purchased or redeemed through financial intermediaries that may not be known to the Investment Management Company.

- **Administration and Valuation:**

**Name: Société Générale Securities Services Net Asset Value**

**Postal Address:** Immeuble Colline Sud – 10, passage de l’Arche – 92081 Paris La Défense Cedex

**Head Office:** Immeuble Colline Sud – 10, passage de l’Arche – 92081 Paris La Défense Cedex

- **Advisers: nil**

## II. OPERATING AND MANAGEMENT PROCEDURES

### 1 - General Characteristics

- **Characteristics of the share classes**

**ISIN Codes:**

Shares I: FR0012993533

**Nature of rights attached to shares:**

Every shareholder has a right of co-ownership over the Fund's assets, which is proportional to the number of shares held.

**Liabilities Accounting:**

Liability accounting is performed by the Custodian. Administration of shares are performed by Euroclear France.

**Voting Rights:**

No voting rights are attributed to the ownership of units. Decisions concerning the Fund are taken by the Investment Management Company; information on functioning of the Fund is provided to shareholders, as appropriate, either individually or through the news, either through periodic statements or by any other means.

**Form and Fractions of Shares: Bearer:**

The amount of securities is expressed in thousandths. Subscriptions and redemptions can be in thousandths of units.

**Closing Day:**

Last trading day of each calendar year as observed of the Paris Stock Exchange.

**Closing day of the first term:**

Last trading day of December 2016 as observed on the Paris Stock Exchange.

**Tax Regime:**

The Fund is not subject to corporate taxation and fiscal transparency is applicable to any holder of shares. Fiscal policy applicable to amounts distributed by the Fund or to unrealized capital gains or losses depends on the tax regime applicable to each investor relative to his / her state of jurisdiction and /or to the Fund's jurisdiction.

### 2 - Specific Provisions

ISIN Code Shares I: FR0012993533

- **Classification**

« Diversified »

- **Investment Objective**

The Fund's objective is to achieve a performance net of fees higher than that of EONIA capitalized reference indication (Euro Overnight Index Average) over an investment horizon of 1 month.

- **Benchmark**

The Fund's benchmark is the EONIA capitalized (Euro Overnight Index Average). EONIA is the benchmark for Eurozone money market. It is calculated as a weighted average of interbank transactions from a panel of bank in the Euro zone. It is available on the Bloomberg page "EONIA Index".

- **Investment Strategy**

**STRATEGY IMPLEMENTED TO ACHIEVE THE INVESTMENT OBJECTIVE:**

The Longchamp Treasury Fund complies with the investment rules established under the European Directive 2009/65/CE.

The Fund's objective is to achieve a performance net of fees higher than that of EONIA capitalized reference indication (Euro Overnight Index Average) over an investment horizon of 1 month.

To achieve this objective, the Fund implements an exchange contract (Asset Swap) for 100% of the Fund's net assets under which a basket of international equities issued out of the Eurozone is exchanged against the performance of money market instruments derived from the Eurozone

(EONIA interest rates + adjustable spread based on market conditions and liquidity). The Fund can also implement efficient portfolio management techniques under which it may invest up to 100% of its net assets in equity lending and borrowing operations and/or collateralized lending operations.

Within this investment strategy, the Fund invests in a basket of securities (mainly comprised of global equities from the Eurozone) used as counterparty to Asset Swaps. The use of such Asset Swaps may enable the Fund to benefit from higher yields compared to that of the benchmark. This over performance is derived from the counterparty's interest to exchange equities over a given period of time against an indexed spread on Eurozone's money market rates.

In the case that the Fund would not be able to proceed with the Asset Swaps on 100% of its net asset, it may invest up to 100% of its net asset in money market instruments (negotiable debt instruments and money market instruments) and up to 10% in money market UCITS funds.

This investment strategy enables the Fund to be solely exposed to the Eurozone money market rates changes and to benefit from an extra return thanks to the payment of an additional spread derived from the implementation of the Asset Swap. The Fund is not exposed to the performance of the instruments exchanged through the Asset Swaps. The holders of Fund's units should not bear the risks associated with those instruments (equities, foreign exchange).

Securities lending and repurchase agreement operations may only be executed with counterparties exhibiting a minimum rating of BBB; the counterparty's risk exposure will be limited to 10% of the Fund's net assets.

### **Portfolio Management Process**

The Investment Management Company is responsible for selecting the instruments as well as that of the counterparties. Both are overseen by the Investment Management Company's risk manager who reviews the strategic allocation, counterparties' quality and rating, as well as the counterparty risk and collateral risk management process.

#### **• Assets**

To achieve its investment objective, the Fund will invest in several asset classes.

- EQUITIES

The Fund can invest up to 100% of its net assets in international equities issued from the Eurozone.

The selected equities will allow all market capitalizations and will be selected according to the following criteria:

- Their affiliation to major stock market indices,
- Their liquidity (minimum thresholds applied to the daily average transaction volumes and capitalization),
- Their maximum holding ratio threshold.

- DEBT AND MONEY MARKET INSTRUMENTS

The Fund can invest up to 100% of its net assets in money market and bonds instruments, exclusively denominated in Euro.

The selected securities can be invested either in the public or private sectors with a maturity inferior to one year. Interest rate modified duration will not be higher than 1.

#### **Public Debt**

The Fund can invest in negotiable debt securities and government bonds issued by OECD members up to 100% of its net assets. Securities should have a minimum rating of BBB- (Investment Grade).

#### **Private Debt**

The Fund can invest up to 100% of its net assets in Euro denominated fixed income instruments: fixed and floating rate bonds and money market instruments.

The Fund may invest in money market instruments exhibiting a low modified duration and a minimum rating of A- at the time of purchase.

The Investment Management Company has internal credit risk evaluation techniques to select and evaluate securities and their respective quality and does not exclusively and automatically rely on ratings as provided by the credit rating agencies which constitute one element within several other criteria taken into consideration by the Investment Management Company when evaluating negotiable debt securities' credit quality and money market instruments.

- AIF OR UCITS FUNDS

The Fund can invest up to 10% of its net assets in money market UCITS Funds to proceed with the residual cash management if necessary.

- DERIVATIVES

In order to achieve its investment objectives or in order to hedge part or all of its exposure, and according to the decree dated September 6th 1989, the Fund may invest in futures and in French and/or foreign OTC contracts

More specifically, the Fund will use Asset Swaps providing for an exposure to Eurozone money market yields. As covered by the Asset Swap, risks associated with instruments exchanged in the asset swaps (equity risk, currency risk) are not supported by the Fund.

In accordance with its best selection and execution policy, Longchamp Asset Management acting as Investment Management Company believes Natixis is a suitable counterparty providing the best possible terms in regards to implementing the Asset Swaps. As such, these forward contracts (including the Asset Swaps) can be negotiated with Natixis without any prior request for proposal to other counterparties. Counterparty to the forward contracts implemented will have no discretion over the composition of the Fund's portfolio nor under the forward contracts' underlying assets.

The Fund may not have an exposure to the Asset Swaps exceeding 100% of its net asset value.

With regards to potential enhancements to the Fund's portfolio management, the portfolio manager retains the possibility to use other derivatives (Total Return Swap, interest rates Swap, Futures, Forwards, Options) for up to 100% of the Fund's net assets. Securities will be used to hedge the portfolio against market risks (equities, exchange rates, interest rates, credits) and to achieve the desired investment strategy.

- SECURITIES EMBEDDING DERIVATIVES

Nil

- DEPOSITS

Deposits with a maximum maturity of 12 months may be used by the Fund provided they do not exceed 100% of the Fund's net assets.

- CASH LOANS

The Fund may, under normal circumstances, be in a temporary debtor situation and may as such use cash loans subject to a limit of 10% of its net assets.

- SECURITIES LENDING AND REPURCHASE AGREEMENTS

The Fund, in order to increase its revenues, may implement repurchase agreements subject to a limit of 100% of its net assets. These operations will require the restitution of securities and/or cash collateral to hedge counterparty risk.

The counterparties of the OTC operations will be Tier 1 financial institutions based in OECD countries.

These operations can result in the restitution of cash, equities, bonds, UCITS's shares, ETF and convertible bonds.

**Specific constraints for securities lending, repurchase agreements and asset swaps**

Securities lending and repurchase agreement operations may represent up to 100% of the Fund's net assets.

Securities used as collateral will be selected according to the following criteria:

- Objectivity of valuations
- Liquidity
- Diversification
- Process rebuilding of the collateral in case of depreciation.

The collateral will be monitored daily. In case of depreciation, collateral will be rebuilt on a daily basis. Each individual counterparty exposure may never exceed 10%.

To comply with the counterparty exposure risk limits, the Investment Management Company can set up agreements with the selected counterparties for a daily rebuilding of the collateral or can put in place, if needed, CSA (Credit Support Annex) contracts to minimize its exposure to counterparties to security lending operations.

The spread received at the time of securities lending and repurchase agreements as well as any equivalent operations under foreign laws are fully reintegrated in the fund.

- INFORMATION IN REGARDS FINANCIAL WARRANTY OF THE FUND

In order to manage counterparty risk, OTC transactions (including Asset Swaps) may result in the delivery of financial warranties (called collateral) with securities and/or cash.

Eligibility of these securities is defined according to investment constraints defined by the Investment Management Company.

Collateral may include currencies, equities, bonds, shares of UCITS and ETF and convertible bonds.

The warranties will be appreciated according to:

- Liquidity,
- Diversification,
- Correlation with the counterparty's risk,
- Frequency of the collateral rebuilding as stated in the agreements

Financial non-cash collateral shall not be sold, reinvested or pledged.

- Risk profile

**Fund's assets will mainly be invested in financial securities selected by the Investment Management Company. These securities are subject to market conditions and fluctuations.**

The Fund is classified as a "Diversified" UCITS. **Holders of shares or units of the Fund will be exposed to the following risks:**

- **Risk of capital loss:** The loss of capital arises when a unit is sold at a lower price than its purchase value. The Fund does not provide for capital guarantee or protection. The initial investment is exposed to market risks, and, in case of adverse market conditions, may not be returned as invested initially.
- **Risk associated with the use of derivative instruments:** To achieve its investment objective, the Fund may use derivative instruments which may be affected by various risks (mainly liquidity and volatility risks). The occurrence of any of the later may lead to increased volatility and a decline in the Fund's net asset value. There is a risk that the Fund may not be invested in the best performing securities at all times given the Fund's investment strategy, based on the selection of futures and/or OTC contracts.
- **Interest rate risk:** Bond prices are negatively correlated to interest rates. The impact of a change in interest rates is measured by the « modified duration» which for this Fund should remain within 0 to 1 year. The modified duration measures the impact of a 1% change in interest rates on the Fund's net asset value. A modified duration of 1 means that a 1% increase in interest rates leads to a 1% decline of the Fund's valuation.
- **Credit risk:** This risk is linked to the issuer's ability to repay its debts and the rating deterioration of an issuer. Declining financial conditions of an issuer which securities are held in the portfolio will have a negative impact on the Fund's net asset value.
- **Counterparty risk:** This risk relates to the implementation of futures and/or OTC contracts in order to achieve the Fund's investment objective (please refer to the section titled « Derivatives » above) or the use of Securities lending and repurchase agreement operations (please refer to the section titled "securities lending, repurchase agreements and asset swaps" above). This risk refers to the event that a counterparty to a contract may have not respected its obligations (for example: payment, repayment), which could lead to a decrease of the Fund's net asset value.

- Guarantee or Protection

Nil.

- Targeted Investors and Typical Investors Profile

Shares I: All investors, including institutional investors and high net worth / ultra-high net worth individuals.

The reasonable amount to invest in the Fund depends on the personal situation of each investor. To assess this amount, one is advised to consider his/her current personal wealth and financial needs (including those on a one-day investment horizon) as well as his/her willingness to take on risks associated with an investment in the Fund or his/her preference for a more cautious investment. It is also highly recommended to diversify investments adequately to avoid being solely exposed to the Fund's risks.

- Recommended Investment Horizon

Minimum 32 days.

Investors' attention is drawn to the fact that this investment is suitable for investors with visibility of more than one month over their liquidity needs. This Fund may not be appropriate for investors who plan to withdraw prior to the recommended investment period.

- **Calculation and Distribution of Income and Capital Gains**

The net income for the fiscal year shall correspond to the interests, arrears, dividends, premiums and allotments, directors' fees and all other financial products generated by securities held in the Fund's portfolio, as well as any cash amount momentarily available, altogether subject to management fees and loan interests.

The amount available for distribution consists of:

1. Net income for the financial year, plus money carried forward and plus or minus the balance of past accrued income;
2. Net capital gains, after fees, minus any net capital loss accrued during the current financial year, plus net capital gains of the same kind accrued during previous years that have not been subject to distribution or capitalization, impacted (positively or negatively) by the balance of the capital gains' regularized account.

**Capitalization (Shares I):**

The amount distributed are fully capitalized each year.

	<i>Fully Capitalized</i>	<i>Partially Capitalized</i>	<i>Fully Distributed</i>	<i>Partially Distributed</i>
<i>Net Income</i>	<b>X</b>			
<i>Net Realized Capital Gains or Losses</i>	<b>X</b>			

- **Frequency of Distribution**

Nil.

- **Characteristics of Shares**

**Initial Net Asset Value**

Share I: **1,000 Euros.**

Share I: **In fractions of 1 thousandths of units.** Denominated in Euro (€).

**Minimum initial investment**

Share I: **1,000, 000€** (This minimum does not apply to discretionary mandates nor to the Investment Management Company's senior management, employees and Funds managed by Longchamp Asset Management SAS).

Minimum subsequent investment or redemption: **1 thousandths of a unit.** The minimum investment for discretionary mandates or those that the Investment Management Company's senior management and employees would proceed with ought to be made in full units.

- **Dealing Deadline for Subscription and Redemption Requests**

**Financial institution responsible for subscription and redemption:** SOCIETE GENERALE.

Subscription and redemption orders are centralized each business day until 11:00 AM Paris Time, with exception of holidays as defined in Article L. 3133-1 of the French Labor Code and/or days when the Paris Stock Exchange is closed (official calendar of Euronext Paris SA) and/or when the TARGET2 system is closed and executed on the basis of the next net asset value calculated on the basis of closing prices of the previous business day.

In the case of subscriptions, payment (cash) and delivery (shares/units) shall occur within two business days following the relevant net asset value day (T+2).

The Fund's net asset value is calculated every business day, apart from holidays as defined in Article L. 3133-1 of the French Labor Code and/or days when the Paris Stock Exchange is closed (official calendar of Euronext Paris SA) and/or when the TARGET2 system is closed

Subscription and redemption orders can be made either in whole number of shares or in fractions of a shares, each share being divided into thousandths.

When placing a redemption order, the shareholder will be required to specify whether he/she is looking to comply with the recommended investment horizon.

If the shareholder intends to comply with it, the trading day (also being the centralization day) is postponed by 32 calendar days and the net asset value applicable to the redemption will be the one of the new trading day.

If the new trading date occurs on a holiday, it is then postponed to the next business day.

- **Net Asset Value Frequency**

Daily, excluding Saturdays, Sundays, French legal holidays and days when the Paris Stock Exchange is closed (official calendar of Euronext) and/or when the TARGET2 system is closed.

The net asset value following a non-business period (weekends and bank holidays) incorporates accrued interest for this period.

► **Subscription and Redemption Fees**

Subscription fees increase the subscription price paid by the investor, while redemption fees decrease the redemption price. Fees paid to the Fund serve to offset the costs incurred by the Fund to invest and disinvest investors' monies. Fees not paid to the Fund are paid to the Investment Management Company, the promoter, etc.

<b>Fees payable by the investor on subscriptions and redemptions</b>	<b>Basis</b>	<b>Applicable rates</b>
Subscription fee not payable to the Fund	Net asset value per unit x number of units	Nil
Subscription fee payable to the Fund	Net asset value per unit x number of units	Nil
Redemption fee not payable to the Fund	Net asset value per unit x number of units	Nil
Redemption fee payable to the Fund	Net asset value per unit x number of units	0.05%*

The fee indicated corresponds to the maximum rate that can be applied to the subscription or redemption price on the trading day. In some cases, investors may incur smaller fees. The actual amount for entry and exit fees are made available to investors by their advisors or distributors.

\*Incentive redemption notice:

The redemption fee applies for any redemption received with a notice inferior to 32 days (0.05% acquired by the Fund). For redemption requests with a notice superior to 32 days, no fee will be charged.

► **Operating and Management Fees**

The following fees cover all management fees, external management fees of the Investment Management Company (auditor, custodian, distribution, and lawyers), maximum indirect fees (commissions and management fees).

<b>Fees charged to the Fund</b>	<b>Basis</b>	<b>Maximum chargeable rate</b>
<b>Management Fees</b>	Net Assets	Share I: 0.15% TTC
<b>Fees payable to the service providers (auditor, custodian, distributors, lawyers)</b>	Net Assets	
<b>Transaction Fees</b>	Payable upon each transaction	Investment Management Company: Nil Custodian: fixed amount per transaction between 6 and 18 euros
<b>Performance Fees</b>	Net Assets	Nil

**ADDITIONAL INFORMATION REGARDING SECURITIES LENDING AND REPURCHASE AGREEMENTS:**

The Investment Management Company receives no compensation for the securities lending and repurchase agreement operations. Any compensation received in relations to the later are fully paid to the Fund.

**BRIEFDESCRIPTION OF THE COUNTERPARTY SELCTION PROCESS:**

The monitoring of Longchamp Asset Management's counterparties is carefully described in a specific set of procedures.

Any new business relation is subject to formal approval (as described in the process) and aims to minimize the default risk that could occur with the use of futures and/or OTC contracts (money market instruments, bonds and rate derivatives, equities and equity derivatives).

The counterparties' selection process is framed by the following criteria: the ability to offer competitive intermediation costs, the quality of execution, the relevance of the research services provided, their availability to discuss and argue their diagnosis, their ability to offer a range of products and services (whether broad or specialized) corresponding to the needs of the Investment Management Company, their ability to optimize the administrative processing of operations.

The importance given to each criterion depends on the nature of each individual investment process.

### III. COMMERCIAL INFORMATION

Distribution of information related to the Fund is managed by:

**Longchamp Asset Management**  
**30 rue Galilée, 75116 Paris**  
**Tel: 01.71.70.40.30**  
**e-mail: [ir@longchamp-am.com](mailto:ir@longchamp-am.com)**  
**website: [www.longchamp-am.com](http://www.longchamp-am.com)**

Environmental, social and corporate governance: The Investment Management Company of the Fund does not take ESG criteria into account in its management decisions.

The "Voting Policy" and summary of conditions under which voting rights may be exercised are available online at [www.longchamp-am.com](http://www.longchamp-am.com) and / or may be sent to shareholders upon written request sent to the Investment Management Company.

This Prospectus may not be used for solicitation or offer purposes in any jurisdiction nor any circumstances in which the offer or solicitation is illegal or prohibited. In particular, please note that the Fund's shares have not been registered under the US Federal Securities Act of 1933 and, in addition, the Fund's shares shall, in no case, be offered or sold, directly or indirectly, in the United States or to a US citizen.

## IV. Investment Rules

Investment rules, regulatory ratios and applicable transitional arrangements, in the current state of regulation arise from the monetary and financial code.

The main technical and financial instruments used by the Fund are mentioned in chapter II.2 « special provisions » of the Prospectus.

## V. Global Risk

The Fund's overall risk is calculated using the commitment approach.

## VI. Evaluation and Accounting of assets Regulations

The institution has complied with Regulation No 2003-02 of 02 October 2003 of the Accounting Regulations Committee.

The accounting currency is the Euro.

All securities in the portfolio are computed at historical cost, excluding expenses.

Financial securities, futures and options held in the portfolio denominated in foreign currencies are converted into the accounting currency based on the exchange rate provided in Paris on the valuation day.

The portfolio is valued at each net asset value day and at the end of the accounting period according to the following methods:

### 1. LISTED FINANCIAL INSTRUMENTS:

Listed financial instruments (equities, bonds, money market securities, fund shares listed on a regulated market) are valued at market value based on the last closing price (if not, accrued coupons are included for money market and bond instruments).

Nevertheless, financial instruments for which the price has not been computed during the valuation day or for which prices have been restated, securities not traded on a regulated market, are valued under the responsibility of the Investment Management Company, at their probable negotiable value. Valuations and their underlying assumptions are communicated to the auditor during its audit.

### 2. UCI's:

UCIs are valued at their latest net asset value.

### 3. DEBT SECURITIES AND SIMILAR EXCHANGE TRADED PRODUCTS :

Securities that are not subject to significant transactions are valued using an actuarial method and the rate used is identical to equivalent securities issued, affected, if necessary, by a representative spread of intrinsic characteristics of the issuer. With a lack of modified duration, securities with a residual term equal to 3 months are valued using the latest rate until maturity, and for those acquired within 3 months, interest is linearized.

### 4. FUTURES INSTRUMENTS:

Futures or options negotiated on organized markets are computed on the basis of their last compensation.

Futures or options negotiated OTC are computed at the last price given by the counterparty of the financial instrument. The Investment Management Company executes independently a control of this valuation.