

PALATINE EUROPE SUSTAINABLE EMPLOYMENT

(formerly EXPORT EUROPE)

PROSPECTUS

Last update: 15/02/2023

UCITS under European Directive 2014/91/EU

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I - General characteristics

1.1. Name

PALATINE EUROPE SUSTAINABLE EMPLOYMENT

formerly EXPORT EUROPE

1.2. Legal Form

Mutual fund under French law

1.3. Date of authorisation

25/06/2010

1.4. Inception date and expected term

07/07/2010, for a period of 99 years.

1.5. Fund overview

Unit Classes	ISIN Code	Distribution of income	Denomination on currency	Target investors	Minimum subscription amount	Initial net asset value
PALATINE	FR0010915181	Accumulation	EURO	All subscribers, more specifically, legal entities	None	€100.00
C&M FINANCES	FR0010915207	Accumulation	EURO	All subscribers	None	€100.00
PALATINE R	FR0013391513	Accumulation	EURO	All subscribers	None	€100.00

1.6. Place where the latest annual report and interim statement can be obtained

The latest annual report and interim statement will be sent within 8 business days upon written request by a unitholder to:

PALATINE ASSET MANAGEMENT - TSA 60140 93736 Bobigny Cedex, France.

These documents are also available at: www.palatine-am.com

1.7. Point of contact where further details can be obtained if necessary

PALATINE ASSET MANAGEMENT - Service Commercial - 68, rue du Faubourg Saint Honoré, 75008 Paris, France - +33 (0)1.55.27.95.37.

II - Actors

2.1. Management Company

PALATINE ASSET MANAGEMENT - S.A.

Registered office: 86, rue de Courcelles 75008 Paris, France

AMF Authorisation No. GP05000014 of 22/04/2005.

2.2. Custodian

CACEIS Bank - A credit institution approved by the ACPR, 89-91 rue Gabriel Péri - 92120 Montrouge, France

CACEIS Bank is the banking subsidiary of the CACEIS Group

In accordance with the applicable regulations, the custodian's functions include custody of assets, monitoring the compliance of the management company's decisions and monitoring the cash flows of the UCITS.

The custodian is independent from the management company.

The description of delegated custody functions, the list of CACEIS Bank delegates and sub-delegates and information on the conflicts of interest that may result from these delegations are available on the CACEIS website:

www.caceis.com

Up-to-date information is available to investors upon request.

2.3. Centralising agent for subscription/redemption orders

CACEIS Bank - 89-91 rue Gabriel Péri - 92120 Montrouge, France

Delegated by the Management Company, CACEIS Bank is tasked with managing the Fund's securities and to this end centralises and processes requests to subscribe to and redeem mutual fund units. Thus, as issuer registrar, CACEIS Bank manages the relationship with Euroclear France for all transactions requiring this institution's intervention.

2.4. Registrar and transfer agent for the units of the UCITS

CACEIS Bank

2.5. Prime broker

None

2.6. Statutory Auditors

MAZARS - 61 rue Henri Regnault - 92075 Paris - La Défense Cedex, France

Represented by: Jean-Luc Mendiola

2.7. Promoters

Banque PALATINE - PALATINE ASSET MANAGEMENT - C&M FINANCES

The list of promoters may not be exhaustive mainly due to the fact that the UCITS is listed on Euroclear. Thus, some promoters may not be mandated by or known to the management company

2.8. Accounting delegated to:

CACEIS Fund Administration - 89-91 rue Gabriel Péri - 92120 Montrouge, France

CACEIS Fund Administration is the CREDIT AGRICOLE group entity specialising in UCITS fund administration and accounting functions for the group's internal and external clients.

On this basis, the Management Company has delegated the fund's accounting administration and valuation to CACEIS Fund Administration as account manager. CACEIS Fund Administration is responsible for valuing assets, calculating the Fund's net asset value and producing periodic documents.

III - Operating and management procedures

3.1. General characteristics

3.1.1. Characteristics of the units

- ✓ ISIN Code:
 - Unit Class PALATINE : FR0010915181
 - Unit Class C&M : FR0010915207
 - FINANCES
 - Unit Class PALATINE R : FR0013391513
- ✓ Nature of the rights attached to the units: Each unitholder has a co-ownership right to the assets of the UCITS in proportion to the number of units held.
- ✓ Securities administration: With respect to the management of the fund's securities, the functions of centralising subscription and redemption orders, as well as of account keeping for the unit issuer, shall be performed by the custodian in conjunction with Euroclear France, the company with which the fund is listed. Entry in the register of the securities administrator for registered units held in an administered registered form.
- ✓ Voting rights: No voting rights are attached to the mutual fund's units, as all decisions are taken by the management company.
- ✓ Form of units: Units may be issued in bearer or registered form, at the subscriber's option.
- ✓ Possible fractions of units:
 - Unit Class PALATINE : the number of units is expressed in thousandths.
 - Unit Class C&M : the number of units is expressed in whole units.
 - FINANCES
 - Unit Class PALATINE R : the number of units is expressed in thousandths.

3.1.2. Closing date

Last Paris stock exchange trading day in September of each year. The closing date of the first financial year was the last Paris stock exchange trading day in September 2011.

3.1.3. Tax regime

Eligible for the French personal equity savings plan (PEA).

If the subscription to the mutual fund's units is part of a participation in a life insurance contract, subscribers will be subject to the taxation of life insurance contracts.

Such information should not be a substitute for information provided as part of individual tax advice.

This fund, like all UCITS, is not subject to corporate income tax. According to the principle of transparency, the tax authorities consider that the unitholder directly holds a fraction of the financial instruments and cash held by the mutual fund. Thus, the tax regime applicable to amounts distributed as well as unrealised or realised capital gains or losses depends on the tax provisions applicable to the particular circumstances of the investor. It is recommended that each investor consider his/her specific situation with the help of his/her usual tax adviser.

3.2. Specific provisions

3.2.1. ISIN Code

- Unit Class PALATINE : FR0010915181
- Unit Class C&M : FR0010915207
- FINANCES
- Unit Class PALATINE R : FR0013391513

3.2.2. Classification

European Union Equities

3.2.3. UCITS of UCIs

Less than 10% of the net assets

3.2.4. Investment objective

The investment objective of the UCITS is to outperform its benchmark over the recommended investment period by using the discretionary management of a portfolio that is exposed to the European equity markets by taking advantage of the dynamism of exporting companies or companies who have a significant portion of their operations outside Europe and through a 'Best in Class' non-financial dimension.

PALATINE EUROPE SUSTAINABLE EMPLOYMENT has a social investment objective in accordance with Article 9 of the SFDR, which is to select European companies that have a positive impact on employment in Europe provided that the investment does not significantly undermine an environmental or social objective and that the companies in which investments are undertaken follow good governance practices. The fund takes into account sustainability risks and ESG characteristics in its securities selection process. The non-financial objective is to encourage companies to progress in their ESG practices by engaging in regular dialogue and sharing with them detailed and monitored areas for improvement over time.

3.2.5. Benchmark index

The EuroStoxx 50 index net dividends reinvested is the fund's comparison indicator. The Eurostoxx 50 index is representative of the 50 largest capitalisation companies in the Eurozone, is calculated in euros and uses closing prices.

Information about this index is available at www.stoxx.com and is published in most financial newspapers.

In accordance with Article 34 of Regulation EU 2016/1011 of the European Parliament and of the Council of 8 June 2016, the administrator, STOXX, is entered in the register of administrators and benchmark indices kept by the ESMA.

The mutual fund is neither index-based nor benchmark index-based, and the index is only an ex post comparison indicator of performance.

Palatine Asset Management has an internal action plan that will be implemented in the event of a substantial modification or cessation of the benchmark index.

3.2.6. Investment strategy

a) Strategies used

PALATINE EUROPE SUSTAINABLE EMPLOYMENT is an SRI fund. The investment universe is composed mainly of Eurozone companies, without restriction in terms of sector or market capitalisation.

An SRI filter will first apply to the ESG criteria of companies, via the non-financial analysis for at least 90% of the securities in the portfolio, and secondly, a special attention to employment and working conditions - thematic filter for training, health and safety, social dialogue, etc. - will be selected and the final application of a fundamental filter (analysis of the securities held in the portfolio) will make it possible to build a concentrated portfolio of about forty securities.

The selected approach aims to identify environmental, social and governance (ESG) best practices: in order to be eligible for inclusion in the portfolio, companies must first prove, through an SRI filter, that they have carried out satisfactory policies in human resources, market behaviour, human rights, the environment, governance, and societal engagement.

Management is active and favours companies that have implemented the most virtuous social policies in terms of employment in Europe, that are of good quality, with good visibility and reasonable prices, without any sector constraints. Our investment style is similar to a 'Best-in-Class' style, which aims to compare players in the same

sector in order to generate best practices and to put all issuers in a perspective of progress.

SRI filter

The manager will then rely on Vigeo-Eiris (V-E), which generally measures companies' performance in terms of sustainable development and social responsibility based on rigorous analysis involving 6 criteria:

- ◆ Corporate social policy: compliance with labour law; career and retirement management, training plans, managing restructuring operations, promotion of social dialogue, health and job security; employee share ownership; publication of social indicators; managing subcontractors.
- ◆ Environmental protection: identification of impacts, existence of environmental reporting taking into account the monitoring of procedures and improvements put in place; ISO 14001 certification; eco-design of products; impacts related to the life cycles of products and services; carbon assessment; control of energy consumption; control of local pollution; control of impacts on water and its consumption; exposure to regulations; waste management; life cycle analysis; presence of dedicated teams; biodiversity protection.
- ◆ Customer-supplier relations: anti-corruption efforts; contract management; safety of products or services; product recalls or prohibitions; long-term relationships and commitment to customers and suppliers; compliance with competition law; an image of quality and reliability.
- ◆ Corporate managerial policy: composition of the Board of Directors or Supervisory Board; levels of transparency; control and audit mechanisms; shareholder rights; capital structure.
- ◆ Relations with civil society: promotion of the economic and social development of the territory where the company is based or in other areas; societal impact of products and services; charitable, humanitarian and public health actions.
- ◆ Human rights: Respect for human rights, International Labour Organization standards; absence of discrimination, forced labour or of children.

Securities with a global ESG score that is strictly below-average (12/20) and having as the only social criterion a score that is strictly below 10/20, are excluded from the investment universe.

Securities not rated by V-E may be rated by Palatine Asset Management's internal SRI team at the manager's request.

This SRI filter will exclude 20% of the worst-rated or non-ESG-rated companies.

Thematic filter

It will then be applied to this reduced universe. To do this, the management team will rely on the employment specialised non-financial rating company, Humpact to form a conviction on employment through a HUMPACT score based on a 'Best-in-Universe' approach: all companies are compared among each other, independently of their sector, and are given a performance score out of 100.

The score is then translated into a simplified score ranging from 1 (lower score) to 5 (best score) stars.

Themes rated within a universe of 500 to 600 listed companies in Europe (capitalisation >€100M and over 250 employees) are:

- Net job creation in Europe
- Youth employment, apprenticeship and work experience training
- Maintaining employment of senior employees
- Integration of disabled persons
- Gender parity
- Quality of governance
- Value sharing
- Transparency of data and information
- The UN Engagement on SDGs (Sustainable Development Goals)
- Diversity of employees
- Responsible and social procurement.

Companies with a Humpact score below 2 stars will not be eligible for inclusion in the portfolio.

The positive impact on employment is measurable through the fund's creation of jobs, and also the quality of those jobs through the impact on employment of youth, disabled persons, gender parity, remuneration policy, and the SDGs.

The fund's objective is to achieve better Humpact measurements than its benchmark index.

At least 90% of the portfolio's securities in number of holdings and in % of AUM must pass the combined filter of: an Employment score that is greater than or equal to 2 stars and an ESG score greater than or equal to 12/20 with the S (social) criterion score greater than or equal to 10/20. The average Employment and ESG ratings of the portfolio should be higher than those of the investment universe.

Fundamental filter

This filter is focused on the quality of company fundamentals and will be applied to build a concentrated portfolio of around 40 securities.

Management favours quality companies with good visibility and at a reasonable price. This type of selection is liable to achieve performance with lower volatility, which is the objective sought by the Fund. The securities will be chosen from companies whose revenues are generated outside of Europe, or which have operations outside of Europe.

The management may, from time to time, and more reactively, invest in securities outside of its selection, seeking shorter-term investment opportunities.

Alignment with Taxonomy

The ESG rating attributed to each security comes from the overall analysis that takes into account environmental, social and governance (ESG) criteria. It therefore does not allow for a targeted approach to a particular goal of European Taxonomy or the evaluation of the degree of alignment of an investment. The fund currently does not engage in any minimum of activities in line with the European Taxonomy.

b) Asset class (excluding embedded derivatives)

- equities:

The Fund shall have a minimum of 60% and a maximum of 100% exposure to the equity markets, and in order to comply with the PEA restrictions, the portfolio will invest at least 75% of its assets in equities of European Union companies eligible for the PEA, of all market capitalisations and without sector constraints.

The allocation of investments by country varies according to the management's discretionary choices. Exposure to foreign exchange risk for currencies other than those of the European Union and to market risks outside the European Union will be incidental.

- debt securities and money market instruments:

In order to manage its cash, the Fund may invest up to a maximum of 10% of its net assets in debt securities and money market instruments denominated in euros, without predefined allocation between private and public debt. The management makes an allocation of the level of credit risk (financial criteria, choice of the credit curve segment, choice of credit quality and selection of securities). It does not exclusively refer to ratings issued by rating agencies and uses its own internal analysis.

- shares and units in other UCITS or AIFs:

The Fund may invest up to 10% of its net assets in units or shares of French or European UCIs, which may or may not be managed by the management company.

c) Derivative instruments

The mutual fund may invest up to 100% of its assets in the following derivatives:

- Types of the markets invested in:

- ✓ regulated
- ✓ organised
- ✓ over-the-counter

The mutual fund may trade on French and/or foreign regulated and/or organised futures and options markets

- Risks to which the management seeks exposure:

- ✓ Equity
- Interest rate
- ✓ Currency

- Credit
 - Types of transactions and description of all transactions that must be limited to the achievement of the investment objective:

- ✓ Hedging
- ✓ Exposure
- Arbitrage

To hedge and/or expose the portfolio, the manager may take positions in equity risk and/or on indices by exposing it to securities or geographical areas.

- Type of instruments used:

- ✓ Futures
- ✓ Options
- Swaps
- ✓ Forward foreign exchange contracts
- Credit derivatives

The management will mainly use futures on equity indices, and options may be used on an opportunity basis depending on the level of the 'time value' they incorporate.

- Strategy for using derivatives to achieve the investment objective:

- hedging of interest rate risk
- hedging of credit risk
- ✓ hedging of equity risk
- ✓ hedging of currency risk
- ✓ reconstitution of a synthetic exposure to assets, risks
- increase exposure to the market.

No overexposure is sought and management will mainly use transactions in futures and options on shares and/or indices to adjust the exposure of the portfolio, in replacement of a direct holding of securities, or to hedge the shares held, as interventions may not have the effect of reducing the degree of exposure to equity risk below 60% of the net assets.

In relation to total return swaps, the fund will not use such swaps or other financial derivative instruments with similar characteristics.

- Securities containing a financial contract: The mutual fund may invest in financial instruments containing a simple financial contract: callable or puttable debt securities, structured EMTNs incorporating one or more simple financial contracts and convertible bonds.
- Deposits: The mutual fund may invest, within the limit of 20% of its assets invested with the same institution, in deposits that must only be made with credit institutions, have a term of less than or equal to twelve months, and must be reimbursed at any time at the request of the UCITS.
- Cash borrowings: up to 10% may be applied on an ad hoc basis, in particular in order to compensate for deferred payment arrangements relating to asset movements.
- Temporary purchases and sales of securities:
None.

Contracts constituting financial guarantees:

The UCITS does not extend any financial guarantees to third parties.

3.2.7. Risk profile

Your money will mainly be invested in financial instruments selected by the management company. These instruments will be subject to market developments and uncertainties.

Given the orientation of the mutual fund, the investor is exposed to a number of risks, and the main ones are detailed below.

Risk of capital loss: The investor does not benefit from any capital guarantee and may therefore not recover the capital initially invested.

Equity risk: The UCITS may at any time be exposed to price fluctuations affecting the equity markets. A decline in equity markets may result in a fall in the net asset value. The UCITS invests in equities which, due to their small market capitalisation, may be subject to market risk and may result in a decrease in the net asset value.

Currency risk: The mutual fund may be exposed to currency risk in proportion to the portion of net assets invested outside the euro zone that is not hedged against this risk, which may result in a fall in the net asset value.

Discretionary risk: The discretionary management style is based on anticipating trends in equities and various markets. There is a risk that the mutual fund might not be invested in the best-performing markets at all times.

Credit risk: The Fund may be exposed to credit risk on private or public issuers. If their situation deteriorates or they default, the value of the debt securities may fall and lead to a fall in the net asset value.

Counterparty risk: As the mutual fund may use over-the-counter financial instruments (debt securities), there is a risk that a market participant will default, preventing it from honouring its commitments in respect of the mutual fund.

Interest Rate Risk: Interest rate instruments are subject to the risk of a decline in value due to changes in interest rates. In the event of an increase in interest rates, the value of fixed rate products may decrease as well as the net asset value of the mutual fund.

Sustainability risk: This is the risk linked to an environmental, social or governance event or situation, which, if it occurs, could have a material, actual or potential adverse impact on the value of the investment.

3.2.8. Guarantee or protection

Not applicable

3.2.9. Eligible subscribers and typical investor profile

All subscribers who wish to expose their investment mainly to the equity markets of the European Union and bear the risk profile presented by the UCITS.

Unit Classes PALATINE and PALATINE R: units distributed by BANQUE PALATINE and PALATINE ASSET MANAGEMENT.

Unit Class C&M FINANCES: units distributed by C&M FINANCES.

Under the terms of the EU Sanctions Russia Regulation (EU) No 833/2014 as amended, the subscription of units of this Fund is prohibited to any Russian or Belarusian national, any natural person resident in Russia or Belarus or any legal person, entity or body established in Russia or Belarus except nationals of a Member State and natural persons holding a temporary or permanent residence permit in a Member State.

Both the information contained in this prospectus and the Fund units are not intended for distribution or marketing in the United States of America, nor are they intended for U.S. persons.

The units of this Fund have not been and will not be registered in the United States under the US Securities Act of 1933, as amended, or admitted under any similar or equivalent legal provision implemented in the United States. These units must not be offered, sold, subscribed or transferred in the United States (including its territories and possessions), nor benefit directly or indirectly a US Person within the meaning of Regulation S of the Securities Act of 1933 and/or as defined by the US Foreign Account Tax Compliance Act (FATCA) or to residents of the United States. Any unitholder must immediately inform the Fund by registered letter with acknowledgement of receipt, in the event that they become a "U.S. Person" or a resident of the United States, in this case the unitholder should no longer be permitted to acquire new units and may be requested to dispose of their units at any time to persons who are not "US Persons". The management company of the Fund reserves the right to compulsorily redeem any unit held directly or indirectly by a US Person, or if the ownership of units by any person is in breach of the law or the interests of the Fund. The distribution of this prospectus and the offering of units may also be restricted in other legal systems.

3.2.10. Recommended investment horizon

More than 5 years.

Disclaimer

The amount that is reasonable to invest in this UCITS depends on each investor's personal situation, in particular, on their assets, investment horizon and willingness to take or not to take a financial risk. In all cases, it is highly recommended that investors sufficiently diversify their investments so as not to be exposed solely to the risks of this UCITS.

3.2.11. Calculation and allocation of distributable income

- ✓ Allocation of income: Total accumulation for all three Unit Classes.
- ✓ Allocation of net realised capital gains and losses: Total accumulation for all three Unit Classes.

3.2.12. Characteristics of the units

Share denomination currency: Euro.

Subscriptions and redemptions are executed

- in thousandths of units for Unit Classes PALATINE and PALATINE R
- in number of whole units for Unit Class C&M FINANCES

3.2.13. Subscription and redemption procedures

- ✓ NAV frequency: Each stock market trading day in Paris, with the exception of legal holidays according to the French Labour Code.
- ✓ Initial net asset value:
 - Unit Class PALATINE : 100.00 euros
 - Unit Class C&M FINANCES : 100.00 euros
 - Unit Class PALATINE R : 100.00 euros
- ✓ Subscription and redemption conditions: Requests for subscriptions and redemptions, expressed in value or in number of units, are centralised each day at 11:30 am by CACEIS Bank. They are then executed on the basis of the net asset value on the centralisation date.

Investors are advised that orders sent to promoters other than the aforementioned institutions should take into account the fact that the cut-off time for the centralisation of orders applies to those promoters in their interaction with CACEIS Bank.

As a result, these distributors may apply their own cut-off time, which may precede the cut-off time mentioned above, so as to allow them to meet their order transmission deadline with CACEIS Bank.

For Banque PALATINE, the cut-off time for receiving orders is 11:00 am.

- ✓ Place of publication of the net asset value: at the management company.

D	D	D NAV calculation day	D+1 business day	D+2 business days	D+2 business days
Centralisation before 11:30 am of subscription requests	Centralisation before 11:30 am of redemption requests	Execution of the order no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

3.2.14. Fees and expenses

- Subscription and redemption fees

Subscription fees increase the subscription price paid by the investor, while redemption fees decrease the redemption price.

Charges to be borne by the investor, deducted at the time of subscriptions and redemptions	Basis	Rate / Scale
Subscription fee not payable to the UCITS (1)	Net asset value x number of units	2% maximum rate
Subscription fee payable to the UCITS	Net Asset Value x Number of units	NONE
Redemption fee not payable to the UCITS	Net Asset Value x Number of units	NONE
Redemption fee payable to the UCITS	Net Asset Value x Number of units	NONE

(1) The simultaneous subscription and redemption transactions may be executed without payment of fees. In this case, the dual transactions will be performed on the basis of the net asset value of the day provided that they apply to a zero balance volume.

- Fees charged to the UCITS

These fees cover:

- > Financial management fees
- > Administrative fees external to the management company (statutory auditors, custodian fees, delegation of accounting management, distribution technical fees, legal fees specific to the UCI, etc.)
- > The maximum indirect fees (commissions and management fees) for the UCI investing more than 20% in other UCIs
- > Transfer commissions
- > Performance fee

	Fees charged to the UCITS	Basis	Rate / Scale	
			Unit Class Palatine and C&M Finances	Unit Class PALATINE R
1	Financial management fees and Administration fees external to the management company	Net assets	1.20% inclusive of tax maximum rate	2.00% inclusive of tax maximum rate
2				
3	Maximum indirect fees (management fees and charges)	Net assets	Not material*	
4	Transfer commissions paid to service providers: the management company	Deducted from each transaction	0 to 0.20% inclusive of tax	
5	Performance fee	Net assets	10% of any performance in excess of the Stoxx Europe 50 DNR Index +3% (1)	10% of any performance in excess of the Stoxx Europe 50 DNR Index +2.2% (1)

*UCIs investing less than 20% in other UCIs

Only the fees mentioned below may be outside the scope of the 5 blocks of charges mentioned above and must in this case be mentioned hereafter:

- Contributions due for the management of the UCITS in application of Article L. 621-5-3 d) of 3° of II of the French Monetary and Financial Code (Code Monétaire et Financier);
- Exceptional and non-recurring taxes, levies, governmental fees and duties (in connection with the UCITS);

- Exceptional and non-recurring costs for recovery (e.g., Lehman) or for enforcement (e.g., class-action procedure).

(1) As of 1 October 2021, the performance fee is calculated as follows:

The performance fee corresponds to variable fees, and is contingent on the Fund achieving a performance that exceeds that of its benchmark index, the EuroStoxx 50 DNR, +3% for Unit Classes Palatine and C&M Finance, +2.2% for Unit Class Palatine R, over the observation period (1/10/N-30/09/N+1). If a provision is recorded at the end of the observation period, it is crystallised, i.e. it is definitively acquired and becomes payable to the Manager.

Calculation method

The calculation of the amount of the performance fee is based on a comparison between the performance of the Fund and that of an imaginary UCI achieving the performance of its benchmark index and having the same subscription and redemption pattern as the actual Fund. The outperformance generated by the Fund on a given date is understood to be the positive difference between the net assets of the Fund and the assets of the imaginary UCI on the same date. If this difference is negative, this amount represents an underperformance that will have to be recovered in the following years before it can again be provisioned for the performance fee.

Catching up for underperformances and reference period

As specified in the ESMA guidelines for performance fees, the reference period is the time horizon over which the performance is measured and compared with that of the reference indicator, at the end of which the mechanism for the compensation for past underperformance (or negative performance) can be reset. This period is set at 5 years. This means that in excess of 5 consecutive years without crystallisation, unoffset underperformance for periods before five years will no longer be taken into account in the performance fee calculation.

Observation period

The first observation period will start with a period of 12 months starting on 1 October 2021. At the end of each financial year, one of the following two cases may occur:

- The Fund underperforms over the observation period. In this case, no fee is charged and the observation period is extended by one year to a maximum of 5 years (reference period).
- The Fund outperforms over the observation period. In this case, the management company receives the accrued fees (crystallisation), the calculation is reset and a new twelve-month observation period begins.

Provisioning

Each time the net asset value (NAV) is established, the performance fee is subject to a provision (of 10% of the outperformance) when the Fund's performance is greater than that of the imaginary UCI over the observation period, or a recovery of the provision limited to the existing appropriation in the event of underperformance.

Crystallisation

The crystallisation period, i.e. the frequency of any accrued performance fee payable to the management company, is twelve months.

The first crystallisation period will end on the last day of financial year, i.e., 30 September 2022.

Illustration 1: General operation

	Year 1	Year 2	Year 3	Year 4	Year 5
Performance of Fund units	10%	-4%	-7%	6%	3%
Benchmark index performance	5%	-5%	-3%	4%	0%
Underperformance/ Outperformance	5%	1%	-4%	2%	3%
Cumulative performance of the Fund over the observation period	10%	-4%	-7%	-1%	2%
Cumulative performance of the benchmark index over the observation period	5%	-5%	-3%	1%	1%
Cumulative outperformance/ underperformance over the observation period	5%	1%	-4%	-2%	1%
Levy on a commission?	Yes	Yes	No, as the fund underperformed compared to the benchmark index	No, as the Fund underperformed compared to the benchmark index throughout the current observation period, which began in Year 3	Yes
Start of a new observation period?	Yes, a new observation period began in Year 2	Yes, a new observation period began 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 began in Year 6

NB: To facilitate an understanding of the example, we have shown the performance of the Fund and the benchmark index here as a percentage. In practice, outperformance/underperformance will be measured by amount, the difference between the net assets of the Fund and those of an imaginary fund as described in the methodology above.

Illustration 2: Treatment of unoffset performances after 5 years:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Performance of Fund units	0%	5%	3%	6%	1%	5%
Benchmark index performance	10%	2%	6%	0%	1%	1%
A: Outperformance/underperformance year in progress	-10%	3%	-3%	6%	0%	4%
B1: Carry-forward of unoffset underperformance Year 1	N/A	-10%	-7%	-7%	-1%	Excluding scope
B2: Carry-forward of unoffset underperformance Year 2	N/A	N/A	0%	0%	0%	0%
B3: Carry-forward of unoffset underperformance Year 3	N/A	N/A	N/A	-3%	-3%	-3%
B4: Carry-forward of unoffset underperformance Year 4	N/A	N/A	N/A	N/A	0%	0%
B5: Carry-forward of unoffset underperformance Year 5	N/A	N/A	N/A	N/A	N/A	0%
Outperformance/underperformance observation period	-10% (A)	-7% (A + B1)	-10% (A + B1 + B2)	-4% (A + B1 + B2 + B3)	-4% (A + B1 + B2 + B3 + B4)	1% (A + B2 + B3 + B4 + B5)
Charging a fee?	No	No	No	No	No	Yes

The underperformance generated in Year 1 and partially offset in subsequent years is forgotten in Year 6.

Remuneration on temporary purchases and sales of securities

If the UCITS makes a temporary purchase of securities, all income from this transaction is retained by the UCITS, if applicable in the case of a temporary sale, the full remuneration will be paid by the UCITS.

Procedure for choosing intermediaries

The financial intermediaries are selected by the management company in accordance with the 'best execution' principles on the basis of a multi-criteria approach that is subject to a specific assessment grid.

Certain intermediaries may be more systematically favoured depending on their specialisation in certain markets or securities.

A semi-annual committee is responsible for the selection of intermediaries, the evaluation and adequacy of the quality of services offered, and the analysis of activity statistics and brokerage volumes.

IV - Sales-related information

Distributions:

CACEIS Bank - 89-91 rue Gabriel Péri - 92120 Montrouge, France

Repurchase or redemption of units:

CACEIS Bank - 89-91 rue Gabriel Péri - 92120 Montrouge, France

Postal address: 12 Place des Etats Unis - CS 40083 - 92549 Montrouge, France.

Dissemination of information:

PALATINE ASSET MANAGEMENT - Service Commercial - 68, rue du Faubourg Saint Honoré, 75008 Paris, France - +33 (0)1.55.27.95.37.

C&M FINANCES - 10, rue Colisée -75008 Paris, France

Information material relating to the management company's voting policy

Palatine Asset Management documents on the Voting Policy and the annual report on the exercise of voting rights are available (in French) on the website, www.palatine-am.com under the "Réglementation" heading.

They can also be sent free of charge on written request to the following postal address:

Palatine Asset Management - TSA 60140 - 93736 Bobigny Cedex 9, France.

Documentation on environmental, social and governance (ESG criteria)

Information on how the management company takes into account environmental, social and governance (ESG) criteria is available on the Palatine Asset Management website (in French), www.palatine-am.com, in the 'ISR' section. It is also mentioned in each annual report of the UCITS.

Palatine Asset Management, the mutual fund's management company, adheres to the AFG-FIR transparency code.

This code and the SRI management process are available on the Palatine AM website.

SFDR (Sustainable Finance Disclosure Regulation)

As a participant in the financial markets, the management company of the UCI is subject to Regulation 2019/2088 of 27 November 2019 on the publication of sustainability information in the financial services sector (the 'Disclosure Regulation').

This Regulation establishes harmonised rules for financial market participants on transparency regarding the integration of sustainability risks (Article 6 of the Regulation), the consideration of negative sustainability impacts, the promotion of environmental or social characteristics in the investment process (Article 8 of the Regulation) or the objectives of sustainable investment (Article 9 of the Regulation).

Sustainability risk is defined as an environmental, social or governance event or situation that, if it occurs, could have a material, actual or potential adverse impact on the value of the investment.

Sustainable investment is an investment in an economic activity that contributes to an environmental objective. This is measured, for example, by means of key indicators for the efficient use of resources concerning the use of energy, renewable energies, raw materials, water and land, waste and greenhouse gas emissions, or effects on biodiversity and the circular economy. It can also concern investment in an economic activity that contributes to a social objective, in particular investment that contributes to combating inequality or promotes social cohesion, social integration and labour relations, or investment in human capital or economically or socially disadvantaged communities, provided that such investments do not cause any material harm to any of these objectives. The companies in which investments are made must follow good governance practices, in particular with regard to sound management structures, relationships with personnel, remuneration of competent personnel and compliance with tax obligations.

V - Investment rules

Regulatory ratios applying to the UCITS: the legal investment rules of the French Monetary and Financial Code (Code Monétaire et Financier) that apply to the mutual fund are those that govern UCITS, as well as those applicable to the AMF's 'European Union equities' classification.

VI - Overall risk

The management company uses the commitment calculation method, as defined in Articles 411-74, 411-75 and 411-76 of the AMF General Regulation, and AMF Instruction No. 2011-15, to calculate the overall risk of the mutual fund.

VII - Asset valuation and accounting rules

7.1. Valuation rules

Balance sheet items and futures and options transactions:

- Bonds denominated in European currencies are valued at the closing price of the day quoted on a central market in which they are listed, or on the basis of a price calculated from a market spread carried forward on a reference rate curve.
- All bonds (French and foreign) are valued with coupons calculated on D+2.
- Eurozone and other European equities are valued at the day's closing price, or at the last prior price.
- Foreign securities are valued at the day's closing prices, or at the last known price.
- Negotiable debt securities maturing in less than three months may be valued using the straight-line method. Those with a maturity of more than three months are valued at that day's market price.
- The UCIs are valued at the last known net asset value.
- Repurchase agreements are valued at the contract price (principal + interest).
- Transactions carried out on futures and options markets are valued on French and foreign markets at the day's closing price
- For forward foreign exchange transactions, the swap point is amortised on a straight-line basis over the contract period.
- Interest rate swaps are valued at their market value based on the price calculated by discounting future cash flows (principal + interest) at the market rate. This price may be adjusted for signature risk.

For contracts with a maturity of less than three months, or that become less than three months, interest flows to be paid and received will be calculated on a straight-line basis over the remaining life.

The management company shall carry out a valuation of the financial instruments, contracts, securities and deposits whose prices have not been determined or whose prices have not been quoted on the day on which the net asset value is calculated.

Off-balance sheet commitments:

- Futures contracts are valued at their market value.
- For options, the valuation at market value results in the contracts being converted into the underlying equivalent.
- Subscription warrants and warrants are recorded on the assets side of the balance sheet:
 - Warrants are considered as off-balance sheet commitments at the level of the equity risk exposure table, by translating them into the equivalent of underlying shares.
 - Subscription warrants may be included in the risk exposure table at their market value or translated into the underlying equivalent.
- Interest rate swaps are valued at their nominal value.

7.2. Accounting method

Income from fixed income securities: collected coupon method.

Transaction fees: these fees are excluded from the cost price of the financial instruments.

VIII - Remuneration

The Palatine Asset Management remuneration policy provides for a fixed level of remuneration for employees based on their level of expertise and professional experience in the activity. The fixed remuneration is defined by the Executive Board at the time of recruitment.

The variable portion of remuneration is intended to supplement the fixed portion and is determined according to the objectives set at the beginning of the year, in particular the performance achieved by the employee. It covers 70% of the quantitative elements specific to each business and position, and qualitative and behavioural elements, such as the personal commitment of the employee especially in the interests of the client, Palatine Asset Management, compliance with the general principles applicable to remuneration, taking into account the control and monitoring of risks, and the profitability of the Company.

Further information about the remuneration policy can be found on the website, www.palatine-am.com, and a written document may be obtained upon request from Palatine Asset Management.

REGULATIONS

TITLE I - ASSETS AND UNITS

ARTICLE 1 - Co-ownership of fund units

The co-owners' rights are represented by units, with each unit corresponding to the same fraction of the assets of the UCITS. Each unitholder has a co-ownership right to the assets of the UCITS in proportion to the number of units held. The duration of the UCITS is 99 years from the date of creation of the UCITS, except in the event of early dissolution or extension provided for in these regulations.

Unit class:

The characteristics of the various classes of units and their eligibility requirements are specified in the mutual fund's prospectus.

The different classes of units may:

- Benefit from different dividend policies (distribution or accumulation);
- Be denominated in different currencies;
- Be charged different management fees;
- Be charged different subscription and redemption fees;
- Have a different nominal value;
- Be automatically hedged against risk, in part or in full, as defined in the prospectus. This hedge is created using financial instruments that reduce to a minimum the impact of the hedging transactions on the other unit classes of the UCITS;
- Be reserved for one or more distribution networks.

The executive board of the management company may merge or split units.

The Board of Directors of the management company may decide that the units shall be sub-divided into tenths, hundredths or thousandths of units, with such subdivisions being referred to as 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 proportional to that of the unit they represent. Unless otherwise provided, 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.

Finally, the executive board of the management company may, at its sole discretion, carry out the split of units through the creation of new units that are allocated to unitholders in exchange for old units.

ARTICLE 2 - Minimum amount of assets

Units may not be redeemed if the fund's assets fall below €300,000,00; if the fund's assets remain below this amount for a period of 30 days, the management company shall make the necessary provisions to liquidate the fund in question, or to carry out one of the operations mentioned in Article 411-16 of the AMF General Regulation (transfer of the UCITS).

ARTICLE 3 - Issue and redemption of units

Units are issued at any time at the request of unitholders on the basis of their net asset value plus, if applicable, subscription fees.

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

Units issued by this type of mutual fund (fonds commun de placement) may be admitted for listing on a financial market in accordance with the applicable regulations.

Subscriptions must be fully paid-up on the date of calculation of the net asset value. 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 offered and, for that purpose, must announce its decision within seven days of the date on which the securities were tendered. If it accepts the securities, they shall be valued on the basis of the rules laid down in Article 4, and the subscription shall be made on the basis of the first net asset value calculated following acceptance of the securities involved.

Redemptions shall be made exclusively in cash, except in the event of the liquidation of the UCITS if unitholders have stated that they agree to be repaid in securities. They are settled by the issuer registrar within a maximum of five days from 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 thirty days.

With the exception of a succession or an inter vivos gift, the sale or transfer of units between unitholders, or between 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 at least reach the minimum subscription amount stipulated by the prospectus.

Pursuant to Article L. 214-8-7 of the French Monetary and Financial Code (Code Monétaire et Financier), the management company may temporarily suspend redemption of units or the issue of new units by the mutual fund when exceptional circumstances and the interests of the unitholders so require.

Units may not be redeemed when the mutual fund's net assets are below the minimum set by the fund regulations.

The UCITS may cease to issue units pursuant to the third paragraph of Article L. 214-8-7 of the French Monetary and Financial Code (Code Monétaire et Financier), either temporarily or permanently, in whole or in part, 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 given subscription period. The launch of this tool will be the subject of communication by any means to existing unitholders regarding its activation, as well as the threshold and objective situation that led to the decision to partially or completely close down. In the case of a partial closure, this communication by any means will explicitly indicate how existing unitholders can continue to subscribe for the duration of the partial closure. Unitholders are also informed by any means of the decision of the UCITS or the management company either to terminate the complete or partial closure of subscriptions (when crossing the trigger threshold) or not to terminate them (in case of change of threshold or change in the objective situation leading to the implementation of this tool). A change to the invoked objective situation or the tool trigger must always be made in the interest of the unitholders. The communication by any means will state the exact reasons for these changes.

ARTICLE 4 - Calculation of the Net Asset Value

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

TITLE II - OPERATION OF THE UCITS

ARTICLE 5 - Management Company

The UCITS is managed by the management company in accordance with policy defined for the fund.

The management company shall act in all circumstances in the exclusive interest of the unitholders and has the exclusive right to exercise the voting rights attached to the securities held in the fund.

ARTICLE 5 bis - Operating rules

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

ARTICLE 5 ter - Admission to trading on a regulated market and/or a multilateral trading system

Units may be listed on a regulated market and/or a multilateral trading facility in accordance with applicable regulations. If the mutual fund's units are listed on a regulated market and it has an index-based investment objective, it must implement a system to ensure that the market price of its units does not deviate significantly from its net asset value.

ARTICLE 6 - Custodian

The custodian performs the tasks entrusted to them by the legal and regulatory provisions in force as well as those entrusted to them contractually by the management company.

They are responsible for ensuring that legal decisions made by the portfolio management company comply with the necessary regulations. If necessary, they shall take any protective measures that they may consider useful. In the event of a dispute with the management company, they shall inform the French financial markets authority (Autorité des Marchés Financiers, AMF).

ARTICLE 7 - Statutory auditor

A statutory auditor shall be appointed for six financial years, subject to approval of the French financial markets authority (Autorité des Marchés Financiers, AMF), by the executive board of the asset management company.

The statutory auditor certifies the accuracy and consistency of the financial statements.

The statutory auditor's term of office may be renewed.

The statutory auditor is required to notify the French financial markets authority (Autorité des Marchés Financiers, AMF) as soon as possible of any fact or decision relating to the UCITS of which they become aware in the course of their audit that may:

- 1° constitute a breach of the laws or regulations applicable to this fund that could have a significant impact on its financial position, results or assets;
- 2° impair the conditions or continuity of its business;
- 3° entail the issuing of reservations or the refusal to certify the financial statements.

Assets will be valued and exchange ratios will be determined for the purpose of any transformation, merger or split under the statutory auditor's supervision. They shall evaluate any contribution in kind under their own responsibility.

They check the composition of the assets and other elements before publication.

The statutory auditor's fees shall be determined by mutual agreement between the statutory auditor and the Board of Directors or Executive Board of the management company under a work schedule specifying the duties deemed necessary.

The statutory auditor certifies positions serving 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 closing of each financial year, the management company prepares the financial statements and a report on the management of the UCITS during that year.

The management company prepares a statement of the UCI's assets and liabilities, at least once every half year and under the supervision of the custodian.

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

TITLE III - ALLOCATION POLICY FOR DISTRIBUTION OF INCOME

ARTICLE 9 - Distributable amounts

Distributable amounts consist of:

- the net income for the financial year, which is equal to the amount of interest, arrears, dividends, premiums and allotments, directors' fees as well as all income generated by the securities held in the portfolio of the fund, plus income generated by temporary cash holdings, less management fees and borrowing costs.

Distributable income is equal to the net income for the financial year plus retained earnings, plus or minus the balance of the accrual accounts for the last financial year.

- realised capital gains, net of fees, minus realised capital losses, net of fees, recognised during the financial year, plus net capital gains of the same kind recognised during previous financial years and that have not been distributed or accumulated, plus or minus the balance of capital gain accruals.

Distributable sums are fully accumulated.

TITLE IV - MERGER - SPLIT - DISSOLUTION - LIQUIDATION

ARTICLE 10 - Merger - Split

The management company may either transfer, in full or in part the assets included in the fund to another UCITS or split the fund into two or more other funds.

Such mergers or splits may not be carried out until the unitholders have been notified. After each transaction, new certificates will be issued stating the number of units held by each unitholder.

ARTICLE 11 - Dissolution - Extension

- - If the assets of the UCITS remain below the amount specified in Article 2 above for thirty days, the management company shall wind up the UCITS and inform the French financial markets authority (Autorité des Marchés Financiers, AMF), unless it is merged with another investment fund.

- The management company may dissolve the UCITS before its 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 UCITS if a request is made for the redemption of all of the units, if the custodian's appointment is terminated and no other custodian has been appointed, or upon expiry of the term of the UCITS, unless such term is extended.

The management company shall inform the French financial markets authority (Autorité des Marchés Financiers, AMF) by post of the dissolution date and procedure. It shall then send the French financial markets authority (Autorité des Marchés Financiers, AMF) the statutory auditor's report.

The management company may decide to extend the fund's term, subject to the agreement of the custodian. Its decision must be taken at least 3 months prior to expiry of the fund's term, and both unitholders and the French financial markets authority (Autorité des Marchés Financiers, AMF) must be informed at the same time.

ARTICLE 12 - Liquidation

If the Fund is to be dissolved, the management company shall act as liquidator, failing which a liquidator shall be appointed by the courts at the request of any interested party. For such purposes, they shall be granted the broadest powers to dispose of assets, pay off any creditors and distribute the available balance among the unitholders in the form of cash or securities. The statutory auditor and the custodian shall continue in their respective capacities until the liquidation process is complete.

TITLE V - DISPUTES

ARTICLE 13 - Competent courts - Choice of jurisdiction
All disputes related to the fund that may arise during the term in which it operates, or during its liquidation, either among the unitholders or between the unitholders and the management company or the custodian, shall be submitted to the courts having jurisdiction.

Facilities for investors resident in Spain

Management Company
PALATINE ASSET MANAGEMENT
68, rue du Faubourg Saint Honoré,
F- 75008 Paris

For the purposes of this Information for Investors resident in Spain, the "Fund" means the Mutual Fund. The Fund is domiciled in France and has been registered with the AMF.

The fund is authorized to be marketed in Spain through the European passport under the European Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as transposed into Spanish national laws.

The facilities for investors resident in Spain are set out below in accordance with Article 1(4) of the European Directive 2019/1160 of 20 June 2019 amending Directives 2009/65/EC and 2011/61/EU as regards the cross-border distribution of collective investment undertakings, and more specifically Article 92 of Directive 2009/65/EC.

Processing of subscription, redemption and refund orders

Subscription, redemption and refund orders can be placed with (i) your bank, financial intermediary or distributor, (ii) the Fund Depository, CACEIS Bank, 89-91 Rue Gabriel Peri, 92120 Montrouge, France or (iii) the Management Company, PALATINE Asset Management, 63 avenue des Champs-Élysées, 75008 Paris, France.

Payment of distributable sums provided for in the prospectus

The payment of distributable sums that may be due to the Fund's shareholders will be made by the Fund Depository, CACEIS Bank, 89-91 Rue Gabriel Peri, 92120 Montrouge, France.

Obtaining information on the placing of orders and the payment of income from redemptions and repayments

All information relating to the subscription, redemption and conversion procedure, or the procedure for the payment of proceeds from redemptions and repayments, as well as the payment of distributable sums where applicable, is available at the facilities agent, FundGlobam, (i) on request sent to FundGlobam « EU Facilities » 12, Rue du Chateau D'eau, L-3364 Leudelange, Grand-Duchy of Luxembourg, (ii) online at <https://eufacilities.fundglobam.com/palatine-am-fr>, or (iii) via the « EU Facilities » section online at <https://www.fundglobam.com/eu-facilities/>.

Handling of complaints and information on the exercise by investors of their investment rights

Any complaint may be addressed free of charge to (i) your bank, financial intermediary or distributor, (ii) the Management Company, or (iii) FundGlobam, « EU Facilities » service, 12, Rue du Chateau D'eau, L-3364 Leudelange, Grand-Duchy of Luxembourg.

Any information relating to the exercise by investors of the rights attached to their investments may be obtained free of charge from (i) the Management Company, or (iii) FundGlobam, « EU Facilities » service, 12, Rue du Chateau D'eau, L-3364 Leudelange, Grand-Duchy of Luxembourg.

Information relating to the complaint handling and the exercise of investors rights may be found online at <https://eufacilities.fundglobam.com/palatine-am-fr>.

Provision of information and documents required under Chapter IX under the conditions defined in Article 94 of the UCITS Directive

The prospectus, KID(s), regulations and the latest annual and semi-annual reports of the Fund are available free of charge from (i) your bank, financial intermediary or distributor, (ii) the Management Company, or (iii) online at <https://eufacilities.fundglobam.com/palatine-am-fr>, (iv) on request sent to FundGlobam, « EU Facilities » service, 12, Rue du Chateau D'eau, L-3364 Leudelange, Grand-Duchy of Luxembourg or via the « EU Facilities » section online at <https://www.fundglobam.com/eu-facilities/>.

Provision of information on the tasks performed by the facilities for investors resident in Spain

Information on the tasks performed by the facilities for investors residing in Spain can be obtained in a durable medium online at <https://eufacilities.fundglobam.com/palatine-am-fr> or on request sent to FundGlobam, « EU Facilities » service, 12, Rue du Chateau D'eau, L-3364 Leudelange, Grand-Duchy of Luxembourg or via the « EU Facilities » section online at <https://www.fundglobam.com/eu-facilities/>.

Contact point for communicating with the competent authority in Spain (CNMV)

FundGlobam, « EU Facilities » service, 12, Rue du Chateau D'eau, L-3364 Leudelange, Grand-Duchy of Luxembourg.

Pre-contractual information - SFDR Appendix

Product name:
PALATINE EUROPE
SUSTAINABLE EMPLOYMENT

Legal Entity Identifier:
9695002QUEW243KRON16

The main negative impacts correspond to the most significant negative impacts of investment decisions on sustainability factors linked to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

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

Sustainable investment objective

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective: __%**

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

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

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

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

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

with a social objective

It will make a minimum of **sustainable investments with a social objective: 100%**

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



What is this financial product's sustainable investment objective?

The objective of the Palatine Europe Sustainable Employment UCITS is to select European companies which prefer a responsible social policy focused on employment and high-quality employment (job creation, training, gender equality, etc.) and which provide solutions to the challenges of sustainable development. A benchmark has been set to measure the achievement of this sustainable investment objective. To measure the achievement of this objective, the fund will have to demonstrate a positive contribution to the UN SDG 4 in terms of training and display a higher employment score and ESG score than that of its benchmark index.

○ What are the sustainability indicators used to measure the sustainability of this investment?

Several sustainability indicators are used to measure the achievement of the investment objective of the financial product:

- A global social performance monitoring indicator rated out of 5 stars is used to measure the achievement of the investment objective of this product. This score has been selected for its very broad scope, based on both quantitative and qualitative criteria. The quantitative criteria count for 75% of the score and are equally weighted among them, and the qualitative criteria count for 25%. The topics considered by the score are as follows:

- 1- Net job creation/destruction in Europe: 33%: This indicator is calculated taking into account the relative and absolute changes in the number of staff over the last 3 years in Europe and the frequency of job destruction. The results are then compared with the rest of the world.
- 2- Decent work: 33%:
 - Employment health and safety and stability: The company's ability to ensure a stable and safe working environment for its employees is assessed based on the frequency and severity of workplace accidents, absenteeism rates and the company's occupational health and safety prevention policy.
 - Training of employees: The company's ability to support its employees in their career development through its training offer is measured by the number of average training hours per employee and the quality of its HR policy training strategy. The existence of a questionnaire to measure employee satisfaction is subject to the allocation of bonus points.
 - Maintaining employment: The company's ability to keep its employees is measured by the rate of permanent employees and its variation over time, the average length of service of employees and the turnover rate and its variation over time.
 - Value sharing: The company's ability to share its value with its employees is estimated on the basis of the amount of capital held by employees during the year studied, the average salary per employee and its variation compared to year N-1, and the equity ratio between management salaries. The company's remuneration policy is also considered.
- 3- Equality: 33%
 - Gender parity: In order to measure gender parity at the company, the score is based on the share of women on the board of directors, the share of women on the executive committee, the share of women in top management, the gender gap in management and the Gender Index. The score also includes a portion based on more qualitative criteria and whether or not the company has an HR policy that promotes parity.

Sustainability indicators are used to measure how sustainability targets are being met.

- Integration of young people: The measure of the company's contribution to the integration of young people into the labour market is based on the share of young people and apprentices in the workforce and the variation in this category of wage earner from one year to the next. It is complemented by a study of the company's social policy, whether or not there are measures to promote young people in the company.
 - Integration of disabled persons: The company's contribution to the employment of persons with disabilities is determined on the basis of their share of the workforce in the year N, the comparison of this share with the year N-1. The presence of a specific social policy may improve the contribution score.
- 4- Impact on the quality of life of populations - Bonus
- SDGs considered are those SDGs most related to social purposes, i.e.:
 - o SDG 1: No poverty
 - o SDG 3: Good health and well-being
 - o SDG 4: Quality education
 - o SDG 5: Gender equality
 - o SDG 8: Decent work
 - o SDG 9: Industry, innovation and infrastructure
 - o SDG 10: Reduced inequalities

The allocation of points linked to a contribution varies according to the degree of contribution. A simple mention is 0.1 point, a detailed mention of the action phases is 0.4 point, and a mention with the setting up of numerical objectives and a measurement system is one point.

- Compliance with the fund's sustainable investment objective is also measured through an ESG rating. It is based on 6 criteria:
 - Corporate social policy: compliance with labour law; career and retirement management, training plans, managing restructuring operations, promotion of social dialogue, health and job security; employee share ownership; publication of social indicators; managing subcontractors.
 - Environmental protection: identification of impacts, existence of environmental reporting taking into account the monitoring of procedures and improvements; ISO 14001 certification; eco-design of products; impacts related to the life cycles of products and services; carbon accounting; control of energy consumption; local pollution control; control of water impacts and of water consumption; exposure to regulations; waste management; life cycle analysis; presence of dedicated teams; biodiversity protection.
 - Business ethics: anti-corruption efforts; contract management; safety of products or services; product recalls or prohibitions; long-term relationships and commitment to customers and suppliers; compliance with competition law; an image of quality and reliability.
 - Company governance: composition of the Board of Directors or Supervisory Board; levels of transparency; control and audit mechanisms; shareholder rights; capital structure.
 - Relations with civil society: promotion of the economic and social development of the territory where the company is based or in other areas; societal impact of products and services; charitable, humanitarian and public health actions.
 - Respect for human rights: respect for human rights, International Labour Organization standards; absence of discrimination, forced labour or child labour.
- Measuring the contribution to SDG 4 - Ensuring universal access to quality education.
The measurement of the fund's contribution to SDGs is based on data from Moody's ESG Solutions. This database provides for each of these SDGs:
 1. A contribution level that varies on a scale from -1 to +1 based on the percentage of products related to each SDG in the turnover of the company. A negative contribution reflects the company's exposure to controversial SDG-related activities (coal, intensive agriculture, loans with high interest rates, etc.).
 2. And a quality rating of corporate actions which considers all corporate actions in terms of E, S and G weighted by the significance of these pillars for each SDG. The rating for SDG contribution actions ranges from -1 to +1 and can be negative when there is a significant controversy.

An average score of the contribution and the quality rating of the actions taken is then carried out. The score is measured on a scale from -1 to +1.

○ To what extent do sustainable investments not cause any significant adverse effect to an environmentally or socially sustainable investment objective ?

The measurement of DNSH of sustainable investments made in this product is made based on the 14 compulsory PAIs defined in Table 1 of Annex 1 to Delegated Regulation 2022/1288 of the European Commission of 6 April 2022. When data is not available or is incomplete, these can be done with replacement values.

It is supplemented by the measurement and steering of an indicator in Table 2 and another in Table 3 of the same regulatory annex.

How were negative impact indicators taken into account?

The 14 compulsory PAIs defined in Annex 1 to Delegated Regulation 2022/1288 of the European Commission of 6 April 2022 are measured and analysed for each of the securities invested and form part of Palatine AM's definition of sustainable investment.

They are considered in 2 steps, a quantitative filter is first applied, then supplemented by a qualitative analysis. The quantitative filter aims to exclude companies with the largest negative impacts. The qualitative analysis must ensure that the companies invested have put in place sustainable practices within their activity and that they do not cause significant harm in terms of the environment or social issues. The inclusion of PAIs is detailed in the DNSH verification methodology of Palatine AM's definition of sustainable investment. The exclusion thresholds applied are also detailed in this document.

The main negative impacts correspond to the most significant negative impacts of investment decisions on sustainability factors linked to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

For the PAIs related to GHG emissions, we ensure that all companies have either a carbon reduction trajectory validated by a recognised independent organisation, such as SBTi or CDP, or reasonable impacts for each of the related PAIs. They must therefore have GHG emissions, a carbon footprint, a carbon intensity and an exposure to fossil fuels that do not seriously harm the environment. Likewise, their generation and consumption of electricity must have a limited share of fossil fuel exposure.

For all the other PAIs, Palatine AM focuses on treating each of their topics independently and systematically.

- PAI 7 – Biodiversity: Verification of the existence of a biodiversity protection or/and restoration policy to ensure that the company minimises its potential negative impact on biodiversity. In the absence of such a policy, Palatine AM will estimate the environmental cost of the company's activities on biodiversity and exclude securities with the highest impacts.
- PAI 8 – Water: Palatine AM verifies the existence of a water management policy to ensure that the company minimises its water consumption and releasing of pollutants into water sources. In the absence of such a policy, excludes from its sustainable investments companies that are not at least transparent on these metrics and the largest polluters.
- PAI 9 – Waste: Palatine verifies the existence of a waste management policy allowing the recycling of a significant portion of the waste produced and more particularly of hazardous waste. In the absence of such a policy, it excludes from its sustainable investments companies that are not at least transparent on these metrics and companies whose non-recycled waste production is the most significant.
- PAI 10 – Violations of the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises: Systematic exclusion of companies that have experienced the most significant controversies in relation to these themes.
- PAI 11 – Absence of compliance processes and mechanisms to monitor compliance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises: Investment in companies that are party to the UN Global Compact or companies with a minimum level of compliance with these principles.
- PAI 12 – The unadjusted wage gap between men and women: Exclusion of the worst actors from our universe.
- PAI 13 - Gender diversity within governance bodies: Exclusion of the worst actors from our universe.
- PAI 14 - Exposure to controversial weapons: Exclusion of securities related to cluster munitions and anti-personnel mines.

In addition to these 14 PAIs from Table 1 of Annex 1 of Delegated Regulation 2022/1288 of the European Commission of 6 April 2022, Palatine AM considers a PAI from Table 2 of the same Annex. The environmental PAI selected is PAI II.2, related to emissions of air pollutants. Palatine AM excludes the largest polluters.

With respect to the social PAI, presented in Table 3 of Annex 1 of Regulation 2022/1288, Palatine AM retained the PAI III.15 on anti-corporate corruption policy. Securities whose anti-corruption mechanisms are considered to be the least successful are excluded.

These exclusions are made on the basis of quantitative and qualitative analysis of the companies.

In-house analysis by Palatine AM's ESG team is carried out for all companies invested as part of an investment that is qualified as sustainable.

The purpose of this analysis is to ensure that the activities of the companies in the portfolio do not seriously affect any of the themes addressed by the PAIs.

For the environmental pillar, Palatine AM ensures that the company controls its GHG emissions, and its impact on biodiversity and has a policy of managing the most material resources in its activity such as water, waste, energy, soil, and raw materials, while having responsible social practices.

The responsibility for these practices can be realised through various actions such as combating inequalities, a policy promoting social cohesion and social integration, or investments in human capital or economically or socially disadvantaged communities.

In what way do the sustainable investments comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Taking into consideration the guidelines of the OECD and the UN principles is carried out in several steps:

- Management of controversies: Controversies are being monitored to identify them and take the necessary corrective action. In addition, under the PAI 10 consideration, companies that have already experienced a significant number of material controversies on these issues are excluded.
- Evaluating the compliance of processes of invested companies according to these principles: The fund will ensure that a large majority of the companies in which it invests are signatories to the United Nations Global Compact and, if not, have minimum internal control measures to ensure compliance with these principles.
- Evaluation of anti-corruption policies: The fund will ensure that all companies in which it invests have minimum anti-corruption provisions in place.
- ESG rating: Palatine AM's ESG rating has many themes that directly relate to these principles. In particular, it assesses business ethics or human rights practices. This ESG rating is a binding investment criterion.



Does this financial product take into consideration the principal adverse impacts on sustainability factors?

- Yes, they are considered as per the methodology described under Palatine AM's definition of responsible investment. Information on the measurement of these PAIs is available in the annual report of this fund.
- No



What investment strategy does this financial product follow?

The financial product implements a financial strategy focused on European large capitalisation equities. The fund systematically integrates a non-financial approach which is decisive in the investment decisions.

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

What are the mandatory elements of an investment strategy used for selecting investments for the purpose of achieving a sustainable investment objective?

1. Exclusion policies:

- Exclusions of all companies that would seriously and/or repeatedly contradict one or more of the 10 principles of the UN Global Compact on human rights, labour standards and anti-corruption.
- Excluding companies involved in controversial arms production within the meaning of the Ottawa and Oslo Conventions. Any direct investment in companies that manufacture, sell, store and transfer cluster bombs and anti-personnel mines is excluded without any minimum turnover.
- Thermal coal: Exclusion of securities from companies that do not comply with Palatine AM's coal policy and, since then, is prohibited from investing in companies that develop new coal projects or have a high exposure to coal. This coal strategy has been deployed for the entire management, it excludes mining companies and electricity producers, which have more than 20% of revenues related to thermal coal. Furthermore, mining companies with more than 10 MT in thermal coal and electricity producers with more than 5GWh produced from thermal coal are also excluded.

2. Application of the methodology for Palatine AM's verification of the DNSH principle:

- PAI 1 to 6 - GHG emissions: Exclusion of companies that do not have a trajectory for reducing their GHG emissions, or those whose emissions are significantly negative
- PAI 7 – Biodiversity: Exclusion of companies that have no biodiversity protection policies or policies that have a significantly negative impact on biodiversity.
- PAI 8 – Water: Exclusion of companies that have no water management policies or policies that have a significantly negative impact on water pollution.
- PAI 9 – Waste: Exclusion of companies that have no waste management policies or policies that have a significantly negative impact on waste generation.
- PAI 10 - Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises: Systematic exclusion of companies that have experienced significant and repeated controversies relating to these themes.
- PAI 11 – Absence of compliance processes and mechanisms to monitor compliance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises: Investment in companies that are party to the United Nations Global Compact or companies with minimum level of compliance with these principles.
- PAI 12 – The unadjusted wage gap between men and women: Exclusion of the worst actors from our universe.
- PAI 13 - Gender diversity within governance bodies: Exclusion of the worst actors from our universe.
- PAI 14 - Exposure to controversial weapons: Exclusion of securities related to cluster munitions and anti-personnel mines.
- PAI II.2 - Emissions of air pollutants: Exclusion of companies having the most negative effects.
- PAI III.15 - Anti-corruption: Exclusion of companies having the most negative effects.
- Exclusion of the lowest-rated companies

3. **ESG Rating:** Excluding securities with an ESG rating lower than 12/20 and selecting companies so as to maintain a weighted average ESG rating of the portfolio at all times higher than or equal to that of its benchmark index.

4. **Employment score:** All securities rated below 2/5 are excluded from the investment universe of the fund. The selection of securities should always give the portfolio a higher employment score than that of the benchmark index.

5. **Mainstreaming SDGs:** Exclusion of securities with a negative contribution to SDG 4.

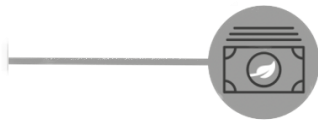
What is the policy followed for the assessment of good governance practices by companies benefiting from investment?

The policy used to assess companies' good governance practices is based on the following criteria:

- Issuers in the portfolios shall apply good governance practices for the sustainability and growth of the company
 - The importance of managers' ability to report on their management to different stakeholders
 - Fair treatment of all shareholders (Barriers to active participation in general meetings are to be reduced and imbalances between capital structure and voting rights structure are to be avoided).
 - Recommended structure of the Board of Directors:
 - Executive Board and Supervisory Board
 - a high proportion of independent directors and a president separate from the Chief Executive Officer,
 - set up a number of committees within the Board of Directors: audit of financial statements,

Good governance practices involve sound management structures, employee relationships, employee compensation and tax compliance.

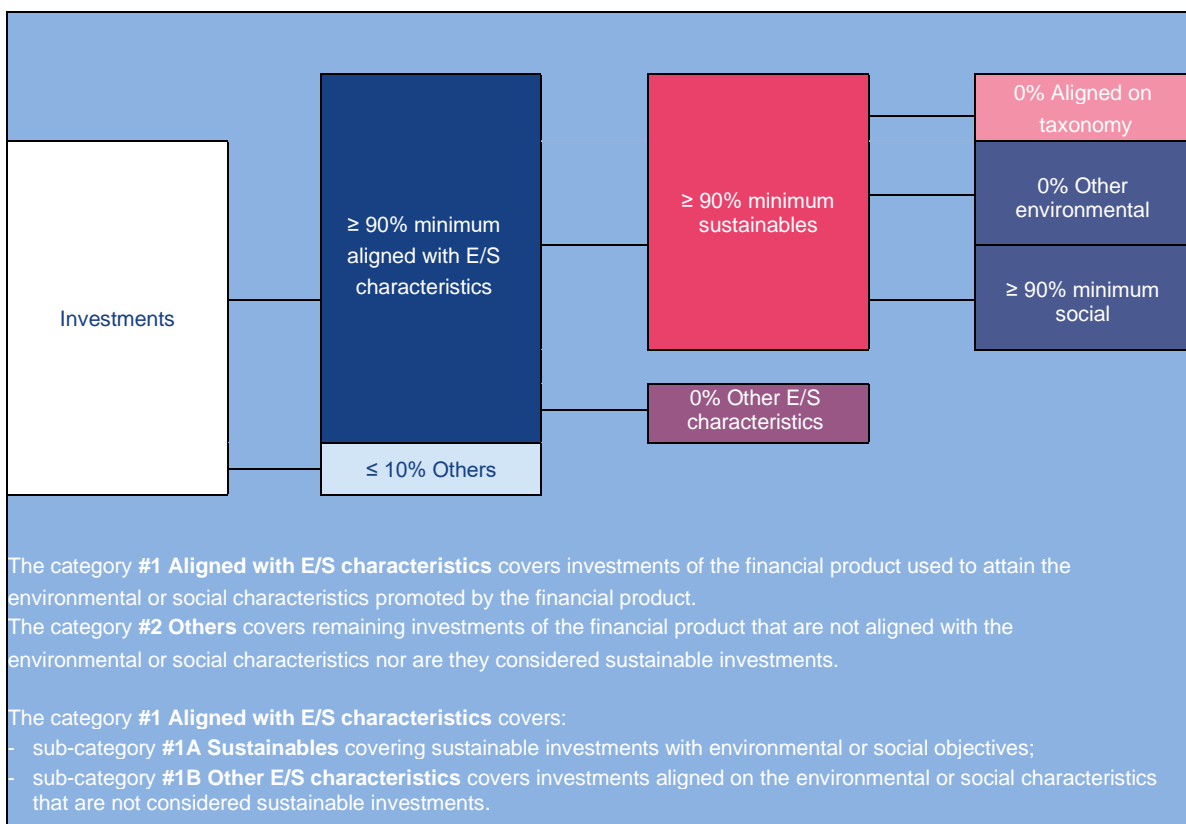
- remuneration and appointment of officers
- promote a high degree of transparency: the remuneration of corporate officers and executives, as well as the degree of independence of the Board of Directors.
- Moody's ESG Solutions monitors controversies:
 - Controversy is defined as stakeholders (employees, unions, NGOs, regulators, customers, shareholders, etc.) calling into question the actions of a company. The controversy score measures the exposure of the company to negative news (trials, strikes, NGO campaigns, etc.), taking into account the consequences of these news items on the company itself and on its stakeholders, with a double materiality logic.
 - The global ESG score of Moody's ESG Solutions includes a penalty linked to the company's exposure to ESG controversies. It is more or less penalising depending on the issues impacted:
 - Business ethics: +/-13%
 - Governance: +/-6%
 - Local communities: +/-7%
 - Environment: +/-3%
 - Human resources: +/-6%
 - Human rights: +/-16.5%



What is the share allocation and the minimum share of sustainable investments?

The financial product realises 100% of its investments in sustainable assets and it invests a minimum of 90% of its assets in investments aligned with its social objective. The asset allocation planned for this financial product is as follows:

Asset allocation describes the share of investments in specific assets.



○ How does the use of derivatives achieve the sustainable investment objective?

The financial product does not use derivatives that could have a negative impact on the sustainable investment objective.



In what minimal way are sustainable investments with an environmental objective aligned with the EU taxonomy?

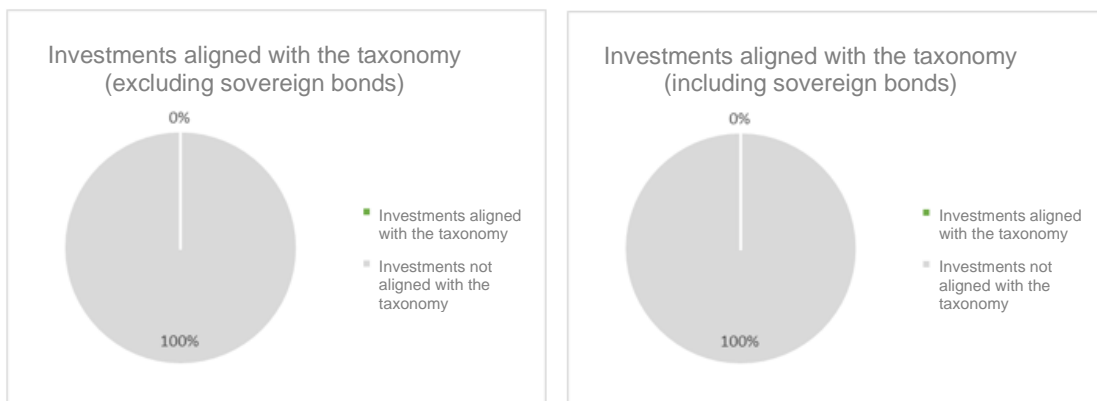
The financial product is committed to a 0% alignment with European Taxonomy.

○ Does the investment product invest in activities related to fossil gas and/or nuclear energy which are in line with the EU taxonomy?

Yes

No

The two charts below show in green the minimum percentage of investment in line with EU taxonomy. As there is no adequate methodology to determine the alignment of sovereign bonds* with taxonomy, the first chart shows the alignment with taxonomy with all financial product investments, including sovereign bonds, whereas the second chart represents alignment with taxonomy only relative to financial product investments other than sovereign bonds.



*For these charts, 'sovereign bonds' include all sovereign exposures.

○ What is the minimum share of investments in activities that provide transition and that are enabling?

At present the minimum portion of investments in transitional and enabling activities is not defined, so the minimum portion of these activities in investments is 0% of the net assets.



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

The financial product is not committed to a share of sustainable investments with an environmental objective which is not specifically aligned with the EU taxonomy.



What is the minimum share of socially sustainable investments?

The minimum share of socially sustainable investments is 90% of the fund's assets, and represents 100% of investments.



What investments are in category '#2 Others', what are their purpose, and are there minimum environmental or social safeguards?

This is cash or cash equivalents (money market UCIs).



Has a specific index been designated as the benchmark to achieve the sustainable investment objective?

The financial product has a benchmark index for measuring the performance of its sustainable investment objective, the EuroStoxx 50 index with dividends reinvested.

○ How does the benchmark take sustainability factors into account in order to achieve a consistent sustainable investment objective?

An ESG rating and an employment score are calculated for the benchmark index according to the same methodology as the UCI.

○ How is the alignment of the investment strategy with the index methodology guaranteed on an ongoing basis?

The fund's investment strategy consists in investing in large cap European companies, which characterises the chosen index.

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

The designated index, the EuroStoxx 50, comprises only the 50 largest European companies, among nearly 300 securities, from the relevant broad market index, EuroStoxx.

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

The methodology used for constructing the benchmark is available on the following website: https://www.stoxx.com/document/Indices/Common/Indexguide/stoxx_index_guide.pdf

Benchmark indices are a measure of whether the product meets the sustainable investment objective.



Where can I find more specific product information online? Further information on the product is available at:

You can find more information on our website: Transparency Code ([CDT- EE - Code de transparence - 2022_vdef.pdf \(palatine-am.com\)](#)), the SFDR policy ([Réglementation - Palatine Asset Management \(palatine-am.com\)](#)) and the prospectus ([PALATINE EUROPE SUSTAINABLE EMPLOYMENT - 2022-07-01 \(palatine-am.com\)](#)).