



MELANION CAPITAL

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# Prospectus and Regulation

MELANION BITCOIN EQUITIES UCITS ETF

(EX-MELANION BTC EQUITIES UNIVERSE UCITS ETF)

UCITS subject to European Directive 2009/65/EC

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# Prospectus

- 1. General Features ..... 3
- 2. Service Providers..... 3
- 3. Operating and Management Arrangements:..... 6
  - **General Features:**..... 6
  - **Special Provisions:** ..... 9
- 4. Commercial Information ..... 20
- 5. Investment Rules ..... 22
- 6. Global Risk ..... 22
- 7. Asset Valuation and Accounting Rules ..... 22
- 8. Remuneration ..... 23

# Regulation

- Section 1 – ASSETS AND UNITS ..... 25
  - **Article 1 – Joint-Ownership Units:**..... 25
  - **Article 2 – Minimum level of assets:** ..... 25
  - **Article 3 – Issue and Redemption of Units:**..... 25
  - **Article 4 – NAV Calculation:** ..... 27
- Section 2 – Fund Operations ..... 27
  - **Article 5 The Fund Manager:**..... 27
  - **Article 6 - Depositary:** ..... 27
  - **Article 7 – Independent Auditor:** ..... 27
  - **Article 8 – Report and Accounts:**..... 28
- Section 3 – Allocation of Distributable Sums ..... 28
  - **Article 9**..... 28
- Section 4 – Merger – Demerger – Dissolution - Liquidation..... 29
  - **Article 10 – Merger- Demerger** ..... 29
  - **Article 11 – Dissolution – Extension:**..... 29
  - **Article 12 – Liquidation:** ..... 29
- Section 5 – Disputes ..... 29
  - **Article 13 – Jurisdiction – Election of Domicile:**..... 30

# Prospectus



## 1. General Features

- **Name:** MELANION BITCOIN EQUITIES UCITS ETF
- **Legal form and Member State in which the UCITS has been set up** French Mutual Fund (FCP)
- **Launch date and scheduled duration:** The Fund was approved by the French Market Regulator (AMF) on July 22<sup>nd</sup> and launched for anticipated duration of 99 years
- **Key Information**

Summary of the Management Offer: Unit classes	ISIN	Allocation of Distributable Sums	Accounting Currency	Frequency of NAV Calculation	Initial NAV	Minimum Initial Subscription	Minimum Subsequent Subscription	Eligible subscribers	Listing Exchanges
<b>EUR Share Class</b>	FR0014002IH8	Accumulation	<b>EUR</b>	Daily	<b>30 EUR</b>	Primary Market: 50k EUR Secondary Market: 1 Unit(s)	Primary Market: 1 Unit Secondary Market: 1 Unit	All Subscribers	Euronext Paris & Amsterdam, Borsa Italiana
<b>Track EUR Share Class</b>	FR001400C2K6	Accumulation	<b>EUR</b>	Daily	<b>10 EUR</b>	None	None	All Subscribers	NA

- **Address from which the latest annual or periodic report and financial statements may be obtained:**

The latest annual or periodic report and financial statements will be sent to investors within eight working days upon written request from the holder to:

Melanion Capital SAS  
17 Avenue George V  
75008 Paris, France  
Email: [contact@melanion.com](mailto:contact@melanion.com)

The website of the Autorité des Marchés Financiers ('AMF') at [amf-france.org](http://amf-france.org) contains further information on the list of regulatory documents and all investor protection regulations.

## 2. Service Providers

### **Management Company:**

Melanion Capital SAS (the "Management Company") Société Anonyme Simplifiée (a French public limited company)

Investment Management Company authorized by Autorités des Marchés Financiers

(AMF) Under approval number GP-13000020 and under directive n° 2011/61/UE (Directive AIFM).

Mr. Jad Comair is President of Melanion Capital.

### **Custodian and Registrar:**

The Depositary is Société Générale S.A., acting through its Securities Services department (the “Depositary”). Société Générale, which has its registered office at 29, boulevard Haussmann in Paris (75009), is registered in the Paris trade register under No. 552 120 222, has been approved by the French Prudential Supervision and Resolution Authority (the ACPR) and is also subject to the supervision of the French Financial Markets Authority (the AMF).

### **The Depositary’s duties and potential conflicts of interest**

The Depositary is responsible for three things — monitoring the compliance of the management company’s decisions, holding the assets of investment funds in custody and monitoring the cash flows of these investment funds.

The Depositary’s main objective is to protect the interests of each fund’s shareholders and investors.

Potential conflicts of interest may be identified, particularly if the Management Company maintains a business relationship with Société Générale that extends beyond the latter’s Depositary duties, for example, if the Management Company delegates to Société Générale the task of calculating the net asset value of the funds of which Société Générale is the Depositary, or when there is a group relationship between the Management Company and the Depositary.

In order to manage such situations, the Depositary has set up and maintains a policy for managing conflicts of interest which serves to:

- Identify and examine potential conflict-of-interest situations
- Record, manage and follow up conflict-of-interest situations, by:
  - (i) using ongoing measures to deal with conflicts of interest, such as segregating duties, separating line and staff functions, monitoring “insiders”, and using dedicated IT environments;
  - (ii) and also, on a case-by-case basis:
    - (a) implementing appropriate preventive measures such as drawing up ad hoc “watch lists”, setting up Chinese walls, checking that transactions are dealt with appropriately, and/or informing any clients who may be affected;
    - (b) or otherwise, refusing to engage in activities that may result in a conflict of interest.

### **Custodial functions which the Depositary may delegate, delegates and sub-delegates, and the identification of conflicts of interest that may require such delegation:**

The Depositary is responsible for the custody of assets (as defined under Article 22.5 of Directive 2009/65/EC as amended by Directive 2014/91/EU). In order to provide custodial services in a large number of countries and enable investment funds to achieve their investment objectives, the Depositary has appointed sub-custodians in the countries where the Depositary normally does not have a direct local presence. These entities are listed on the Internet at [www.securities-services.societegenerale.com/fr/nous-connaître/chiffres-cles/rapports-financiers/](http://www.securities-services.societegenerale.com/fr/nous-connaître/chiffres-cles/rapports-financiers/)

In accordance with Article 22 bis 2. of the UCITS V directive, the process for appointing and supervising sub-custodians complies with the highest standards of quality and includes the management of potential conflicts of interest that may arise when sub-custodians are appointed. The Depositary has prepared an effective policy for identifying, preventing and managing conflicts of interest in compliance with national and

international regulations and international standards.

The delegation of the Depositary's custodial functions may result in conflicts of interest. The latter have been identified and are monitored. The Depositary's conflict-of-interest policy includes measures to prevent the occurrence of conflict-of-interest situations and to ensure that, in the course of its business activities, the Depositary always acts in the best interests of the investment funds. These preventive measures consist most notably in ensuring the confidentiality of the information exchanged, physically separating activities that may result in a conflict of interest, determining and classifying remuneration and pecuniary and non-pecuniary benefits, and implementing a policy and measures that govern the acceptance of gifts and hospitality.

Updated information relating to the above points will be sent to the investor upon request.

**Institution Responsible for Clearing Subscription and Redemption orders by delegation of the Management Company:**

SOCIETE GENERALE.

The maintenance of liabilities and the centralization of subscription and redemption orders are delegated by the management company to: SOCIETE GENERALE.

Credit institution created on May 4, 1864 by authorization decree signed by Napoleon III. Headquarters: 29, bd Haussmann - 75009 Paris - FRANCE.

The postal address of the establishment in charge of centralizing subscription and redemption orders is: 32 rue du champ de tir - 44000 Nantes – France

**Independent Auditor:**

**RSM**

26 Rue Cambacérès

75008 Paris – France

Represented by Mr Fabien CREGUT

**Delegated Accounting Manager:**

The administrative and accounting management of the FCP will be delegated to:

SOCIÉTÉ GÉNÉRALE.

A credit institution founded on 4 May 1864 by special decree of Napoleon III. Registered office: 29, bd Haussmann - 75009 Paris – FRANCE.

The services that Société Générale provides to Melanion Capital consist of assisting it with the Fund's administration and accounting, and more specifically in calculating its net asset value and in providing the information and materials required to prepare its annual reports, regulatory filings and statistics for the Banque de France.

For the listed share (EUR Share Class):

**Market-Makers:**

The "Market-Makers" will provide market-making services for Fund units from the date they are listed on the market where the Fund is traded. They will mainly act as market-makers through their continuous presence on the market, maintaining a buy/sell price range and ensuring adequate liquidity.

The financial institution acting as market-maker on 12 October 2021 is:

Goldenberg Hehmeyer LLP

Headquarters:

5 Greenwich View Place

5th Floor

E14 9NN London

### 3. Operating and Management Arrangements:

#### ▶ General Features:

##### Features of the units:

- Nature of the right attached to the category of units:  
Each unitholder is entitled to joint ownership of the Fund's assets, proportional to the number of units held
- Registration or other arrangements for maintaining unitholder records:  
The Depository is responsible for liability accounting. Units can be cleared through Euroclear France,
- Voting rights:  
No voting rights are attached to the units, decisions being taken by the Management Company. It is recalled that information on changes in the operation of the Fund is given to unitholders either individually, or by way of the press, or by any other means in accordance with the regulations in force.
- Form of units:  
Bearer

- **For the listed share (EUR Share Class): Admission of the units to at least one regulated market or multilateral trading facility:**

With reference to article D.214-22-1 of the Monetary and Financial Code (the "CMF") according to which the shares or units of undertakings for collective investment in transferable securities may be admitted to the listing provided that organizations have put in place a mechanism to ensure that the market price of the shares or units does not deviate significantly from their net asset value, the following operating rules, determined by Euronext Paris SA, s " apply to the listing of Fund units:

- Reservation thresholds are set by applying a percentage variation of 3% on either side of the Indicative Net Asset Value or "NAV" (cf. section "Indicative Net Asset Value") of the Fund, published by Euronext Paris SA and updated in an estimated manner during the session according to the variation of the Melanion Bitcoin Exposure Index and, depending on the units, of the hedging tools.

- Trading of the Fund's units on the Euronext Paris market will be suspended in the following cases:

- ✓ Suspension or termination of listing or calculation of the Melanion Bitcoin Exposure Index by the index provider.
- ✓ Suspension of the market(s) on which the securities comprising the Melanion Bitcoin Exposure Index
- ✓ If the listed price of the Melanion Bitcoin Exposure Index is unavailable to Euronext.
- ✓ If Euronext Paris cannot obtain the Fund's NAV for the day and/or publish the "iNAV".
- ✓ Breach of the market maker rules applicable on Euronext Paris
- ✓ Failure of Euronext Paris's IT or electronic systems in particular.
- ✓ If stock market disturbances or difficulties render normal market-making impossible.
- ✓ Any other event that prevents the calculation of the Fund's iNAV or the

Market-makers likewise ensure that the market price of the Fund units does not diverge by more than 3% on either side of the Fund's Indicative Net Asset Value, in order to comply with the reservation thresholds set by Euronext Paris SA (see "Indicative Net Asset Value" section).

- **End date of Financial Year:**  
Last trading day in December of each year.
- **End date of first financial year:**  
Last trading day of December 2021.
- **Tax Treatment:**

The UCITS as such is not subject to taxation. However, the unitholders may bear taxes on account of the income distributed by the UCITS, if applicable, or when they sell the securities of the latter. The tax regime applicable to sums distributed by the UCITS or to unrealized capital gains or losses or realized by the UCITS depends on the tax provisions applicable to the particular situation of the investor, his tax residence and / or the jurisdiction of investment of the UCITS. If the investor is not sure of his tax situation, he should contact a tax advisor or a professional in order to determine the tax rules applicable to his particular situation, before any investment. Certain income distributed by the UCITS to non-residents in France is liable to bear withholding tax in this State.

#### **At fund level**

In France, the co-ownership status of FCPs automatically places them outside the scope of corporation tax; they therefore benefit by nature from a certain transparency. Thus, the income received and realized by the FCP within the framework of its management is not taxable at its level.

Abroad (in the FCP's investment countries), capital gains on the sale of foreign transferable securities and income from foreign sources received by the FCP as part of its management may, where applicable, be subject to a tax (usually in the form of withholding tax). Foreign taxation may, in certain limited cases, be reduced or eliminated in the presence of any applicable tax treaties.

#### **At unitholder level**

##### **- Unitholders resident in France:**

The sums distributed by the FCP to French residents as well as the capital gains or losses on transferable securities are subject to the taxation in force. Investors are encouraged to study their particular situation with their usual tax advisor.

##### **- Unitholders resident outside France:**

Subject to the application of tax treaties, the sums distributed by the FCP may, where applicable, be subject to a deduction or withholding at source in France. In addition, capital gains realized on the redemption/disposal of FCP units are generally tax-exempt.

Unitholders resident outside France will be subject to the provisions of the tax legislation in force in their country of residence.

#### **US tax considerations**

The "Foreign Account Tax Compliance Act (FATCA)" device of the American HIRE "Hire Incentive to Restore Employment" law requires non-American financial institutions (foreign financial institution or "FFI") to communicate to the "IRS" (the U.S. Tax Administration) financial information relating to assets held by U.S. Persons<sup>1</sup> outside of the United States.

In accordance with FATCA regulations, American securities held by any financial institution that does not adhere to or qualifies as non-compliant with the provisions of the FATCA law will be subject to a withholding tax of 30% on (i) certain sources of American income, and (ii) gross proceeds from the sale or disposal of US assets.

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<sup>1</sup> The term "US persons" according to the US Internal Revenue Code means an individual who is a US citizen or resident, a partnership or a corporation incorporated in the United States or under federal law, United States or one of the Federated States of the United States, a trust if (i) a court in the United States would have by law the power to make orders or judgments concerning substantially all matters relating to the administration of the trust and whether (ii) one or more US persons have a right of control over all material decisions of the trust, or over the estate of a deceased who was a citizen or resident of the United States.

The Fund falls within the scope of FATCA and as such may ask unitholders for certain information made mandatory.

The United States has reached an intergovernmental agreement for the implementation of the FATCA law with several governments. In this regard, the French and American governments have signed an intergovernmental agreement ("IGA").

The Fund respects "IGA model 1" concluded between France and the United States of America. The Fund does not expect to be subject to FATCA withholding tax.

FATCA law requires the Fund to collect certain information about the identity (including details of ownership, ownership and distribution) of account holders who are U.S. tax residents, entities controlling U.S. tax residents, and non-US tax residents who do not comply with the FATCA provisions or who do not provide all the exact, complete and precise information required under the intergovernmental agreement "IGA".

In this regard, each potential unitholder undertakes to provide any information requested (including, but not limited to, his GIIN number) by the Fund, its delegated entity or the marketer.

Potential unitholders will immediately inform the Fund, its delegated entity or the marketer in writing of any change in circumstances in their FATCA status or GIIN number.

Under the IGA, this information must be communicated to the French tax authorities, who in turn may share it with the IRS or with other tax authorities.

Investors who have not adequately documented their FATCA status or who have refused to communicate their FATCA status or the necessary information within the required timeframe, could be qualified as "recalcitrant" and be subject to a declaration by the share of the Fund or their management company to the competent tax or government authorities.

In order to avoid the potential impacts resulting from the "Foreign Passthru Payment: foreign interim payment" mechanism and to prevent any withholding at source on such payments, the Fund or its delegated entity reserves the right to prohibit any subscription in the Fund or the sale of units or shares to any Non-Participating FFI "NPFPI"<sup>2</sup>, in particular whenever such a prohibition is considered legitimate and justified by the protection of the general interests of investors in the Fund.

The Fund and its legal representative, the Fund's custodian and the transfer agent reserve the right, on a discretionary basis, to prevent or remedy the direct or indirect acquisition and / or holding of Fund units by any investor who would be in violation of applicable laws and regulations, or where the latter's presence in the Fund could lead to detrimental consequences for the Fund or for other investors, including, but not limited to, FATCA sanctions.

To this end, the Fund may reject any subscription or require the forced redemption of units or shares of the Fund in accordance with the conditions set out in Article 3 of the Fund's regulations<sup>3</sup>.

The FATCA law is relatively new and its implementation is under development. While the above information summarizes the management company's current understanding, this understanding could be incorrect, or the way FATCA is implemented could change so that some or all investors are subject to withholding tax of 30%".

These provisions do not constitute a complete analysis of all tax rules and considerations or tax advice,

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<sup>2</sup> NPFPI or FFI Non-Participant = financial institution that refuses to comply with FATCA either by refusing to sign a contract with the IRS or by refusing to identify its customers or to report to the authorities.

<sup>3</sup> This power also extends to any person (i) who appears directly or indirectly in violation of the laws and regulations of any country or any governmental authority, or (ii) who could, in the opinion of the management company of the Fund, cause the Fund to suffer damage which it would otherwise neither have endured nor suffered.



and cannot be considered as a complete list of all the potential tax risks inherent in the subscription or holding of units or shares of the Fund. Any investor should consult his usual advice on taxation and the potential consequences of the subscription, holding or redemption of units or shares in application of the laws to which the investor may be subject, and in particular the application of the declaration regime. or withholding tax under FATCA on its investments in the Fund.

**Automatic exchange of tax information (CRS regulations):**

France has signed multilateral agreements on the automatic exchange of information relating to financial accounts, on the basis of the "Common Reporting Standards" ("NCD / CRS") as adopted by the Organization for Cooperation and Development Economic ("OECD") According to the law relating to CRS, the Fund or the management company must provide local tax authorities with certain information on Unitholders who are not residents of France. This information is then communicated to the competent tax authorities.

The information to be communicated to the tax authorities includes information such as name, address, tax identification number (TIN), date of birth, place of birth (if it appears in the records of the institution financial), the account number, the account balance or, if applicable, its value at the end of the year and the payments recorded on the account during the calendar year).

Each investor agrees to provide the Fund, the management company or their distributors with the information and documentation required by law (including without limitation, its self-certification) as well as any additional documentation reasonably requested that may be required. necessary to comply with its reporting obligations under CRS standards.

Further information on CRS standards is available on the websites of the OECD and the tax authorities of the signatory states of the agreement.

Any unitholder who does not respond to requests for information or documents by the Fund:

- (i) may be held liable for penalties imposed on the Fund which are attributable to the failure of the unitholder to provide the requested documentation, or who provides incomplete or incorrect documentation, and (ii) will be reported to the relevant tax authorities as n ' who have not provided the information necessary to identify their tax residence and their tax identification number.

► **Special Provisions:**

**Unit classes characteristics:**

Share class	ISIN	Types
EUR share class	FR0014002IH8	Index tracking UCITS ETF
Track EUR share class	FR001400C2K6	Unlisted index fund

• **Investment Objective:**

The investment management objective of the Fund is to replicate as closely as possible the performance of the Melanion Bitcoin Exposure Index (The "Index") regardless of its performance, positive or negative. The Index of this passive management is calculated with net dividends reinvested (dividends net of tax paid by the shares making up the index are included in the calculation of the index). It is denominated in USD.

The management aims to achieve the lowest possible spread between the evolution of the Fund's net asset value and that of the Melanion Bitcoin Exposure Index. Thus, the target for maximum "ex-post tracking error" between changes in the Fund's net asset value and that of the Index is 2%.

If the "ex-post tracking error" were nevertheless higher than 2%, the objective would nonetheless be

to remain at a level less than 15% of the volatility of the Melanion Bitcoin Exposure Index.

- **Benchmark Index**

The Fund's Benchmark index is the Melanion Bitcoin Exposure Index

The Benchmark Index is administered by BITA, calculated by BITA and based on a model conceived by Melanion Capital.

The Benchmark Index is comprised of companies listed on a Stock Exchange in Europe, the American continent, Asia or Oceania. Selection and weighting of the components are based on fundamental and quantitative filters as indicated in the Benchmark Index Methodology.

The Index is made up of a maximum of 30 securities with market capitalizations greater than 100MUSD listed on the European and American markets, companies that operate in the segments of "Crypto" asset management and trading, "Crypto" banking services, "Crypto Mining" and Blockchain technology, or the companies that hold Crypto-currencies on their balance sheets. The selection and weighting of the components of the Index are made on the basis of fundamental and quantitative filters such as indicated in the Index methodology.

The performance tracked is that of the Benchmark Index's closing price.

A full description and the complete methodology used to construct the Benchmark Index and information on the composition and respective weightings of the Benchmark Index components are available on the website of the Benchmark Administrator : <https://www.bitadata.com>

#### Review and composition of the Index

The Index is analyzed and rebalanced quarterly.

The exact composition and the rules for reviewing the composition of the Index are available on the website: <https://www.bitadata.com>

#### Publication of the Index

The Benchmark Index is calculated daily using the official closing prices of the exchanges where the underlying stocks are listed.

Bloomberg Ticker: MBCEXI

The closing price of the Benchmark Index is available on the internet <https://www.bitadata.com>

BITA, the benchmark administrator for the Benchmark Index, is included in the Benchmarks Regulation Register maintained by ESMA

With regard to Regulation (EU) 2016/1011 of the European Parliament and of the Council of 08 June 2016, the management company has a procedure for monitoring the benchmarks used, describing the measures to be implemented in the event of substantial changes made. to an index or cessation of supply of this index.

#### **Investment Policy:**

The management of the Fund is of the "passive" type.

#### **Strategy**

In order to seek the highest possible correlation with the performance of the Index, the Fund will achieve its investment objective via a direct replication method, which means that the Fund will invest in a basket of assets made up of the securities comprising the Index.

You are exposed to the exchange risk between the currencies of the shares making up the Index and the currency of the fund

As part of the management of its exposure, the Fund may be exposed up to 20% of its assets in shares of the same issuing entity. This 20% limit will be verified, on each Index rebalancing date, in application of the Index calculation method which limits the exposure of each of the shares of the same issuing entity to 20% and whose calculation is carried out by the Index sponsor or calculation agent. This 20% limit may be increased to 35% for a single issuing entity, when this proves to be justified by exceptional market conditions, in particular when certain securities are largely dominant and / or in the event of high volatility of a financial instrument. or securities linked to an economic sector represented in the Index. This could in particular be the case in the event of a public offer affecting one of the securities making up the Index or in the event of a significant liquidity restriction affecting one or more financial instruments included in the composition of the Index.

The fund's strategy complies with the provisions of Article 6 of the SFDR Regulation. Given its strategy, no extra-financial approach is integrated into it.

**The FCP will invest in companies with significant activities in the Bitcoin theme. The attention of investors is drawn to the fact that no minimum correlation threshold has been pre-established between the price of these companies and the price of Bitcoin. On the other hand, the FCP's methodology aims to select the securities with the highest sensitivity to Bitcoin. By investing in stocks exposed to Bitcoin, the FCP will neither necessarily nor mechanically follow the price of Bitcoin itself, whether upward or downward.**

#### **Assets employed (except Derivatives)**

##### **Equities**

The Fund may hold, in accordance with the ratios provided for by regulations, international equities (of all sectors of activity and of all sizes of capitalization). The Fund will be invested in the stocks making up the Index

##### **Debt instruments and money market instruments in euros:**

None

##### **UCITS units or shares:**

None

#### **Derivatives:**

None

#### **Securities incorporating Derivatives (“Embedded derivatives”):**

None

#### **Deposits and Liquid assets:**

The Fund may hold up to 20% of its net assets in deposits. The deposits are used for cash management

purposes and help the Fund achieve its management objectives.

**Temporary acquisitions and sales of securities:**

None

Over-exposure of the assets: No

Information on the Taxonomy Regulation (EU) 2020/852:

"The investments underlying this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities.

• **Risk Profile:**

The main risks for investors if they invest in the Fund are as follows:

- **Equity Risk**  
The price of an equity security can increase or decrease in accordance with changes in the issuer's risk exposure or in the economic conditions of the market in which the security is traded. Equity markets are more volatile than fixed income markets, where under stable macroeconomic conditions income over a given period of time can be estimated with reasonable accuracy
- **Risk of investing small and mid-cap companies**  
The fund is exposed to small and medium-capitalisation companies, which may increase market and liquidity risks. The prices of these securities therefore increase and decrease more sharply and more rapidly in response to market movements than do the prices of large-cap stocks. The fund's net asset value could behave similarly and therefore fall more sharply than that of a similar investment in large-capitalisation equities.
- **Low Benchmark Index diversification risk**  
Since the index to which investors are exposed represents given regions, sectors and strategies it may provide less diversification of assets in comparison with a broader index that is exposed to several regions, sectors or strategies. Exposure to such a less-diversified index may result in higher volatility than more diversified markets. Nevertheless, diversification rules of the UCITS Directive still apply to the fund's underlying assets at all times.
- **Capital at risk:**  
The initial capital invested is not guaranteed. Therefore, investor's capital is at risk and the amount originally invested may not be wholly or partially recovered, notably if the Benchmark Index is subject to a negative performance over the investment period.
- **Liquidity Risk on Primary Market:**  
If, when the FCP adjusts its exposure, the markets linked to this exposure are limited, closed or subject to significant differences in the purchase / sale price, the value and / or liquidity of the FCP may be adversely affected. The inability, due to low trading volumes, to carry out transactions linked to the replication of the Index may also have consequences on the process of subscriptions, conversions and redemptions of units.
- **Liquidity risk on a listing market (specific risk related to the listed share (EUR Share Class))**  
The FCP's stock market price may deviate from its indicative net asset value. The liquidity of FCP units on a listing market may be affected by any suspension that may be due, in particular, to:
  - i) a suspension or termination of the calculation of the Index, and / or
  - ii) a suspension of the market (s) of the underlyings of the Index and / or
  - iii) the impossibility for a given listing market to obtain or calculate the indicative net asset value of the FCP and / or
  - iv) a breach by a market maker of the rules applicable on this market and / or
  - v) a failure in the systems, in particular computer or electronic systems of this market.

- **Currency Risk**  
The Fund is exposed to currency risk, as the underlying securities composing the Benchmark Index may be denominated in a currency different from the Benchmark Index, or be derived from securities denominated in a currency different to that of the Benchmark Index. Changes in exchange rates may therefore adversely affect the Fund's Benchmark Index.
- **Risk that the investment objective is only partially achieved:**  
There is no guarantee that the Fund's Investment Objective will be achieved. Indeed, no asset or financial instrument will allow automatic and continuous replication of the Benchmark Index, especially if one or more of the following risks occur:
- **Index Tracking Risks**  
While the Fund seeks to track the performance of its Benchmark Index, there is no guarantee that it will achieve perfect tracking and the Fund may potentially be subject to tracking error risk, which is the risk that its returns may not track exactly those of its Benchmark Index, from time to time. In particular, for liquidity reasons, the fund may have to keep part of its net assets in cash, these assets therefore not following the evolution of the benchmark index. In addition, the Company relies on an index licence granted by a third-party index provider to use and track the Benchmark Index. In the event that the index provider terminates or varies an index licence, it will affect the ability of the Fund to continue to use and track its Benchmark Index and to meet its investment objective.
- **Risk due to a shift in tax policy:**  
Any change in the taxation legislation in any jurisdiction where the Fund is registered for sale or cross-listed, could affect the tax treatment of the Shareholders of the Fund. In the case of such an event, the Fund's Manager shall not be liable to any investor for any payment required to be made by the Company or the corresponding Fund to a fiscal authority.
- **Risk due to a shift in the underlyings' tax policy:**  
Any change in the taxation legislation in any jurisdiction of the underlyings of the Fund could affect the tax treatment of the Fund. As a result, in case of a discrepancy between the estimated and effective tax treatment applied to the Fund, the net asset value of the Fund may be affected.
- **Regulatory Risk affecting the Fund:**  
In the event of a change in the regulatory regime in any jurisdiction where the Fund is registered for sale or cross-listed, the process of subscriptions, conversions and redemptions of Shares may be affected.
- **Regulatory Risk affecting the underlyings of the Fund:**  
In the event of a change in the regulatory regime in any jurisdiction of the underlyings of the Fund, the net asset value of the Fund as well as the process of subscriptions, conversions and redemptions of Shares may be affected.
- **Risk related to events affecting the Index:**  
In the event of an event affecting the Index, the manager may, under the conditions and limits of the applicable legislation, have to suspend subscriptions and redemptions of shares in the Fund. The calculation of the Fund's net asset value may also be affected. If the event persists, the manager of the Fund will decide on the appropriate measures to be adopted, which could have an impact on the net asset value of the Fund.  
In particular, "events affecting the Index" means the following situations:
  - i) The Benchmark Index is deemed to be inaccurate or does not reflect actual market developments;
  - ii) The Benchmark Index is permanently cancelled by the Benchmark Index provider;
  - iii) The Benchmark Index provider fails to calculate and announce the Benchmark Index level;
  - iv) The Benchmark Index provider makes a material change in the formula for or method of calculating the Benchmark Index (other than a modification prescribed in that formula or method to maintain the calculation of the Benchmark Index level in the event of changes in the

- constituent components and weightings and other routine events) which cannot be efficiently replicated with reasonable costs by the Fund;
- v) One or several constituents of the Benchmark Index become illiquid, (i) their quotation being suspended on a regulated stock exchange, or (ii) becoming illiquid constituents for the securities negotiated over the counter (such as, for example, the bonds);
  - vi) The constituents of the Benchmark Index are impacted by transaction costs in relation to the execution, the settlement, or specific tax constraints, except if those costs or tax constraints are reflected in the performance of the Benchmark Index.

- **Sustainability risk**

This is the risk associated with an event or situation in the environmental, social or governance field which, if it occurs, could have a significant negative impact, actual or potential, on the value of the investment

The Fund does not promote environmental and / or social characteristics and does not have a sustainable investment objective. Furthermore, sustainability risks are not systematically integrated and do not constitute a central element of the investment strategy. The Fund thus remains exposed to Sustainability Risks and the occurrence of these risks may result in a drop in the Fund's net asset value. In general, given the theme of the index followed by the Fund, it does not take into account the negative effects of investment decisions on sustainability factors.

- **Guarantee or Protection:**

None

- **Eligible Subscribers and standard investor profile:**

- ▶ **Eligible Subscribers:**

All subscribers

- ▶ **Standard Investor Profile:**

This Fund is intended for an investor seeking long-term capital appreciation.

The units of this UCITS are not and will not be registered in the United States under the U.S. Securities Act of 1933 as amended ("Securities Act 1933") or permitted under any law of the United States. These units must not be offered, sold 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).

In view of the provisions of EU Regulation No. 833/2014, subscription to units in this fund is prohibited for any Russian or Belarusian national, any natural person residing in Russia or Belarus or any legal person, entity or body established in Russia or Belarus except to nationals of a Member State and natural persons holding a temporary or permanent residence permit in a Member State.

The amount that might be reasonably invested in this Fund depends on the investor's personal situation. To determine this amount, investors should consider their personal assets, their current financial needs and the recommended investment period as well as their willingness to accept risks or their wish to invest cautiously. It is also strongly recommended that investors sufficiently diversify their investments so as to avoid exposing themselves entirely to the risks of this Fund.

All investors are therefore invited to consult their own financial advisors about their individual situations.

### Recommended investment period:

The minimum recommended investment period is greater than 5 years.

### Method of determining and allocating income

The net profit for the year is equal to the amount of interest, arrears, dividends, bonuses and prizes, directors' fees as well as all income relating to the securities constituting the sub-fund's portfolio, increased by the proceeds of the sums currently available and less management fees. and the cost of loans.

Distributable sums are made up of:

1 ° The net result increased by retained earnings and increased or decreased by the balance of the income adjustment account;

2 ° Realized capital gains, net of costs, less realized capital losses, net of costs, recorded during the year, increased by net capital gains of the same kind recorded during previous years that have not distributed or capitalized and reduced or increased by the balance of the capital gains adjustment account.

Distributable sums are fully capitalized with the exception of those which are subject to compulsory distribution by law.

### Unit characteristics:

Unit categories	ISIN	Denomination currency	Initial net asset value	Minimum initial subscription	Minimum subsequent subscription	Listed Markets
EUR share Class	FR0014002IH8	EUR	30EUR	Primary market: 50kEUR Secondary market: 1 share	Primary market: 1 share Secondary market: 1 share	Euronext Paris & Amsterdam, Borsa Italiana
Track EUR Share Class	FR001400C2K6	EUR	10EUR	None	None	NA

### Terms of subscription and redemption:

As indicated above, the Fund's activity is organized on two markets, one "Primary" and the other "Secondary".

#### ► Institutions designated to receive subscriptions and make redemptions:

The centralization of subscription and redemption orders is delegated by the management company to: SOCIETE GENERALE.

Credit institution created on May 4, 1864 by authorization decree signed by Napoleon III. Headquarters: 29, bd Haussmann - 75009 Paris - FRANCE.

The postal address of the establishment in charge of centralizing subscription and redemption orders is: 32 rue du champ de tir - 44000 Nantes - France

#### ► In the primary Market:

The primary market is the market through which new Fund units are subscribed and / or redeemed for cash.

For the listed share (EUR Share Class):

On this market, subscriptions must exclusively relate to a minimum of 50kEUR depending on the currency of the category of unit for the minimum initial subscription and to a minimum of 1 unit (s) for minimum subsequent subscriptions. Redemptions are made with a minimum of 50kEUR depending on the currency of the unit category.

For all the share classes:

Subscription/redemption orders for shares in the Fund will be processed by the Depositary from 9:00 am to 3:30 pm (Paris time), every day that the Fund's net asset value is to be published, provided that prices can be quoted for a significant proportion of the Benchmark Index components (hereinafter a "Primary Market Day") and will be executed at the net asset value on the Primary Market Day, hereinafter the "reference NAV". Subscription/redemption requests submitted after 3:30 pm (Paris time) on a Primary Market Day will be processed as if received from 9:00 am to 3:30 pm (Paris time) on the following Primary Market Day. Orders to subscribe for or redeem shares in the Fund must be for a whole number of shares and for a minimum amount of 50,000 euros.

Orders will be executed in accordance with the table below:

D	D	D: the net asset value calculation day	D+1 business day	D+5 business days (maximum)	D+5 business days (maximum)
Clearance before 03:30 p.m. of subscription orders <sup>1</sup>	Clearance before 03:30 p.m. of redemption orders <sup>1</sup>	Execution of the order on D at the latest	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

1) Unless another cut-off time is agreed with your financial institution.

### Subscriptions and redemptions

Subscription and redemption orders will be executed in cash and will be executed on the basis of the reference NAV.

### Delivery and settlement

Settlement/delivery of subscriptions and redemptions shall be completed within five French business days following the date the NAV is established.

### Date and frequency of net asset value calculation

The net asset value will be calculated and published daily, provided that at least one exchange on which the Fund's shares are listed is open and that orders placed in the primary and secondary markets can be funded.

The Fund's net asset value is calculated using the Benchmark Index's closing price.

The net asset value of each unit category denominated in a currency other than the accounting currency (if applicable) is calculated using the exchange rate between the accounting currency and that of the relevant unit category, using the rate of change WM Reuters applicable on the day of the Reference NAV.

### ► **In the secondary market : this section only concerns the listed share (EUR Share Class)**

#### A. COMMON PROVISIONS

For any purchase or sale of shares in the Fund executed directly on an exchange on which the Fund is admitted or will be admitted for continuous trading, no minimum purchase or sale amount is required other than that which may be required by the relevant exchange(s).

Shares in a listed fund that are purchased on the secondary market cannot generally be directly sold back to that fund. Investors must therefore buy and sell their shares or units on a secondary market



through an intermediary (e.g. a broker) and may consequently incur costs. Furthermore, there is a possibility that investors may pay more than the indicative net asset value when buying shares or units and receive less than the indicative net asset value when selling shares or units.

If the stock market value of a listed fund's shares or units differs significantly from their indicative net asset value, or if trading in the fund's share or units is suspended, investors may be authorised, subject to the conditions set forth below, to redeem their units on the primary market directly from the fund, without being subject to the minimum redemption amount requirement set forth herein in the section entitled "SUBSCRIPTION AND REDEMPTION FEES (charged only on primary market transactions)".

The Management Company shall decide whether to allow such primary market redemptions and for how long, on the basis of the following criteria for assessing the significance of a market disruption:

- The suspension or strong disturbance of secondary trading on a given exchange is relatively frequent
- The link between the market disruption and secondary market operators (such as the default of one or more of the Market Makers of a given exchange, or a breakdown or malfunction of an exchange's IT or operating systems), excluding a disruption caused by a source external to the secondary exchange on which the Fund's shares are traded, such as an event that affects the liquidity and valuation of all or some of the Benchmark Index's components
- Any other objective circumstance that could adversely affect the fair treatment and/or the interests of the Fund's shareholders.

In such an event, the subscription and redemption of units will be subject to the fees presented in the section entitled "Subscription and Redemption Fees (charged only on primary market transactions)", which serve to cover the Fund's transaction costs.

In such exceptional cases when redemption in the primary market is allowed, the Management Company shall post on its website the procedure that investors must observe to redeem their shares or units in the primary market. The Management Company shall also make this procedure available to the market undertaking that handles trading in the Fund's shares.

## B. SPECIFIC PROVISIONS

### **a) If the Fund's shares are listed on Euronext Paris, as indicated in the "Key Information" section, investors should note the following rules**

#### Negotiability of shares and information about the financial institutions acting as Market Makers:

The shares are freely negotiable on the Euronext Paris regulated market under the following conditions and pursuant to the applicable laws and regulations.

The Fund's shares will be listed on a specific trading list, the rules for which are defined in the following instructions published by Euronext Paris SA:

- Instruction No. 4-01 " Universal Trading Platform Manual"
- Appendix to Instruction N4-01 (Appendix to the Euronext Market Trading Manual
- Instruction No. 6-04 "Documentation to be provided when filing a listing application for an ETF, ETN, ETV and open-ended undertakings for collective investment other than ETFS"

Pursuant to article D 214-22-1 of the French monetary and financial code the units or shares of undertakings for collective investments in transferable securities may be admitted to trading, provided that these undertakings have a system to ensure that the market price of their units or shares does not differ significantly from their net asset value. Under Euronext Paris SA's rules trading in the Fund's shares is also subject to a 'reservation threshold' of 3% above or below the Fund's indicative net asset value or "iNAV" (see the "Indicative Net Asset Value" section), as published by Euronext Paris SA and updated on an estimated basis during trading in accordance with the change in the Benchmark Index.

To comply with Euronext Paris SA's reservation threshold requirement the Market Makers will ensure that the market price of the Fund's shares does not differ from the Fund's indicative Net Asset Value by more than 3% (see the section entitled "Indicative net asset value").

Euronext Paris SA may suspend trading in the Fund's shares pursuant to the terms of its operating rules, if the aforementioned reservation threshold limit is exceeded.

Euronext Paris SA will also suspend trading in the Fund's shares in the following cases:

- the Benchmark Index is no longer traded or calculated
- Euronext Paris SA cannot obtain the Benchmark Index's level
- Euronext Paris SA cannot obtain the Fund's net asset value

In accordance with the terms and conditions governing admission to trading on Euronext Paris, the Market Makers undertake to provide market-making services for the Fund's shares as soon as they are admitted to trading on the Euronext Paris exchange.

In particular, the Market Makers undertake to carry out market-making operations by maintaining a significant presence in the market, which initially entails the setting of a bid/ask spread.

The obligations of the Fund's Market Makers will be suspended in the following cases:

- the Benchmark Index is no longer traded or calculated
- if trading is substantially disrupted, for example due to a widespread shift in prices or an event that makes normal market making impossible.

#### Indicative Net Asset Value:

Euronext Paris SA will publish, each Trading Day (as defined below) during trading hours, the Fund's indicative net asset value (hereinafter "iNAV"). The iNAV is a measure of the intra-day value of the Fund's net asset value based on the most recent data. The iNAV is not the value at which investors buy and sell shares in the Fund on the secondary market.

A "**Trading Day**" is a day on which Euronext is normally open and on which the Benchmark Index is normally published.

The Fund's iNAV is a theoretical net asset value calculated every 15 seconds by BITA throughout the Paris trading day and is based on the level of the Benchmark Index. The iNAV enables investors to compare the prices that the Market Makers offer on the market with the theoretical value calculated by BITA.

The iNAV will be calculated every day that the net asset value is calculated and published.

For the calculation of the Fund's iNAV during the Paris trading session (from 9:05 am to 5:35 pm), BITA will use the Benchmark Index value.

If one or more stock exchanges on which the Benchmark Index's constituent equities are listed are closed (on a public holiday as indicated on the TARGET calendar), and if the iNAV cannot be calculated, trading in the Fund's shares may be suspended.

The Fund's Management Company, will provide BITA with all the financial and accounting data it needs to calculate the Fund's iNAV and in particular:

- The day's estimated net asset value
- The official net asset value of the previous business day
- The level of the Benchmark Index on the previous business day.

These data will serve as a basis for BITA's calculations to determine the Fund's iNAV in real time every Trading Day.

Additional information about the indicative net asset value of a share listed on an exchange may, in accordance with the terms and limits set by the relevant market undertaking, be provided on this exchange's website. This information is also available on the Reuters or Bloomberg pages dedicated to the particular share.

b) If the Fund's shares are listed on an exchange other than Euronext Paris, as indicated in the "Key Information" section, investors should note the following

Investors wishing to acquire shares in the Fund or obtain more information regarding the market-making terms that govern the listing and trading of shares on the types of exchanges indicated in the "Key Information" section are advised to familiarise themselves with the guidelines laid down by the relevant market undertaking in compliance with local regulations, and to seek if necessary the assistance of their usual broker(s) for executing trades on the relevant exchange(s).

- **Cost and Fees:**

**Subscription and redemption of fees:**

Subscription and redemption fees increase the subscription price paid by the investor, while redemption fees decrease the redemption price. Fees are retained by the Fund to compensate for its costs incurred in investing or liquidating the assets. Fees not paid to the Fund revert to the Management Company, the distributor, etc.

- **On the Primary Market:**

FEES PAYABLE BY THE INVESTOR, DEDUCTED WHEN SUBSCRIPTIONS OR REDEMPTIONS ARE MADE	BASIS	RATE
<b>SUBSCRIPTION FEE NOT RETAINED BY THE FUND</b>	Net asset value X number of units	MAXIMUM OF 3% ON EACH CASH SUBSCRIPTION
<b>SUBSCRIPTION FEE RETAINED BY THE FUND</b>	Net asset value X number of units	MAXIMUM 0.25%
<b>REDEMPTION FEE NOT RETAINED BY THE FUND</b>	Net asset value X number of units	MAXIMUM OF 3% ON EACH CASH REDEMPTION
<b>REDEMPTION FEE RETAINED BY THE FUND</b>	Net asset value X number of units	MAXIMUM OF 0.25%

The management company implements an adjustable rights policy on a daily basis in order to pass the real costs of adjusting the portfolio to primary market participants, in particular in the event that subscription / redemption orders are placed in opposite directions on the same net asset value or when the size of an order allows the manager to reduce execution costs.

- **Exemption from fees:**

The Management Company is exempt from paying subscription fees not retained by the Fund or redemption fees not retained by the Fund.

The nature of these fees is detailed in the section describing subscription and redemption arrangements.

- **On the secondary market: this section only concerns the listed share (EUR Share Class)**

Purchases and sales on the secondary market do not incur any subscription or redemption fees. Orders for the purchase or sale of units may be placed in any market where the Fund is traded, through an approved broker. Nevertheless, placing a stock market order will trigger costs over which the Management Company has no influence (e.g. broker's commission on stock-market orders to buy or sell units charged by the investor's broker).

The distribution of this Prospectus, and the purchase or sale of Fund units, may be subject to restrictions in certain countries, as may the purchase or sale Fund units. This Prospectus is not an offer or solicitation by any person in any country where such offer or solicitation would be illegal or where the person making it would not meet the applicable statutory conditions or directed to any person to whom it would be illegal to make such a solicitation.

- **Administrative and management fees:**

With regard to the ETF unit, no costs will be directly invoiced to the Fund other than regulatory operational costs (i.e. custody and valuation costs, costs relating to market making, administration costs of the index tracked by the ETF, the costs linked to the official listing of the ETF, registration and listing costs of the Fund, customer and distributor information costs and other operating costs and regulatory services).

Concerning the other units, these administrative and management fees cover all costs billed directly to the Fund, with the exception of transaction costs. Transaction costs include intermediary costs (broker's fees, etc.) and the turnover commission, if any, that might be charged by the Depository.

In addition to operating and management costs, other costs billed to the Fund may be added (see summary below):

- Outperformance commissions. These reward the management company when the fund exceeds its objectives.
- Movement commissions.

*For more details of the fees actually billed to the Fund, refer to the key investor information document.*

<b>COSTS BILLED TO THE FUND</b>	SHARE CLASSES	BASIS	RATE STRUCTURE
<b>FINANCIAL MANAGEMENT FEES</b>	EUR	NET ASSETS	0%
	TRACK EUR	NET ASSETS	<b>3% MAXIMUM INCLUDING TAX</b>
<b>OPERATING FEES AND OTHER SERVICES (REGULATORY OPERATIONAL FEES)</b>	EUR	NET ASSETS	<b>3.50% MAXIMUM INCLUDING TAX</b>
	TRACK EUR	NET ASSETS	NONE
<b>MAXIMUM INDIRECT FEES (COMMISSIONS AND MANAGEMENT FEES)</b>	EUR	NET ASSETS	NONE
	TRACK EUR	NET ASSETS	NONE
<b>MOVEMENT COMMISSION</b>	All	Levy on each transaction	NONE
	TRACK EUR	Levy on each transaction	NONE
<b>COMMISSION DE SURPERFORMANCE</b>	EUR	NET ASSETS	NONE
	TRACK EUR	NET ASSETS	NONE

The following fees may be added to the fees billed to the Fund:

- Exceptional legal costs related to recovery of the debts of the Fund;
- Costs related to fees payable by the Management Company to the AMF in connection with managing the Fund.

Warning:

The tax treatment applicable to amounts distributed by the Fund or to its unrealized or realized capital gains or losses depends on the tax laws applicable to the individual investor's tax position and country of tax residence and/or on the jurisdiction in which the Fund holds assets.

Some income distributed by the Fund to unitholders residing outside France may be subject to withholding tax in France. We recommend that you consult your tax adviser on this issue.

Investors should also note that the Investment Income Taxation Directive specifies certain tax obligations taxation for Fund representatives and agents and on certain unitholders.

Other regulations specifying similar obligations may be introduced in jurisdictions outside the European Union. In principle, under that Directive, and potentially under comparable regulations that might be adopted elsewhere, the payment of interest (which may include the proceeds of the sale, redemption or repurchase of Fund units by certain unit-holders) may in certain circumstances be disclosed to the local tax authorities.

Investors are invited to refer to the Fund's Annual Report for further information.

## 4. Commercial Information

Unitholders are informed of any changes affecting the Fund in accordance with the procedures defined

by the French Market Regulator (Autorité des Marchés Financiers, AMF): individual information or by any other method (financial notice, interim report, etc.)

Financial notices may be published in the press and/or on the website

The Prospectus for the Fund, the latest annual and periodic documents, and the NAV of each category of units shall be sent, within one week, on written request from the investor to:

Melanion Capital – 17 Avenue Georges V 75008 Paris, France

The Management Company provides investors with information on how the criteria for compliance with social, environmental and governance quality objectives are taken into account in its investment policy upon request and, in the Fund's annual report.

The transparency policy is available on request from the Management Company and information about the asset composition of the Fund is available on request from the Management Company and on its website where it is published with a delay of at least three stock market days.

In addition, the Management Company may directly or indirectly send the breakdown of Fund assets to unitholders who are classified as professional investors by the ACPR, the AMF or equivalent European authorities, for the sole purpose of calculating regulatory requirements under the Solvency II Directive. This data will be sent, if applicable, within a period of no less than 48 hours after publication of the net asset value.

Further details are available from the Management Company.

- **Indicative Net Asset Value (concept related to the listed share (EUR Share Class)):**

The indicative net asset value ("iNAV") is published by the stock exchange during trading hours on every day the Fund's NAV can be calculated and published.

A Trading Day is a business day on which the Fund's NAV can be calculated and published.

The iNAV is the Fund's instantaneous theoretical market value at a given moment, used as a reference price by market-makers and day traders. It is calculated for each market in which the Fund units are listed and traded.

The iNAV is automatically and continuously updated throughout the days when Fund units are listed for trading.

In case of closure of one or more stock exchanges on which the securities included in the Melanion Bitcoin Exposure Index are listed (e.g. for a public holiday as defined in the Target calendar), when the iNAV cannot accordingly be calculated, trading in both Fund unit categories may be suspended.

On Euronext Paris, the "iNAV" is published every 15 seconds throughout the Paris trading session (09:00 to 17:35). The "iNAV" history is published continuously on the Euronext Paris website (euronext.com) and by most financial information providers (Reuters, Bloomberg and others).

Reservation thresholds are set by applying a 3% variation on either side of the iNAV of both Fund unit categories, as published by Euronext Paris SA and provisionally updated during each trading session according to the variation of the Melanion Bitcoin Exposure Index .

Regulation (EU) 2019/2088 on sustainability disclosure in the financial services sector (known as the "Sustainable Finance Disclosure Regulation")

As a financial market player, the Fund's management company is subject to Regulation 2019/2088 of 27 November 2019 on the publication of information on sustainability in the financial services sector (known as the "Disclosure Regulation"). This Regulation establishes harmonized rules for financial market participants relating to transparency with regard to the integration of sustainability risks (Article 6 of the Regulation), the consideration of negative impacts in terms of sustainability, the promotion 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 condition that, if it occurs, could have an actual or potential material adverse effect on the value of the investment. Sustainable investment is investment in an economic activity that contributes to an environmental objective, measured for example by means of key resource efficiency indicators relating to the use of energy, renewable energies, raw materials, water and land, in terms of the production of waste and greenhouse gas emissions or in terms of the effects on biodiversity and the circular economy, or an investment in an economic activity that contributes a social objective, in particular an investment which contributes to the fight against inequalities or which promotes social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities, for provided that such investments do not cause material harm to any of these objectives and that the companies in which the investments are made have apply good governance practices, in particular with regard to sound management structures, relations with staff, remuneration of competent staff and compliance with 22 / 26 tax obligations.

At the date of writing the prospectus, the fund is managed according to an investment process that does not integrate ESG factors, nor does it promote ESG characteristics, and has no specific sustainable investment objective.

## **5. Investment Rules**

In accordance with the provisions of Articles L 214-20 and R 214-1 et seq. of the Monetary and Financial Code, the asset composition rules provided for by the Monetary and Financial Code and the risk dispersion rules applicable to this UCITS must be complied with at all times. If these limits are exceeded beyond the control of the management company or following the exercise of a subscription right, the management company's priority objective will be to remedy this situation, taking into account the interests of the unitholders of this UCITS.

## **6. Global Risk**

Commitment calculation method

## **7. Asset Valuation and Accounting Rules**

- **Principle**

General accounting conventions are applied in compliance with the following principles:

- Continuity of trading,
- Consistency of accounting methods from one year to the next,
- Independent financial years.

The standard method for recognizing assets in the accounts is the historic cost method, except for portfolio valuation.

- **Asset Valuation Rules:**

The net asset value per unit is calculated in accordance with the following valuation rules:

- Securities traded on a regulated market are valued at the closing price the day before the day on which the net asset value is calculated. When these securities are traded on several regulated markets at the same time, the closing price used is that observed on the regulated market on which they are traded.

However:

- Securities for which a price has not been recorded on the valuation date or for which the price has been corrected, are valued at their probable trading value as estimated by the Management Company. The Independent Auditor is informed of these valuations and their justification when conducting audits.
- Except in the case of major transactions, negotiable debt instruments and similar securities are valued using an actuarial method; the rate used is the rate of equivalent securities issues adjusted, when necessary, by a difference that is representative of the intrinsic features of the security issuer. However, negotiable debt instruments with a residual maturity of three months or less will be valued according to the linear method unless they are particularly volatile. The procedures for the application of these rules are set by the Management Company. In accordance with the instructions of the French Market Regulator (AMF), negotiable debt instruments (other than Treasury Notes) are valued as indicated below:
  - Short-term securities (3 months or less): valued at cost price, with any discount or premium spread over their remaining life;
  - securities with more than 3 months but not more than one year to maturity: valued at the Euribor rate published in the Official List, plus or minus a margin, based on the reputation of the issuer;
  - securities with over 1 year to maturity: valued at the equivalent BTAN rate, plus or minus a margin, based on the reputation of the issuer.
- Treasury notes are valued at the market rate, provided daily by Banque de France.
- UCITS units or shares are valued at the last known net asset value.
- Transactions on firm forward financial agreements or options traded in organised markets (French or foreign) are valued at market value according to procedures specified by the Management Company. Contracts on forward markets are valued at the settlement price.

- **Accounting Method:**

Securities entering or leaving the portfolio are booked exclude costs. Revenues are accounted for when received.

Revenues consist of:

- Income from securities,
- Dividends and interest received on foreign securities, at the foreign currency rate,
- Cash proceeds in foreign currency, loan income, and revenue from lending of securities and other investments.

The following deductions are made from these revenues:

- Management fees,
- Financial expenses and charges on the lending and borrowing of securities and other investments.

- **Equalization Account**

Income Equalization accounts ensure fair allocation of income among unit-holders, regardless of the subscription or redemption date.

## **8. Remuneration**

The Management Company has adopted the remuneration policy of Melanion Capital, to which it belongs.

Melanion Capital has implemented a remuneration policy adapted to its organization and its activities. This policy is designed to regulate practices regarding the different remunerations of employees authorized to make decisions, exercise control functions or take risks within the group.

This compensation policy has been defined with regard to the Group's economic strategy, objectives, securities and interests, to the management companies which are part of the group, to the UCITS managed by the Group's companies and their unitholders.

The objective of this policy is to discourage excessive risk-taking by specifically running contrary to the risk profile of the UCITS managed.

Furthermore, the management company has implemented suitable measures to prevent conflicts of interest.

The remuneration policy is adopted and supervised by the Board of Directors of Melanion Capital, the head company of the Melanion Capital group.

The remuneration policy is available on the site or free of charge upon written request to the management company.



# Regulations



## Section 1 – ASSETS AND UNITS

- **Article 1 – Joint-Ownership Units:**

The joint ownership rights are expressed as units, each unit corresponding to an identical share of the assets of the Fund (the "**Fund**"). Each unitholder is entitled to joint-ownership of the Fund's assets in proportion to the number of units held.

The term of the Fund is 99 years from its launch, unless it is wound up early or extended pursuant to these Regulations.

The features of the various categories of unit and their access conditions are set out in the Fund's Key Investor Information Document and Prospectus.

The different unit classes may:

- Have different arrangements for allocating revenue: (distribution or accumulation);
- Be denominated in different currencies;
- Incur different management fees;
- Be subject to different subscription and redemption fees;
- Have different nominal values;
- Be systematically hedged against risk, either partially or in full, as set out in the Prospectus. The hedging process is performed using financial instruments that reduce the impact of the hedging transactions for the Fund's other unit classes to a minimum;
- Be reserved for one or several distribution networks.

Grouping or subdivision of units is allowed.

The Management Company's governing body may, at its sole discretion, divide units by creating new units which are allocated to unitholders in exchange for existing units.

- **Article 2 – Minimum level of assets:**

Units may not be redeemed if the Fund's assets fall below the amount set out in the Regulations; should this happen, and unless the asset value has in the meantime increased above this threshold, the Management Company shall take steps to merge or unwind the relevant Fund within thirty days or it shall take one of the actions set out in Article 411-16 of the French Market Regulator's (AMF) General Regulations (transfer of UCITS).

- **Article 3 – Issue and Redemption of Units:**

Units can be issued at any time at the request of the bearers. They will be issued at their net asset value

plus, where applicable, the subscription fee.

Redemptions and subscriptions are carried out under the terms and conditions set out in the Fund's prospectus and key investor information document.

Fund units may be listed for trading in compliance with applicable laws and regulations.

Subscriptions must be paid up in full on the day of the net asset value calculation. They are be paid in cash.

Redemptions are made in cash.

Redemptions shall be settled by the issuing account holder within a maximum of five days following the unit's valuation.

If, however, under exceptional circumstances, the reimbursement requires the prior sale of Fund assets, this period may be extended but shall not exceed 30 days.

Except in the event of inheritance or a living gift, the disposal or transfer of units between unitholders, or from unitholders to a third party will be considered as a redemption followed by a subscription. If a third party is involved, the amount of the disposal or the transfer must, if applicable, be made up by the beneficiary in order to reach the minimum subscription level required by the prospectus and the key investor information document.

Pursuant to Article L. 214-8-7 of the French Monetary and Financial Code, the redemption of units by the Fund, like the issuance of new units, may be temporarily suspended by the Management Company when exceptional circumstances require it and the interest of the unitholders demands it.

If the net asset value of the Fund is less than the amount specified by the Regulations, no further units may be redeemed.

Minimum subscription conditions may apply as stipulated in the Fund's prospectus.

The Fund may temporarily or permanently, completely or partially cease to issue units pursuant to the third paragraph of Article L. 214-8-7 of the French Monetary and Financial Code in situations that objectively require the closure of subscriptions, such as when the maximum number of units has been issued, a maximum amount of assets has been reached, or a specific subscription period has expired. The triggering of this mechanism will be notified by any means to existing holders regarding its activation, the threshold and the objective situation that led to the decision to partially or completely close subscriptions. In the event of a partial closure, this notification by any means will specify explicitly the arrangements under which existing unitholders may continue to subscribe for the duration of the partial closure. Unitholders will also be notified by any means of the decision by the Fund or the Management Company either to cease the complete or partial closure of subscriptions (when they pass below the trigger threshold), or to continue it (in the event of an adjustment to the threshold or a change in the objective situation that led to the activation of the mechanism). A change in the objective situation or the trigger threshold for the mechanism must always be made in the best interests of unitholders. The notification by any means will state the precise reasons for such changes.

Clauses resulting from the U.S. Dodd-Frank Act:

The Management Company may limit or prevent the direct or indirect holding of Fund units by any person who is a "Non-Eligible Person" as defined below.

A Non-Eligible Person is:

- a U.S. Person as defined in U.S. Regulation S of the Securities and Exchange Commission
- ("SEC"); or any other person (a) who seems to be directly or indirectly in violation of the laws

and regulations of any country or any government authority, or (b) who may, according to the Fund's Management Company, cause damage to the Fund that it would not otherwise have suffered or incurred.

Management Company may:

- (i) Refuse to issue any unit if it seems that as a result of such issuance, said units would or could be held directly or indirectly by or on behalf of a Non-Eligible Person;
- (ii) At any time request that a person or entity whose name is listed in the unitholders' registry provide it with information, and a statement to that effect, indicating that such person would deem necessary to determine whether the actual beneficiary of the units is a Non-Eligible Person or not; and
- (iii) Carry out, within a reasonable timeframe, a mandatory redemption of all the [units/shares] held by a unitholder/shareholder if it seems that the latter is (a) a Non-Eligible Person and, (b) such person is the sole or joint beneficiary of the units. During such timeframe, the actual beneficiary of [the units/shares] may present comments to the competent body.

The mandatory redemption will be carried out at the latest known net asset value less, if applicable, any applicable costs, fees and dues, that will remain payable by the Non-Eligible Person.

- **Article 4 – NAV Calculation:**

The NAV of the units is calculated in accordance with the valuation rules set out in the prospectus.

- **Section 2 – Fund Operations**

- **Article 5 The Fund Manager:**

The Fund is managed by the Management Company in accordance with the guidelines defined for the Fund.

The Management Company will, at all times, act on behalf of the unitholders and it alone is entitled to exercise the voting rights attached to the securities included in the Fund.

- a) **Operating Rules:**

The instruments and deposits eligible to form part of the Fund's assets are described in the Prospectus, as are the investment rules.

- b) **Listing for trading on a regulated market and/or multilateral trading facility :**

Units may be listed for trading on a regulated market and/or multilateral trading facility in accordance with prevailing regulations. If the Fund whose units are listed for trading on a regulated market has a management objective based on an index, the Fund shall have set up a mechanism to ensure that the price of its units does not significantly differ from its net asset value.

- **Article 6 - Depositary:**

The Depositary performs the duties for which it is responsible by application of the legal and regulatory provisions in force and those contractually entrusted to it by the Management Company. It must ensure that decisions taken by the Management Company are lawful. As applicable, it shall take any prudential measures that it deems useful. It is required to notify the French Market Regulator (AMF) of any disputes with the Management Company.

- **Article 7 – Independent Auditor:**

The governing body of the Management Company appoints an Independent Auditor for a term of six financial years, after obtaining the agreement of the AMF.

It certifies that the accounts are true and fair.

The Independent Auditor's appointment may be renewed.

The Independent Auditor is required to notify the AMF as soon as is practicable of any fact or decision concerning the undertaking for collective investment in transferable securities of which the Independent Auditor has become aware in the performance of the audit and that might:

1. Constitute a breach of the legal or regulatory provisions applicable to such undertaking and that may have a material effect on its financial position, earnings or assets;
2. Adversely affect the conditions or the continuity of its operations;
3. Lead to the expression of reservations or refusal to certify the financial statements.

Asset valuations and the determination of exchange rates used in currency conversions, mergers or demergers shall be audited by the Independent Auditor.

The Independent Auditor's fees shall be set by mutual agreement between the former and the governing body of the Management Company in accordance with a schedule of work specifying the measures deemed necessary.

The Independent Auditor shall certify the circumstances underlying any interim dividend distributions.

- **Article 8 – Report and Accounts:**

At the each financial year-end, the Management Company prepares summary accounts and a report on the management of the Fund during the year ended.

The Management Company is required to prepare at least half-yearly and under the oversight of the Depository, the inventory of the Fund's assets. All the documents listed above are audited by the Independent Auditor.

The Management Company shall hold these documents for consultation by the unitholders for a period of four months from the financial year-end and shall notify the unitholders 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 at the Management Company's offices.

- Section 3 – Allocation of Distributable Sums

- **Article 9**

The distributable sums consist of:

1. The net profit plus any amounts carried forward and plus/minus the balance of income accruals;
2. Realised capital gains, net of fees, less any realised capital losses, net of fees recorded during the financial year, plus any net capital gains of the same nature recorded during prior financial years which have not been distributed or accumulated and plus/minus the balance of capital gains accruals.

The sums mentioned under 1 and 2 may be distributed, in whole or in part, independently from one another. Distributable sums are paid out within a maximum of 5 months following the fiscal year-end.

The Fund's net income is equal to the sum of interest income, arrears, bonuses and awards, dividends, directors' fees, as well as all income arising from the securities that make up the Fund's portfolio, plus the income from amounts available on a temporary basis and minus management fees and interest on loans.

The Management Company determines the allocation of any distributable income.

For each class of units, as applicable, the Fund may select for each of the sums mentioned under 1 and 2 one of the following options:

Full accumulation: distributable sums will be fully accumulated, with the exception of those amounts which are subject to compulsory distribution by law;

Full distribution: distributable amounts are fully distributed, to the nearest rounded figure;

For Funds which prefer to maintain the freedom to capitalise and/or distribute and/or carry forward any distributable sums, the Management Company decides each year how to allocate each of the amounts listed under 1 and 2.

If applicable, the Management Company may decide, during the fiscal year, to pay one or more interim dividends within the limits of the net income of each of the amounts mentioned under 1 and 2 recognised as at the date of the decision.

The specific terms of allocation of income are described in the Prospectus.

## ▪ Section 4 – Merger – Demerger – Dissolution - Liquidation

### • **Article 10 – Merger- Demerger**

The Management Company may contribute part or all of the Fund's assets to another UCITS managed by it or may split the Fund into two or more other mutual funds which it shall then manage. Bearers must be advised of future mergers or demergers one month in advance. After each transaction, new certificates will be issued stating the number of units held by each unit-holder.

### • **Article 11 – Dissolution – Extension:**

If the Fund's assets remain below the minimum level set in Article 2 for thirty days running, the Management Company shall notify the French Market Regulator (AMF) and then either arrange a merger with another mutual fund or wind up the Fund.

The Management Company may wind up the Fund early; it shall notify the unitholders of such decision and of the date after which subscription or redemption shall no longer be accepted.

The Management Company will wind up the Fund if it receives a request to redeem all its assets, if the Depositary ceases to operate and no other Depositary has been appointed, or on expiry of its term, if it is not extended.

The Management Company shall notify the French Market Regulator (AMF) by post of the winding-up date and procedure selected. It will then send the statutory auditors' report to the French Market Regulator (AMF).

The Management Company may decide, with the Depositary's consent, to extend the Fund's term. The decision must be taken at least three months before expiry of the Fund's anticipated term and the unitholders and the French Market Regulator (AMF) must be notified of such decision.

### • **Article 12 – Liquidation:**

In the event of dissolution, the Management Company or the person nominated to that effect will act as liquidator; failing that, a liquidator will be appointed by the court of law at the request of any interested party. To this end, the Management Company, or the depositary where applicable, will be granted the broadest powers to sell the 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 depositary will continue to perform their duties until the liquidation is complete.

## ▪ Section 5 – Disputes

- **Article 13 – Jurisdiction – Election of Domicile:**

Any disputes relating to the Fund that arise during the Fund's lifetime or during its liquidation, either among the unitholders or between the unitholders and the Management Company or the Depositary, shall be brought before the competent courts.

Regulation updated on: July 27, 2022