

## PROSPECTUS

*The shares or units of the fund mentioned herein ("the Fund") have not been registered under the US Securities Act of 1933 and may not be offered or sold directly or indirectly in the United States of America (including its territories and possessions), to US persons, as defined in Regulation S ("US persons").*

<b>1</b>	<b>GENERAL CHARACTERISTICS .....</b>	<b>1</b>
<b>2</b>	<b>ADMINISTRATORS.....</b>	<b>3</b>
<b>3</b>	<b>MANAGEMENT AND OPERATING PRINCIPLES .....</b>	<b>4</b>
	3.1 General characteristics .....	4
	3.2 Special provisions .....	5
<b>4</b>	<b>COMMERCIAL INFORMATION.....</b>	<b>23</b>
<b>5</b>	<b>INVESTMENT RULES.....</b>	<b>23</b>
<b>6</b>	<b>OVERALL RISK .....</b>	<b>23</b>
<b>7</b>	<b>ASSET VALUATION AND ACCOUNTING RULES .....</b>	<b>23</b>
	7.1 Valuation methods.....	23
	7.2 Method used to recognise income from fixed-income securities .....	25
	7.3 Method used to recognise expenses .....	25
<b>8</b>	<b>REMUNERATION .....</b>	<b>25</b>

### **1 GENERAL CHARACTERISTICS**

**Name:**

**GROUPAMA ETAT EURO ISR**

**Legal form and Member State in which the Fund was incorporated:**

French mutual fund (*Fonds Commun de Placement*, FCP).

**Formation date and planned term:**

2 March 2011.

Fund initially formed for a 99-year term.

## Summary of the management offer:

Unit class	ISIN code	Eligible subscribers	Distribution of distributable income	Currency of expression	Minimum initial subscription	Initial net asset value
G	FR0010973123	Reserved for the companies, subsidiaries and regional banks of Groupama Assurances Mutuelles	Accumulation and/or distribution and/or carried forward	Euro	€300,000	€10,000
ID (2)	FR0010973149	Reserved for institutional investors	Distribution and/or carried forward	Euro	One thousandth of a unit	€10,000
IC (2)	FR0011833078	Reserved for institutional investors	Accumulation	Euro	One thousandth of a unit	€10,000
MC (2)	FR0012769404	Reserved for institutional investors except UCIs or mandates managed by Groupama Asset Management or its subsidiaries	Accumulation	Euro	One thousandth of a unit	€100
ND	FR0010973172	Open to all subscribers	Distribution	Euro	1 unit	€500
NC	FR0012726511	Open to all subscribers	Accumulation	Euro	1 unit	€500
O (1) (2)	FR0010973131	Reserved for UCIs and mandates managed by Groupama Asset Management or its subsidiaries, and belonging to the Opale range	Accumulation	Euro	One thousandth of a unit	€10,000
R	FR0013279536	Reserved for investors subscribing via distributors or intermediaries providing advisory services as defined by the MiFID II European regulations, or individual portfolio management services under mandate when they are exclusively remunerated by their clients	Accumulation	Euro	One thousandth of a unit	€500

(1) Including all shareholders who subscribed to the Fund before 14/12/2016.

(2) Including all subscriptions made before 19/04/2017.

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

Investors will be sent the Fund's latest annual documents and the composition of the assets within eight business days of requesting them in writing from:

Groupama Asset Management, 25, rue de la Ville l'Evêque - 75008 Paris - France.

The documents are also available on the company's website at [www.groupama-am.com](http://www.groupama-am.com).

## Contact details:

- For corporate and institutional investors: Groupama Asset Management's Business Development Department (Sales office: +33 (0)1 44 56 76 76).

- For individual investors: your distributor (GROUPAMA ASSURANCES MUTUELLES's distribution networks; external distributors approved by Groupama Asset Management).

Further information is available, if required, from Groupama Asset Management's Business Development Department (Sales office: +33 (0)1 44 56 76 76).

## 2 ADMINISTRATORS

### Management Company

**Groupama Asset Management**, 25, rue de la Ville l'Evêque - 75008 Paris - France, a Portfolio Management Company authorised by the *Commission des opérations de bourse* now superseded by the *Autorité des marchés financiers* (French Financial Markets Authority - AMF) under number GP 93-02 on 5 January 1993.

### Depository – Custodian

**CACEIS Bank**, 1-3 place Valhubert, 75013 Paris - France, a credit institution authorised by the CECEI (now the ACPR – the French Prudential Supervisory and Resolution Authority) on 1 April 2005.

The custodian's duties, as defined by the applicable regulations, include custody of the assets, checking that the management company's decisions are lawful and monitoring UCIs' cash flows.

The custodian is independent of the management company.

The description of the delegated custodial duties, the list of representatives and sub-representatives of CACEIS Bank and information relating to conflicts of interest that may result from these delegations are available on the CACEIS website: [www.caceis.com](http://www.caceis.com).

Updated information is made available to investors upon request.

### Delegated clearing of subscriptions/redemptions for the management company

- **Groupama Asset Management**, for pure registered units.

Following collection of these orders, Groupama Asset Management will forward them to CACEIS Bank in its capacity as an affiliate of Euroclear France.

- **CACEIS Bank**, by delegation of the management company, for bearer or administered registered units.

### Institutions designated to receive subscriptions and redemptions, and responsible for respecting the clearing cut-off time indicated in the prospectus, by delegation of the management company:

- CACEIS Bank, for bearer or administered registered units.

### Fund accounting

**CACEIS Bank** is responsible for the UCI's fund accounting, which includes the clearance of subscription and redemption orders for units of the UCI. It will process these orders in partnership with Euroclear France, with which the UCI is listed, and manage the UCI's unit issuance account for bearer or administered registered units.

### Institutions appointed to receive subscriptions and make redemptions, and responsible for respecting the clearing deadlines indicated in the prospectus

- **CACEIS Bank**

- **Orange Bank** on behalf of clients for whom it provides custody-account keeping services. A credit institution authorised by the CECEI (now the ACPR) on 23 July 1999, whose registered office is 67 rue Robespierre, 93107 Montreuil Cedex, France.

### Statutory auditor

**Deloitte & Associés**, 6 Place de la Pyramide – 92909 Paris-La Défense – France

### Accounting manager

**CACEIS Fund Administration**, 1-3 place Valhubert, 75013 Paris - France, a credit institution authorised by the CECEI (now the ACPR) on 1 April 2005.

## **Distributors**

GROUPAMA Assurances Mutuelles' distribution networks (based at 8-10 rue d'Astorg, 75008 Paris, France) and external distributors approved by Groupama Asset Management.

## **Conflict of interests management policy**

In order to identify, prevent, manage and monitor conflicts of interest that result from delegations, the management company has implemented a conflict of interests management policy available on request from your usual advisor or on the Management Company's website [www.groupama-am.com](http://www.groupama-am.com).

## **3 MANAGEMENT AND OPERATING PRINCIPLES**

### **3.1 General characteristics**

#### **Characteristics of units:**

##### Type of right attached to the unit class:

Each unitholder has a right of co-ownership to the assets of the Fund in proportion to the number of units held.

##### Shareholder register and fund accounting:

Fund accounting is provided by the custodian, CACEIS Bank.

Unit administration is performed by Euroclear France.

##### Voting rights:

No voting rights are attached to the units, as decisions are taken by the Management Company.

##### Types of units:

Units are registered and/or bearer units.

##### Fractioning:

Units may be subscribed or redeemed in thousandths of a unit.

#### **Financial year-end**

The last Paris Stock Exchange trading day in December.

The first financial year-end was the last Paris Stock Exchange trading day in December 2011.

#### **Tax system**

The Fund is not subject to corporation tax. In accordance with the principle of transparency, the tax authorities consider the unitholder to be the direct owner of a share of the financial instruments and cash held in the Fund.

The tax treatment of any capital gain or income from holding shares of the Fund depends on tax provisions specific to the investor's own particular circumstances and/or on the tax provisions in the country where the investor resides. We recommend that you seek advice from your tax advisor.

The French tax system considers a switch from one unit class to another unit class to be a sale subject to capital gains tax.

### 3.2 Special provisions

#### ISIN codes of the unit classes

G unit	FR0010973123
IC unit	FR0011833078
ID unit	FR0010973149
MC unit	FR0012769404
NC unit	FR0012726511
ND unit	FR0010973172
O unit	FR0010973131
R unit	FR0013279536

#### Classification

##### **“Bonds and other debt securities denominated in euros” UCITS**

**Investment in UCIs:** up to 10% of the net assets.

#### **Investment objective:**

The Fund does not have a sustainability objective.

The Fund's investment objective is to seek to outperform its benchmark index, the Barclays Euro Aggregate Treasury index (closing price).

This objective will be implemented via a managerial approach that promotes the sustainability of issuers through an analysis of the ESG (environmental, social and governance) characteristics of the securities held in the portfolio.

#### **Benchmark index**

The benchmark is the Barclays Euro Aggregate Treasury index (closing price).

The Barclays Euro Aggregate Treasury Index is comprised of public bonds denominated in euros, at a fixed rate, rated “Investment Grade”, from eurozone countries. This index lists government bonds from 17 eurozone countries.

This index is only a point of reference. No mechanism to maintain any level of correlation to it is in place as part of the managerial approach implemented. Nevertheless, the behavioural profile of the portfolio and the index may be comparable in certain market configurations.

#### **Investment strategy**

##### Description of the strategies used

- **Portfolio composition strategy**

The Fund's investment strategy consists of using fundamental and discretionary management to select securities in the portfolio based on financial and non-financial convictions.

The Fund's initial investment universe is that of bond debt issued by States, private and quasi-public issuers in OECD countries. Since a sustainable and responsible investment (SRI) fund is involved, the non-financial analysis applied takes into account criteria relating to each environmental, social and governance factor. The Fund seeks to select the highest rated issuers within the investment universe, based on extra-financial criteria (best-in-universe approach).

SRI analysis of the Fund covers 90% of its net assets and applies to debt securities issued by private and quasi-public issuers. Consequently, 10% of the net assets may not benefit from an ESG qualitative analysis (green bonds) or a quantitative analysis.

State securities are subject to an ESG assessment, as described below.

The Fund's objective is to manage a portfolio comprising a minimum of 50% of its net assets in bonds issued by OECD Member States, supranational organisations or agencies and in secured bonds. Also included may be private-sector corporate securities rated "investment grade" at the time of acquisition (or securities deemed equivalent by the Management Company).

A minimum of 30% of the Fund's net assets will be invested in so-called "green bonds" that may be issued by States and local bodies, agencies, supranational entities and private companies.

The selection of issuers included in the portfolio by the manager is based on their own analysis, which may be based on the expertise of the internal credit analysis team, in order to optimise the risk of the issuers in the portfolio, and on credit ratings issued by external entities.

Should an issue be downgraded, the Management Company will carry out its own analysis of the credit risk associated with the selected instruments and may decide to retain the securities in question or sell them under the best possible conditions and in the best interests of investors.

The Fund's investment strategy is based on five focus areas:

1. Active management of the portfolio's overall sensitivity in particular through the use of derivatives: market expectations of changes in rates are central to the Fund's directional strategy.
2. An allocation across the various OECD countries: the Fund's manager aims to select Member States of OECD countries that will deliver the best performance, for fundamental or technical reasons such as flows of investors and graphical analyses.
3. A curve positioning strategy for each of the States, taking account of expected monetary policy, auction schedules and other flow types.
4. Portfolio diversification through inflation-indexed bonds, national and supranational agencies or covered bonds.
  - Derivative-based strategies enable the Fund's overall exposure to rates to be managed and its curve positioning to be optimised.
  - Inflation-indexed bond allocations capitalise on any expected increases in inflation.
  - Diversification into national and supranational agencies and covered bonds will be included in the portfolio when it is expected that these will outperform government bonds or where particular instances of curve or country arbitrage warrant it.
5. Integration of non-financial analysis criteria within the investment process. The non-financial analysis of securities complements the financial approach described above.

- Non-financial analysis and internal rating of sovereign issuers:

Groupama AM has developed a proprietary methodology for the internal rating of States. This non-financial rating is determined using sustainable development indicators published mainly by the World Bank and Eurostat and sorted into the three major pillars: Environmental (E), Social (S) and Governance (G). For some indicators, the latest published data may date back several years.

This rating methodology seeks to summarise a country's performance in terms of a sustainable development policy. It ranks and rates the States' ability to establish sustainable growth over the long term.

Assessment of the States is carried out according to 35 criteria belonging to the ESG pillars.

The Groupama AM Research Division calculates an ESG score for the States based on a series of indicators evaluating country performance, including:

- Environment: Carbon intensity: Carbon intensity corresponds to the total national emissions, plus the emissions corresponding to the production of all the goods and services imported into the country, as a ratio of GDP;
- Social: Long-term unemployment rate: Percentage of the working population aged 15 to 74 who have been unemployed for 12 months or more;

- Human rights: Freedom of expression and citizenship: Perception of democracy (people's ability to choose their government), freedom of expression, freedom of association and freedom of the media;
- Governance: Corruption control: Perception of corruption in the executive branch, as well as the level of State capture by elites and private interests.

Accordingly, for each of the States covered, a score is awarded against all the indicators for the E, S and G pillars:

- The country that performs the best on a given ESG criterion is awarded a score of 100;
- The country that performs the worst on the criterion is awarded a score of 1;
- The other countries are then positioned on a scale from 1 to 100.

These quantitative ratings are also taken into account in the analysis of green bonds.

- Analysis of green bonds:

In order to meet its sustainable investment objective, the Fund will invest at least 30% of its net assets in "green bonds", described as such by the issuer. An internal analysis will supplement the selection by the manager and validate the environmental benefit of the projects financed by these green bonds. Groupama AM's internal analysis methodology centres around four pillars:

- **Characteristics of the issue:** date, amount and maturity of the issue, traceability and management of funds (funds credited to a separate account, management of unallocated funds, etc.), project selection process (set-up of a specific committee, ESG risk management, and verification of compliance with the criteria set by the "**Green Bond Principles**" issued by the International Capital Market Association, which are as follows:
  - Use of proceeds
  - Process for project evaluation and selection
  - Management of proceeds
  - Reporting
- **Characteristics of the issuer:** qualitative analysis of the issuer's ESG performance (strategy, objectives, CSR policy, controversy analysis, etc.)
- **Environmental quality of projects:** assessment of projects' environmental benefits. Projects must be specifically linked to alternative energies, green buildings, energy efficiency, the circular economy, sustainable transport, agriculture and forestry, or climate change adaptation. Our analysis is based on benchmarks considered to be market standards (currently, the nomenclature and criteria of the Greenfin label).
- **Transparency:** existence and publication of a second opinion, allocation and impact report (analysis of the relevance of the impact indicators selected according to eligible project classes), allocation of funds report, analysis of quality of reporting.

Each of the four pillars is assessed according to a three-level rating system: positive/neutral/negative. If the opinion is negative on at least one of the following pillars: issuer characteristics, environmental quality of projects, and transparency, then the bond will not be classed as a green bond according to our internal methodology.

The analysis underpinning this classification is conducted upstream of the investment by Groupama AM analysts. Only bonds described as green bonds in accordance with the internal methodology qualify for investment. If the internal analysis cannot be conducted upstream, it will be conducted no later than one month after the Fund's acquisition of the bond. If the bond is not classed as a green bond, the fund manager agrees to sell the bond within three months of the analysis.

- ESG analysis of private issuers:

To obtain quantitative data on a broad range of issuers corresponding to our investment scope, the manager relies on several external non-financial data providers. This data is reworked internally by the Research team. Groupama AM favours a sectoral approach that is in keeping with the fundamental analysis of companies, by selecting the criteria to be adopted and by defining the weighting associated with each of these criteria according to Groupama AM's analysis of the key ESG issues by sector based on various indicators, including:

- Environment: Carbon intensity, green revenue share (percentage of the company's revenue generated by a technology/activity regarded as favourable to the energy and ecological transition);
- Social: Net job creation, training hours;
- Governance: percentage of companies with a majority independent board of directors or supervisory board.

The Governance pillar still represents one third of the final rating, and the weightings allocated to each criterion for the Environmental and the Social pillars are determined based on:

- the significance of the criterion as regards corporate social responsibility for the sector in question,
- its level of materiality (i.e. its financial and operational impact),
- the quality of available information.

The results of the ESG analysis conducted by Groupama AM have a major impact on the selection of issues held in the Fund's portfolio.

The Fund's portfolio is constructed so as to reflect the clear and tangible ESG commitment of Groupama AM and to meet the following objectives:

- Favours the most virtuous issuers in terms of ESG practices, with an aim to posting an ESG rating that is greater than that of the portfolio investment universe after eliminating the 20% of the lowest-rated securities.
- Helping to combat climate change through the financing of projects that favour the reduction of greenhouse gas emissions (GHG), by selecting and investing in green bonds.
- Guaranteeing a carbon intensity that is permanently lower than that of the benchmark index. The level of CO<sub>2</sub> emissions per State issuer is an important criterion in selecting securities. The manager seeks to achieve a rolling 12-month average level of CO<sub>2</sub> emissions lower than that of the benchmark index.

The integration of ESG criteria helps to limit the risk of investments negatively affecting other environmental and social objectives. Issuers are selected following a governance analysis.

- Management style:

The Fund will be actively managed and will aim to achieve a performance corresponding to its management objective, taking into account the risk criteria defined at the outset, in accordance with the process.

- Sensitivity range for the Fund and geographical area of issuers:

Interest rate sensitivity range within which the Fund is managed	Geographical area of issuers of securities or the underlying securitisation products	Exposure range to securities for this area*
0 to 12	Any issuer whose issues are denominated in euros	[80% - 110%]
	Any issuer whose issues are denominated in currencies other than the euro	[0% - 10%]

\* excluding exposure via derivatives



- Methodological limitations:

The ESG approach developed by Groupama Asset Management is centred on a quantitative and qualitative analysis of the environmental, social and governance characteristics of the stocks in which it invests. The main limitation of this analysis relates to the quality of the available information. ESG data is not yet standardised, and our analysis is ultimately based on qualitative and quantitative data issued by the companies themselves, with some of this data being incomplete and non-homogeneous. To overcome this limitation, Groupama Asset Management focuses its analysis on the most important aspects of the sectors and companies analysed.

At the portfolio level, the limitation identified stems from the fact that issuers are selected according to different approaches: internal qualitative analysis is carried out with regard to green bonds, while quantitative analysis is carried out according to different methodologies with regard to States and companies. However, the overall coherence of the portfolio is ensured through the fact that the selection of issuers in the portfolio is, as a rule, based on their position with regard to environmental issues

For more detailed information on the rating methodology used to assess the Fund and its limitations, investors are invited to refer to the Groupama Asset Management Transparency Code available on the website [www.groupama-am.com](http://www.groupama-am.com).

#### Assets, excluding embedded derivatives

- Debt securities and money market instruments:

- Legal form of the instruments used:

The Fund's assets are composed of fixed-rate bonds, Euro Medium Term Notes (EMTNs), negotiable debt securities, fixed-rate annual interest treasury bills, variable-rate bonds and inflation-indexed bonds, subject to a limit of 110% of the net assets.

- Breakdown of private/public debt:

Securities will be selected from sovereign issuers in the OECD, the public sector and similar. Also included may be up to 50% of the net assets of private-sector corporate securities rated "investment grade" at the time of purchase (or securities deemed equivalent by the Management Company).

The selection of issuers included in the portfolio by the manager is based on their own analysis, which may be based on the expertise of the internal credit analysis team, in order to optimise the risk of issuers in the portfolio and on credit ratings issued by external entities.

Should an issue be downgraded, the Management Company will carry out its own analysis of the credit risk associated with the selected instruments and may decide to retain the securities in question or sell them under the best possible conditions and in the best interests of investors.

- Duration

The duration of the selected securities must ensure that the Fund's overall sensitivity is maintained between 0 and 12.

- Holding of units or shares of foreign UCITS, AIFs or investment funds:

The Fund may hold up to 10% of its net assets in units or shares of:

- French or European UCITS,
- French AIFs.

The UCIs may be those managed directly or indirectly by Groupama Asset Management.

External UCIs will be subjected to a close review of their management procedures, performance, risk and any other qualitative or quantitative criteria that allow the short, medium or long-term quality of management to be assessed.

Trackers (listed index entities) may be used.

#### Derivative instruments and securities with embedded derivatives

The use of derivatives is authorised subject to a maximum commitment of 100% of the Fund's net assets and therefore has an impact on both the performance and the investment risk of the portfolio.

The Fund may also invest up to 100% of its net assets in securities with embedded derivatives. The strategy for the use of securities with embedded derivatives is the same as that described for derivatives.

These instruments will allow for:

- the Fund's overall exposure to interest rate risks to be increased or decreased;
- arbitrage strategies to be put in place; and,
- the portfolio's exchange rate risk to be fully or partially hedged.

In this respect, they increase management flexibility. Derivatives are therefore used to maximise performance.

The manager may trade in the derivatives detailed in the table below:

Risks in which the manager intends to trade		Types of markets targeted			Types of trades			
Equities		Regulated	Organised	Over the counter	Hedging	Exposure	Arbitrage	Other
Interest rates	X							
Foreign exchange	X							
Credit	X							
Derivative instruments used								
Futures								
- Equities								
- Interest rates		X	X		X	X	X	
- Currencies		X	X		X			
Options								
- Equities								
- Interest rates		X	X	X	X	X	X	
- Foreign exchange				X	X			
Swaps								
- Equities								
- Interest rates				X	X	X	X	
- Inflation				X	X	X	X	
- Foreign exchange				X	X			
- Total return swaps								
Forward currency contracts								
Forward currency contracts				X	X			
Credit derivatives								
- Single entity credit default swaps and basket default swap(s)				X	X			
- Indices								
- Index options								
- Structuring for basket credit derivatives (CDO tranches, iTraxx tranches, FTD, NTD, etc.)								
Other								
- Equity								
Securities with embedded derivatives								
Warrants								
- Equities								
- Interest rates								
- Foreign exchange								
- Credit								
Subscription warrants								
- Equities								
- Interest rates								
EMTN								
- EMTN (structured)				X	X	X		
- Convertible bond		X	X			X		
- Contingent convertible bond (CoCo bonds)								
- Callable or puttable bond		X	X			X		
- Credit Link Notes (CLN)								

- Counterparty selection criteria

Counterparties on over-the-counter instruments (over-the-counter derivatives and effective management techniques) are selected through a specific procedure in force within the Management Company; the main selection procedures relate to their financial solidity, their expertise on the types of transactions envisaged, general contractual clauses and specific clauses relating to techniques for mitigating counterparty risk.

Deposits:

Up to 100% of the Fund's net assets may be in the form of deposits at a credit institution based in a Member State of the European Union or the European Economic Area, with a term of less than 12 months, as a store of cash to be used as needed.

Cash borrowings:

On an exceptional and temporary basis, the manager may borrow cash up to the value of 10% of the Fund's net assets from the custodian.

Temporary purchases and sales of securities:

- Types of transactions:
  - Repurchase or reverse repurchase agreements in compliance with the French Monetary and Financial Code
  - Securities lending and borrowing in compliance with the French Monetary and Financial Code
- Types of trades:
 

They shall mainly aim to allow:

  - The adjustment of the breakdown of sensitivity on the curve
  - Arbitrages of curves
  - The investment of liquidities.
- Types of assets that may be subject to such transactions:
  - Negotiable debt securities
  - Bonds.
- Level of use envisaged and authorised:
  - Temporary purchases of securities:
    - Maximum use: 100% of net assets
    - Expected use: approximately 10% of net assets.
  - Temporary sales of securities:
    - Maximum use: 70% of net assets
    - Expected use: approximately 10% of net assets.
- Criteria determining counterparty selection:
 

These transactions will be concluded with credit institutions with a minimum rating of "Investment Grade" or deemed equivalent by the management company, whose registered office is located in a member country of the OECD.

For further information on the conditions of remuneration of temporary sales and purchases of securities, please refer to the "Charges and fees" section.

Given that the Fund uses derivatives and securities with embedded derivatives and may borrow cash, and undertakes transactions involving temporary purchases and sales of securities, the portfolio's total level of exposure will not exceed 200% of the net assets.

#### **Information relating to the Fund's financial guarantees:**

The GROUPAMA ETAT EURO ISR UCITS complies with the investment rules for financial collateral that are applicable to UCITS and does not apply specific criteria in addition to these rules.

In the context of temporary purchases and sales of securities and derivatives transactions traded over-the-counter, the Fund may receive securities or cash as collateral. It may receive securities such as corporate bonds and/or government bonds) or cash in the context of temporary purchases and sales of securities and derivatives transactions traded over the counter.

Only the cash collateral received will be reused, via reinvestment in accordance with the rules applicable to UCITS.

All of these assets received as collateral must be issued by high-quality, liquid, diversified issuers with low volatility that are not an entity of the counterparty or its group.

These assets received as collateral will be retained by the custodian of the UCITS on specific accounts. Management of margin calls will be undertaken on a daily basis.

The discounts applied to collateral received take into account the credit quality, the price volatility of the securities and the result of stress tests carried out in accordance with the regulatory provisions.

The level of financial guarantees and the discount policy are determined in accordance with the regulations in force.

#### **Risk profile**

##### Risk of capital loss:

Investors will be exposed to the risk of not recovering the full amount of the capital they invest, since the Fund does not offer any capital guarantee.

##### Credit risk:

This is the potential risk that the credit rating of an issuer of securities invested in the portfolio may fall, or that such an issuer may default, which would have an adverse effect on the price of the security and lead to a decline in the Fund's net asset value.

Credit risk also exists in connection with temporary purchases and sales of securities if, at the same time, the counterparty for these transactions defaults and the issuer of the collateral received declares a default on the debt securities received as collateral.

Credit risk exists, but is minimised by the soundness of our process for managing short-term investments.

Any new issuer is analysed by our financial and credit analysts and then approved by a committee which determines the list of approved issuers.

##### Interest rate risk:

Investors are exposed to interest rate risk: Investors in bonds or other fixed-income securities may experience negative performance due to interest rate fluctuations. Generally, the prices of fixed-income securities rise when interest rates fall, and fall when interest rates rise.

##### Use of derivatives:

The use of derivatives may increase or decrease the volatility of the Fund by respectively increasing or decreasing its exposure. In the event of adverse market developments, the net asset value may fall.

#### Counterparty risk:

Counterparty risk exists and relates to the conclusion of temporary purchases and sales of securities. It consists of assessing the risks for an entity in terms of its commitments with respect to the counterparty with which such transactions have been concluded. This refers, therefore, to the default risk of the counterparty, causing it to default on payment. This risk is, however, limited by the provision of collateral.

#### Risks associated with securities financing transactions and the management of collateral:

The use of temporary purchases and sales of securities may increase or reduce the Fund's net asset value.

The risks associated with these transactions and with the management of collateral are credit risk, counterparty risk and liquidity risk as defined above.

Furthermore, the operational or legal risks are very limited due to an appropriate operating process, the custody of collateral received by the custodian of the Fund and the supervision of this type of operation through framework agreements concluded with each counterparty.

Finally, the risk of collateral reuse is very limited since only cash collateral is reused in accordance with the regulations relating to UCITS.

#### Liquidity risk associated with securities financing transactions:

In the event that a counterparty defaults on a securities financing transaction, this risk will apply to collateral by way of the sale of securities received.

#### Exchange rate risk:

This is the risk associated with holding securities denominated in a currency other than the euro. Exchange rate risk remains ancillary insofar as the manager uses forward financial instruments to hedge against risk.

#### Sustainability risks:

Sustainability risks, comprising those on the Major ESG Risks list and the coal policy, are taken into account during decision-making as follows:

- Major ESG Risks list: this list comprises companies whose ESG risks could call into question their economic and financial viability, or could have a significant impact on the company's value and brand, thus resulting in a significant fall in market value or a significant downgrade by rating agencies. The securities comprising this list are excluded from the Fund.
- Coal policy: the purpose of this policy is to reduce the exposure of the Fund to climate risks, including both physical and transition risks. In order to limit these risks, an excluded stocks list has been defined according to the criteria stipulated in Groupama AM's general policy, which is available at [www.groupama-am.com](http://www.groupama-am.com). These stocks are excluded.

#### **Management policy for liquidity risk:**

Management of the UCI's liquidity risk is undertaken as part of an analysis and monitoring procedure that relies on internal tools and methodologies in place within Groupama Asset Management.

This procedure has two main components:

- monitoring the portfolio's liquidity profile based on an asset liquidity assessment in view of current market conditions; and
- monitoring the Fund's ability, whether in current or worsening market conditions, to deal with significant redemption scenarios.

#### **Guarantee or protection:**

None

**Eligible subscribers and typical investor profile:**

G unit	Reserved for companies, subsidiaries and regional banks of Groupama Assurances Mutuelles.
IC unit	Reserved for institutional investors
ID unit	Reserved for institutional investors
MC unit	Reserved for institutional investors excluding UCIs or mandates managed by Groupama Asset Management or its subsidiaries
NC unit	Open to all subscribers
ND unit	Open to all subscribers
O unit	Reserved for UCIs and mandates managed by Groupama Asset Management or its subsidiaries, and belonging to the Opale range
R unit	Reserved for investors subscribing via distributors or intermediaries providing advisory services as defined by the MiFID II European regulations, or individual portfolio management services under mandate when they are exclusively remunerated by their clients

The GROUPAMA ETAT EURO ISR mutual fund is aimed at investors seeking an actively managed portfolio of medium-term bonds invested primarily in sovereign, public sector or similar issuers in the OECD and securities issued by private sector companies.

The recommended investment period is more than three years.

Proportion suitable for investment in the Fund: all bond investments are subject to interest rate fluctuations and private corporate issuers carry a risk of default. The amount that might reasonably be invested in the GROUPAMA ETAT EURO ISR mutual fund should be determined with reference to the investor's personal situation. To determine this, investors should take into consideration their personal wealth, their needs at the present time and over the next three years and the level of risk they are willing to accept.

Investors are also advised to diversify their investments sufficiently to avoid being exposed exclusively to the risks of this Fund.

Investment diversification: this is achieved by investing in different classes of assets (money market instruments, bonds and equities) and in specific sectors and different geographical regions so as to spread risk more effectively and optimise portfolio management by taking market trends into account.

### Income calculation and appropriation methods

G unit	Accumulation and/or distribution. Interim dividend payments are authorised. Option to carry forward earnings in full or in part.
IC unit	Accumulation.
ID unit	Distribution. Interim dividend payments are authorised. Option to carry forward earnings in full or in part.
MC unit	Accumulation.
NC unit	Accumulation
ND unit	Distribution.
O unit	Accumulation.
R unit	Accumulation.

### Characteristics of units

	Initial net asset value	Currency of expression	Fractioning
G unit	€10,000	Euro	Thousandths of a unit
IC unit	€10,000	Euro	Thousandths of a unit
ID unit	€10,000	Euro	Thousandths of a unit
MC unit	€100	Euro	Thousandths of a unit
NC unit	€500	Euro	Thousandths of a unit
ND unit	€500	Euro	Thousandths of a unit
O unit	€10,000	Euro	Thousandths of a unit
R unit	€500	Euro	Thousandths of a unit



**Subscription and redemption procedures:**

	Minimum initial subscription	Subscriptions	Redemptions (1)
G unit	€300,000	In amounts or in thousandths of a unit	In amounts or in thousandths of a unit
IC unit	One thousandth of a unit	In amounts or in thousandths of a unit	In amounts or in thousandths of a unit
ID unit	One thousandth of a unit	In amounts or in thousandths of a unit	In amounts or in thousandths of a unit
MC unit	One thousandth of a unit	In amounts or in thousandths of a unit	In amounts or in thousandths of a unit
NC unit	One unit	In amounts or in thousandths of a unit	In amounts or in thousandths of a unit
ND unit	One unit	In amounts or in thousandths of a unit	In amounts or in thousandths of a unit
O unit	One thousandth of a unit	In amounts or in thousandths of a unit	In amounts or in thousandths of a unit
R unit	One thousandth of a unit	In amounts or in thousandths of a unit	In amounts or in thousandths of a unit

(1) Total redemption of units will only be possible as a quantity and not as an amount.

Orders are executed in accordance with the table below:

D	D	D	D+1 business day	D+3 business days	D+3 business days
Clearing of subscription orders before 11 a.m. (1)	Clearing of redemption orders before 11 a.m. (1)	Execution of the order no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

(1) Unless you have agreed a specific deadline with your financial institution.

Subscriptions and redemptions are cleared by CACEIS Bank and may be received every bank business day up to 11.00 a.m.:

- at CACEIS Bank for those clients for whom it provides custody-account keeping services, for bearer or administered registered units,
- and at Groupama Asset Management for pure registered units.

They are executed on an unknown net asset value with settlement on D+3 Euronext Paris.

Investors are reminded that when sending instructions to distributors other than the institutions indicated above, they must take into account the fact that the cut-off time for clearing imposed by CACEIS Bank applies to these distributors. Consequently, these distributors may stipulate an earlier cut-off time of their own, which may precede the time mentioned above, so that instructions can be sent to CACEIS Bank in time.

The Fund's net asset value is calculated every business day, except on official public holidays. The reference calendar is that of the Paris Stock Exchange.

The net asset value may be obtained from: [www.groupama-am.com](http://www.groupama-am.com).

## Charges and fees:

### Subscription and redemption fees

Subscription fees increase the subscription price paid by the investor, while redemption fees decrease the redemption price. Fees paid to the Fund are used to compensate the Fund for the expenses incurred in the investment or divestment of its assets. The remaining fees accrue to the Management Company, distributor, etc.

Unit class	Base	Subscription fee not accruing to the Fund	Subscription fee accruing to the Fund	Redemption fee not accruing to the Fund	Redemption fee accruing to the Fund
G unit	Net asset value x Number of units or shares	Maximum rate: 4% incl. tax	None	None	None
IC unit	Net asset value x Number of units or shares	Maximum rate: 2.75% incl. tax	None	None	None
ID unit	Net asset value x Number of units or shares	Maximum rate: 2.75% incl. tax	None	None	None
MC unit	Net asset value x Number of units or shares	Maximum rate: 2.75% incl. tax	None	None	None
NC unit	Net asset value x Number of units or shares	Maximum rate: 2.75% incl. tax	None	None	None
ND unit	Net asset value x Number of units or shares	Maximum rate: 2.75% incl. tax	None	None	None
O unit	Net asset value x Number of units or shares	Maximum rate: 4% incl. tax	None	None	None
R unit	Net asset value x Number of units or shares	Maximum rate: 4% incl. tax	None	None	None

### Operating and management fees:

These fees include all those charged directly to the Fund, except for transaction charges. Transaction charges include intermediary fees (e.g. brokerage fees, stock market taxes, etc.) and the transaction fee, if any, that may be charged, particularly by the custodian and the Management Company.

The following fees may be charged in addition to the operating and management fees:

- Performance fees. These reward the Management Company if the Fund exceeds its objectives. They are therefore charged to the Fund;
- Transaction fees charged to the Fund;

For more information regarding the ongoing charges invoiced to the Fund, please refer to the “Charges” section of the Key Investor Information Document (KIID).

Unit class	Management fees, indirect costs and performance fees				Commissions de mouvement		
	Base	Financial management fees and administrative fees external to the Management Company (statutory auditor, custodian, distribution, lawyers, etc.)	Maximum indirect fees (management fees and charges)	Performance fee	Base	Fee accruing to the custodian	Fee accruing to the management company
G	Net assets	Maximum rate: 0.90% incl. tax	Not significant (1)	None	Deducted from each transaction	Transferable securities: None Foreign exchange transaction: €10 incl. tax OTC product: from €10 to €150* incl. tax *Depending on complexity	By type of instrument (2)
IC	Net assets	Maximum rate: 1.00% incl. tax	Not significant (1)	None	Deducted from each transaction	Transferable securities: None Foreign exchange transaction: €10 incl. tax OTC product: from €10 to €150* incl. tax *Depending on complexity	By type of instrument (2)
ID	Net assets	Maximum rate: 1.00% incl. tax	Not significant (1)	None	Deducted from each transaction	Transferable securities: None Foreign exchange transaction: €10 incl. tax OTC product: from €10 to €150* incl. tax *Depending on complexity	By type of instrument (2)
MC	Net assets	Maximum rate: 1.00% incl. tax	Not significant (1)	None	Deducted from each transaction	Transferable securities: None Foreign exchange transaction: €10 incl. tax OTC product: from €10 to	By type of instrument (2)

Unit class	Management fees, indirect costs and performance fees				Commissions de mouvement		
	Base	Financial management fees and administrative fees external to the Management Company (statutory auditor, custodian, distribution, lawyers, etc.)	Maximum indirect fees (management fees and charges)	Performance fee	Base	Fee accruing to the custodian	Fee accruing to the management company
						€150* incl. tax *Depending on complexity	
NC	Net assets	Maximum rate: 1.10% incl. tax	Not significant (1)	None	Deducted from each transaction	Transferable securities: None Foreign exchange transaction: €10 incl. tax OTC product: from €10 to €150* incl. tax *Depending on complexity	By type of instrument (2)
ND	Net assets	Maximum rate: 1.10% incl. tax	Not significant (1)	None	Deducted from each transaction	Transferable securities: None Foreign exchange transaction: €10 incl. tax OTC product: from €10 to €150* incl. tax *Depending on complexity	By type of instrument (2)
O	Net assets	Maximum rate: 0.10% incl. tax	Not significant (1)	None	Deducted from each transaction	Transferable securities: None Foreign exchange transaction: €10 incl. tax OTC product: from €10 to €150* incl. tax *Depending on complexity	By type of instrument (2)

Unit class	Management fees, indirect costs and performance fees				Commissions de mouvement		
	Base	Financial management fees and administrative fees external to the Management Company (statutory auditor, custodian, distribution, lawyers, etc.)	Maximum indirect fees (management fees and charges)	Performance fee	Base	Fee accruing to the custodian	Fee accruing to the management company
R	Net assets	Maximum rate: 1.10% incl. tax	Not significant (1)	None	Deducted from each transaction	Transferable securities: None Foreign exchange transaction: €10 incl. tax OTC product: from €10 to €150* incl. tax *Depending on complexity	By type of instrument (2)

(1) The UCIs held in the portfolio account for less than 20%.

(2) Refer to the fee schedule below "Transaction fees accruing to the Management Company"

- Transaction fees accruing to the management company

Transaction fee accruing to the management company By type of instrument	Base	Maximum rate and/or scale
Equities and equivalent	Deducted from each transaction	0.10% incl. tax
Convertible bonds	Deducted from each transaction	0.05% incl. tax
Corporate bonds	Deducted from each transaction	0.05% incl. tax
Government bonds	Deducted from each transaction	0.03% incl. tax
Exchange rate, including over the counter (OTC)	Deducted from each transaction	0.005% incl. tax
Interest rate swaps (IRS)	Deducted from each transaction	0.02% incl. tax
Credit default swaps (CDS) and asset-backed securities (ABS)	Deducted from each transaction	0.03% incl. tax
Listed derivatives (per lot)	Deducted from each transaction	€2

Any exceptional legal costs related to recovery of the Fund's receivables may be added to the fees detailed above.

The contribution to the AMF will also be borne by the Fund.

Income from transactions involving the temporary purchase and sale of securities accrues to the Fund. Charges, costs and fees in respect of these transactions are charged by the custodian and paid by the Fund.

#### Selection of intermediaries:

Managers have a list of authorised brokers. A Broker Committee meets every six months to assess managers' evaluations of brokers and the entire value chain (analysts, middle office, etc.) and to justify the inclusion of new brokers and/or the exclusion of others.

Based on their expertise, each manager reports on the following criteria:

- Quality of the order execution prices,
- Liquidity offered,
- Broker's longevity,
- Quality of analysis, etc.

## 4 COMMERCIAL INFORMATION

All information relating to the GROUPAMA ETAT EURO ISR mutual fund may be obtained by writing to:

Groupama Asset Management  
25, rue de la Ville l'Evêque - 75008 Paris – France  
or by visiting the website at: [www.groupama-am.com](http://www.groupama-am.com)

The Fund's net asset value is available at [www.groupama-am.com](http://www.groupama-am.com)

The latest annual and interim documents are available to unitholders on request from:

Groupama Asset Management  
25 rue de la Ville l'Evêque - 75008 Paris - France

Subscription and redemption requests are cleared by CACEIS Bank at the following address:

CACEIS Bank  
1-3 place Valhubert 75206 Paris cedex 13 – France

Information on environmental, social and corporate governance criteria (ESG):

Further information regarding the way the Management Company takes ESG criteria into account is available in the Fund's annual report and on the Groupama Asset Management website, [www.groupama-am.com](http://www.groupama-am.com).

As at the date of publication, this Fund does not carry the SRI label.

## 5 INVESTMENT RULES

The Fund complies with the regulatory ratios applicable to UCITS funds, as defined by the French Monetary and Financial Code.

## 6 OVERALL RISK

The overall risk of this Fund is determined using the commitment method.

## 7 ASSET VALUATION AND ACCOUNTING RULES

The Fund complies with the accounting rules prescribed by current regulations, in particular those applying to UCITS funds.

The accounting currency is the euro.

### 7.1 Valuation methods

#### **Securities traded on a French or foreign regulated market, including ETFs**

Securities traded in the eurozone: Last price on the valuation day.

For fixed-income products, the Management Company reserves the right to use consensus prices when these are more representative of the market value.

Foreign securities denominated in currencies other than the euro are converted into euros at the exchange rate in Paris on the valuation day.

Transferable securities for which a price has not been calculated on the valuation day are valued at the last officially published price. Securities for which the price has been adjusted are valued at their probable market value under the responsibility of the UCI's manager or the Management Company.

### **UCI shares and securities**

Units or shares of UCIs are valued at their last known net asset value.

### **Negotiable debt securities**

Negotiable debt securities (short-term and medium-term marketable securities, bonds issued by financial companies, bonds issued by specialist financial institutions, etc.) are valued in accordance with the following rules:

- On the basis of the actual market price;
- In the absence of a meaningful market price, by applying an actuarial method, the reference rate being that of equivalent issues of securities plus, where applicable, a differential reflecting the intrinsic characteristics of the issuer.

### **Over-the-counter transactions**

Transactions concluded on an over-the-counter market, authorised by the regulations applicable to UCIs, are valued at their market value.

### **Futures and options contracts**

- Futures contracts on derivatives markets are valued at the day's settlement price.
- Options on derivatives markets are valued at the day's closing price.

### **Temporary purchases and sales of securities**

- Temporary purchases of securities:  
Securities received under repurchase agreements or borrowed securities are entered in the long portfolio under "Receivables representing securities received under repurchase agreements or borrowed securities" at the amount provided for in the contract, plus interest receivable.
- Temporary sales of securities:  
Securities sold under repurchase agreements or loaned securities are entered in the portfolio and valued at their current value.  
The debt representing the securities transferred under repurchase agreements such as in the case of loaned securities is entered in the short portfolio at the value set in the contract plus accrued interest. On settlement, the interest received or paid is recognised as income from receivables.
- Financial collateral and margin calls:  
Collateral received is valued at the market price (mark-to-market).  
Daily fluctuation margins are calculated using the difference between the valuation at market price of collateral provided and the valuation at market price of collateralized instruments.

Generally, financial instruments for which the price has not been recorded on the valuation day or for which the price has been corrected are valued at their likely trading price as determined by the SICAV's board of directors or management board or, for mutual funds, by the Management Company. Such valuations and their supporting documentation are communicated to the statutory auditor during audits.

### **Valuation methods for off-balance sheet commitments:**

- Futures contracts are valued at nominal value x quantity x settlement price x (currency)
- Options contracts are valued at their underlying equivalent
- Swaps



- Asset-backed or non-asset-backed swaps  
Commitment = nominal value + valuation of the fixed-rate leg (if fixed/variable) or the variable-rate leg (if variable/fixed) at the market price.
- Other swaps  
Commitment = nominal value + market value (if the Fund has adopted a synthetic valuation method).

## **7.2 Method used to recognise income from fixed-income securities**

Coupons received method.

## **7.3 Method used to recognise expenses**

Transactions are accounted for excluding costs.

## **8 REMUNERATION**

Details of the updated remuneration policy are available on the Groupama Asset Management website:  
[www.groupama-am.com](http://www.groupama-am.com)

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