

# Nord Est Fund

FCP under the laws of Luxembourg

## Azionario Stati Uniti

a sub-fund of Nord Est Fund, under the laws of Luxembourg

SIMPLIFIED  
PROSPECTUS  
JULY 2007

This Simplified Prospectus contains key information about the Nord Est Fund - Azionario Stati Uniti (the "Sub-Fund"), a sub-fund of Nord Est Fund (the "Fund") which is an unit trust capable of having multiple sub-funds. The Fund is managed by Nord Est Asset Management (the "Management Company") which was incorporated on 19<sup>th</sup> May 1999. The Fund is registered under Part I of the Luxembourg Law of 2002 and qualifies as an undertaking for collective investment in transferable securities ("UCITS"). The rights and duties of the investors are laid down in the Prospectus. For more information and definitions, please consult the Fund's most recent Prospectus. For details about the Fund's holdings please see the Fund's most recent annual or semi-annual report and accounts. Copies of these documents can be obtained free of charge at the registered office of the Management Company at any time.

The distribution of this Simplified Prospectus and the offering of the Units may be restricted in certain jurisdictions. This Simplified Prospectus is not an offer or solicitation in any jurisdiction where such offer or solicitation is unlawful, where the person making the offer or solicitation is not authorised to make it or a person receiving the offer or solicitation may not lawfully receive it.

### Investment policy and objectives

The objective of this Sub-Fund is to achieve capital appreciation by investing primarily in undervalued equity securities from issuers domiciled in the USA. Undervalued equity securities are securities of those companies, which the Investment Manager considers to be trading at a significant discount to their long-term value as estimated by the Investment Manager.

The assets of the Sub-Fund will be invested in accordance with the principle of risk distribution, in equities, and equity-type securities.

Furthermore, the Sub-Fund may invest to a limited extent (no more than 30% of its assets) in convertible bonds and bonds with equity warrants attached denominated in any currency without having regard to the country of origin of the issuer and it may invest in equities issued by companies outside of the USA.

### Investment Manager

The Investment Manager is Franklin Templeton Investments Corp. Franklin Templeton Investments Corp., which is fully held by Franklin Resources Inc. whose capital amounted US\$ 6.684,7 millions as of September 30, 2006, is organised under the laws of Canada and has its registered office at 200 King Street West, Suite 1400, Toronto, Ontario, Canada M5H 3TA.

### Currency

EUR

### Risk profile

The value of the Sub-Fund's portfolio is determined daily on the basis of the market value of each of the equities contained therein and which represent the major companies operating in the United States, characterised by high profitability, a solid financial structure, and by a successful management. Moreover, the Sub-Fund may invest to a limited extent (no more than 30% of its assets) in convertible bonds and bonds with warrants attached on shares denominated in any currency, regardless of the country of origin of the issuing body, and may invest in shares issued by companies domiciled outside the United States. Currency hedging by the portfolio is not one of the principal aims of the Sub-Fund.

**VISA 2007/28000-2632-16-PS**

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

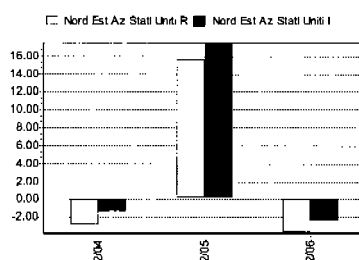
Luxembourg, le 17/07/2007

Commission de Surveillance du Secteur Financier

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Annual performance of Sub-Fund 2003 - 2006 in %



The graph and the table above show the past performance of the Category I and Category R Classes of Units in EUR. Performance is calculated NAV to NAV, with gross income reinvested and excluding initial charge. Past performance is not necessarily indicative to future performance results of the Fund or of the Investment Manager.

**Investor profile** This is a Sub-Fund suitable for investors with a good knowledge of the United States capital markets and who are not afraid of Dollar fluctuations in relation to the Euro. It is also suitable for expert investors who wish to pursue well-defined investment objectives by sector in that geographical area. The investor must have confidence in a possibly high volatility of the transferable securities in portfolio and be able to withstand temporary losses of considerable proportions, with the hypothesis of the capital being immobilized even for 5-6 years.

Classes of shares / units	Class	ISIN Code	Currency	Cap/Distr	Initial minimum/subsequent subscription	Notes
	NORD EST AZ STATI UNITI I	LU0140695858	EUR	Cap	500.00 0.00	
	NORD EST AZ STATI UNITI R	LU0140695346	EUR	Cap	300.00 0.00	

## How to buy, sell and convert shares / units

### How to buy Units

Subscription of the Categories of Units of the Sub-Fund may be performed by means of a single payment subscription procedure ("Single Payment Subscription Procedure") or, if available in the country of subscription through a pluriannual investment plan ("Pluriannual Investment Plan"):

#### i) Single Payment Subscription Procedure:

Unitholders may subscribe their Category of Units with the Management Company, with the Custodian, or with any authorised bank or sales agent, subject to the approval of the Management Company.

Applications for subscription must be made by sending a subscription request in a form determined by resolution of both the Management Company and the Custodian.

The subscription price per Unit will be based on the Net Asset Value per Unit as of a Valuation Day, provided that the application for subscription must be received by the Management Company prior to 2 p.m. Luxembourg time, on the Business Day preceding the Valuation Day; applications received after that time will be processed on the next Valuation Day.

In addition to the subscription fees applicable to the subscriptions, other exceptional fees may be charged to subscribers in favour of the authorised bank or sale agent who has sold the Units.

In addition, the Management Company may direct the Custodian to reject any application for Units.

**The attention of Unitholders is hereby drawn to the fact that Category I may only be subscribed by investors who are qualified to hold such a Category.**

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## How to buy, sell and convert shares / units

### Minimum amount of the first investment

The minimum amount of the first investment in the Sub-Fund is set out at EUR 500.

### Payment procedure

Units will normally be allotted only after receipt of the subscription application together with cleared monies or a document evidencing irrevocable payment within four business days of the Valuation Day. In the case of payment by cheque, Units will be allotted only after confirmation of the cheque's clearance. Certificates, if requested, will be issued only upon payment of the subscription moneys.

The Fund will accept payment in any major freely convertible currency not later than three Business Days after the relevant Valuation Day. If the payment is made in a currency different from the Reference Currency, any currency conversion cost shall be borne by the Unitholder.

### Anti-money laundering

Investors will be required to provide identity evidence required by any applicable laws and regulations to anti-money laundering prevention. Subscriptions shall not be processed if such information is not provided.

### ii) Pluriannual Investment Plan:

Investors may also subscribe through a Pluriannual Investment Plan which may be subject to other conditions than Single Payment Subscription, provided that these conditions are not less favourable or more restrictive for the Fund. The Board of Directors may notably decide that in addition to the subscription fee applicable to single payment subscriptions, other exceptional fees may be charged to the subscriber of Plan in favour of the authorised bank or sale agent who has placed the Plan. Terms and conditions of such Plan are offered to the subscribers in separate leaflets offered to subscribers in countries, if any, where the Plan is available.

### How to sell Units

Unitholders may at any time request redemption of their Units of any Category.

Applications for redemption must be made by sending to the Management Company, or to any bank and sales agent appointed by it for this purpose, a redemption request in a form determined by resolution of both the Management Company and the Custodian. If issued, Unit certificates in proper form and all necessary documents to fulfil the redemption as specified on the redemption request form should be enclosed with such application.

Redemption requests by a Unitholder who is not a physical person must be accompanied by a document evidencing authority to act on behalf of such Unitholder or power of attorney which is acceptable in form and substance to the Management Company. Redemption requests made in accordance with the foregoing procedure shall be irrevocable, except that a Unitholder may revoke such request in the event that it cannot be honoured for any of the reasons specified in the Chapter "Determination of the Net Asset Value per Unit" of the Prospectus.

Investors may also redeem their Units by means of a redemption Plan. Terms and conditions of such Plan are fully described in separate leaflets offered to subscribers in countries where such Plan is available. In that case, exceptional fees may be charged to the investor in favour of the authorised bank or sale agent who received the redemption request.

Redemptions will be made at the Net Asset Value per Unit on a Valuation Day of the relevant

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## **How to buy, sell and convert shares / units**

Category, provided that the application for redemption must be received by the Management Company prior to 2 p.m. Luxembourg time, on the Business Day preceding the Valuation Day; applications received after that time will be processed on the next Valuation Day. It is not currently proposed that a redemption fee shall be levied.

Payment of the redemption price will be made by the Custodian or its agents not later than one week from the relevant Valuation Day or at the date on which the transfer documents have been received by the Management Company, whichever is the later date. Payment for such Category of Units will be made in the Reference Currency of the Sub-Fund. Payment for such Category of Units may also be made in such other currency that may be freely purchased with the Reference Currency and that a Unitholder applying for redemption of its Category of Units may request, provided that any currency conversion cost shall be deducted from the amount payable to such Unitholder.

The Management Company may approve the redemption of Category of Units by means of securities of the corresponding Sub-Fund provided that the holder accepts such a redemption in specie, that such a redemption is not made to the detriment of the remaining holders of Category of Units of the relevant Sub-Fund and provided that the equality amongst holders of the Sub-Fund is at all time maintained. A valuation report, the cost of which is to be borne by the relevant holder, will be drawn up by the auditor ("réviseur d'entreprises agréé") of the Fund and will be deposited with the Court and available for inspection at the registered office of the Fund.

In addition, the Management Company may direct the Custodian to redeem at any time Units held by Unitholders who are excluded from purchasing or holding such Units .

The Management Company may compulsory redeem the entire unitholding of any Unitholder who would not comply with the minimum holding request.

## **How to convert Units**

Units of one Category may be converted into Units of another Category within the same Sub-Fund and Units of a Category of one Sub-Fund may be converted into a Category of Units of another Sub-Fund.

Unitholders are entitled to convert some or all of their Category of Units on any day which is a Valuation Day for both relevant Sub-Funds or Categories, by making application to the Management Company or to any bank and sales agent appointed by it for this purpose, including the relevant information

Applications for conversion must reach the Management Company by 2 p.m. Luxembourg time, on the Business Day preceding the Valuation Day. All applications for conversion reaching the Management Company after the time specified will be executed on the following Valuation Day at the net asset value then prevailing.

A request for conversion may be refused by the Management Company if the amount to be converted in one Sub-Fund or Category of Units is inferior to the applicable Minimum Subscription Amount, or if the implementation of such request would leave the Unitholder with a balance of Units in the previously held Sub-Fund or Category amounting to less than the applicable Minimum Subscription Amount. The above minimum amounts do not take into account any applicable conversion charges. Conversion will also be refused if the calculation of the Net Asset Value of one of the relevant Sub-Funds is suspended.

**The Unitholder's attention is drawn to the fact that they may only convert to Categories in respect they meet the definition.**

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Subscription, Redemption and Conversion fees	Class	Subscription fee	Redemption fee	Conversion fee	Notes
	NORD EST AZ STATI UNITI I	N/A	N/A	N/A	
	NORD EST AZ STATI UNITI R	max 3.00%	N/A	N/A	
Fees and Expenses					
Management fee	NORD EST AZ STATI UNITI I	The Fund shall pay monthly a management fee to the Management Company at an annual rate defined hereunder calculated on the Sub-Fund's average Net Asset Value of each month. The annual rate for Category I : of maximum 0.65%.			
	NORD EST AZ STATI UNITI R	The annual rate for Category R : of maximum 2.10%.			
Central Administration and Custodian fees	Custodian fee: a variable fee (as percentage of the average of the net assets of the Sub-Fund) between 0.05% and 0.15% per annum.  Administration fee: 0.07% calculated on the average of the net assets of each sub-fund per annum but subject to a minimum annual fee of EUR 22,000.				
Other Charges and Expenses	The Fund bears its other operational costs, including but not limited to, Domicile, Registrar and Transfer Agent fees, costs of buying and selling securities, transaction fees and correspondent bank charges relating to delivery, receipt of securities or to foreign exchange transaction, government charges, fees for its legal and tax advisers and audit fees.				
Total Expense Ratio (TER)	NORD EST AZ STATI UNITI I	1.35%			
	NORD EST AZ STATI UNITI R	2.86%			
TER = ratio of gross amount of expenses of the UCITS to its average net assets (excluding transaction fees) of the elapsed year and might be exceeded during the current year.					
Taxation					
Fund's taxation	Under the laws of Luxembourg as currently in effect, the Fund is not liable to any Luxembourg tax on profits or income, nor are distributions (if any) paid by the Fund liable to any Luxembourg withholding tax. No Luxembourg tax is payable on the realised or unrealised capital appreciation of the assets of the Fund. The Fund is, however, liable in Luxembourg to a tax of 0.05% per annum of its Net Asset Value, such tax being payable quarterly on the basis of the Net Asset Value of the Fund at the end of the relevant quarter. Nevertheless, this annual rate will be reduced to 0.01% for the Sub-Fund(s) and/or Category which investment policy(ies) qualify with the criteria resulting (1) from the Grand-Ducal Regulation of April 14, 2003 adopted pursuant to Article 129 of the Law (2) from Article 129 of the Law.				
Taxation					
Investor's taxation	Unitholders are not subject to any capital gains, income or withholding tax in Luxembourg to the extent that they are not domiciled, resident or do not have a permanent establishment in Luxembourg. A Unitholder should consult its tax adviser to determine if and to what extent its jurisdiction of domicile may subject such Unitholder to tax.  <u>EU Tax Considerations for individuals resident in the EU or in certain third countries or dependent or associated territories</u>  The Council of the EU has adopted on 3rd June 2003 Council Directive 2003/48/EC on the				

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<b>Taxation</b>	
<b>Investor's taxation</b>	<p>taxation of savings income in the form of interest payments (the "Directive"). Under the Directive, Member States of the EU will be required to provide the tax authorities of another EU Member State with information on payments of interest or other similar income paid by a paying agent (as defined by the Directive) within its jurisdiction to an individual resident in that other EU Member State. Austria, Belgium and Luxembourg have opted instead for a tax withholding system for a transitional period in relation to such payments. Switzerland, Monaco, Liechtenstein, Andorra and San Marino and the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean, have also introduced measures equivalent to information reporting or, during the above transitional period, withholding tax.</p> <p>The Directive has been implemented in Luxembourg by a law dated June 21, 2005 (the "Law").</p> <p>Dividends distributed by a Sub-Fund will be subject to the Directive and the Law if more than 15% of such Sub-Fund's assets are invested in debt claims (as defined in the Law) and proceeds realised by unitholders on the redemption or sale of Units in a Sub-Fund will be subject to the Directive and the Law if more than 40% of such Sub-Fund's assets are invested in debtclaims (such Sub-Funds, hereafter "Affected Sub-Funds").</p> <p>The applicable withholding tax will be at a rate of 15% from July 1, 2005 until June 30, 2008, 20% from July 1, 2008 until June 30, 2011 and 35% from July 1, 2011 onwards.</p> <p>Consequently, if in relation to an Affected Sub-Fund a Luxembourg paying agent makes a payment of dividends or redemption proceeds directly to a unitholder who is an individual resident or deemed resident for tax purposes in another EU Member State or certain of the above mentioned dependent or associated territories, such payment will, subject to the next paragraph below, be subject to withholding tax at the rate indicated above.</p> <p>No withholding tax will be withheld by the Luxembourg paying agent if the relevant individual either (i) has expressly authorised the paying agent to report information to the tax authorities in accordance with the provisions of the Law or (ii) has provided the paying agent with a certificate drawn up in the format required by the Law by the competent authorities of his State of residence for tax purposes.</p> <p>The Fund reserves the right to reject any application for Units if the information provided by any prospective investor does not meet the standards required by the Law as a result of the Directive.</p> <p><i>The foregoing is only a summary of the implications of the Directive and the Law, is based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and investors should therefore seek advice from their financial or tax adviser on the full implications for themselves of the Directive and the Law.</i></p>
<b>Valuation Day</b>	The Net Asset Value will be calculated daily (Valuation Day). If this day is not a bank business day in Luxembourg or in Italy, the next following bank business day will be the Valuation Day.
<b>Publication of the NAV</b>	The subscription and redemption prices on any Valuation Day will be obtainable at the registered office of the Management Company, as from the Business Day succeeding the Valuation Day.
<b>Portfolio Turnover Rate</b>	50.55%

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<b>Other important information</b>	<p>Management Company: Nord Est Asset Management, 5, allée Scheffer, L-2520 Luxembourg</p> <p>Distributors: Cassa Centrale delle Casse Rurali Trentine- BCC Nord Est S.p.A. Via Segantini 5 IT-38100 Trento, Italy</p> <p>Federazione Veneta delle Banche di Credito Cooperativo Via Longhin, 1 IT-35129 Padova, Italy</p> <p>Central administration: CACEIS Bank Luxembourg, 5, allée Scheffer, L-2520 Luxembourg</p> <p>Custodian: CACEIS Bank Luxembourg, 5, allée Scheffer, L-2520 Luxembourg</p> <p>Supervisory authority: Commission de Surveillance du Secteur Financier, Luxembourg</p> <p>Auditor: PricewaterhouseCoopers S.à r.l., 400 route d'Esch, L-1471 Luxembourg</p>
<b>For further information</b>	<p>For further information please contact the Registered Office or refer to the Fund's complete Prospectus, CACEIS Bank Luxembourg, 5 allée Scheffer, L-2520 Luxembourg.</p>