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Open ended investment company  
S14 Capital Funds Sicav

PROSPECTUS  
JULY 12, 2023

Undertaking for Collective Investment in Transferable Securities (UCITS) under the European  
Union Directive 2009/65/EU

**This document has been translated in English for convenience only and is not binding.  
In case of any legal dispute, the French version should prevail.**



# I. General Characteristics

▪ **Name and head office.**

S14 CAPITAL FUNDS  
10 Impasse Grassi, 13100 Aix-en-Provence, France

▪ **Legal form and member state in which the fund was established.**

A French open-ended investment company (Société d'investissement à Capital Variable – SICAV) incorporated under French law as public limited company (Société Anonyme - SA)

▪ **Date of creation and expected term.**

The open-ended investment company was established on 9 February 2022 for a period of 99 years.

▪ **Summary of the management offer and list of sub-funds.**

At the date of this prospectus, the open-ended investment company comprises the following sub-fund:

Sub-fund S14 Capital Funds Absolute Return								
Share class	Features							
	ISIN code	Income Distribution		Listing Currency	Target Investors	Minimum initial investment	Minimum subsequent investment	Original Net Asset Value
		Net result	Net realised capital gains					
F	FR0014004I16	Capitalisation		EUR	All investors, especially institutional, professional and assimilated investors <sup>1</sup>	EUR 100.000 <sup>3</sup>	One thousandth of a share	EUR 1.000
I	FR0014004I24	Capitalisation		EUR	(i) Institutional, professional, and assimilated investors, (ii) Investors subscribing through distributors or intermediaries <sup>2</sup>	EUR 250.000 <sup>3</sup>	One thousandth of a share	EUR 1.000
IR	FR0014004I08	Capitalisation		EUR	(i) Institutional, professional, and assimilated investors, (ii) Investors subscribing through distributors or intermediaries	EUR 100.000 <sup>3</sup>	One thousandth of a share	EUR 1.000
S	FR0014004HZ8	Capitalisation		EUR	(i) Employees of the management company (including general directors and administrators) whether they invest directly or indirectly through the management company's fund or through holding companies controlled by them. (ii) UCIs and mandates managed by the management company.	One share <sup>3</sup>	One thousandth of a share	EUR 1.000

<sup>1</sup> Up to a total amount outstanding of the share class of EUR 20 million; above this amount, the applicable subscription fee of 5% may be charged.

<sup>2</sup> Subscription to this share is reserved for investors subscribing via intermediaries providing independent advice or discretionary management services or multi-managers or distributors who:

- are subject to national legislation prohibiting any rebates.
- or provide an investment service within the meaning of the European MIF 2 regulation and for which they are remunerated exclusively by their client.

<sup>3</sup> The minimum amount of the first subscription does not apply to S14 Capital, nor to the UCITS it manages, nor to the entities of its group. They may therefore subscribe for one thousandth of a share from the first subscription.

▪ **Indications of where the prospectus, the articles of association and the latest annual and interim reports can be obtained.**

The latest annual and periodic documents, as well as the composition of the assets, are sent within eight working days, upon written request by the shareholder, to the management company:

S14 CAPITAL  
10 Impasse Grassi  
13100 Aix-en-Provence



The prospectus and articles of association are also available at the above address or on the website: <https://www.s14capital.com>.

## II. Stakeholders

### ▪ Financial manager

S14 CAPITAL  
Limited liability company  
Head Office: 10 Impasse Grassi, 13100 Aix-en-Provence (France)

Management company approved by the Financial Markets Authority (Autorité des marchés financiers - AMF) under the identification number: **GP-19000041**.

The board of directors of the Fund has appointed S14 Capital as manager of the fund and of all existing and future sub-funds of the fund (the "management company").

The management company manages the assets of the Fund in the exclusive interest of the shareholders. It has the appropriate level of financial, technical, and human resources to offer these investment services.

### ▪ Custodian and liability manager

CACEIS BANK  
Public limited company - "Société Anonyme" (SA)  
Head office: 89-91 rue Gabriel Péri - 92120 Montrouge (France)  
Postal address : 12 place des États-Unis - CS 40083 - 92549 Montrouge Cedex (France)

Main activity: Bank and investment services provider approved by the CECEI on April 1, 2005.

The depositary has three types of responsibilities: controlling the regularisation of the management company's decisions (as defined in Article 22.3 of the UCITS V Directive), monitoring the UCITS cash flows (as defined in Article 22.4 of the previously mentioned directive) and safekeeping the assets of the UCITS (as defined in Article 22.5 of the previously mentioned directive). The primary objective of the depositary is to protect the interests of the shareholders of the UCITS. The depositary is independent from the management company.

The UCITS depositary is responsible for the safekeeping of the assets (as defined in Article 22.5 of the directive). To provide custody services in many states, enabling the UCITS to achieve its investment objectives, the depositary has appointed sub-custodians in states where the depositary would not have a local presence.

The description of the delegated custody functions, the list of CACEIS Bank's delegates and sub-delegates and information on conflicts of interest that may arise from these delegations are available on the CACEIS website: [www.caceis.com](http://www.caceis.com). Updated information on the above points will be sent to the investor upon request.

### ▪ Statutory Auditor

Grant Thornton, represented by M. Hervé Grondin  
Head Office : 29 rue du Pont, CS 20070, 92578 Neuilly-Sur-Seine Cedex, (France)

### ▪ Promoter

S14 CAPITAL  
Head Office : 10 Impasse Grassi, 13100 Aix-en-Provence (France)

The promoter is the institution which takes the initiative to market the Fund. The list of the promoters is not exhaustive as the Fund is admitted to circulation in Euroclear.

Therefore, some marketers may not be mandated or known to the management company.

### ▪ Delegated managers

### Accounting and administrative delegation.

#### CACEIS Fund Administration

Head office: 89-91 rue Gabriel Péri - 92120 Montrouge (France)

Postal address : 12 place des États-Unis - CS 40083 - 92549 Montrouge Cedex (France)

The services provided by the administrative and accounting manager consist in calculating the net asset value of the Fund. This net asset value, once established, is subject to validation by the Management Company prior to its publication.

The obligations of the administrative and accounting manager are obligations of means. The administrative and accounting manager undertakes to use its best efforts to prevent conflicts of interest from arising.

### Institution in charge of centralising and receiving subscription and redemption orders, by delegation from the Management Company.

#### CACEIS BANK

Public limited company (Société Anonyme - SA)

Head office: 89-91 rue Gabriel Péri - 92120 Montrouge (France)

Postal address : 12 place des États-Unis - CS 40083 - 92549 Montrouge Cedex (France)

Main activity: Bank and investment services provider approved by the CECEI on 1 April 2005.

The custodian is also responsible, by delegation from the management company, for maintaining the liabilities of the Fund, which includes centralising subscription and redemption orders for the Fund's shares and maintaining the share issue account.

#### ▪ **Members of the administrative, management and supervisory body of the fund.**

The list of the Fund's officers and their main functions is available in the Fund's annual report. This information is provided under the responsibility of each of the members mentioned.

The positions held by the latter in other companies are listed in the Fund's annual report, which is updated at the end of each financial year. The functions are indicated under the responsibility of each of the persons mentioned.

## III. Operations and management

### A. General characteristics

#### ▪ **Segregation of sub-funds**

The Fund offers investors a choice between different sub-funds, each with a different investment objective. Each sub-fund constitutes a separate pool of assets. The assets of a given sub-fund are only liable for the debts, commitments, and obligations of that sub-fund.

#### ▪ **Characteristics of the shares**

Nature of the right attached to the class of shares: each shareholder has a co-ownership right in the Fund's assets proportional to the number of shares held.

Liability management: The liabilities are managed by the custodian CACEIS BANK. The shares are administered by Euroclear France.

Voting rights: Each share gives the right to vote and to be represented at general meetings in accordance with the conditions laid down by law and the Articles of Association.

Form of shares: The shares are issued in bearer form or administered registered form.

Decimalisation of shares: The shares may be split into thousandths, known as fractions of shares.

- **Closing date**

The last day of the Paris Stock Exchange in December of each year. The closing date of the Fund's first financial year will be the last business day of December 2022.

- **Information on the tax regime**

This prospectus is not intended to summarise the tax consequences for each investor of subscribing, redeeming, holding, or selling shares in a sub-fund of the Fund. These consequences will vary according to the laws and practices in force in the country of residence, domicile, or incorporation of the shareholder, as well as according to his personal situation.

Depending on the investor's tax regime, country of residence, or the jurisdiction from which the investor invests in this Fund, any capital gains and income from the holding of shares in the Fund's sub-fund(s) may be subject to taxation.

Investors are advised to consult a tax adviser as to the possible consequences of purchasing, holding, selling, or redeeming shares in the Fund's sub-fund(s) under the laws of their country of tax residence, ordinary residence, or domicile.

The Management Company and the marketers assume no responsibility whatsoever for the tax consequences that may result for any investor from a decision to buy, hold, sell or redeem share(s) in a sub-fund of the Fund.

The Fund may offer capitalisation and distribution shares through its various sub-funds. It is recommended that each investor consult a tax adviser on the regulations applicable in his country of residence, according to the rules appropriate to his situation (natural person, legal entity subject to corporation tax, other cases, etc.). The rules applicable to French resident investors are set out in the General Tax Code.

- **Specific rules**

Measures relating to European regulations

The Fund is subject to the rules set out in the DAC 2 Directive (Directive 2014/107/CE) regarding the automatic and compulsory exchange of information for tax purposes, as transposed into French law, as well as to the treaties concluded by France allowing an automatic exchange of information for tax purposes. These rules, based on the OECD Common Reporting Standard, require the Fund to collect certain information concerning the tax residence of its Investors.

To meet the automatic information exchange requirements of this Common Reporting Standard, the Fund, the management company, or their agents may be required to collect and disclose information about the Fund's investors to third parties, including tax authorities, for onward transmission to relevant jurisdictions. Such information may include (but is not limited to) the identity of holders and their direct or indirect beneficiaries, ultimate beneficiaries and controlling persons. The investor will be required to comply with any request by the Fund, the Management Company or any of their agents to provide such information to enable them to comply with their reporting obligations. For information relating to their circumstances, investors should consult an independent tax advisor.

The Fund's CRS/DAC status is Non-reporting financial institution in the investment entity category, benefiting from the exempt collective investment scheme regime.

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

Measures relating to the US regulations

The shares have not been and will not be registered in the United States under the United States Securities Act of 1933, as amended, or admitted to trading under any US law. The shares may not be offered, sold, or transferred in the United States (including its territories and possessions and any area subject to its judicial authority). In addition, the shares may not benefit, directly or indirectly, a US Person (as defined in regulation S of the Securities Act 1933).



In this respect, investors are required to provide the Fund, the management company, or their agent, to identify US Persons within the meaning of FATCA, with information concerning their personal identity and their place of residence (domicile and tax residence) by means of tax forms (W8 BEN, W8 BEN E, etc.).

This information may be transmitted to the US tax authorities via the French tax authorities. Any failure by investors to comply with this obligation could result in a flat rate withholding tax of 30% being imposed on US source cash flows (in addition to interest and penalties). Notwithstanding the due diligence carried out by the management company in respect of FATCA, investors are advised to ensure that the financial intermediary they have used to invest in the Fund is itself a participating FFI. For further information, investors should consult a tax advisor.

The Fund's FATCA status, as defined by the intergovernmental agreement signed on 14 November 2013 between France and the United States, is Non-reporting financial institution deemed compliant (Annex II, II, B of the aforementioned agreement).

- **Policy on the selection of intermediaries**

Intermediaries and counterparties are selected through a competitive process from a predefined list. This list is drawn up according to precise selection criteria set out in the policy for the selection of market intermediaries available on the management company's website.

## B. Particular measures for the sub-fund "S14 Capital Funds - Absolute Return"

- **International Securities Identification Code (ISIN)**

Class share F :	FR0014004I16
Class share I :	FR0014004I24
Class share IR :	FR0014004I08
Class share S :	FR0014004HZ8

- **Management objective**

The investment objective of the sub-fund is to achieve an absolute performance with low correlation to the equity markets, over a recommended minimum investment horizon of three years, mainly by taking equity positions, either directly or using financial contracts.

- **Reference index**

Due to its management objective and investment strategy, no relevant benchmark can be chosen for this sub-fund.

Nevertheless, the performance of the sub-fund may be compared a posteriori with the performance delivered by the €STR index (ticker OIESTR) +100bp. This index is published by the European Central Bank and represents the overnight euro money market rate. Its evolution depends on the monetary policy conducted by the European Central Bank.

- **Investment strategy**

### Strategy used

The sub-fund is actively managed. The management team has a certain amount of discretion regarding the composition of the sub-fund's portfolio in accordance with the management objective and the investment strategy of the sub-fund.

The investment strategy is long/short equity and consists of simultaneously initiating long and short positions on companies based on their fundamentals. The investment strategy is based on a Bottom-Up and Top-Down analysis:

- At the Bottom-Up level, the management seeks to analyse precisely, through proprietary and detailed modelling, on the one hand, the competitive advantage, and barriers to entry of the companies selected in the portfolio, particularly regarding the structural changes they are experiencing within their sectors, and on the other hand, their growth prospects, their valuations, and their long-term profitability.
- At the top-down level, analysis of leading indicators and modelling of economic cycles are used to identify

the sectors and geographical areas to be favoured.

The management focuses on companies of all capitalisation sizes that it considers having good daily liquidity, thus ensuring the overall liquidity of the portfolio, and from all types of sectors, including the industry, mobility, consumer and technology stocks. The portfolio is highly diversified through a broad selection of securities. The geographical zone of intervention of the sub-fund is composed of European, North America, and Asian countries.

The risk factors of the portfolio are monitored in real time and are the subject of daily attention, in order to limit factor risk taking and maximise the search for "specific risk" alpha.

To meet its management objective, the sub-fund's net exposure to the equity markets will vary between -7% and +7%.

Long positions may be built up either through the direct purchase of financial instruments or using derivatives such as swaps, Contracts For Difference (CFD) or futures contracts. Short positions will be built up using swap, CFD or futures derivative instruments, allowing the sub-fund to be exposed to the downside of a financial instrument, a sector, or a market index.

The sum of the nominal amounts of the positions on the financial contracts used may reach up to 300% of the net assets. Depending on its assessment of market conditions, management may temporarily reduce the sub-fund's gross exposure to the equity markets to 0% of the net assets until the market environment allows it to implement its investment strategy. In the event of such exceptional market conditions, the sub-fund will then consist mainly of cash, money market instruments and/or debt securities.

The sub-fund may also invest in bonds, debt securities or money market instruments up to 100% of the net assets for cash management. These securities will be issued by public or private sector entities in all geographical areas and will be of any rating, including speculative or unrated. Lastly, the sub-fund may expose up to 100% of its net assets to equity, interest rate or credit risk through the use of instruments incorporating derivatives such as convertible bonds, callable/puttable bonds or EMTNs (Euro Medium-Term Notes).

The manager has tools for monitoring and controlling sectoral, geographical, and factorial risks. The manager uses these indicators to adjust the portfolio's weightings with a view to moderate volatility.

#### Consideration of extra-financial criteria (ESG)

The sub-fund is a financial product meeting the criteria of Article 6 of Regulation (EU) 2019/2088 on the publication of sustainability information in the financial services sector (known as the "SFDR Regulation"). It does not promote environmental, social and governance (ESG) criteria. Furthermore, sustainability risks are not systematically integrated into the investment decisions relating to this sub-fund and do not constitute a central element of the strategy implemented. The sub-fund also does not undertake to make a minimum of investments in economic activities that contribute to achieving an environmental objective within the meaning of Article 9 of Regulation (EU) 2020/852 on the establishment of a framework for sustainable investment and amending the SFDR Regulation (the "Taxonomy Regulation"). To this end, the percentage of alignment of the sub-fund's underlying investments with the Taxonomy Regulation is 0%, as no other calculation is made by the Management Company.

The sub-fund is subject to a sustainability risk within the meaning of the SFDR Regulation as defined in the risk profile of the prospectus.

The investments underlying this sub-fund do not take into account the European Union's criteria for environmentally sustainable economic activities.

#### Assets used

- Shares and equity securities

The sub-fund is invested between 0% and 100% of its net assets in equities or securities. This gives access or can give access to capital and voting rights and equivalent instruments, such as warrants, subscription rights, American Depositary Receipts (ADRs), etc..., issued by companies of any capitalization size on the markets of OECD member countries, and more specifically in European and North American countries. Exposure to the markets of emerging countries (outside the OECD) shall not exceed 15% of the net assets.

The exposure of the sub-fund to equities and equity securities from small capitalizations (less than 3 billion euros) will not exceed 15% of the net assets.

- Debt securities and money market instruments

The sub-fund invests between 0% and 100% of its net assets in bonds, debt securities and money market instruments of any rating, including speculative or unrated bonds up to a maximum of 10% of the net assets. It is specified that the management company does not exclusively or mechanically resort to credit ratings issued by rating agencies and conducts its own internal credit risk analysis. These securities will be issued by both public and private entities from European countries and the United States of America.

The sub-fund is therefore authorized to invest in all categories of bonds, including subordinated securities, in particular:

- Negotiable debt securities, treasury bills, short-term negotiable securities issued in euros (formerly certificates of deposit and commercial paper)
- Fixed-rate or floating-rate or adjustable-rate bonds
- Indexed bonds.
- Any other money market instrument meeting the criteria of articles R.214-10 to R.214-12 of the Monetary and Financial Code.

The sensitivity of the bond portfolio to interest rates and credit risk is between 0 and +1 but may occasionally reach the maximum limits of -3 and +3.

- Collective Investment Schemes (CIS)

The sub-fund may invest up to 10% of its net assets in units or shares of other French or European UCITS/funds or FIAs open to non-professional clients.

The Undertakings for Collective Investment, including Exchange Traded Funds, in which the sub-fund may invest will themselves be exposed to all types of asset classes, including commodities, in accordance with the investment strategy and exposure limits mentioned above.

These collective investment funds may be managed by the management company or by other entities belonging to the same group as the management company.

- Derivative instruments

DERIVATIVE INSTRUMENTS	TYPE OF INVESTMENT MARKETS			TYPE OF RISKS						TYPE OF INVESTMENTS			
	Regulated markets	Organised markets	Over-the-Counter markets	Equities	Interest rates	Currency	Credit	Counterparty	Operational	Hedging	Exposure	Arbitrage	Other strategy(ies)
<b>FORWARD CONTRACTS</b>													
Equities	X	X		X					X	X	X	X	
Interest rate													
Indices	X	X		X					X	X	X	X	
<b>OPTIONS</b>													
Equities	X	X	X	X					X	X	X	X	
Interest rate													
Currency	X	X	X			X			X	X			
Indices	X	X	X	X					X	X	X	X	
<b>SWAPS, CFDs</b>													
Equities			X	X				X	X	X	X	X	
Interest rate			X		X			X	X	X	X	X	
Currency			X			x		X	X	X	X	X	
Indices			X	X				X	X	X	X	X	
<b>CURRENCY FORWARDS</b>													
Foreign currency			X			X		X	X	X			
<b>DERIVES DE CREDIT</b>													
Credit default swap (CDS)													
Indices of CDS													
Basket default swap													
Options on CDS													

The Fund makes significant use of Contracts For Differences and equity swaps. These contracts will be tailor-made contracts to take long or short positions in accordance with the investment strategy. These contracts will represent



a significant portion of the Fund's equity risk exposure. The counterparty has no discretion over the composition or management of the sub-fund's investment portfolio or over the underlying asset of the derivative.

Derivatives are traded with French or international counterparties, such as credit institutions or first-class investment companies whose registered office is in member countries of the European Economic Area. These transactions entail operational and counterparty risks.

- Securities with embedded derivatives

The use of securities with embedded derivatives is authorised up to a maximum of 100% of the net assets of the sub-fund.

SECURITIES INCORPORATING USED DERIVATIVES	NATURE OF THE RISKS						NATURE OF PREVENTION			
	Equities	Interest rate	Currency	Credit	Counterparty	Opérationnel	Hedging	Exposure	Arbitrage	Other strategy(ies)
Bons / droits de souscription	X							X		
Obligations convertibles	X	X		X				X		
Obligations callable ou puttable		X		X				X		
EMTN structuré / certificat structuré	X							X		
Auto-call	X							X		
Obligation contingente convertible										
Catastrophe bond										

- Deposits

The sub-fund may use deposits, up to a limit of 20% of its net assets, with a single credit institution to optimize cash management.

- Cash borrowings

Cash borrowings may not represent more than 10% of the sub-fund's net assets and are used, on an exceptional basis, to provide liquidity to shareholders wishing to redeem their shares without penalizing overall asset management.

- Temporary purchases and sale of securities

The sub-fund is not authorised to carry out this type of transaction.

- **Leverage effect and methods of calculating the aggregate risk.**

The maximum anticipated leverage of the sub-fund is 300% of the net assets, a level that has been calculated as the sum of the nominal amounts of the positions on the financial contracts used. It is not expected that leverage will exceed the levels indicated above. However, investors should note that it is possible that leverage levels may be higher in certain circumstances, for example, where the manager may make more frequent use of financial derivatives for investment purposes (within the limits of the sub-fund's investment objective), as opposed to a more limited use for hedging or efficient portfolio management purposes.

Leverage is a measure of the overall use of derivatives and corresponds to the sum of the notional exposures of the financial derivatives used, without recourse to netting arrangements. Since the calculation does not take into account the possible increase or decrease in investment risk arising from a given financial derivative instrument, nor the different sensitivities of the notional exposure of financial derivative instruments to market movements, it may not be representative of the level of investment risk of a Sub-Fund.

The aggregate risk of the sub-fund is calculated using the absolute VaR method. The VaR calculation generally results in a higher leverage effect than the calculation using the commitment approach, due to the absence of netting and/or hedging arrangements.

- **Collateral management policy**

The sub-fund will not receive collateral from its counterparties.

## ▪ Risk profile

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

The risks to which the sub-fund may be exposed are, in order of importance:

**Risk of capital loss:** The sub-fund does not offer a capital guarantee. There is therefore a risk that the capital initially invested may not be returned in full. Consequently, an investment should only be made by persons who have sufficient knowledge and mastery of the financial markets and are able to bear a loss of their initial investment.

**Discretionary management risk:** The management of the sub-fund is discretionary and seeks to generate performance by anticipating the performance of certain securities in relation to others. These expectations may be wrong and lead to a performance below the management objective.

**Risks linked to the use of financial contracts:** The sub-fund is exposed to the risks inherent in forward financial instruments, in particular:

- Fluctuations in the price of financial futures instruments, both upwards and downwards, depending on changes in the price of the underlying assets
- Differences between the price of the forward financial instruments and the value of the underlying assets of these instruments
- The occasional reduced liquidity of these instruments on the secondary market
- The risk of default by the counterparty.
- The use of forward financial instruments may therefore entail specific risks of loss for the sub-fund to which it would not have been exposed in the absence of such strategies.

**Equity risk:** The performance of the sub-fund depends on the securities to which it is exposed, the performance of which may be independent of the performance of the markets. If the underlying shares of convertible bonds and similar securities, the shares held directly in the portfolio or the indices to which the portfolio is exposed fall, the net asset value may fall.

**Currency risk:** This is the risk of a fall in the investment currency against the reference currency of the sub-fund, i.e., the euro. A change in a currency could therefore lead to a currency loss, which would have a negative impact on the net asset value of the sub-fund. The sub-fund's exposure to currency risk shall not be systematically hedged.

**Risk linked to the size of the capitalisation and/or the issue:** The sub-fund may invest in small-capitalisation stocks and small issues. As the trading volumes of these securities are smaller, the fluctuations upwards and downwards may be more pronounced. The value of the sub-fund may behave in the same way.

**Counterparty risk:** This is the risk of a counterparty defaulting on a payment. Thus, during the lifetime of the sub-fund, the default of a counterparty may lead to a decrease in the net asset value.

**Operational risk:** Risk of loss for the sub-fund resulting from inadequate internal processes and failures related to the portfolio management company's people and systems, or resulting from external events, including legal and documentation risk, as well as the risk resulting from the trading, settlement and valuation procedures applied on behalf of the sub-fund.

**Liquidity risk:** The sub-fund may be exposed to a liquidity risk if part of its investments are made in financial instruments that may, by their nature and/or under certain circumstances, have a relatively low level of liquidity, to the extent that this may have an impact on the liquidity risk of the sub-fund as a whole. The occurrence of any of these risks may result in a decrease in the net asset value.

**Sustainability risk:** The sub-fund is exposed to sustainability risk, which is defined as an environmental, social or governance event or situation that, if it occurs, could have a significant negative impact on the value of the portfolio investments.

**Emerging Markets Risk:** In addition to the risks specific to each issuing company, other risks may exist in these markets. The investor's attention is drawn to the fact that the operating and monitoring conditions of some of these markets may differ from the standards prevailing in the major international markets. As a result, the price of these securities may vary considerably and lead to a decrease in the net asset value.

**Interest rate risk:** In the event of a rise in interest rates, the value of certain debt securities held by the sub-fund may fall and cause the net asset value to fall.

**Credit risk:** In the event of a deterioration in the quality of issuers, in particular the downgrading of their rating by financial rating agencies, the value of debt securities held by the sub-fund may fall, causing the net asset value to decrease. The price of these securities may fall more quickly and more sharply than for non-speculative securities, causing the net asset value to fall more quickly and more sharply.

The risk factors described above are not exhaustive.

▪ **Guarantee or protection**

None

▪ **Subscribers and typical investor profile.**

Subscribers

The status of subscribers differs according to the share classes offered by the sub-fund:

- F share, open to all investors, in particular institutional, professional and assimilated investors, up to a maximum aggregate amount of the share class worth EUR 20 million; above this amount, the applicable 5% subscription fee may be charged;
- I share, intended for institutional, professional and assimilated investors, subscribing via distributors or intermediaries<sup>1</sup>;
- IR share, intended for institutional, professional, and assimilated investors, subscribing via distributors or intermediaries;
- S share, intended for (i) employees of the Management Company (including general managers and directors) whether they invest directly or indirectly via the Management Company's UCIs or holding companies controlled by them; (ii) UCIs and mandates managed by the Management Company.

<sup>1</sup> The subscription of this share is reserved to investors subscribing via intermediaries providing an independent advisory service or management under mandate or multi-managers or distributors who:

- are subject to national legislation prohibiting all retrocessions.

- or provide an investment service within the meaning of the European regulation MiFID 2 and for which they are remunerated exclusively by their clients

Typical investor profile

The sub-fund is aimed at all types of investors, in particular institutional, professional and assimilated investors, wishing to increase the value of their savings through the implementation of a long/short equity strategy, without having any directional exposure to market trends.

The amount that is reasonable to invest in this sub-fund depends on the investor's personal situation. To determine this, he must take into account his personal assets, his current needs, and the recommended investment period, but also his desire to take risks or, on the contrary, to favour a prudent investment.

In any case, it is strongly recommended to diversify your investments sufficiently in order not to expose them only to the risks of a single UCITS.

Minimum recommended investment period: over three years.

▪ **Methods for determining and allocating distributable amounts**

The Sub-Fund does not intend to distribute any income.

Net income and net realized capital gains are fully capitalized each year, except for those that are subject to mandatory distribution by law. Investors do not receive any income, but the value of the shares increases with the Net Asset Value of the Sub Fund.



## ■ Characteristics of the shares

Share class	Characteristics				
	ISIN code	Currency of denomination	Minimum initial investment	Minimum subsequent investment	Original net asset value
F	FR0014004I16	EUR	EUR 100.000 <sup>1</sup>	One thousandth of a share	EUR 1.000
I	FR0014004I24	EUR	EUR 250.000 <sup>1</sup>	One thousandth of a share	EUR 1.000
IR	FR0014004I08	EUR	EUR 100.000 <sup>1</sup>	One thousandth of a share	EUR 1.000
S	FR0014004HZ8	EUR	One share <sup>1</sup>	One thousandth of a share	EUR 1.000

<sup>1</sup> The minimum amount of the first subscription does not apply to S14 Capital, nor to the OPCVM it manages, nor to the entities of its group. Consequently, they will be able to subscribe for one thousandth of a share from the first subscription.

## ■ Subscription and redemption terms

Subscription orders can be accepted in number of shares or in amount. Redemption orders are only accepted in number of shares.

Orders are executed according to the table below:

D	D: day of establishment of the net asset value	D+1 business day	D+2 business days
Centralization of subscription and redemption orders before 10 a.m.	Execution of the order at the latest in D	Publication of the net asset value	Settlement of subscriptions and redemptions

Subscriptions and redemptions are centralized each day, except on legal holidays in France and on days when the Paris and New York (NYSE) stock exchanges are closed (D) until 10:00 a.m., at CACEIS BANK, 12 place des États-Unis - CS 40083 - 92549 Montrouge Cedex (France). Subscriptions and redemptions are executed based on the dated net asset value calculated based on the day's closing price (unknown price). The net asset value is determined on D+1. The settlement is made on D+2 business days.

Holders' attention is drawn to the fact that orders sent to marketers other than the above-mentioned institutions must take into account the fact that the cut-off time for centralizing orders applies to the said marketers vis-à-vis CACEIS BANK. Consequently, these marketers may apply their own cut-off time, earlier than the one mentioned above, to take into account their deadline for transmitting orders to CACEIS BANK.

The net asset value is calculated daily, except for legal holidays in France and days on which the Paris and New York stock exchanges (NYSE) are closed. In this case, it is calculated on the next business day. It is calculated based on the last known net asset values for UCITS and, for other securities, on the basis of the last quoted price.

It is available on the calculation day from the management company and on the next business day following the calculation day on the website: [www.s14capital.com](http://www.s14capital.com).

Redemption cap mechanism ("gates")

In exceptional circumstances, the absence of a redemption cap mechanism may result in the Fund being unable to meet redemption requests, thereby increasing the risk of a complete suspension of subscriptions and redemptions from the Fund.

## ■ Fees and commissions

### Subscription and redemption fees

Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the UCITS are used to offset the costs incurred by the UCITS in investing or disinvesting the assets entrusted to it. Fees not paid to the UCITS are paid to the management company, marketer, etc.

Fees payable by the investor, deducted on subscription and redemption	Base	Maximum rate (incl. VAT)
Subscription fee not paid to the fund	Net asset value × number of shares	5% <sup>1/2</sup>
Subscription fee paid to the fund	Net asset value × number of shares	None
Redemption fee not paid to the fund	Net asset value × number of shares	None
Redemption fee payable to the fund	Net asset value × number of shares	None

<sup>1</sup> The subscription fee not paid to the UCITS may be waived for subscriptions announced to the management company, as well as in the case of redemptions followed by a subscription made by the same investor on the same day and for the same value, whether for the same class of shares or for a different class of shares.

<sup>2</sup> For F share classes, the subscription fee not paid to the UCITS may not be applied up to a total amount outstanding of the share class of EUR 20 million; above this amount, it may be charged

### Operating and management costs

These fees include all fees charged to the UCITS, except transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange tax, etc.) and the turnover fee that may be charged on each transaction.

Fees charged to the fund		Base	Maximum rate (incl. VAT)
1	Financial management fee of the management company	Net asset	F share: 0,60% I share: 1,25% IR share: 1,75% S share: 0,10%
2	Administrative costs external to the Management Company* (such as the costs of the Auditor, Custodian, Administrative and Accounting Manager, lawyers (excluding incorporation fees))	Net Asset	0,60%
3	Indirect costs (subscription/redemption fees and management fees related to investments in UCITS or investment funds)	Net Asset	Not significant
4	Transaction fees charged: - by the management company  - by the custodian	Withholding on each transaction  Withholding on each transaction	None  None
5	Performance fee	Net Asset	F, I and IR shares: 20% of the outperformance compared to the €STR index + 100bp S shares: None

\* In the event of an insignificant increase in administrative expenses external to the management company, i.e. an increase equal to or less than 0.10% of the net assets per calendar year, shareholders will be informed by any means of this increase before it comes into effect.

Only the fees mentioned below may be outside the scope of the five blocks of fees mentioned above:

- contributions due for the management of the UCITS pursuant to d) of 3° of II of Article L. 621-5-3 of the Monetary and Financial Code
- Exceptional and non-recurring taxes, fees and governmental duties (in relation to the UCITS)
- Exceptional and non-recurring costs for the recovery of debts or proceedings to enforce a right (e.g., class action proceedings).

Costs related to research within the meaning of article 314-21 of the AMF's general regulations may be invoiced to the UCITS, when these costs are not paid from the management company's own resources.

For any additional information, shareholders may refer to the UCITS' annual report.

### Performance fee

The performance fee ("PFC") is calculated by comparing the change in the net asset value of the share with the change in the net asset value of a reference asset that exactly matches the performance of the share's reference index, adjusted

by the amount of subscriptions and redemptions of the share ("the Reference Asset"). As a reminder, the sub-fund's performance indicator is the €STR index (ticker OISESTR) +100bp.

This comparison is made over a one-year payment period based on observation dates set at the last valuation date of the Fund in December (the "Observation Date"). This payment period corresponds to the frequency at which performance fee accruals are earned and become payable to the Management Company. However, any underperformance of a share relative to the Reference Asset must be made up over a maximum reference period of 5 years before a performance fee becomes payable again.

The first payment period for each share class runs from the later of 9 February 2022 (or the date of creation of the share class) to the next Observation Date and may not be less than 12 consecutive months.

At each valuation date of the Fund, the net asset value of the share (before provision for the performance fee on the number of shares still in circulation) is compared with the Reference Asset.

If the net asset value of the share is higher than the Reference Asset (before deduction of the performance fee) since the beginning of the reference period, an outperformance is recorded and the performance fee provision is adjusted to 20% of the amount of the outperformance by adding a provision.

In the event of underperformance, the variable management fee provision is adjusted by reversal of the provision up to the limit of the allocations made.

At each Observation Date:

- if the net asset value of the share is higher than the Reference Asset (before deduction of the performance fee), the provision for variable management fees is acquired and deducted; a new reference period starts;
- if the net asset value of the share is less than the Reference Asset, no provision for variable management fees is accrued and deducted and the underperformance will have to be made up over a maximum reference period of 5 years before a performance fee becomes payable again.

In addition, if the net asset value recorded on the last trading day of the financial year is lower than the highest value of the net asset value recorded on the last trading day of the last financial year in respect of which a performance fee has been deducted, no performance fee will be charged (High Water Mark mechanism). This means that the payment of a performance fee is conditional on the share delivering a positive performance.

In the event of redemption of shares, if a performance fee is accrued, the portion proportional to the shares redeemed is calculated and paid to the management company. These fees will be charged directly to the profit and loss account of the Fund.

As the performance fee is calculated on the basis of the performance of each share in relation to the reference index, shareholders of the Fund are invited to consult the past performance of each share class in relation to the reference index, which is presented on the management company's website: <https://www.s14capital.com>.

The calculation of the performance fee is structured in such a way as to be non-manipulative.

#### Example of Calculation:

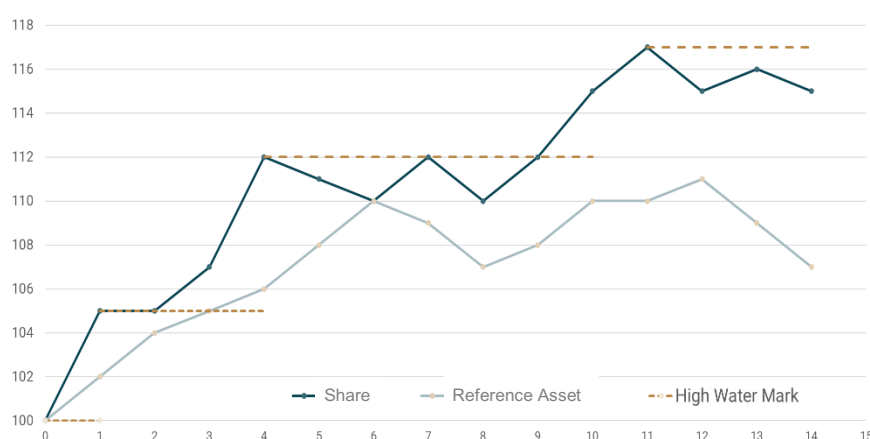
Fiscal year	Performance of the share (1)	Performance of the reference asset (2)	Net performance (=1-2) and High Water Mark	PFC payment	Comments
31/12 year 1	5%	2%	Outperformance: +3% High Water Mark: 100	Yes	A performance fee is charged (i.e. 20% of 3%)
31/12 year 2	0%	2%	Underperformance: -2% High Water Mark: 105	No	No performance fee is charged, underperformance must be carried forward to the next year and up to the end of year 6
31/12 year 3	2%	1%	Outperformance: +1% High Water Mark: 105	No	The outperformance partly compensated for the underperformance in year 2, with the remaining underperformance of -1% <sup>1</sup> to be carried over to the following year and at most to the end of year 6
31/12 year 4	5%	1%	Outperformance: +4% High Water Mark: 105	Yes	The outperformance fully compensated for the residual underperformance in year 2, the residual outperformance being 3% <sup>2</sup> , a performance fee is charged (20% of 3%)



Fiscal year	Performance of the share (1)	Performance of the reference asset (2)	Net performance (=1-2) and High Water Mark	PFC payment	Comments
31/12 year 5	-1%	2%	Underperformance: -3% High Water Mark: 112	No	No performance fee is charged, underperformance must be carried forward to the next year and up to the end of the year 9
31/12 year 6	-1%	2%	Underperformance: -3% High Water Mark: 112	No	No performance fee is charged, underperformance must be carried forward to the next year and up to the end of year 10
31/12 year 7	2%	-1%	Outperformance: +3% High Water Mark: 112	No	The outperformance fully compensated for the underperformance of year 5, but not for year 6, with the remaining underperformance of -3% to be carried over to the following year and at most until the end of year 10
31/12 year 8	-2%	-2%	Net performance: 0% High Water Mark: 112	No	The underperformance of year 6 of -3% is carried over to the next year and up to the end of year 10
31/12 year 9	2%	1%	Outperformance: +1% High Water Mark: 112	No	The outperformance partly compensated for the underperformance in year 6, with the remaining underperformance of -2% to be carried over to the following year and at most to the end of year 10
31/12 year 10	3%	2%	Outperformance: +1% High Water Mark: 112	No	The outperformance partly compensated for the underperformance in year 6, the remaining underperformance of -1% is not carried over to the next year
31/12 year 11	2%	0%	Outperformance: +2% High Water Mark: 112	Yes	A performance fee is charged (i.e. 20% of 2%)
31/12 year 12	-2%	1%	Underperformance: -3% High Water Mark: 117	No	The underperformance of year 12 of -3% is carried over to the next year and up to the end of year 16
31/12 year 13	1%	-2%	Outperformance: +3% High Water Mark: 117	No	The outperformance fully compensated for the underperformance in year 12, which cancelled each other out (0%). No performance fee is charged
31/12 year 14	-1%	-2%	Outperformance: +1% High Water Mark: 117	No	Although an outperformance is noted (+1%), the net asset value of the fund (115) remains below the High Water Mark (117). No performance fee is charged.

<sup>1</sup> As an example for year 3, the calculation is as follows: underperformance in year 2 + outperformance in year 3 = residual underperformance i.e. -2% + 1% = -1%.

<sup>2</sup> As an example for year 4, the calculation is: residual underperformance of year 3 + outperformance of year 4 = outperformance of year 4 i.e. -1% + 4% = 3%.



Year	Share	Reference Asset
0	100	100
1	105	102
2	105	104
3	107	105
4	112	106
5	111	108
6	110	110
7	112	109
8	110	107
9	112	108
10	115	110
11	117	111
12	115	111
13	116	109
14	115	107

### Choice of intermediaries

Authorised intermediaries are included in a list maintained and regularly reviewed by the management company in accordance with its internal code of procedure. Intermediaries are selected based on

- The quality of their research (global or specialised coverage, accuracy of analysis, etc.).
- The advisory qualities of sales staff and analysts (alerts, momentum research, etc.).
- The ability to obtain contacts with companies.

- The quality of order execution.
- Participation in private placements and IPOs.
- The ability to deal with blocks of small and medium-sized stocks.
- The brokerage rate charged by the intermediary.

## IV. Commercial Information

The Fund is distributed by:

- The commercial networks of the management company S14 CAPITAL.
- The Distributing Institutions with which a marketing agreement has been signed.

Subscriptions, redemptions, and exchanges are centralised on each net asset value day (D) until 10 a.m., except on legal holidays in France, at the custodian, whose address is as follows:

CACEIS BANK  
12 place des États-Unis - CS 40083  
92549 Montrouge Cedex (France)

Information on the Fund is available:

- at the offices of S14 CAPITAL (notably concerning the regulatory periodic reports):  
10 Impasse Grassi,  
13100 Aix-en-Provence (France)
- On the website: [www.s14capital.com](http://www.s14capital.com), concerning the net asset value and the prospectus.

The voting policy and the annual report on the conditions for the exercise of voting rights by the management company are also available on its website: [www.s14capital.com](http://www.s14capital.com).

### Communication of the composition of the portfolio

The management company may communicate the composition of the UCITS' portfolio to professional investors subject to the obligations arising from Directive 2009/138/EC (Solvency II) who request it, within a period of not less than 48 hours from the last publication of the net asset value. The information transmitted will be strictly confidential and must be used solely for the calculation of prudential requirements related to this directive. It may not, under any circumstances, lead to prohibited practices such as market timing or late trading on the part of the shareholders receiving this information.

## V. Investment Rules

The eligibility rules and investment limits comply with the provisions of Articles L.214-20 et seq. and R.214-9 et seq. of the Monetary and Financial Code.

## VI. Aggregate Risk

The aggregate risk of the UCITS is calculated using the absolute value at risk (VaR) method, as defined in Instruction 2011-15 of 3 November 2011. In this respect, the absolute VaR is equal to the loss that the fund may incur over a given period (20 business days) with a given probability of 99%, referred to as the confidence interval. The absolute VaR of the UCITS is limited to a maximum of 10% of the net assets.

## VII. Asset Valuation Rules

The Fund has complied with the accounting rules and methods prescribed by the regulations in force and has adopted the accounting plan for UCITS.

### ▪ Valuation rules

#### Securities traded on a regulated market

Securities traded on a regulated market are valued at the market price at the end of the session, according to the following principles:

- Shares and similar securities are valued based on the closing price. On stock exchanges outside Europe, these instruments are valued at the last available closing price.
- Bonds, BTANs or BTFs with a maturity of more than 3 months are valued based on the prices of reference contributors.
- Securities whose price has not been recorded on the valuation day are valued at the last known closing price.

As an exception to the above rules, securities whose price does not reflect their probable trading value may be valued under the responsibility of the management company. These valuations and their justification are communicated to the Statutory Auditor during his audits.

#### Financial instruments not traded on a regulated market and derivatives

Financial instruments which are not traded on a regulated market are valued, under the responsibility of the management company, at their probable trading value. These valuations and their justification are communicated to the Statutory Auditor during his audits.

However, the following instruments are valued according to the following specific methods:

- Negotiable debt securities (NDS) and similar instruments: (i) NCDs (excluding BTANs and BTFs) with an issue, acquisition or residual maturity of more than three months are valued at market price, if available. Otherwise, they are valued by reference to the EONIA SWAP curve, on which is superimposed a margin representative of the characteristics of the security and the issuer. (ii) NCDs (including BTANs or BTFs) with an issue, acquisition or residual maturity of less than 3 months are valued on a straight-line basis until maturity at the issue or acquisition rate or at the last rate used for their valuation at market rates.
- Units or shares of UCIs: Units or shares of UCIs are valued at their last known net asset value, although certain UCIs may, where appropriate, be valued based on available estimates, under the control and responsibility of the management company.
- Instruments denominated in foreign currencies: Cash, deposits and financial instruments held in the portfolio and denominated in foreign currencies are converted into the accounting currency of the UCITS on the basis of the exchange rates on the valuation date.
- Asset swaps: In the case of a back-to-back financial swap, the whole, consisting of the security and its interest rate and/or currency swap contract, is subject to an overall valuation. Asset swaps with a maturity of 3 months or less are valued on a straight-line basis. Asset swaps with a residual maturity of more than 3 months are marked to market based on spreads indicated by market makers. In the absence of a market maker, spreads will be recovered by any means from available contributors.
- Swaps: Swaps with a maturity of 3 months or less are valued on a straight-line basis. Swaps with a remaining maturity of more than 3 months are valued at current value.
- Futures and options: Open positions in futures and options traded on regulated and organised markets are valued at the day's settlement price. For foreign exchange forwards, the currencies involved are valued at the daily rate, taking into account the premium/discount calculated according to the maturity of the contract.

- Temporary purchases and sales of securities: These transactions are valued based on the contractual terms.
- Deposits: Interest-bearing term deposits are valued based on contractual terms.

- **Accounting methods**

Accounting currency

The accounting currency is the euro.

Recording of assets

The accounts relating to the securities portfolio are kept by reference to historical costs.  
Additions and disposals of securities are recorded based on the acquisition price excluding costs.

Revenue recognition

The Fund accounts for its income using the accrued coupon method.

Description of off-balance sheet commitments

Futures contracts are reported off-balance sheet at market value (quantity x nominal x price).

Contingent futures are valued in terms of their underlying equivalent, based on the delta and possibly the exchange rate.

## VIII. Remuneration

S14 Capital's remuneration policy aims to ensure the best alignment between the interests of investors, those of S14 Capital and the achievement of the UCITS' investment objectives without encouraging excessive risk-taking. In addition, S14 Capital has put in place appropriate measures to prevent conflicts of interest.

This policy will apply to all staff, including senior management, risk takers and persons exercising a control function, as well as any employee of S14 Capital whose professional activities have a substantial impact on the risk profile of the UCITS and whose salary is in the same bracket as that of the senior management and risk takers.

Details of the updated remuneration policy are available on the website [www.s14capital.com](http://www.s14capital.com). A hard copy is also available free of charge on written request to S14 Capital.