



**LA FRANÇAISE**

**UCITS**  
under Directive 2009/65/EC

# PROSPECTUS

## La Française Protectaux

Mutual Fund (*Fonds commun de placement*)

### 1. General information

#### 1.1 Legal form of the UCITS

**Name:**

La Française Protectaux

**Legal form and Member State in which the UCITS has been set up:**

Fonds Commun de Placement [mutual fund] under French law

**Feeder UCITS of:**

La Française LUX - Protectaux (SICAV under Luxembourg law)

**Launch date and scheduled duration:**

17/01/2003 - 99 years

**Date of approval by the French Financial Markets Authority:**

03/12/2002

**Summary of the management offer**

Type of unit	ISIN code	Initial net asset value	Sub-funds	Allocation of income	Allocation of gains and losses:	Denomination currency	Target investors	Minimum initial investment value
I units	FR0010107953	EUR 1,000	No	Capitalisation	Capitalisation	EUR	Intended for professional clients within the meaning of MiFID	EUR 100,000
R units	FR0010996736	EUR 1,000	No	Capitalisation	Capitalisation	EUR	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services	None
T C EUR units	FR0013289485	EUR 1,000	No	Capitalisation	Capitalisation	EUR	All subscribers without payment of retrocession fees to distributors	None

**Location where the latest annual report and the latest interim report may be obtained:**

The latest annual documents as well as the information documents related to the master UCITS, La Française LUX - Protectaux, a UCITS under Luxembourg law approved by the CSSF, will be sent out within eight working days following a simple written request from the unitholder submitted to:

LA FRANÇAISE ASSET MANAGEMENT

Marketing Department

128, boulevard Raspail

75006 Paris

Tel. +33 (0) 1 44 56 10 00

email: [contact-valeursmobilières@la-française.com](mailto:contact-valeursmobilières@la-française.com)

For further information, please contact the Marketing Department of the Management Company by e-mail at: [contact-valeursmobilières@lafrancaise.com](mailto:contact-valeursmobilières@lafrancaise.com).

## 1.2 Participants

### **Management company:**

LA FRANÇAISE ASSET MANAGEMENT

Simplified joint stock company, registered in the Paris Trade and Companies Register under number 314 024 019

Management company approved by the French Financial Markets Authority on 1 July 1997, under number GP 97-76,

Registered office: 128, boulevard Raspail, 75006 PARIS

### **Depositary and registrar:**

#### **Identity of the UCITS Depositary**

The Depositary of the UCITS is BNP Paribas Securities Services SCA, a subsidiary of the BNP PARIBAS SA group located at 9, rue du Débarcadère, 93500 PANTIN (the "Depositary"). BNP PARIBAS SECURITIES SERVICES, a partnership limited by shares, registered in the Trade and Companies Register under number 552 108 011, is an institution approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the French Financial Markets Authority (Autorité des Marchés Financiers – AMF), whose registered office is located at 3, rue d'Antin, 75002 Paris, France.

#### **Description of the responsibilities of the Depositary and potential conflicts of interest**

The Depositary carries out three types of responsibilities: checking the legality of the decisions of the Management Company (as defined in Article 22(3) of the UCITS V Directive), monitoring the UCITS cash flow (as defined in Article 22(4)) and holding UCITS assets (as defined in Article 22(5)).

The main objective of the Depositary is to protect the interests of unitholders/investors in the UCITS. This will always take precedence over commercial interests.

Potential conflicts of interest may be identified, especially in the case where the Management Company has a commercial relationship with BNP Paribas Securities Services SCA alongside its appointment as Depositary (which may be the case where BNP Paribas Securities Services, by delegation from the Management Company, calculates the net asset value of the UCITS while BNP Paribas Securities Services is the Depositary or where a group connection exists between the Management Company and the Depositary).

In order to manage situations such as this, the Depositary has implemented and regularly updates a conflict of interest management policy, with the aim of:

- identifying and analysing potential conflicts of interest;
- recording, managing and monitoring conflicts of interest:
  - o based on the permanent measures put in place in order to manage conflicts of interest, such as the distribution of tasks, the separation of hierarchical and operational lines, the monitoring of internal lists of insiders and dedicated IT environments;
  - o on a case-by-case basis:
    - by implementing appropriate preventive measures such as the creation of an ad hoc monitoring list and new Chinese walls, or by verifying that transactions are properly processed and/or by keeping the relevant clients informed; or
    - by refusing to manage activities which could lead to conflicts of interest.

#### **Description of any safekeeping functions delegated by the Depositary, list of delegates and sub-delegates and identification of conflicts of interest likely to result in such a delegation**

The UCITS Depositary, BNP Paribas Securities Services SCA, is responsible for the safekeeping of assets (as defined in Article 22(5) of Directive 2009/65/EC, as amended by Directive 2014/91/EU). In order to offer services linked to the safekeeping of assets in a large number of countries, enabling the UCITS to achieve its investment objectives, BNP Paribas Securities Services SCA has appointed sub-depositaries in countries where BNP Paribas Securities Services SCA has no local presence. These entities are listed on the following website:

<http://securities.bnpparibas.com/solutions/asset-fund-services/depositary-bank-and-trustee-serv.html>

The appointment and monitoring process for sub-depositaries adheres to the highest quality standards, including the management of potential conflicts of interest which may arise as a result of these appointments.

Up-to-date information relating to the above points will be sent to investors upon request.

### **Statutory auditor:**

DELOITTE et Associés

6 place de la Pyramide 92908 Paris-La Défense cedex

Represented by Mr Jean-Marc LECAT

**Marketers:**

LA FRANCAISE AM FINANCE SERVICES

Customer service

128, boulevard Raspail - 75006 PARIS

Caisse Fédérale du Crédit Mutuel Nord Europe, Caisses du Crédit Mutuel Nord

4, place Richebé, 59800 LILLE

Banque Coopérative et Mutuelle Nord Europe

4, place Richebé, 59000 LILLE

**Delegates:****Appointed Accounting Manager**

BNP PARIBAS SECURITIES SERVICES, SCA

With its registered office at 3, rue d'Antin, 75002 PARIS

With its postal address at Grands Moulins de Pantin, 9, rue du Débarcadère, 93500 Pantin

**Advisers:**

None

**Centralising agent:**

LA FRANÇAISE ASSET MANAGEMENT

Simplified joint stock company, registered in the Paris Trade and Companies Register under number 314 024 019

Management company approved by the French Financial Markets Authority on 1 July 1997, under number GP 97-76,

Registered office: 128, boulevard Raspail, 75006 PARIS

**Appointed establishment responsible for subscription and redemption orders:**

LA FRANCAISE AM FINANCE SERVICES

Customer service

128, boulevard Raspail - 75006 PARIS

## 2. Terms of operation and management

### 2.1 General information

**Unit features:**

- Nature of right attached to each unit category: each unitholder has the right of co-ownership in Fund assets in proportion to the number of units held.
- Liabilities managed by BNP Paribas Securities Services.
- Units admitted to EUROCLEAR France.
- Voting rights: the units do not carry any voting rights; decisions are taken by the Management Company.
- Form of units: bearer units.
- Decimalisation: each unit can be divided into hundred thousandths

**Closing date:**

- End of accounting period: last trading day in December
- Closing date of the 1st financial year: 30 September 2003

**Tax system:**

*Please note: Depending on your tax system, any capital gains and income associated with holding units in the UCITS could be subject to taxation. If the unitholder is uncertain about his tax situation, he must consult the UCITS marketer or his financial adviser for more information.*

### 2.2 Specific provisions

**ISIN code:**

I units	FR0010107953
R units	FR0010996736
T C EUR units	FR0013289485

**Classification:**

Bonds and other debt securities denominated in euro

**Management objective:**

The objective of the La Française Protectaux fund is to achieve, through its Luxembourg master fund, a positive performance in an environment of rising eurozone 10-year interest rates, with a recommended investment period of two years. More particularly, the Fund aims to correlate its returns with long-term interest rates.

The performance of the Fund will be lower than that of its master, taking into account its own management fees.

**Benchmark index:**

The Lyxor Daily Bund (-1x) Reverse UCITS ETF - Acc seeks to replicate the performance of the benchmark index - the SGI Short x1 Euro Bund Futures Index - in order to provide inverse exposure with a daily leverage of x1 to the performance of German 10-year government bonds ("Bunds") whose futures on Bunds are a representative indicator.  
(Bloomberg code: BUNS FP)

The fund is neither an index fund nor an index benchmark but, for post-hoc comparison purposes, the unitholder can refer to the benchmark index.

**Investment strategy:****1. Investment strategy of the mutual fund:**

La Française Protectaux invests up to a maximum of 100% by way of a master UCITS called La Française LUX - Protectaux (Class F) and in supplemental liquidity.

**2. Assets used by the feeder fund:**

a) UCITS: investment up to a maximum of 100% in the master UCITS La Française LUX - Protectaux

b) Liquidity: on an ancillary basis

The master and feeder UCITS have concluded an agreement under which:

- the master UCITS shall transfer to the feeder fund all documents and information pertaining to it (in particular, instruments of incorporation, agreements with third parties, exposure to futures markets, risk monitoring procedure, non-compliance with regulations, etc.) as soon as possible;
- the master and feeder UCITS shall coordinate their methods for net asset value calculation and shall inform one another of any suspension in subscription/redemption orders;
- the master and feeder UCITS shall keep one another up-to-date on any changes affecting the other party (e.g. decision on a merger or liquidation, change of depositary, etc.).

A copy of this agreement can be obtained by e-mailing a simple written request to the Product Marketing Department of the Management Company at the following address: [contact-valeursmobilières@lafrancaise-group.com](mailto:contact-valeursmobilières@lafrancaise-group.com)

**Information on the investment policy and objectives of master UCITS: La Française LUX - Protectaux**

*The objective of La Française LUX - Protectaux is to achieve a positive performance in an environment of rising eurozone 10-year interest rates, with a recommended investment period of two years. More particularly, the Sub-fund aims to correlate its returns with long-term interest rates.*

*Management of the Sub-fund is based on active management of short put positions on futures and/or futures contracts. The Sub-fund, being structurally invested in bonds denominated in euros and issued or guaranteed by the government of France or a country with a AAA (Standard & Poor's or deemed equivalent by the Management Company's analysis) or Aaa (Moody's or deemed equivalent by the Management Company's analysis) rating, enacts forward sales transactions to enable participation in potential upward fluctuations in the interest rate. In addition to a strategic short exposure, the Fund will engage in tactical operations intended to seize on the volatility of eurozone long rates.*

*This management style is designed to ensure portfolio growth strongly correlated with the growth in long rates, while also engaging in interim profit-taking by means of rigorous monitoring of positions.*

*The Sub-fund will invest in debt securities denominated in euros and issued or guaranteed by the government of France or a State with a AAA rating from Standard & Poor's or a Aaa rating from Moody's or considered equivalent by the Manager based on similar solvency criteria at the time of purchase. If the issuer does not have a credit rating, then the rating condition must be met by the*

issue. If a bond rated investment grade is downgraded to sub-investment grade, then the asset in question will not be sold unless the Manager considers this sale to be in the interests of the shareholders. These assets rated sub-investment grade shall not exceed a total of 10% of the Sub-fund assets.

The Management Company shall not exclusively or systematically rely on ratings, but rather shall conduct a credit analysis at the time of investment.

The Sub-fund can invest up to 100% of its net assets in securities issued or guaranteed by any OECD Member State.

The Fund may invest in or be exposed to the following instruments, up to the indicated percentage of the net assets:

- private bonds: 20%
- UCITS and/or AIF shares or units: 10%

The Sub-fund may hold ancillary liquidity. In order to place its liquidity, the Sub-fund may invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity, taking into account the associated financial instruments, does not exceed 12 months or 2) debt securities whose price is adjusted, taking into account the associated financial instruments, at least once a year.

The sensitivity spread of the Fund is between -10 and 2.

The Sub-fund cannot invest in mortgage-backed securities (MBSs), in asset-backed securities (ABSs) or in credit notes.

The Sub-fund may enact provisional repurchase and reverse repurchase transactions (also known as 'repos') in order to (i) ensure investment of available liquidity (reverse repurchase), (ii) optimise portfolio yield (securities lending), (iii) provide an arbitrage position intended to generate profits from a rate spread.

Transactions for the temporary sale of securities (securities lending, reverse repurchase transactions) may be carried out up to an amount equivalent to 50% maximum of the Fund's assets, while the transactions for the temporary purchase of securities (securities borrowing, repurchase agreements) may be carried out up to an amount equivalent to 10% maximum of the Fund's assets.

Within the limits indicated in the prospectus, the Sub-fund may invest in derivatives traded on regulated markets or in over-the-counter derivatives if these contracts are better adapted to the management objective or offer lower transaction costs. These instruments can include, but are not limited to, futures contracts, options, swaps, caps and floors.

Each derivative has its own specific strategy for hedging, arbitrage or exposure in order to (i) hedge the entire portfolio or specific asset categories in it against interest rate risks, (ii) artificially recreate specific assets (e.g. purchase of an inflation-linked bond in relation to a fixed-rate bond) or (iii) increase Sub-fund exposure to interest rate risks on the market.

#### **Information relating to financial guarantees (temporary purchase and sale of securities and/or OTC derivatives)**

##### **• Nature of financial guarantees:**

Within the framework of transactions negotiated on OTC markets for the temporary purchase and sale of securities and/or OTC derivatives, the Fund may receive cash in its reference currency as collateral. Guarantees are held by the Depositary of the Fund.

##### **• Reinvestment policy and guarantees received:**

Financial guarantees received in cash may be:

- placed in deposit;
- invested in high-quality government bonds;
- invested in short-term money market funds.

Securities received as collateral cannot be sold, reinvested or used as a guarantee deposit.

##### **• Selection of counterparties:**

The Management Company follows a specific selection process for financial intermediaries, also used for intermediaries designated for transactions for the temporary purchase or sale of securities and/or certain derivatives. These intermediaries are selected based on their research quality, the cash assets that they offer, and their speed and reliability with regard to how they process orders and the quality they provide in doing so.

At the end of this rigorous and regulated process, the counterparties selected for transactions for the temporary purchase or sale of securities and/or certain derivatives are credit institutions authorised by the Management Company which have their registered office in a Member State of the European Union.

##### **• Remuneration:**

No remuneration is due to the Depositary (within the framework of his capacity as Depositary) or to the Management Company for transactions for the temporary purchase or sale of securities and/or certain derivatives.

Within the framework of reverse purchases, all income from these transactions is paid in full to the Fund.

Within the framework of securities lending, the lending agent is entitled to receive 15% of the gross income. The remaining income (i.e. 85%) shall be paid to the Fund.

The costs/fees relating to transactions for the temporary purchase and sale of securities are not invoiced to the Fund. These costs/fees are fully undertaken by the Management Company. Moreover, the Management Company does not take any commission in kind for these transactions.

• **Risks:**

Therefore, there is no haircut policy applied to the guarantee received. The risks relating to these types of transactions are described in the section “risk profile of the prospectus”.

The audit teams in charge of the Fund shall respect all the limits described in the investment strategy and/or under the heading “Forecasted level of use”. The policy for financial guarantees in cash does not require a specific risk procedure in order to monitor collateral and associated haircuts.

**Risk profile:**

“Your money will be invested primarily in financial instruments selected by the Management Company. These instruments are subject to market changes and fluctuations.”

The risks described below do not constitute an exhaustive list: investors should analyse the risks inherent to each investment and make their own decisions. The Fund’s Investors are exposed to the following risks:

La Française Protectaux risk profile is identical to that of its master: La Française LUX - Protectaux.

**Information on the risk profile of the master: La Française LUX - Protectaux.**

The net asset value of the Sub-fund depends on the market value of the portfolio assets.

**Risk of capital loss:**

Given that the Sub-fund capital is not guaranteed, investors may lose all or part of their initial investment.

**Discretionary risk:**

The discretionary management style applied to the Sub-fund is based on the selection of securities and on forecasts for the markets of the Sub-fund’s assets. There exists a risk that it may not be possible for the Sub-fund to invest in the best-performing securities at all times. The Sub-fund’s performance may therefore be lower than the management objective. Moreover, the net asset value of the Sub-fund may exhibit negative performance.

**Interest rate risk:**

The Sub-fund is subject to interest rate risk. The interest rate risk is the risk that the value of the Sub-fund’s investment will decrease if the interest rate increases. Therefore, when interest rates increase, the net asset value of the Sub-fund may decrease.

**Credit risk relating to issuers of debt securities:**

These risks may arise from a risk of unexpected bankruptcy or downgrading of an issuer of a debt security. If an issuer is downgraded, then the value of its assets will fall, which may result in a decrease in the net asset value of the Sub-fund.

**Counterparty risk:**

The Sub-fund may enact financial transactions on derivatives and transactions with right of redemption as well as other contracts involving exposure to credit risks related to specific counterparties. If a counterparty fails to meet its obligations, then the Sub-fund may experience a decline in its portfolio value.

**Target investors:**

I units	Intended for professional clients within the meaning of MiFID
R units	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services
T C EUR units	All subscribers without payment of retrocession fees to distributors

The Fund is primarily intended for investors seeking to protect against a potential increase in long-term rates in the eurozone and/or to profit from a potential increase in long-term rates in the eurozone.

**How to subscribe to T units:**

Subscriptions for T units (net units) are reserved:

- for investors subscribing through distributors or intermediaries:

- subject to national legislation prohibiting all retrocession fees to distributors
- providing:
  - o independent advice within the meaning of European regulation MiFID II,



o individual portfolio management under mandate

- for funds of funds

Any arbitrage of fund units towards T units will benefit from the MiFID II tax exemption until 31/12/2018 (letters dated 16 March 2017 and 31 October 2017 of the Directorate-General for Public Finance, which confirms that such exchange transactions benefit from the tax deferral provided for in Article 150-0 B of the General Tax Code; [www.la-francaise.com](http://www.la-francaise.com)), provided that subscriptions for T units are immediately preceded by a redemption in R units by the same unitholder for a product equivalent to the number of redeemed units and on the same net asset value date.

#### U.S. investors

Units have not been and will not be registered under the US Securities Act of 1933 (hereinafter the "Act of 1933") or any other law applicable in a US state. Units may also not be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) to any US Person (hereinafter "U.S. Person"), as defined in the American Regulation 'Regulation S' of the Act of 1933 as adopted by the Securities and Exchange Commission ("SEC") unless (i) the units have been registered or (ii) an exemption applies (with the prior agreement of the management company's governing body).

The Fund has not been and will not be registered under the US Investment Company Act of 1940. Any re-sale or transfer of units in the United States of America or to a U.S. Person may be in breach of U.S. law and requires the written agreement of the Management Company of the Fund. Those wishing to acquire or purchase units will have to certify in writing that they are not U.S. Persons.

*The reasonable amount to invest in this fund depends on your personal financial situation. In order to determine this amount, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour prudent investment. You are also strongly advised to diversify your investments so that they are not exposed solely to the risks of this fund.*

#### **Recommended investment period:**

This fund may not suit investors who intend to withdraw their contribution within two years.

#### **Methods of determining and allocating distributable amounts:**

I units	Capitalisation
R units	Capitalisation
T C EUR units	Capitalisation

The distributable amounts are made up of:

1. Net income, which is equal to total interest payments, arrears, dividends, bonuses and lots, fees and all earnings from securities held in the Fund's portfolio, plus earnings from amounts held as liquid assets, minus management fees and borrowing costs, plus the amount carried forward and plus or minus the balance of prepayments and accrued income;
2. The realised capital gains, net of costs, minus the realised capital losses, net of costs, during the financial year, plus the similar net capital gains realised during the previous financial years which were not subject to distribution or capitalisation, minus or plus the balance of accrued capital gains.

#### **Accounting currency:**

EUR

#### **Subscription and redemption terms:**

Subscription orders (in value or hundred thousandths of units) and redemption orders (in hundred thousandths of units) are processed at La Française AM Finance Services on each net asset value calculation day at 9.15 a.m. (if the Stock Exchange is open in Paris, or the next trading day, except for public holidays in France and Luxembourg) and are executed on the basis of the next net asset value, calculated as J+1 (i.e. unknown at the time of execution).

Payments relating thereto are made on the second trading day following the valuation date (D+2).

Each unit can be divided into hundred thousandths.

Processing of subscription orders	Processing of redemption orders	Order fulfilment at the latest, in d	Publication of net asset value	Settlement of subscriptions	Settlement of redemptions
D before 9.15 a.m.	D before 9.15 a.m.	Each trading day (D)	D+1 working day	D+2 working days	D+2 working days

#### **Minimum initial subscription value:**

I units	EUR 100,000
R units	None

T C EUR units                      None

**Minimum value for subsequent subscriptions:**

I units                      None  
R units                      None  
T C EUR units              None

**Date and frequency of the net asset value:**

Every day the Exchange is open in Paris, or the following trading day, excluding statutory public holidays in France and Luxembourg.

**Initial net asset value:**

I units                      EUR 1,000  
R units                      EUR 1,000  
T C EUR units              EUR 1,000

**Location where the net asset value is published:**

The Management Company's premises and online at:      [www.la-francaise.com](http://www.la-francaise.com)

**Charges and fees:**

*Subscription and redemption fees:*

*Subscription fees are added to the subscription price paid by the investor and redemption fees are deducted from the redemption price. The fees received by the UCITS offset the charges it incurs in investing or divesting the assets entrusted to it. Fees that are not paid to it revert to the Management Company, marketer, etc.*

Fees charged to the investor, levied at the time of subscription and redemption	Base	Rate/scale
Subscription fee not paid to the UCITS	Settlement value X Number of units	<b>I units:</b> 2.00% maximum <b>R units:</b> 2.00% maximum <b>T C EUR units:</b> None
Subscription fee paid to the UCITS	Settlement value X Number of units	<b>I units:</b> None <b>R units:</b> None <b>T C EUR units:</b> None
Redemption fee not paid to the UCITS	Settlement value X Number of units	<b>I units:</b> None <b>R units:</b> None <b>T C EUR units:</b> None
Redemption fee allocated to the UCITS	Settlement value X Number of units	<b>I units:</b> None <b>R units:</b> None <b>T C EUR units:</b> None

*Operating and management fees:*

*These fees cover all costs charged directly to the UCITS, apart from transaction costs. Transaction costs include intermediation costs (brokerage, stock exchange tax, etc.) and any turnover fees, charged notably by the Depositary and the Management Company.*

*In addition to operating and management fees, there may also be:*

- *outperformance fees. These are paid to the Management Company when the UCITS has exceeded its objectives. They are therefore charged to the UCITS;*
- *turnover fees charged to the UCITS.*

	Costs billed to the UCITS	Base	Rate/scale
1	Financial management fees	Net assets	<b>I units:</b> 0.491% (incl. taxes) <b>R units:</b> 0.961% (incl. taxes) <b>T C EUR units:</b> 0.491% (incl. taxes)
2	Administrative fees not paid to the Management Company	Net assets	<b>I &amp; R &amp; T C EUR units:</b> 0.039% (incl. taxes)
3	Maximum indirect costs (commission and management fees)	Net assets	0.07% a year calculated quarterly on the basis of the average net assets of the Sub-fund over the quarter in question.
4	Turnover fees	Deducted from each transaction	None
5	Outperformance fee	Net assets	None

Other costs billed to the UCITS:



- contributions due to the UCITS management pursuant to Article L621-5-3 (II)(3)(d) of the French Monetary and Financial Code;
- taxes, duties, licence fees and government fees (relating to the UCITS), both extraordinary and non-recurring;
- extraordinary and non-recurring costs relating to debt recovery or a procedure for asserting a right (e.g. class action procedure).

Choice of financial intermediaries:

The financial intermediaries will be independently selected by the Management Company based on different criteria: the quality of the provider, research, execution, set prices, quality of the Back Office for clearing and settlement transactions. The Management Company is prohibited from placing its orders through a single intermediary.

For further information, unitholders may refer to the mutual fund's annual report.

*Subscription and redemption fees of the **master fund**:*

<i>Charges to be paid by the investor, deducted at the time of subscription or redemption</i>	<i>Base</i>	<i>Rate/scale</i>
<i>Subscription fee not paid to the UCITS</i>	<i>Net asset value x number of units</i>	<b>Class F Capitalisation EUR:</b> <i>None</i>
<i>Subscription fee paid to the UCITS</i>	<i>Net asset value x number of units</i>	<b>Class F Capitalisation EUR:</b> <i>None</i>
<i>Redemption fee not paid to the UCITS</i>	<i>Net asset value x number of units</i>	<b>Class F Capitalisation EUR:</b> <i>None</i>
<i>Redemption fee paid to the UCITS</i>	<i>Net asset value x number of units</i>	<b>Class F Capitalisation EUR:</b> <i>None</i>

*Operating and management costs of the **master fund**:*

<b>Costs billed to the master UCITS</b>	<b>Base</b>	<b>Rate/scale</b>
<i>Management fees</i>	<i>Net assets</i>	<i>Class F 0% maximum (incl. tax)</i>
<i>Other operating fees, including the Management Company's commission and the subscription tax.</i>		<i>0.07% per year (including taxes) calculated daily on the basis of the average net assets of the Sub-fund. The commission shall be paid during the month following the end of the quarter.</i>
<i>Outperformance fee</i>	<i>Net assets</i>	<i>None</i>

Choice of financial intermediaries:

The financial intermediaries will be independently selected by the Management Company based on different criteria: the quality of the provider, research, execution, set prices, quality of the Back Office for clearing and settlement transactions. The Management Company is prohibited from placing its orders through a single intermediary.

For further information, unitholders may refer to the mutual fund's annual report.

### 3. Commercial information

1. The mutual fund units are distributed by La Française AM FINANCE SERVICES, Caisse Fédérale du Crédit Mutuel Nord Europe, Caisses du Crédit Mutuel Nord, Banque Coopérative and Mutuelle Nord Europe.
2. Subscription/redemption orders are processed by LA FRANÇAISE AM FINANCE SERVICES.
3. Information about the 'La Française Protectaux' fund is available on the premises of the Management Company or online at: [www.la-francaise.com](http://www.la-francaise.com).
4. Information regarding consideration of ESG (environmental, social and quality of governance) criteria in the investment policy is available on the Management Company's website: [www.la-francaise.com](http://www.la-francaise.com) and stated in the annual report.
5. La Française Asset Management is the Management Company of the master and feeder funds. It has implemented internal information guidelines in order that the feeder fund complies with the regulatory obligations. These internal guidelines relate to, amongst others, the information necessary to draw up the Fund's regulatory reports, conflicts of interest, exchange of information on prospectus and the Fund KIIDs following an amendment and certain procedures relating to subscription/redemption.
6. Transmission of the composition of the portfolio: the Management Company may transmit, directly or indirectly, the breakdown of assets of the UCI to unitholders of the UCI having the status of professional investors, only for purposes associated with regulatory obligations as part of the calculation of shareholders' equity. Where applicable, this transmission shall take place no less than 48 hours following the publication of the net asset value.

## 4. Investment rules

Investment in UCITS in accordance with the European Directive	100%
Liquidity	On an ancillary basis
Cash borrowings	No more than 10%

The Fund is fully and permanently invested in units of the master: 'La Française LUX - Protectaux'. The units held by the portfolio are evaluated for the last known net asset value of the master UCITS: 'La Française LUX - Protectaux'

## 5. Total risk method

The mutual fund applies the method of calculating commitment.

## 6. Valuation and accounting rules for the assets

The mutual fund abides by the accounting rules laid down under the regulations in force and in particular the accounting rules applicable to UCIs.

All transferable securities in the portfolio are recorded at historic cost, excluding transaction costs.

On each net asset valuation date and balance sheet date, the portfolio is valued based on:

### Transferable securities

UCIs: at the last known net asset value. Estimated net asset values are used for UCIs and foreign investment funds with a monthly valuation.

### Accounting method for interest

Interest on bonds and debt securities is recorded using the accrued interest method.

## 7. Remuneration

In accordance with Directive 2009/65/EC and Article 314-85-2 of the General Regulations of the Financial Markets Authority, the Management Company has implemented a remuneration policy for categories of staff whose professional activities have significant repercussions on the risk profile of the Management Company or of the UCITS. These categories of staff include managers, members of the Board of Directors (including the senior management), risk takers, persons performing auditing tasks, persons in a position to influence employees, and all employees receiving a total remuneration who are in the same remuneration range as the risk takers and the senior management. The remuneration policy is compliant and encourages healthy and effective risk management, and does not encourage risk-taking which would be incompatible with the risk profiles of the Management Company, and do not hinder the obligation of the Management Company to act in the greater interests of the UCITS.

The La Française Group has established a remuneration committee at Group level. The remuneration committee is set up in accordance with the internal regulations and in accordance with the principles laid down in Directive 2009/65/EC and Directive 2011/61/EU. The remuneration policy of the Management Company is designed to promote good risk management and to discourage risk-taking which would exceed the tolerable level of risk, by taking into account the investment profiles of the funds under management and by implementing measures enabling any conflicts of interests to be avoided. The remuneration policy is reviewed annually.

The remuneration policy of the Management Company, detailing the way in which remuneration and benefits are calculated, is available free of charge from the registered office of the Management Company. A summary is available online at: <http://lfgrou.pe/MnDZx7>

# MUTUAL FUND RULES

## La Française Protectaux

### SECTION 1: ASSETS AND UNITS

#### Article 1: Co-ownership units

Co-ownership rights are expressed in units, with each unit corresponding to the same fraction of Fund assets. Each unitholder has a right of co-ownership to Fund assets in proportion to the number of units held.

The duration of the Fund shall be 99 years from its launch, except in the event of early dissolution or extension as provided for under these rules.

Unit categories:

The features of the different unit categories and their access conditions are specified in the mutual fund prospectus.

The different classes of units may:

- use different income distribution procedures (distribution or capitalisation or carry forward);
- be denominated in different currencies;
- have different management fees;
- have different subscription and redemption fees;
- have a different nominal value;
- be systematically hedged against risk, in part or in full, as defined in the prospectus. This hedging is provided through financial instruments, minimising the impact of hedging on the other classes of units of the mutual fund;
- be confined to one or more marketing channels.

The units may be divided, consolidated or split into tenths, hundredths, thousandths, ten thousandths or hundred thousandths ("fractional units") on the decision of the Management Company's Executive Board.

The provisions of these rules regulating the issue and redemption of units shall also apply to fractional units, the value of which is always proportional to that of the unit they represent. Unless otherwise stipulated, all other provisions of these rules relating to units also apply to fractional units, without it being necessary to state this explicitly.

The Executive Board of the Management Company may decide unilaterally to split units by creating new units to be allocated to the unitholders in exchange for the old units.

#### Article 2: Minimum assets

Units may not be redeemed if the assets fall below EUR 300,000; if the assets remain below this amount for a period of 30 days, the Management Company shall make the necessary provisions to liquidate the UCITS in question, or to carry out one of the operations mentioned in Article 411-16 of the General Regulations of the Financial Markets Authority (transfer of the UCITS).

#### Article 3: Issue and redemption of units

Units may be issued at any time at the request of the unitholders, based on their net asset value plus any subscription fees, where applicable.

Redemptions and subscriptions are carried out according to the terms and conditions set out in the prospectus.

Units of the mutual fund may be admitted to the official listing in accordance with the regulations in force.

Subscriptions must be fully paid-up on the date of calculation of the net asset value. They may be paid for in cash and/or through the contribution of financial instruments. The Management Company shall be entitled to reject securities offered to it, and to this end shall have a period of seven days from the date of receipt of the securities to announce its decision. If the securities are accepted, they are valued in accordance with the rules set out in Article 4 and the subscription is carried out on the basis of the net asset value immediately following acceptance of the securities concerned.

Redemptions can be made in cash and/or in kind. If the redemption in kind corresponds to a representative share of the portfolio assets, the UCITS or the Management Company must obtain only the signed written consent of the unitholder of outflows. If the

redemption in kind does not correspond to a representative share of the portfolio assets, all unitholders must give their written consent for the unitholder of outflows to have its units redeemed in exchange for certain assets, as laid out in the agreement.

By way of derogation from the above-mentioned, if the fund is an ETF, redemptions on the primary market may be made in kind according to the conditions laid out in the fund regulations or prospectus; in either case, the Management Society of the portfolio must give its agreement and this be in the interests of the unitholders. The assets are then delivered to the holder of the issuing account under the conditions laid out in the Fund prospectus.

Redeemed assets are generally evaluated in accordance with the rules set in Article 4, and redemption in kind is carried out on the basis of the first net asset value following the acceptance of the assets concerned.

Redemptions are settled by the bookkeeper no later than five days after unit valuation.

Under exceptional circumstances, however, where reimbursement requires the prior disposal of assets held in the Fund, this period may be extended to a maximum of 30 days.

Except in the case of inheritance or inter vivos distribution, the disposal or transfer of units from one unitholder to another or to a third party is treated as a redemption followed by a subscription. In the case of a third party, the amount of the disposal or transfer must, if necessary, be made up by the beneficiary to the minimum subscription amount specified in the prospectus.

Pursuant to Article L214-8-7 of the Monetary and Financial Code, both the redemption by the mutual fund of its units and the issue of new units may be suspended on a temporary basis by the Management Company where required by exceptional circumstances and where this is in the interests of the unitholders.

Where the net assets of the mutual fund fall below the amount set out in the regulations, no units may be redeemed.

The UCITS may partially or totally stop issuing units temporarily or definitively pursuant to Article L214-8-7, third paragraph, of the Monetary and Financial Code in objective situations leading to the closure of subscriptions, such as a maximum number of units or equities being issued, a maximum amount of assets being achieved or the expiry of a determined subscription period. Information on this instrument's activation will be issued via any means to all existing unitholders concerned by its activation; it will also include information on the threshold and the objective situation which led to the decision for partial or total closure. In the event of a partial closure, the information issued via any means will clarify in detail the terms under which existing unitholders may continue to subscribe over the period of the partial closure. Unitholders shall also be informed via any means of the decision of the UCITS or of the Management Company to either end the partial or total closure for subscription (during the passage under the activation threshold) or not to end it (in the event of changes to the threshold or changes in the objective situation which led to the instrument being implemented). Any proposed change to the objective situation or to the instrument activation threshold must always be made in the interests of the unitholders. The information issued via any means shall clarify the precise reasons for the changes.

Minimum subscription conditions may be set out in the prospectus.

Where the net assets of the mutual fund fall below the amount set out in the regulations, no units may be redeemed.

The Management Company reserves the right to restrict or deny the direct or indirect holding of Fund units by any person or entity which is prohibited from holding Fund units (hereinafter "Ineligible Person") as described below:

An Ineligible Person is:

- a U.S. Person as defined in SEC Regulation S of the Securities and Exchange Commission (SEC) (Part 230 – 17 CFR 230.903); or

- any other person who (a) is directly or indirectly in violation of the laws and regulations of any country or government institution, or (b) may, in the opinion of the Management Company of the mutual fund, cause damage to the mutual fund, which it would have otherwise not endured or suffered.

To this end, the Management Company of the mutual fund may:

- (i) refuse to issue any units as soon as it becomes evident that such issuance will or may result in the aforementioned units being directly or indirectly held by or for an Ineligible Person;

- (ii) demand, at any time, that a person or entity whose name appears on the register of unitholders provide any information, accompanied with a solemn declaration, which it deems necessary in order to establish whether the actual beneficiary of the relevant units is an Ineligible Person or not;

and

- (iii) when it is apparent that a person or entity is (i) an Ineligible Person and, (ii) solely or jointly, the effective beneficiary of the units, proceed with the forced redemption of all the units held by a unitholder without delay and, at the latest, within five days.

The forced redemption will take place at the last known net asset value, minus, where applicable, the relevant fees, rights and commissions, which will be charged to the Ineligible Person within five days, during which time the actual beneficiary of the units may present his observations to the competent authority.

This power also covers any person (i) who is in direct or indirect violation of the laws and regulations of any country or government institution, or (ii) may, in the opinion of the Management Company of the mutual fund, cause damage to the mutual fund, which it would have otherwise not endured or suffered.

#### **Article 4: Calculation of net asset value**

The net asset value of the units is calculated pursuant to the valuation rules provided in the prospectus.

Contributions in kind may only consist of securities, transferable securities or contracts in which UCIs are authorised to invest, such contributions shall be valued pursuant to the valuation rules used to calculate the net asset value.

## SECTION 2: OPERATION OF THE FUND

### Article 5: The Management Company

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

The Management Company shall act under all circumstances in the exclusive interests of the unitholders and may alone exercise the voting rights attached to the securities in the Fund.

### Article 5a: Operating rules

The instruments and deposits in which the UCI may invest and the investment rules are specified in the prospectus.

### Article 6: The Depositary

The Depositary shall fulfil the tasks incumbent upon it pursuant to the applicable legislation and regulations, as well as those binding on it as applied by the Management Company. It must ensure the legality of decisions taken by the portfolio Management Company. Where necessary, it must take all the precautionary measures that it deems to be necessary. In the event of any dispute with the Management Company, it shall inform the Financial Markets Authority.

The Fund is a feeder UCI, which means that the Depositary has concluded an information exchange agreement with the Depositary of the master UCI (or where applicable, if it is also the Depositary of the master UCI, it has drawn up an adapted set of specifications).

### Article 7: Statutory auditor

A statutory auditor is appointed by the Executive Board of the Management Company for a period of six financial years, subject to the approval of the AMF.

It certifies the consistency and accuracy of the accounts.

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

The statutory auditor is required to notify the AMF as quickly as possible of any fact or ruling regarding the UCITS of which it becomes aware over the course of its assignment, of a nature that:

1. constitutes a breach of the legislative or regulatory provisions applicable to this body and liable to have significant effects on the financial situation, the profits or the assets;
2. jeopardises the conditions or the continuity of its operation;
3. leads to the issuance of reserves or the refusal to certify the accounts.

The valuations of the assets and the calculation of the exchange parity in conversion, merger or demerger transactions shall be supervised by the statutory auditor.

He shall be responsible for evaluating each purchase or redemption in kind; except for in the framework of redemptions in kind for an ETF on the primary market.

He shall monitor the composition of the assets and other elements prior to publication.

The statutory auditor's fees are fixed by mutual agreement between the statutory auditor and the Executive Board of the Management Company on the basis of a work schedule specifying the duties which are considered to be necessary.

It shall certify the situations on the basis of which interim distributions are made.

The Fund is a feeder UCI:

-The statutory auditor has concluded an information exchange agreement with the master UCI auditor.

- If the statutory auditor is also the master UCI auditor, then it will draw up an adapted work programme.

### Article 8: Financial statements and management report

At the close of each financial year, the Management Company shall draw up summary documents and a report on the management of the Fund for the past financial year.

The Management Company shall draw up, at least semi-annually and under the supervision of the Depositary, the inventory of assets of the UCI.

The Management Company shall make these documents available to unitholders within four months of the end of the financial year, and will inform them of the income to which they are entitled: these documents shall be sent to unitholders by post at their express request or made available to them at the offices of the Management Company.

## SECTION 3: PROCEDURES FOR ALLOCATING DISTRIBUTABLE AMOUNTS

### Article 9: Procedures for allocating income and distributable amounts

The distributable amounts are made up of:

- 1) the net profit plus the amount carried forward, plus or minus the balance of prepayments and accrued income;
- 2) the realised capital gains, net of costs, minus the realised capital losses, net of costs, during the financial year, plus the similar net capital gains realised during the previous financial years which were not subject to distribution or capitalisation, minus or plus the balance of accrued capital gains.

The amounts stated in 1) and 2) may be distributed, in whole or in part, independently of each other.

Payment of the distributable amounts shall be carried out within five months of the end of the financial year.

The net income of the mutual fund is equal to total interest payments, arrears, premiums and bonuses, dividends, attendance fees and all earnings from securities held in the Fund's portfolio, plus earnings from amounts held as liquid assets, minus management fees and borrowing costs.

The Management Company shall decide how income will be distributed.

For each equity category, as applicable, the mutual fund may opt for one of the following formulae for each of the amounts detailed in 1) and 2):

Pure capitalisation: the amounts available for distribution are fully capitalised, with the exception of those that are subject to mandatory distribution by law;

Pure distribution: the amounts are fully distributed, to the nearest rounded figure.

For mutual funds seeking to maintain the freedom to capitalise and/or distribute and/or carry distributable amounts forward, the Management Company shall decide on the allocation of each of the amounts detailed in 1) and 2) each year.

As applicable, during the course of the financial year, the Management Company may decide to make one or more prepayments not exceeding the net income of each of the amounts detailed in 1) and 2); these prepayments are recorded at the date of the decision.

The exact methods for the allocation of income are detailed in the prospectus.

### Article 10: Merger – Demerger

The management company may either make a total or partial contribution of the assets comprising the fund to another UCITS, or may split the fund into two or more mutual funds.

Unitholders must be notified before any such merger or demerger takes place. A new statement will then be issued showing the number of units held by each unitholder.

### Article 11: Winding up – Extension

If the assets in the Fund remain below the amount laid down above in Article 2 for 30 days, the Management Company shall advise the AMF and dissolve the Fund, unless there is a merger operation with another mutual fund.

The Management Company may dissolve the Fund early; it shall inform the unitholders of its decision, and subscription or redemption orders will not be accepted after this date.

The Management Company shall also dissolve the Fund in the event of a redemption order for all of the units, or where the Depositary is relieved of its responsibilities and no other Depositary has been appointed, or on expiry of the term of the Fund, if not extended.

The Management Company shall inform the AMF by post of the date and of the procedure adopted for dissolution. Subsequently, the Management Company shall send the statutory auditor's report to the AMF.

The Management Company, in agreement with the Depositary, may decide to extend a fund. Its decision must be taken at least three months prior to expiry of the Fund's term, and must be notified to the unitholders and the AMF.

### Article 12: Liquidation

In the event of dissolution, the Management Company shall act as liquidator, failing which a liquidator shall be appointed by the court at the request of any interested party. To this end, they are vested with the most extensive powers for liquidating assets, paying creditors and distributing the available balance to unitholders in cash or securities.

The statutory auditor and the Depositary shall continue to carry out their duties until the liquidation operations have been completed.

### Article 13: Jurisdiction – Choice of domicile

Any disputes concerning the mutual fund arising during its existence or upon its liquidation, whether between unitholders, or between unitholders and the Management Company or the Depositary, shall be subject to the jurisdiction of the competent courts.



