LA FRANÇAISE

UCITS
covered by Directive 2009/65/EC

# PROSPECTUS
# LA FRANÇAISE
SICAV

## 1. General information

### 1.1 Legal form of the UCITS

***Legal form of the UCITS:***
Open-ended investment company with variable capital (SICAV)
***Name***:
LA FRANCAISE
***Registered office:***
128, boulevard Raspail, 75006 Paris

***Legal form and Member State in which the UCITS has been set up:***
Investment company with variable capital (SICAV) under French law incorporated as a Limited Company
**Launch date and scheduled duration:**
The SICAV was authorised on 14/08/2018. It was created on 12/11/2018 for a period of 99 years, through merger-absorption of the La Française Moderate Multibonds investment fund, created on 18 January 2001.

***Summary of the management offer***
The SICAV has 5 sub-funds:

La Française Inflection Point Actions Euro

| *Share type* | *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 share | FR0010306225 | EUR 79.11 | No | Capitalisation | Capitalisation | EUR | All investors, particularly institutional investors and large private investors | EUR 100,000 |
| R share | FR0010654830 | EUR 100 | No | Capitalisation | Capitalisation | EUR | All investors | 1 share |
| D share | FR0011859198 | EUR 100 | No | Distribution | capitalisation and/or distribution and/or carry forward | EUR | All investors | 1 share |
| F share | FR0012553584 | EUR 100 | No | capitalisation and/or distribution and/or carry forward | capitalisation and/or distribution and/or carry forward | EUR | reserved for funds managed by La Groupe Française companies | 1 share |

The minimum initial subscription value does not apply to the Management Company or the entities of the La Française Group.

La Française Moderate Multibonds

| *Share type* | *ISIN code* | *Initial net asset value* | *Sub-funds* | *Allocation of income* | *Allocation of gains and losses:* | *Denomination currency* | *Target investors* | *Minimum initial investment value* |
|---|---|---|---|---|---|---|---|---|
| S share | FR0012336758 | EUR 1,000 | No | Capitalisation | Capitalisation | EUR | All investors, particularly institutional investors | EUR 10,000,000 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| R share | FR0012890333 | EUR 100 | No | Capitalisation | Capitalisation | EUR | All investors | None |
| C share | FR0007053640 | EUR 1,000 | No | Capitalisation | Capitalisation | EUR | All investors, particularly institutional investors and large private investors | EUR 160,000 |

The minimum initial subscription value does not apply to the Management Company or the entities of the La Française Group.

La Française Rendement Global 2025.

| ***Share type*** | ***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 share | FR0013258654 | EUR 1,000 | No | Capitalisation | Capitalisation | EUR | Intended for professional clients within the meaning of MiFID | EUR 500,000 |
| T C share | FR0013277381 | EUR 100 | No | Capitalisation | Capitalisation | EUR | All subscribers without payment of retrocession fees to distributors | None |
| T D EUR share | FR0013277373 | EUR 100 | No | capitalisation and/or distribution and/or carry forward | capitalisation and/or distribution and/or carry forward | EUR | All subscribers without payment of retrocession fees to distributors | None |
| I D EUR share | FR0013298957 | EUR 1,000 | No | capitalisation and/or distribution and/or carry forward | capitalisation and/or distribution and/or carry forward | EUR | Intended for professional clients within the meaning of MiFID | EUR 500,000 |
| I C USD H share | FR0013289501 | USD 1,000 | No | Capitalisation | Capitalisation | USD | Intended for professional clients within the meaning of MiFID | USD 500,000 |
| R C USD H share | FR0013290996 | USD 100 | No | Capitalisation | Capitalisation | USD | 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 | USD 1,000 |
| R share | FR0013258647 | EUR 100 | 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 |
| D share | FR0013272739 | EUR 100 | No | capitalisation and/or distribution and/or carry forward | capitalisation and/or distribution and/or carry forward | 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 |
| D USD H share | FR0013272747 | USD 100 | No | capitalisation and/or distribution and/or carry forward | capitalisation and/or carry forward and/or distribution, with the possibility to make prepayments | USD | 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 | USD 1,000 |
| T D USD H share | FR0013288982 | USD 100 | No | Capitalisation and/or Distribution | capitalisation and/or carry forward and/or distribution, with the possibility to make prepayments | USD | All subscribers without payment of retrocession fees to distributors | USD 1,000 |
| D-B share | FR0013279395 | EUR 100 | No | capitalisation and/or distribution and/or carry forward | capitalisation and/or distribution and/or carry forward | 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, including the Beobank network | None |
| I C CHF H share | FR0013284569 | CHF 1,000 | No | Capitalisation | Capitalisation | CHF | Intended for professional clients within the meaning of MiFID | CHF 500,000 |

The minimum initial subscription amount does not apply to the Management Company or to any other La Française Group company.

Equities in foreign currencies are systematically hedged against exchange risk for the reference currency of the Fund.

La Française Obligations Europe SAI

| ***Share type*** | ***ISIN code*** | ***Initial net asset value*** | ***Sub-funds*** | ***Allocation of income*** | ***Allocation of gains and losses:*** | ***Denomination currency*** | ***Target investors*** | ***Minimum initial investment value*** |
|---|---|---|---|---|---|---|---|---|
| D share | FR0010905281 | EUR 16.66 | No | capitalisation and/or distribution and/or carry | capitalisation and/or distribution and/or carry | EUR | All investors, particularly private investors | None |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | forward | forward | | | |
| I share | FR0010934257 | EUR 1,000 | No | Capitalisation | Capitalisation | EUR | All investors, particularly institutional investors | EUR 100,000 |
| C share | FR0010915314 | EUR 21.32 | No | Capitalisation | Capitalisation | EUR | All investors, particularly private investors | None |
| S share | FR0010955476 | EUR 10,000 | No | Capitalisation | Capitalisation | EUR | Large institutional investors | EUR 5,000,000 |

The minimum initial subscription value does not apply to the Management Company or the entities of the La Française Group.

La Française Global Coco

| ***Share type*** | ***ISIN code*** | ***Initial net asset value*** | ***Sub-funds*** | ***Allocation of income*** | ***Allocation of gains and losses:*** | ***Denomination currency*** | ***Target investors*** | ***Minimum initial investment value*** |
|---|---|---|---|---|---|---|---|---|
| R C EUR share | FR0013301082 | EUR 100 | 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 | EUR 50,000 |
| R C USD H share | FR0013251071 | USD 100 | No | Capitalisation | Capitalisation | USD | 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 | USD 50,000 |
| TC EUR share | FR0013292224 | EUR 1,000 | No | Capitalisation | Capitalisation | EUR | All subscribers without payment of retrocession fees to distributors | EUR 100,000 |
| S share | FR0013413317 | EUR 1,000 | No | Capitalisation | Capitalisation | EUR | All investors, particularly institutional investors | EUR 5,000,000 |
| R D USD H share | FR0013393857 | USD 100 | No | capitalisation and/or distribution and/or carry forward | capitalisation and/or carry forward and/or distribution, with the possibility to make prepayments | USD | 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 | USD 50,000 |
| I share | FR0013175221 | EUR 1,000 | No | Capitalisation | Capitalisation | EUR | All subscribers, and more particularly intended for professional clients within the meaning of the Markets in Financial Instruments Directive (MiFID) | EUR 100,000 |
| T C USD H share | FR0013393865 | USD 100 | No | Capitalisation | Capitalisation | USD | All subscribers without payment of retrocession fees to distributors | USD 50,000 |

The minimum initial subscription value does not apply to the Management Company or the entities of the La Française Group.

Equities in foreign currencies are systematically hedged against exchange risk for the reference currency of the Fund.

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

The latest annual reports and the breakdown of assets will be sent within eight working days, upon written request by the unitholder to:

LA FRANÇAISE ASSET MANAGEMENT
Marketing Department
128, boulevard Raspail
75006 Paris
Tel. +33 (0) 1 44 56 10 00
email: contact-valeursmobilieres@la-francaise.com

For further information, please contact the Marketing Department of the Management Company by e-mail at: contact-valeursmobilieres@lafrancaise.com.

## 1.2 Participants

- ***Delegated management company***

The SICAV delegates financial management to:

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

Banque Coopérative et Mutuelle Nord Europe
4, place Richebé, 59000 LILLE

CMNE
4, place Richebé, 59800 LILLE

The list of marketers is not exhaustive insofar as, in particular, the UCITS is accepted for circulation in Euroclear. Accordingly, some marketers may not be mandated by or known to the management company.

- ***Centralising agent by delegation, establishment responsible for the receipt of subscription and redemption orders:***

LA FRANCAISE AM FINANCE SERVICES
Customer service
128, boulevard Raspail - 75006 PARIS

- ***Delegated entities***

Administrative and accounting management is delegated to:
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
Accounting management consists primarily in calculating the net asset values.
The administrative management consists primarily in providing legal monitoring of the SICAV (board of directors, general meetings, etc.).

- ***Advisors***: N/A
- ***Board of Directors***

The information on the membership of the Board of Directors of the SICAV, and descriptions of the main activities carried out by the Board members outside the SICAV, where these are significant, are indicated in the SICAV annual report, updated once a year. This information is produced under the responsibility of each member mentioned.

# 2. Terms of operation and management

## 2.1 General information

***Separation of sub-funds***
The SICAV offers investors a choice of several sub-funds, each with a different management objective.
Each sub-fund constitutes a distinct mass of assets.
The assets of a given sub-fund will be liable only for the debts, commitments and liabilities relating to that sub-fund.

***Share characteristics:***
***Nature of the right attached to each share category:*** each shareholder has a co-ownership right in respect of sub-fund assets, in proportion to the number of shares held.
***Management of liabilities:*** Liabilities are managed by the depositary, BNP Paribas Securities Services.

***Voting rights:*** one voting right is attached to each share for participation in decisions within the remit of the SICAV's general meeting under the conditions set by law and the statutes.

***Form of shares***: unitholder. The SICAV is admitted to Euroclear France.

***Decimalisation***: the decimalisation procedures are specified in the special provisions of each sub-fund.

***Closure date:*** the last trading day in June
***Closure date of first financial year:*** the last Paris trading day in June 2019

***Information concerning tax arrangements:***
The SICAV is not subject to corporation tax. However, tax on distributions and capital gains are payable by the shareholders.
The tax arrangements applicable to sums distributed by the SICAV and unrealized SICAV gains or losses depend on the tax provisions covering the investor's personal situation and / or those in force in the country in which the SICAV invests.
If the shareholder is uncertain about his tax situation, he must consult his financial adviser for more information.

## 2.2 Specific provisions

# La Française Inflection Point Actions Euro

***ISIN code:***

| | |
|---|---|
| I share | FR0010306225 |
| R share | FR0010654830 |
| D share | FR0011859198 |
| F share | FR0012553584 |

***Classification:***
Shares of eurozone countries

***Management objective:***

The management objective of the fund is to outperform the benchmark, the Euro Stoxx index, in euro, net dividends reinvested, through the implementation of an investment policy meeting non-benchmark criteria, both financial and extra-financial.

***Benchmark index:***

This index consists of major stocks belonging to eurozone member countries, selected according to their market capitalisation, transaction volume and activity sector. The index seeks to maintain a weighting by country and activity sector fully reflecting the economic structure of the euro zone. This benchmark includes about 300 stocks.
The performance of the Euro Stoxx index is calculated net dividends reinvested.
More information on the index at: www.stoxx.com.
- Euro Stoxx administrator: Stoxx
Further information on the benchmark index is available on the administrator's website: https://www.stoxx.com/index-details symbol=SXXGT&stoxxindex=sxxgt&searchTerm=Benchmark
- Registration of the administrator in the ESMA register: in accordance with Article 52 of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the administrator of the benchmark index has until 1 January 2020 to apply for registration. As of the date of the last update of this prospectus, the administrator has not yet obtained registration and is therefore not yet entered in the register of administrators and benchmark indices managed by the ESMA.

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 -Strategy used***

The rate of investment in the equity markets of eurozone member countries is at least 90% of assets. Since the equities portfolio's total exposure including derivative financial instruments is 60% minimum and 110% maximum of net assets, exposure to derivatives does not exceed 100% of the UCITS assets.

The Investment universe is essentially that of companies with their registered offices in the eurozone.

The selection of securities within the investment universe is based on a proprietary model of analysis and financial and extra-financial ratings. The investment strategy takes account of Environmental, Social and Governance (ESG) criteria at all definition phases of the eligible investment universe.

The first two phases of the investment process relate to the selection of securities that are eligible for the portfolio.

The first phase of the investment process consists of a filter to reduce the investment universe of the strategy to a working sample. This quantitative filter is designed to identify and, where appropriate, exclude companies with the lowest ESG ratings, with separate tests being conducted for each of the three areas and for the overall ESG rating. This ESG filter aims for a 25% reduction in the initial investment universe.

In the second phase, the extra-financial analysts and the analyst-managers evaluate the fundamentals of the companies in the working sample. They assign them a strategic rating (mainly around measures relating to innovation and adaptive capacity) and conduct a financial analysis. If necessary, they adjust the "quantitative" ESG rating of the securities where justified. This second phase of in-depth analysis of the companies includes non-traditional extra-financial criteria in the financial assumptions. From a financial point of view, it aims to select quality companies that generate recurring cash flows and have a business model that generates added value. Securities assigned financial and extra-financial ratings that meet the required levels are candidates for investment and constitute an investment list.

In all cases, the final investment decision is left to the manager based on their own outlook on the basis of the previously defined investable universe.

The management company relies on extra-financial research developed through a partnership within the La Française Group. Additional information on these partnerships, the Management Company's extra-financial analysis and the transparency code is available on the La Française AM website: http://lfgrou.pe/ldLf3a.

The third phase of the process involves construction of the portfolio and dynamic risk management. The manager selects the securities from the investment list and measures their portfolio exposures based on his beliefs and in accordance with the risk framework established for the fund.

The selection may include equities of any market capitalisation, with no investment limit for small and mid-caps.

Up to a maximum limit of 10%, the fund may be exposed to the equity markets of European Union member countries outside the eurozone and / or the equity markets of Switzerland and / or Norway.

In the context of its investments in non-euro denominated securities, the fund may be exposed to currency risk for up to 10% of its net assets.

The fund will meet the investment requirements of the funds eligible for the Equity Savings Plan (PEA) and to this end will invest at least 75% in eligible securities (equities, investment certificates and investment cooperative certificates or other eligible securities issued by companies domiciled in the European Union or, under certain conditions, in the European Economic Area).

The fund may also invest up to 10% in units or equities of UCITS established under French or European law.

Regarding cash management:
- the fund may invest up to 10% of its assets in fixed income products (e.g. tradable debt securities), of "Investment grade" (rating greater than or equal to Standard & Poor's BBB- or Moody's Baa3 or equivalent based on the management company's analysis), issued by public or private sector issuers in eurozone countries and meeting the principles of the extra-financial analysis. The Management Company shall not exclusively or systematically rely on ratings, but rather shall conduct a credit analysis at the time of investment.
- the fund may use cash borrowings and temporary acquisitions and sales of securities on an ancillary basis.

The fund may also use derivative instruments, preferably on organised European and international futures markets, but it reserves the option to enter into OTC agreements. In this context, the manager may take positions to hedge and/or expose the portfolio to equity and equity-related risks and / or equity index risks to adjust the exposure rate or in the event of significant market fluctuations.

To rate securities, the management company uses quantitative and qualitative research and analysis developed through a partnership within the La Française Group.

Additional information on the Management Company's extra-financial analysis and the transparency code is available on the La Française AM website, at www.lafrançaise-am.com.

In all cases, the final investment decision is left to the manager's free judgement according to their own outlook.

***2- Assets (excluding embedded derivatives)***

**a) Equities:**

The assets of the fund will be invested in listed equities or similar securities and/or in subscription or allotment rights attached to these equities making up the benchmark.

Investments are made in securities of all market capitalisations and without geographic or sectoral constraints.

The rate of investment in the equity markets of eurozone member countries is at least 90% of assets. Since the equities portfolio's total exposure including derivative financial instruments is 60% minimum and 110% maximum of net assets, exposure to derivatives does not exceed 100% of the UCITS assets.

Up to a maximum limit of 10%, the fund may be exposed to the equity markets of European Union member countries outside the eurozone and / or the equity markets of Switzerland and / or Norway.

**b) Debt securities and money market instruments:**

The fund may invest up to 10% of its assets, for cash management, in investment grade fixed-income products (i.e. those with a rating greater than or equal to BBB- on the scale of the rating agency Standard & Poor's or Baa3 on Moody's scale) or deemed equivalent based on the Management Company's analysis:
- tradable debt securities issued by private issuers (certificates of deposit, commercial papers, EuroCP),
- French government treasury bills (BTF or BTAN)

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

The investment will be made:
- in public or private sector products, depending on market opportunities
- In all sectors, with no sectoral emphasis
- In securities issued by issuers in eurozone countries

**c) Units or shares of other UCITS:**

The manager reserves the right to select units or shares in French or European UCITS whose management characteristics and investment strategies are likely to meet the performance objective of the fund (a fund invested in sustainable development or participation certificates, for example).
For cash management, the manager may also use units or shares in French or European ISR UCITS.
These UCITS may be managed by the Management Company by delegation or an affiliated management company.

Investments in UCITS units or shares will be limited to 10% of net assets.

***3- Derivative instruments***

The fund reserves the right to use firm or optional regulated derivatives markets to hedge and / or adjust the portfolio's exposure to equity risk.

The Fund reserves the right to enter into OTC contracts where these contracts are better suited to the management objective or offer lower trading costs.

The risks associated with assets may be hedged and / or exposed by financial futures instruments such as futures (e.g. CAC 40, Euro Stoxx 50, etc.) forwards, options, indices and currencies.

The use of derivatives offers management flexibility and greater responsiveness to markets so that investments in the equity markets can be optimised.

These transactions will be carried out with a maximum limit of 100% of the UCITS assets.

***4- Securities with embedded derivatives:*** yes, equities rights and subscription warrants.

***5- Deposits:*** none

***6- Cash borrowings:***

Exceptionally, the manager may borrow cash of up to 10% of net assets for the purpose of investing in anticipation of market rises or, more temporarily, in the context of major redemptions.

***7- Transactions for the temporary purchase and sale of securities:***

The Manager reserves the right to resort to repurchase and reverse repurchase transactions and securities lending and borrowing on the assets eligible for the Fund's portfolio. These transactions will be limited to 10% of net assets (maximum leverage = 10%).

***Management of financial guarantees relating to transactions on over-the-counter derivative financial instruments:***
OTC transaction counterparties will be counterparties such as credit institutions, authorised by the Management Company and domiciled in OECD Member States.
These counterparties do not have discretionary decision-making powers over the management of the assets underlying the derivative financial instruments.
These transactions can be entered into with companies linked to the Management Company's Group.

These transactions may give rise to the guarantee deposit:
- of cash,
- of securities issued by OECD Member States,
- of other monetary UCITS/AIF units or shares.

The Fund will not receive securities as collateral as part of the management of financial guarantees relating to transactions on over-the-counter derivative financial instruments and to effective portfolio management techniques.

Financial guarantees received in cash may be:
- placed in deposit with a credit institution whose registered office is located in an OECD Member State or in another country with equivalent prudential rules,
- invested in high-quality government bonds,
- invested in short-term money market funds as defined in the guidelines on a common definition of European money market funds.

***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:

Risk of capital loss:
Investors should be aware that their capital is not guaranteed and may therefore not be returned to them.

Equity risk:
The Fund is exposed to equity markets. If the markets drop, the value of the portfolio will fall.
The Fund may invest in small and mid caps. The trading volume of these securities listed on the stock market is lighter, therefore upward and downward market movements are more pronounced and more sudden than for large caps. The net asset value of the Fund may therefore display the same behaviour.

Exchange risk:
The mutual fund may invest in transferable securities denominated in currencies other than the reference currency. If a currency falls against the Euro, the net asset value may fall. On an ancillary basis, the fund may therefore be exposed to currency risk.

Interest rate risk:
The fund is subject to interest rate risk within the minimum limit of 10% of assets. The interest rate risk is the risk that the value of the Fund's investment decreases if interest rates rise. Thus, when interest rates rise, the net asset value of the Fund may fall.

Credit risk relating to issuers of debt securities:
These risks may arise from a downgrading of the credit rating of an issuer of debt securities. If an issuer’s credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Fund to fall.

Counterparty risk:
Counterparty risk arises from entering into contracts in financial futures traded on over-the-counter markets, and from temporary purchases and sales of securities. This is the risk that a counterparty may default on payment. Thus, the default of a counterparty may lead to a decline in the net asset value.

Potential risk of a conflict of interest:
This risk relates to the completion of temporary purchases and sales of securities transactions, during which the fund uses an entity as counterparty and/or financial intermediary that is linked to the group to which the fund's Management Company belongs.

***Target investors:***

| | |
|---|---|
| I share | All investors, particularly institutional investors and large private investors |
| R share | All investors |
| D share | All investors |
| F share | reserved for funds managed by La Groupe Française companies |

The fund is intended for investors who are concerned about sustainable development and have a long-term capital appreciation objective.

US investors

The shares 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. Shares may also not be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) to any United States national (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 shares 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 shares in the United States of America or to a US Person may be in breach of US law and requires the written agreement of the Management Company of the Fund. Those wishing to acquire or purchase shares will have to certify in writing that they are not US 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 5 years

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

| | |
|---|---|
| I share | Capitalisation |
| R share | Capitalisation |
| D share | Distribution |
| F share | capitalisation and/or distribution and/or carry forward |

**D share**: the net result will be distributed in full to the nearest rounded figure. The Management Company does not intend to make prepayments; distribution is carried out on an annual basis.
The net realised capital gains will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or a deferral (total or partial), by decision of the Management Company

**F share:** The allocation of results (capitalisation, total or partial distribution of income and / or capital gains and / or deferral of distributable sums under the conditions provided for by the regulations) is decided annually by the management company.

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 requests (in amounts or in one hundred thousandths of a share) and redemption requests (in one hundred thousandths of a share) are centralised on each net asset value calculation day by 11:00 AM at La Française AM Finance Services. Subscriptions and redemptions are executed based on the net asset value on day D (i.e. at the price unknown at the time of the subscription or redemption order) with settlement on D+2.
Switching from one share class to another is considered a transfer of securities. Investors should therefore note that this transaction is subject to the taxation rules covering capital gains or losses on financial instruments.

Each share can be divided into hundred thousandths.

| Centralisation of subscription orders | Centralisation of redemption orders | Execution of the order on D at the latest | Publication of the net asset value | Settlement of subscriptions | Settlement of redemptions |
|---|---|---|---|---|---|
| D before 11 a.m. | D before 11 a.m. | Each trading day (D) | D+1 working day | D+2 working days | D+2 working days |

***Minimum initial subscription value:***

| | |
|---|---|
| I share | EUR 100,000 |
| R share | 1 share |
| D share | 1 share |
| F share | 1 share |

***Minimum value for subsequent subscriptions:***

| | |
|---|---|
| I share | None |
| R share | None |
| D share | None |
| F share | None |

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

The net asset value is calculated on every trading day of the Paris Stock Exchange, or the next trading day, excluding legal holidays in France, based on the closing price.

***Initial net asset value:***

| | |
|---|---|
| I share | EUR 79.11 |
| R share | EUR 100 |
| D share | EUR 100 |
| F share | EUR 100 |

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

The Management Company's premises and online at: 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 shares | **I share:** 4.00% maximum<br>**R share:** 4.00 % maximum<br>**D share:** 4.00 % maximum<br>**F share:** None |
| Subscription fee paid to the UCITS | Settlement value X Number of shares | **I share:** None<br>**R share:** None<br>**D share:** None<br>**F share:** None |
| Redemption fee not paid to the UCITS | Settlement value X Number of shares | **I share:** None<br>**R share:** None<br>**D share:** None<br>**F share:** None |
| Redemption fee allocated to the UCITS | Settlement value X Number of shares | **I share:** None<br>**R share:** None<br>**D share:** None<br>**F share:** 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 | **I share:** 1.199% maximum rate (incl. tax)<br>**R share:** 2.199% maximum rate (incl. tax)<br>**D share:** 2.199% maximum rate (incl. tax)<br>**F share:** 0.449% maximum rate (incl. tax) |
| 2 | Administrative fees not paid to the Management Company | Net assets | **I & D & F & R shares:** 0.051% maximum rate (incl. tax) |
| 3 | Maximum indirect costs (commission and management fees) | Net assets | None |
| 4 | Turnover fees | Deducted from each transaction | **Shares**: 0.40% (with a minimum of EUR 120)<br>**Convertible bonds <5 years**: 0.06%<br>**Convertible bonds >5 years**: 0.24%<br>**Other bonds**: 0.024% (with a minimum of EUR 100)<br>**Monetary instruments**: 0.012% (with a minimum of EUR 100)<br>**Swaps**: EUR 300<br>**Forward exchange**: EUR 150<br>**Spot exchange**: EUR 50<br>**UCI**: EUR 15<br>**Futures**: EUR 6<br>**Options:** EUR 2.50 |
| 5 | Outperformance fee | Net assets | **I, R and D shares**: The variable component of the management fees will amount to a maximum of 20% (incl. tax) of the difference, if positive, between the performance of the Fund and that of the Euro Stoxx (net dividends reinvested) (SXXT index). These variable management fees are capped at 2.5% (incl. tax) of the net assets.(*)<br>**F share**: none |

(*) An outperformance fee is paid to the management company as follows:
- The outperformance is calculated by comparing the development of the Fund's assets with that of a benchmark fund with a performance identical to that of the Euro Stoxx index (net dividends reinvested) and registering the same subscription and redemption variations as the actual Fund
- An outperformance fee is calculated as soon as the fund outperforms its benchmark (even if the performance of the fund and the benchmark are negative)
- The outperformance fee is deducted after calculation of the last net asset value of the reference period

The reporting date for variable management fees is set at the last net asset value of the Fund's financial year. The fees will be deducted annually.

A provision or, where applicable, a reversal of the provision in the event of underperformance is recognised for each net asset value calculation. The share of variable fees corresponding to redemptions reverts definitively to the Management Company.
This fee will be calculated over a 12-month period.

<u>Transactions for the temporary purchase and sale of securities</u>:
The remuneration received on the temporary purchases and sales of securities and for any equivalent transaction under foreign law shall be fully undertaken by 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.

The UCITS may not inform shareholders specifically or offer them the possibility of redeeming their shares without incurring charges in the event of an increase in administrative costs external to the Management Company which would be equal to or less than 10 basis points per calendar year; the notification may therefore be made by any means.

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).

<u>Choice of financial intermediaries:</u>
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.

# La Française Moderate Multibonds

***ISIN code:***

| | |
|---|---|
| S share | FR0012336758 |
| R share | FR0012890333 |
| C share | FR0007053640 |

***Classification:***

International bond and other debt securities

***Management objective:***

La Française Moderate Multibonds aims to achieve a net return above the 3-month Euribor + 0.75%, over the recommended 2-year investment period.

***Benchmark index:***

The benchmark index representative of the management strategy is the 3-month Euribor.

The Euro Inter Bank Offered Rate or EURIBOR is representative of the 'money lending rate' on the interbank market in the eurozone for a fixed term, for a period of 1 week to 12 months. The EURIBOR is published by the European Central Bank (ECB), which calculates the arithmetic average of the quotes collected at the end of the day from a panel of 64 institutions representative of the euro zone. The rate is capitalised daily. Bloomberg code: EUR003M Index

- Euribor 3-month administrator: EMMI (European Money Markets Institute)

Further information on the benchmark index is available on the administrator's website: https://www.emmi-benchmarks.eu

- Registration of the administrator in the ESMA register: in accordance with Article 52 of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the administrator of the benchmark index has until 1 January 2020 to apply for registration. As of the date of the last update of this prospectus, the administrator has not yet obtained registration and is therefore not yet entered in the register of administrators and benchmark indices managed by the ESMA.

The fund is neither an index fund nor an index benchmark but, for post-hoc comparison purposes, the unitholder can refer to the 3-month Euribor index.

***Investment strategy:***

The fund uses four types of strategies:

(i) a short- or long-term directional strategy, seeking to optimise portfolio performance based on interest rate and inflation forecasts, using fixed-rate bonds, derivatives and inflation-linked bonds;

(ii) an interest-rate curve strategy aimed at exploiting variations in spreads between long-term and short-term rates;

(iii) an arbitrage strategy seeking relative value on different bond asset classes;

(iv) a credit strategy based on the use of private sector bonds.

| | |
|---|---|
| The sensitivity range for interest rates in which the fund is managed | between -2 and 4 |
| Geographical area of the issuers of securities to which the fund is exposed | OECD countries: 0-100% |
| Security denomination currencies in which the fund is invested | all currencies |
| Level of exchange risk borne by the fund | up to a maximum of 10% of net assets |

The sensitivity of the fund is managed so as to limit exposure to interest rate risk and to capture the valuation potential of debt held on more specific criteria (slope of the curve, interest rate levels, inflation expectations, volatility, etc.).

Through the composition of its portfolio, the fund offers investors a bond diversification alternative.

The target volatility objective of the fund is set at 2% under normal market conditions.

The fund may invest up to 100% of its assets in State-issued securities or similar (semi-public, guaranteed, supranational) and/or in private debt.

The fund may invest up to 10% in contingent convertible bonds ("Cocos"). CoCos are more speculative and carry a higher default risk than conventional bonds, but these CoCos will be sought as part of the management of the fund owing to their high yield. This

remuneration compensates for the fact that these securities can be converted into equity (shares) or may be subject to capital loss if the contingency clauses of the financial institution concerned are triggered (crossing of a capital threshold predefined in the prospectus of a subordinated bond issue).
Private sector bonds are rated at least equal to BBB- (Standard & Poor's equivalent or equivalent depending on the management company's analysis). The Management Company shall not exclusively or systematically rely on ratings, but rather shall conduct a credit analysis at the time of investment.
In the event of a downgrade in the rating of an issuer of a security already invested in the portfolio, the management company will, as soon as possible, sell the asset in accordance with the interests of the unitholders.

The manager may invest in securities denominated in euros and/or other currencies. Insofar as the securities are not denominated in euros, the manager will not systematically hedge the currency risk, so the fund may be exposed to currency risk for up to a maximum of 10% of its assets.
The fund may invest up to 10% of its assets in the units or shares of the UCITS governed by French or foreign law and/or in UCI units or shares meeting the 4 criteria of Article R214-13 of the Monetary and Financial Code. They will be used to manage cash flow or to achieve the management objective.

The fund may invest in futures, traded on French and foreign regulated markets or OTC: futures contracts, options, swaps. Each instrument addresses specific hedging or exposure strategies to (i) hedge the entire portfolio or certain classes of assets held within it against market risk (ii) synthetically rebuild specific assets, or (iii) increase the fund's exposure to interest-rate risks in the market.
The arbitrage strategies aim to (i) implement an investment strategy of inflation expectations that differ from expectations measured in the market; derivatives will be used to hedge some of the exposure either at real rates or in inflation indexing or (ii) take advantage of:
- curve movements by taking both a short position and a long position on maturities on the same yield curve; derivatives are used in particular to implement the short position of the strategy
- differences between yield curves. Strategies may include buying a maturity on a yield curve and selling the same maturity on the yield curve of another currency; derivatives are used in particular to realize the short position of the strategy
- credit premium movements; derivatives are used to hedge the interest rate risk of a bond in order to keep only the exposure on its credit premium
- of the yield volatility curve. Derivatives with optional components or swaps for references such as CMS (Constant Maturity Swap) references allow taking upward or downward positions on yield volatility at different points of the curve.
The overall exposure of the portfolio shall be limited to a maximum of 500% of the net assets.
The Fund will not use Total Return Swaps (TRS).

The Fund may also engage in temporary securities purchase and sale transactions in order to (i) ensure the investment of the cash available (reverse repurchase), or (ii) optimise the performance of the portfolio (securities lending).

**2. Assets:**

In order to achieve its management objective, the fund will use different types of assets:

a. Equities:
The Fund does not intend to hold shares. However, since the Fund may invest in contingent convertible bonds, there exists a possibility that these instruments may be converted into shares on the initiative of the regulator or in the event, for example, of a fall in solvency ratio beyond a threshold that is generally determined contractually.
If the bonds held in the portfolio are converted into shares, the Fund may temporarily hold shares up to a limit of 2% of its net assets and sell them as soon as possible in the best interests of the unitholders.
The shares can be of any market capitalisation and denominated in any currency.

b. Debt securities and money market instruments:
i. money market and bond floating rate securities
ii. index-linked bonds
iii. fixed-rate bonds
iv. floating rate notes (FRNs): indexation on money market rates and protection of capital against the risk of rising interest rates. This type of investment allows an additional return premium to be captured while adhering to a goal of low volatility.
v. inflation-linked, floating-rate bonds to protect capital against inflation-induced monetary erosion.
vi. floating rate bond securities (TEC, CMS).

For each of the above-mentioned components, the holding range will be between 0% and 100% of assets.

c. UCI: yes (bond and monetary classification) within the limit of 10% of assets.
The Fund may invest up to a limit of 10% in the units or shares of the UCITS under French or foreign law and/or in the units or UCI shares meeting the four criteria of Article R214-13 of the French Monetary and Financial Code.

The Fund may invest in UCIs of the Management Company or of a related company.

**3. Derivative instruments**

The fund may trade in any futures or options as long as their underlying funds have a direct or correlated financial relationship with a portfolio asset, used for hedging, arbitrage or exposure of the portfolio.
The fund may invest in futures, traded on French and foreign regulated markets or OTC: futures contracts, options, swaps, cap and floor.

Nature of the markets used:
- regulated: yes
- organised: yes
- OTC: yes

Risks on which the manager seeks to act:
- equities: no
- interest rates: yes
- exchange rates: yes
- credit: no
- indices: yes

Nature of activities:
- hedging: yes
- exposure: yes
- arbitrage: yes
- other: no

Nature of the instruments used:
- futures: yes
- options: yes
- swaps: yes
- forward exchange transactions: yes
- credit derivatives: no
- other: no

Futures can be used for the purpose of hedging inflation-linked bonds against a possible rise in interest rates by selling futures (Eurex Shatz, Bobl and Bund), or to increase the fund's exposure to interest rate risks in compared to the market (duration management).

**4- Securities with embedded derivatives**

In order to achieve the management objective, the manager may take positions to hedge and/or expose the portfolio to risks:
- equities: no
- interest rates: yes
- exchange rates: yes
- credit: no

Nature of activities:
- hedging: yes, interest rate, foreign exchange risk
- exposure: yes, to interest rate risk
- arbitrage: yes

Nature of the instruments used:
- Contingent convertible bonds
- EMTN
- BMTN
- Subscription warrants
- warrants
- Puttables
- Callables

***5- Deposits***

The Fund reserves the right to make deposits of up to 10% of net assets in order to manage its cash flow.

### *6- Cash borrowings*

The Fund reserves the right to temporarily borrow cash up to a limit of 10% of its net assets.

**7- Transactions for the temporary purchase and sale of securities**

**o** General description of transactions:

• Nature of activities:

Transactions for the temporary purchase or sale of securities shall be carried out in accordance with the Monetary and Financial Code. They shall be carried out within the framework of cash flow management and/or the optimisation of UCI income. In no circumstances shall these strategies aim to create or result in the creation of a leverage effect.

• Nature of transactions used:

These transactions shall consist of securities loans and borrowings and repurchase and reverse repurchase transactions of interest rate or credit products of OECD Member States. The instruments subject to transactions of this nature shall be bonds and other negotiable debt securities issued by public and/private entities and rated "investment grade" (rating higher than or equal to BBB- according to Standard&Poors or Baa3 according to Moody's) and/or speculative (rating lower than BBB- or Baa3).

- **o** General data for each type of transaction:

• Envisaged level of use:

Transactions for the temporary sale of securities (securities lending, reverse repurchase transactions) may be carried out up to an amount equivalent to a maximum of 50% of the UCI's assets, while transactions for the temporary purchase of securities (securities borrowing, repurchase agreements) may be carried out up to an amount equivalent to a maximum of 10% of the UCI's assets.
The expected proportion of assets under management that will be subject to such transactions may be 25% of assets.

• 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. 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, subject to a grade, the counterparties selected for transactions for the temporary purchase or sale of securities 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. All income from these transactions is paid in full to the UCI.
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.

• Accepted guarantees:

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

• Reinvestment policy and guarantees received:

Financial guarantees received in cash are reinvested in accordance with the rules in effect.
Financial guarantees received must be able to be fully enforced by the UCI at any time and without consulting or obtaining the approval of the counterparty.
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.

• Risks:

There is no correlation policy to the extent that guarantees received in cash in the reference currency of the UCI do not present an exchange risk or valuation risk due to fluctuating financial markets. Therefore, there is no haircut policy applied to the guarantee received.
The audit teams in charge of the Fund shall respect all the limits described under the heading "Envisaged 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.

The recourse to the purchase and/or sale transactions of securities may result in legal risks, in particular relating to contracts.

***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:

<u>Risk of capital loss:</u>

Investors should be aware that their capital is not guaranteed and may therefore not be returned to them.

<u>Discretionary risk:</u>

The discretionary management style applied to the mutual fund is based on the selection of portfolio assets and/or market expectations. There is a risk that the mutual fund may not be invested in the best-performing assets or markets at all times. The Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the Fund may perform negatively.

<u>Interest rate risk:</u>

This is the risk of a decrease in interest rate instruments due to interest rate fluctuations, which may cause a decline in the net asset value of the Fund.

<u>Credit risk:</u>

Credit risk may arise from a downgrading of the credit rating of an issuer of debt securities or the default of an issuer. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Fund to fall.

<u>Risk of a fall in inflation:</u>

This may affect the short-term yield of bonds linked to inflation resulting in a drop in the net asset value of the fund.

<u>Counterparty risk:</u>

Counterparty risk arises from entering into contracts in financial futures traded on over-the-counter markets, and from temporary purchases and sales of securities. This is the risk that a counterparty may default on payment. Thus, the default of a counterparty may lead to a decline in the net asset value.

<u>Exchange risk:</u>

The fund invests in transferable securities denominated in currencies other than the reference currency. If a currency falls against the Euro, the net asset value may fall. The fund may be exposed to exchange-rate risk up to 10% of the net assets.

<u>Risk related to contingent convertibles:</u>

CoCos are hybrid securities, whose main objective is to enable recapitalisation of the issuing bank or financial institution, during a financial crisis. Indeed, these securities have loss-absorption mechanisms, as described in their issue prospectuses, that are activated generally when the issuer's equity ratio falls below a certain trigger threshold.

The trigger is primarily mechanical: it is generally based on the CET1 ("Common Equity Tier 1") accounting ratio, relative to risk-weighted assets. To offset the discrepancy between book values and the financial reality, there is a discretionary clause allowing the supervisor to invoke the loss absorption mechanism if s/he considers that the issuing institution is insolvent.

CoCos are therefore subject to specific risks, in particular subordination to specific triggering criteria (e.g. deterioration of the equity ratio), conversion into shares, loss of capital or non-payment of interest.

The use of subordinated bonds, particularly so-called Additional Tier 1 bonds, exposes the fund to the following risks:

- triggering of the contingency clauses: if an equity threshold is crossed, these bonds are either exchanged for shares or undergo a capital reduction, potentially to 0.
- cancellation of the coupon: Coupon payments on these types of instruments are entirely discretionary and may be cancelled by the issuer at any time, for any reason, and without time constraints.
- capital structure: unlike traditional, secured debt, investors in this type of instrument may incur a capital loss without prior bankruptcy of the company. Furthermore, the subordinated creditor will be repaid after ordinary creditors, but before shareholders.
- call for extension: These instruments are issued as perpetual instruments, callable at pre-set levels only with the approval of the competent authority
- valuation / performance: The attractive yield of these securities can be considered a complexity premium

<u>Potential risk of a conflict of interest:</u>

This risk relates to the completion of temporary purchases and sales of securities transactions, during which the fund uses an entity as counterparty and/or financial intermediary that is linked to the group to which the fund's Management Company belongs.

***Target investors:***

| | |
|---|---|
| S share | All investors, particularly institutional investors |
| R share | All investors |
| C share | All investors, particularly institutional investors and large private investors |

The fund is primarily intended for investors seeking an instrument to diversify their bond investments, particularly in a period of low returns on fixed-rate bonds.

US investors

The shares 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. Shares may also not be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) to any United States national (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 shares 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 shares in the United States of America or to a US Person may be in breach of US law and requires the written agreement of the Management Company of the Fund. Those wishing to acquire or purchase shares will have to certify in writing that they are not US 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 2 years.

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

| | |
|---|---|
| S share | Capitalisation |
| R share | Capitalisation |
| C share | 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 requests (in value or in thousandths of shares) and redemption requests (in thousandths of shares) are processed by La Française AM Finance Services on each trading day before 11 a.m. and are executed on the basis of the next net asset value.

Payments relating thereto are made on the second trading day following the processing date.

| Centralisation of subscription orders | Centralisation of redemption orders | Execution of the order at the latest, in D | Publication of the net asset value | Settlement of subscriptions | Settlement of redemptions |
|---|---|---|---|---|---|
| D before 11 a.m. | D before 11 a.m. | Each trading day (D) | D+2 working days | D+2 working days | D+2 working days |

***Minimum initial subscription value:***

| | |
|---|---|
| S share | EUR 10,000,000 |
| R share | None |
| C share | EUR 160,000 |

***Minimum value for subsequent subscriptions:***

| | |
|---|---|
| S share | None |
| R share | None |
| C share | None |

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

The net asset value is calculated on each trading day of the Paris Stock Exchange, or the next trading day, excluding legal holidays in France.

***Initial net asset value:***

| | |
|---|---|
| S share | EUR 1,000 |
| R share | EUR 100 |
| C share | EUR 1,000 |

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

The Management Company's premises and online at: 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,<br>levied at the time of subscription and redemption | Base | Rate/scale |
|---|---|---|
| Subscription fee not<br>paid to the UCITS | Settlement value X<br>Number of shares | **S share:** 3.00% maximum<br>**R share:** 3.00% maximum<br>**C share:** 3.00% maximum |
| Subscription fee paid<br>to the UCITS | Settlement value X<br>Number of shares | **S share:** None<br>**R share:** None<br>**C share:** None |
| Redemption fee not paid to<br>the UCITS | Settlement value X<br>Number of shares | **S share:** None<br>**R share:** None<br>**C share:** None |
| Redemption fee allocated to the UCITS | Settlement value X<br>Number of shares | **S share:** None<br>**R share:** None<br>**C share:** 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 | **C share**: 0.448% maximum rate (including tax)<br>**S share**: 0.248% maximum rate (including tax)<br>**R share**: 0.748% maximum rate (including tax) |
| 2 | Administrative fees not paid to the Management Company | Net assets | **C & R & S shares**: 0.052% maximum rate (including tax) |
| 3 | Maximum indirect costs (commission and management fees) | Net assets | None |
| 4 | Turnover fees | Deducted from each transaction | Monetary instruments: 0.012% (incl. tax);<br>Other interest rate products: 0.024% (incl. tax);<br>Convertibles < 5 years: 0.06% (incl. tax);<br>Convertibles > 5 years: 0.24% (incl. tax);<br>Equities: 0.36% (incl. tax);<br>Futures: EUR 5 per lot<br>Interest rate swaps and foreign exchange swaps: EUR 35 |

| | | | |
|---|---|---|---|
| 5 | Outperformance fee | Net assets | **C, S and R shares:**<br>The variable component of the management fees will amount to a maximum of 24% (incl. tax) of the difference, if it is positive, between the performance of the Fund and that of the 3-month Euribor, plus 0.75%.<br>**S shares:** outperformance fee is capped at 0.15% of the average net assets* (*average net assets calculated since the start of the reference period of the performance fee and restated for variable management fees), from 1 January 2017. |

The outperformance is calculated by comparing the growth in the Fund's assets with that in the assets of a benchmark fund that achieves identical performance to that of the 3-month Euribor + 0.75% (Bloomberg code: EUR003M Index) registering the same variations in subscriptions and redemptions as the actual Fund.
A provision or, where applicable, a reversal of the provision in the event of underperformance is recognised for each net asset value calculation.
The share of variable fees corresponding to redemptions reverts definitively to the Management Company.
The reporting date for variable management fees is set at the last net asset value of the Fund's financial year. The fees will be deducted annually.
The outperformance fee of the S share has been capped at 0.15% of the average net assets* (*average net assets calculated since the start of the reference period of the performance fee and restated for variable management fees).

The UCITS may not inform shareholders specifically or offer them the possibility of redeeming their shares without incurring charges in the event of an increase in administrative costs external to the Management Company which would be equal to or less than 10 basis points per calendar year; the notification may therefore be made by any means.

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).

# La Française Rendement Global 2025.

***ISIN code:***

| | |
|---|---|
| I share | FR0013258654 |
| T C share | FR0013277381 |
| T D EUR share | FR0013277373 |
| I D EUR share | FR0013298957 |
| I C USD H share | FR0013289501 |
| R C USD H share | FR0013290996 |
| R share | FR0013258647 |
| D share | FR0013272739 |
| D USD H share | FR0013272747 |
| T D USD H share | FR0013288982 |
| D-B share | FR0013279395 |
| I C CHF H share | FR0013284569 |

***Classification:***
International bond and other debt securities

***Management objective:***
The fund's objective is to achieve, over the recommended investment period of 7 years from the date of inception of the fund until 31 December 2025, a net return which is greater than the performance of the 2025 maturity-based bonds issued by French Government and denominated in EUR.
The potential profitability of the Fund comes from the value of the accrued coupons of the bonds in the portfolio and the variations in capital due to the fluctuation in interest rates and credit spreads.

The objective of the net annualised performance is based on the realisation of market assumptions set by the Management Company. It is not a guarantee of Fund return or performance. Investors should note that the performance indicated in the management objective of the fund takes account of the estimate of the risk of default or downgrading of the rating of one or more issuers in the portfolio, the cost of currency hedging and the management fees payable to the management company.

***Benchmark index:***

The Fund is not linked to a benchmark index.

***Investment strategy:***

**1. Investment strategy**

The investment strategy involves the discretionary management of a portfolio of bonds issued by private or public bodies, maturing on or before 31 December 2025.

The strategy is not limited to bond carrying; the Management Company may use arbitrage in the event of new market opportunities or an increased default risk of one of the issuers in the portfolio.

The management of the Fund is mainly based on the management team's in-depth knowledge of the selected companies' balance sheets and the fundamentals of sovereign debt.

To achieve the management objective, up to 100% of the portfolio is invested in fixed-rate or floating-rate bonds, other negotiable debt securities and money market instruments (Treasury bills, Treasury notes, certificates of deposit) from all economic sectors.

The manager investing in entities which are:

The allocation between private and public debt is not determined in advance and will be based on market opportunities.

The fund invests up to 100% in Investment Grade issues (with a rating higher or equal to BBB- at Standard & Poor's or Baa3 at Moody's or the equivalent according to the analysis of the management company) or in High Yield issues (speculative) with a rating lower than BBB- or Baa3 or equivalent according to the analysis of the management company. It is prohibited from investing in unrated securities.

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

Investment in convertible bonds is limited to maximum of 30% of net assets.

During the period from the initial date of subscription and until the minimum asset amount under management reaches the level of 7 (seven) million euros, the fund shall invest in money market securities.

The manager will invest in securities denominated in EUR and/or USD and/or GBP and/or NOK and/or CHF. Insofar as the securities are not denominated in EUR, the manager will systematically hedge the exchange risk. There may however be a residual exchange risk due to imperfect hedging.

Consequently, the selection of securities focuses on the financial situation, debt structure and cash flow statements of issuers to avoid default situations. Moreover, issuers with the expectation of high repayment rates and junior subordinated issues are preferred.

| | |
|---|---|
| The sensitivity range for interest rates in which the fund is managed | from 7 to 0, decreasing over time |
| Geographical area of the issuers of securities to which the fund is exposed | Public and private issuers from OECD countries (all zones): 0 - 100%; Public issuers, excluding OECD countries (emerging markets): 0-100% - public issuers, excluding OECD countries (emerging markets) 0-50% |
| Security denomination currencies in which the fund is invested | EUR/USD/GBP/NOK/CHF |
| Level of exchange risk borne by the fund | Residual owing to imperfect hedging of currency positions. |

Up to 10% of the fund may be invested in units or equities of UCITS established under French or European law in accordance with Directive 2009/65/EC.

Taking into account the investment strategy implemented, the Fund's risk profile is strongly tied to the selection of speculative securities which may represent up to 100% of the assets and therefore including default risk.

On an exceptional and temporary basis in the event of a significant number of redemption requests, the manager may borrow cash up to a limit of 10% of its net assets.

The Fund will preferably use derivative instruments on organised futures markets but reserves the right to enter into OTC contracts where these contracts are better suited to the management objective or offer lower trading costs. The Fund reserves the right to trade on all European and international futures markets.

The manager may use financial instruments such as futures, forwards, options, interest rate swaps, foreign exchange swaps, forward exchange transactions, Credit Default Swaps (CDS on single underlying asset options and CDS on indices) and Non Deliverable Forwards. They will mainly act with the aim of hedging and/or exposing the fund to interest rate and/or credit futures markets, and with the aim of hedging future exchange markets.

The fund may use Total Return Swaps (TRS) up to a limit of 25% maximum of the net assets. The expected proportion of assets under management that shall be subject to TRS may be 5% of the assets. The TRS underlying assets may be corporate bonds and emerging sovereign bonds.
The investment limit for the Fund on derivative instruments shall not exceed 100% of its net assets, without seeking overexposure.
**As the Fund approaches maturity and depending on prevailing market conditions, the Management Company shall opt either to continue the investment strategy, merge with another UCITS or liquidate the Fund, subject to the AMF's approval.**
**2. Assets (excluding integrated derivatives)**
In order to achieve its management objective, the fund will use different types of assets.
a) equities: yes
The Fund may not purchase shares directly but it may be indirectly exposed to equity risk due to the fact that it holds convertible bonds up to a limit of 10% of net assets and may be directly invested in equities up to a limit of 5% of net assets only in the event of a restructuring of a bond, standard or convertible, by the issuer.
The equities shall present following characteristics:
- all capitalisation
- all economic sectors
- denominated in EUR, USD, GBP, NOK or CHF
- in all geographic areas.
b) Debt securities and money-market instruments: yes
i. Negotiable debt securities: yes
ii. Bonds (fixed rate, floating rate, indexed): yes
iii. Treasury bills: yes
iv. Short-term negotiable securities: yes
with the following characteristics:
- all economic sectors
- the selected securities shall be invested in the public and/or private sector.
c) UCITS:
Up to 10% of the Fund may be invested in units or equities of UCITS under French or foreign law in accordance with Directive 2009/65/EC.
These UCITS may be managed by the Management Company or an associated company.
**3. Derivative instruments**
The Fund may trade in any futures or options as long as their underlying funds have a direct or correlated financial relationship with a portfolio asset, used for both hedging and exposure of the portfolio.
Nature of the markets used:
- regulated: yes
- organised: yes
- OTC: yes
Risks on which the manager seeks to act:
- equities: yes (within a limit of 10% maximum)
- interest rates: yes
- exchange rates: yes
- credit: yes
- indices: yes
Nature of activities:
- hedging: yes
- exposure: yes
- arbitrage: no
Nature of the instruments used:
- futures: yes
- options (listed, OCT): yes
- swaps (interest rates, currencies): yes
- forward exchange (NDF): yes
- credit derivatives: yes, CDS
- Total Return Swap (TRS): yes
**4- Securities with embedded derivatives**
Risks on which the manager seeks to act:
- equities: yes
- interest rates: yes
- exchange rates: no
- credit: yes
- indexes: yes (interest rates)
Nature of activities:
- hedging: yes
- exposure: yes

- arbitrage: no
Nature of the instruments used:
- Convertible bonds, within a limit of 30% of net assets
- warrants
- EMTN

**5- Deposits:** the Fund reserves the right to make deposits of up to 10% in order to manage its cash flow.

**6- Cash borrowings**

the Fund reserves the right to temporarily borrow cash up to a limit of 10% of its net assets in the event of significant redemptions.

**7- Transactions for the temporary purchase and sale of securities**: yes

**• Nature of activities:** Transactions for the temporary purchase or sale of securities shall be carried out in accordance with the Monetary and Financial Code. They shall be carried out within the framework of cash flow management and/or the optimisation of UCI income. In no circumstances shall these strategies aim to create or result in the creation of a leverage effect.

• **Nature of transactions used**: These transactions shall consist of securities loans and borrowings and repurchase and reverse repurchase transactions of interest rate or credit products of OECD Member States. The instruments subject to transactions of this nature shall be bonds - financial instruments and other negotiable debt securities issued by public and/private entities and rated “investment grade” (rating higher than or equal to BBB- according to Standard&Poors or Baa3 according to Moody’s) and/or speculative (rating lower than BBB- or Baa3).

• **Envisaged level of use**:

Transactions for the temporary sale of securities (securities lending, reverse repurchase transactions) may be carried out up to an amount equivalent to a maximum of 50% of the UCI's assets, while transactions for the temporary purchase of securities (securities borrowing, repurchase agreements) may be carried out up to an amount equivalent to a maximum of 10% of the UCI's assets.
The expected proportion of assets under management that will be subject to such transactions may be 25% of assets.

**8. Information relating to financial guarantees (temporary purchase and sale of securities and/or OTC derivatives for the total return swaps (TRS))**:

• **Financial guarantees management**:

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

• **Reinvestment policy and guarantees received**:

Financial guarantees received in cash are reinvested in accordance with the rules in effect. Financial guarantees received must be able to be fully enforced by the UCI at any time and without consulting or obtaining the approval of the counterparty.
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 such as total return swaps (TRS). 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, subject to a grade, the counterparties selected for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS) 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 such as total return swaps (TRS).
All income from these transactions is paid in full to the UCI.
The costs/fees relating to transactions for the temporary purchase and sale of securities and/or total return swaps (TRS) 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**:

There is no correlation policy to the extent that guarantees received in cash in the reference currency of the UCI do not present an exchange risk or valuation risk due to fluctuating financial markets. 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:

Risk of capital loss:

Investors should be aware that their capital is not guaranteed and may therefore not be returned to them.

Discretionary risk:

The discretionary management style applied to the mutual fund is based on the selection of portfolio assets and/or market expectations. There is a risk that the mutual fund may not be invested in the best-performing assets or markets at all times. The Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the Fund may perform negatively.

Interest rate risk:

The Fund is subject to interest rate risk on European and international markets. The interest rate risk is the risk that the value of the Fund's investment decreases if interest rates rise. Thus, when interest rates rise, the net asset value of the Fund may fall.

Credit risk relating to issuers of debt securities:

Risk may arise from a downgrading of the credit rating or default of the issuer of the debt security or failure of the issuer to honour his commitments with regard to the instruments issued. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Fund to fall.

As part of a bond investment, there is a direct or indirect risk relating to the possible presence of lesser-quality "high-yield" or speculative bonds. These securities are classed as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The value of the mutual fund unit may therefore decrease if the value of these securities in the portfolio falls.

Default risk relating to issuers of debt securities:

The default risk is the risk related to solvency of the entity which issued the securities. This risk is even greater should the Fund invest in speculative securities which could lead to an increased level of risk of the net asset value of the Fund decreasing and a loss of capital.

Risk associated with investments in speculative high-yield securities:

This Fund should be considered speculative. It is aimed specifically at investors who are aware of the risks inherent to investing in securities with a low or non-existent rating.

These securities are classed as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The value of the Fund unit may therefore be lower when the value of these securities in the portfolio falls.

Risk arising from investing in emerging markets:

The Fund may be exposed up to 100% in emerging markets. Market risk is amplified by any investment in emerging markets where upward and downward market movements may be stronger and more sudden than on major international markets.

Investing in emerging markets involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of the fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on major international markets. In addition, investing on these markets entails risks due to the restrictions imposed on foreign investments, counterparties, the higher market volatility, the delay in settlements/deliveries as well as the limited liquidity of some lines contained in the Fund's portfolio. The net asset value of the Fund may fall as a consequence.

Risk associated with holding convertible bonds:

The Fund may be exposed up to 30% in convertible bonds. The value of convertible bonds depends to some extent on the evolution of the prices of their underlying equities. Changes in the underlying equities may lead to a fall in the Fund's net asset value.

Exposure to equity risk shall be limited to maximum 10% of the net assets.

Counterparty risk: Counterparty risk arises from entering into contracts in financial futures traded on over-the-counter markets, and from temporary purchases/sales of securities and/or total return swaps (TRS). This is the risk that a counterparty may default on payment. Thus, the default of a counterparty may lead to a decline in the net asset value.

Subordinated Debt Risk:

The investment perimeter of the fund includes subordinated bonds. These debt securities have a specific risk profile that is different from that of conventional bonds. Note that a debt is termed subordinated when its repayment is dependent on the initial repayment of other creditors (preferential creditors, unsecured creditors). Thus, the subordinated creditor will be repaid after ordinary creditors, but before shareholders. The interest rate on this type of debt will be higher than the interest on other receivables. In the event that one or more clauses provided in the issue documentation of these subordinated debt securities is triggered and, more generally, if a credit event affects the issuer in question, there is a risk of a fall in the net asset value of the fund. The use of subordinated bonds may expose the Fund to the risks of coupon cancellation or deferral (at the issuer's sole discretion), redemption date uncertainty or valuation/performance (the attractive yield of these securities, which can be considered to be a complexity premium.

Exchange risk:

The mutual fund may invest in transferable securities denominated in currencies other than the reference currency.

The manager will always hedge the exchange risk. There may however be a residual exchange risk due to imperfect hedging. The net asset value of the Fund may fall as a consequence.

Risk arising from techniques such as derivative products:

This is the risk of increased losses owing to the use of financial futures such as OTC financial agreements and/or futures contracts.

Potential risk of a conflict of interest:

This risk relates to the completion of temporary purchases of securities transactions, during which the fund uses an entity as counterparty and/or financial intermediary that is linked to the group to which the fund's Management Company belongs.
The liquidity risk associated with the temporary purchase and sale of securities and/or total return swaps (TRS): The Fund may be exposed to trading difficulties or a temporary lack of trading in certain securities in which the Fund is invested or those received as collateral in the event of default by a counterparty of temporary purchase and sale of securities and/or total return swaps (TRS).
Legal risk:
The use of purchase and/or sale transactions of securities and/or Total Return Swaps (TRS) may result in legal risks, in particular relating to contracts.

***Target investors:***

| | |
|---|---|
| I share | Intended for professional clients within the meaning of MiFID |
| T C share | All subscribers without payment of retrocession fees to distributors |
| T D EUR share | All subscribers without payment of retrocession fees to distributors |
| I D EUR share | Intended for professional clients within the meaning of MiFID |
| I C USD H share | Intended for professional clients within the meaning of MiFID |
| R C USD H share | 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 |
| R share | 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 |
| D share | 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 |
| D USD H share | 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 D USD H share | All subscribers without payment of retrocession fees to distributors |
| D-B share | 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, including the Beobank network |
| I C CHF H share | Intended for professional clients within the meaning of MiFID |

Investors in this Fund are seeking a diversified bond investment over a recommended investment period until 31 December 2025.

**Investors are informed that their main goal is to hold their investment until 31 December 2025 in order to benefit from the best conditions regarding actuarial yield offered by the Fund.**

**How to subscribe to T shares**:
Subscriptions to T shares (net shares) 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 shares towards T shares 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), provided that subscriptions for T shares are immediately preceded by a redemption in R, D and D USD H shares by the same shareholder for a product equivalent to the number of redeemed shares and on the same net asset value date.

US investors
The shares 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. Shares may also not be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) to any United States national (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 shares 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 shares in the United States of America or to a US Person may be in breach of US law and requires the written agreement of the Management Company of the Fund. Those wishing to acquire or purchase shares will have to certify in writing that they are not US 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:***
Investors are informed that their main goal is to conserve their investment until 31 December 2025 in order to benefit from the best conditions regarding actuarial yield offered by the fund.

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

| | |
|---|---|
| I share | Capitalisation |
| T C share | Capitalisation |
| T D EUR share | capitalisation and/or distribution and/or carry forward |
| I D EUR share | capitalisation and/or distribution and/or carry forward |
| I C USD H share | Capitalisation |
| R C USD H share | Capitalisation |
| R share | Capitalisation |
| D share | capitalisation and/or distribution and/or carry forward |
| D USD H share | capitalisation and/or distribution and/or carry forward |
| T D USD H share | Capitalisation and/or Distribution |
| D-B share | capitalisation and/or distribution and/or carry forward |
| I C CHF H share | 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.

**D USD H and T D USD H shares**: the net result will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or a deferral (total or partial), by decision of the Management Company.
The net realised capital gains will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or a deferral (total or partial), by decision of the Management Company.
The Management Company shall distribute the prepayments on a quarterly basis in January, April, July and October.
**D-B, D, T D and I D EUR shares**: the net result will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or a deferral (total or partial), by decision of the Management Company.
The net realised capital gains will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or a deferral (total or partial), by decision of the Management Company.
The Management Company does not intend to make prepayments; distribution is carried out on an annual basis.
**R, I**, **I C CHF H, R C USD H, I C USD H and X shares**: the distributable amounts are capitalised in full.

***Accounting currency:***
EUR

***Subscription and redemption terms:***

Subscription requests (in value or thousandths of shares) and redemption requests (in thousandths of shares) are processed by La Française AM Finance Services on each net asset value calculation day at 11 a.m. (if the Stock Exchange is open in Paris, except for public holidays in France) and are executed on the basis of the next net asset value (i.e. unknown at the time of execution).

Payments relating thereto are made on the second trading day following the processing date.

Each unit can be divided into thousandths of shares.

The Fund will be closed for subscription on 31 March 2020. From this date, only investments preceded by a redemption on the same day for the same number of shares, for the same net asset value and by the same unitholder may be executed.

| Processing of subscription requests | Processing of redemption orders | Order fulfilment at the latest, in D | Publication of net asset value | Settlement of subscriptions | Settlement of redemptions |
|---|---|---|---|---|---|
| D before 11 a.m. | D before 11 a.m. | Each trading day (D) | D+1 working day | D+2 working days | D+2 working days |

***Minimum initial subscription value:***

| | |
|---|---|
| I share | EUR 500,000 |
| T C share | None |
| T D EUR share | None |
| I D EUR share | EUR 500,000 |
| I C USD H share | USD 500,000 |
| R C USD H share | USD 1,000 |
| R share | None |
| D share | None |
| D USD H share | USD 1,000 |
| T D USD H share | USD 1,000 |
| D-B share | None |
| I C CHF H share | CHF 500,000 |

***Minimum value for subsequent subscriptions:***

| | |
|---|---|
| I share | None |
| T C share | None |
| T D EUR share | None |
| I D EUR share | None |
| I C USD H share | None |
| R C USD H share | None |
| R share | None |
| D share | None |
| D USD H share | None |
| T D USD H share | None |
| D-B share | None |
| I C CHF H share | None |

***Date and frequency of the net asset value:***
The net asset value is calculated on each trading day of the Paris Stock Exchange, excluding legal holidays in France.

**In the interests of unitholders, during the marketing period until 31 March 2020, the Fund will be valued at the asking price; beyond this period ending on 31 March 2020, the Fund will be valued at the bid price.**

***Initial net asset value:***

| | |
|---|---|
| I share | EUR 1,000 |
| T C share | EUR 100 |
| T D EUR share | EUR 100 |
| I D EUR share | EUR 1,000 |
| I C USD H share | USD 1,000 |
| R C USD H share | USD 100 |
| R share | EUR 100 |
| D share | EUR 100 |
| D USD H share | USD 100 |
| T D USD H share | USD 100 |
| D-B share | EUR 100 |
| I C CHF H share | CHF 1,000 |

***Location where the net asset value is published:***
The Management Company's premises and online at: 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,<br>levied at the time of subscription and redemption | Base | Rate/scale |
|---|---|---|
| Subscription fee not<br>paid to the UCITS | Settlement value X<br>Number of shares | **I share:** 3.00% maximum<br>**T C share:** 3.00% maximum<br>**T D EUR share:** 3.00% maximum<br>**I D EUR share:** 3.00% maximum<br>**I C USD H share:** 3.00% maximum<br>**R C USD H share:** 3.00% maximum<br>**R share:** 3.00% maximum<br>**D share:** 3.00% maximum<br>**D USD H share:** 3.00% maximum<br>**T D USD H share:** 3.00% maximum<br>**D-B share:** 3.00% maximum<br>**I C CHF H share:** 3.00% maximum |
| Subscription fee paid<br>to the UCITS | Settlement value X<br>Number of shares | **I share:** None<br>**T C share:** None<br>**T D EUR share:** None<br>**I D EUR share:** None<br>**I C USD H share:** None<br>**R C USD H share:** None<br>**R share:** None<br>**D share:** None<br>**D USD H share:** None<br>**T D USD H share:** None<br>**D-B share:** None<br>**I C CHF H share:** None |
| Redemption fee not paid to<br>the UCITS | Settlement value X<br>Number of shares | **I share:** None<br>**T C share:** None<br>**T D EUR share:** None<br>**I D EUR share:** None<br>**I C USD H share:** None<br>**R C USD H share:** None<br>**R share:** None<br>**D share:** None<br>**D USD H share:** None<br>**T D USD H share:** None<br>**D-B share:** None<br>**I C CHF H share:** None |
| Redemption fee allocated to the UCITS | Settlement value X<br>Number of shares | **I share:** None<br>**T C share:** None<br>**T D EUR share:** None<br>**I D EUR share:** None<br>**I C USD H share:** None<br>**R C USD H share:** None<br>**R share:** None<br>**D share:** None<br>**D USD H share:** None<br>**T D USD H share:** None<br>**D-B share:** None<br>**I C CHF H share:** 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 | **R and R C USD H shares**: 1.09% maximum rate (including tax)<br>**I and I C USD H shares**: 0.49% maximum rate (including tax)<br>**D share**: 1.09% maximum rate (including tax)<br>**D USD H share**: 1.09% maximum rate (including tax)<br>**D-B share**: 1.05% maximum rate (including tax)<br>**I C CHF H share**: 0.49% maximum rate (including tax)<br>**T shares**: 0.49% maximum rate (including tax)<br>**I D EUR share**: 0.49% maximum rate (including tax) |
| 2 | Administrative fees not paid to the Management Company | Net assets | **R and R C USD H shares**: 0.16% maximum rate (including tax)<br>**I and I C USD H shares**: 0.16% maximum rate (including tax)<br>**D share**: 0.16% maximum rate (including tax)<br>**D USD H share**: 0.16% maximum rate (including tax)<br>**D-B share**: 0.20% maximum rate (including tax)<br>**I C CHF H share**: 0.29% maximum rate (including tax)<br>**T shares**: 0.16% maximum rate (including tax)<br>**I D EUR share**: 0.20% maximum rate (including tax) |
| 3 | Maximum indirect costs (commission and management fees) | Net assets | None |
| 4 | Turnover fees | Deducted from each transaction | Equities: 0.40% (with a minimum of EUR 120)<br>Convertible bonds <5 years: 0.06%<br>Convertible bonds >5 years: 0.24%<br>Other bonds: 0.024% (with a minimum of EUR 100)<br>Monetary instruments: 0.012% (with a minimum of EUR 100)<br>Swaps: EUR 300<br>Forward exchange: EUR 150<br>Spot exchange: EUR 50<br>UCITS: EUR 15<br>Futures: EUR 6 / Options: EUR 2.50 |
| 5 | Outperformance fee | Net assets | None |

The UCITS may not inform shareholders specifically or offer them the possibility of redeeming their shares without incurring charges in the event of an increase in administrative costs external to the Management Company which would be equal to or less than 10 basis points per calendar year; the notification may therefore be made by any means.

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).

<u>Choice of financial intermediaries:</u>
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.

# La Française Obligations Europe SAI

***ISIN code:***

| | |
|---|---|
| D share | FR0010905281 |
| I share | FR0010934257 |
| C share | FR0010915314 |
| S share | FR0010955476 |

***Classification:***
Bonds and other debt securities denominated in euro

***Management objective:***
The objective of La Française Obligations Europe is to outperform the Barclays Capital Euro Aggregate Corporate index over the recommended investment period of more than three years.

***Benchmark index:***
The Barclays Capital Euro Aggregate Corporate (LECPTREU) index is composed of euro-denominated, fixed-rate, investment grade corporate bonds, with maturities of more than one year and a minimum issue amount of EUR 300 million.

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 -Strategy used**

Sensitivity range: between 2 and 7.

The portfolio's total sensitivity is adjusted according to the manager's forecast of interest rate changes and the most appropriate maturities for the economic climate.

The Fund's portfolio will be primarily invested in interest rate instruments, namely fixed or floating rate bonds, bonds, covered bonds (backed by a specific security), index-linked bonds, treasury bills, negotiable debt securities, commercial paper, certificates of deposit, BMTNs, repurchase agreements or UCITS/AIF (Alternative Investment Funds).

Investments will be made in securities issued in different markets:

| | |
|---|---|
| The sensitivity range for interest rates in which the fund is managed | between 2 and 7 |
| Geographical area of the issuers of securities to which the fund is exposed | European Union, Switzerland, United Kingdom and Norway: 0–100% OECD (outside the European Union, Switzerland, United Kingdom and Norway): 0-10% |
| Security denomination currencies in which the fund is invested | euro |
| Level of exchange risk borne by the fund | none |

Since investments are in euro-denominated instruments exclusively, unitholders in the eurozone are not exposed to exchange rate risk.

The Fund may also invest up to a limit of 10% in shares or equities of UCITS governed by French or European law and/or AIFs governed by French law which meet the criteria set out in article R214-13 of the Monetary and Financial Code, solely for the purpose of cash flow management.

The portfolio will be invested in investment-grade rated securities (BBB- or higher) or equivalent, based on the Management Company's analysis. The Management Company shall not exclusively or systematically rely on ratings, but rather shall conduct a credit analysis at the time of investment. Nonetheless, if the credit rating of an issuer of a security in which the portfolio is already invested is downgraded, the fund may hold securities issued by entities rated "high yield" (in other words, lower than BBB- by the Standard & Poor's ratings agency or Baa3 by Moody's or equivalent, according to the Management Company's analysis), up to a maximum of 10% of the fund's net assets.

Up to 10% of the net assets may be invested in contingent convertible bonds ("CoCos"). CoCos are more speculative and carry a higher default risk than conventional bonds, but these CoCos will be sought as part of the management of the fund owing to their high yield. This remuneration compensates for the fact that these securities can be converted into equity (shares) or may be subject to capital loss if the contingency clauses of the financial institution concerned are triggered (crossing of a capital threshold predefined in the prospectus of a subordinated bond issue).

Within this universe, securities are selected according to a bottom-up approach, using a proprietary scoring model based on financial and extra-financial criteria. Additional information on the Management Company's extra-financial analysis, including ESG (environment, social and governance) criteria and the transparency code is available on the La Française website, at www.la-francaise.com.
The manager then builds up the portfolio from the analysed universe by favouring the securities with the highest scores while following the guidelines mutually established during the investment process.
This methodology brings a multi-dimensional understanding of the overarching strategy of listed companies. The criteria used in the scoring cross over the market and the business sector, giving a more relevant analysis of the relative positioning and of the dynamic of the company on its strategic axis over time.
To score securities, La Française uses quantitative and qualitative research and analysis developed through a partnership within the La Française Group.
In all cases, the final investment decision is left to the manager's free judgement according to their own outlook.

On an exceptional and temporary basis, and in the event of a significant number of redemption requests, the manager may borrow cash up to a limit of 10% of the net assets.

The Fund will preferably use derivative instruments on organised futures markets, it reserves the right to enter into OTC contracts where these are better suited to the management objective or offer lower trading costs.

The fund may use Total Return Swaps (TRS) up to a limit of 25% maximum of the net assets. The expected proportion of assets under management that shall be subject to TRS may be 10 %. The assets underlying the TRSs may be credit indices.

The Fund reserves the right to trade on all European and international futures markets.

All the risks associated with the assets will be hedged or exposed by derivative financial instruments such as futures, forwards, options, swaps on indices, currency swaps.

The Fund will mainly trade on the interest rate futures markets in order to hedge or expose the portfolio so as to hedge exchange risk or in order to enhance the Fund's sensitivity within a limit of 2 to 7.

Since the portfolio's total exposure including derivative financial instruments is a maximum of 200% of net assets, exposure to derivatives does not exceed 100% of the UCITS assets.

**2- Assets (excluding embedded derivatives)**

In order to achieve its management objective, the fund will use different types of assets:
a. equities
As the portfolio contains contingent convertible bonds, the fund may temporarily hold equities obtained by conversion or exchange.
The equities resulting from these conversions are to be sold as soon as possible taking into account the most favourable market conditions.
Exposure to equity risk will not exceed 10% of the net assets.
b. Debt securities and money market instruments
i. Negotiable debt securities: yes
ii. Bonds: yes
iii. Treasury bills: yes
iv. Commercial paper: yes
v. Certificates of deposit: yes
with the following characteristics:
- all sectors
- selected securities will be invested in the private sector, with the option of investing up to 10% of net assets in securities issued by public sector entities

- anticipated credit level: as the fund favours security, signature funds that, according to the Management Company's credit analysis procedure, have considerable risks will be systematically rejected

c. UCITS/AIF: yes, the portfolio may also invest up to a limit of 10% in the units or shares of the UCITS under French or foreign law and/or in AIFs meeting the four criteria of Article R214-13 of the French Monetary and Financial Code.

The Fund may invest in UCIs of the Management Company or of a related company.

**3- Derivative instruments**

The Fund may trade in any futures or options as long as their underlying funds have a direct or correlated financial relationship with a portfolio asset, used for both hedging and exposure of the portfolio.

Nature of the markets used:
- regulated: yes
- organised: yes
- OTC: yes

Risks on which the manager seeks to act:
- equities: no
- interest rates: yes
- exchange rates: no
- credit: no
- indices: yes

Nature of activities:
- hedging: yes
- exposure: yes
- arbitrage: no
- other: no

Nature of the instruments used:
- futures: yes
- options: yes
- swaps: yes
- forward exchange: yes
- credit derivatives: no
- other: no

**4- Securities with embedded derivatives**

In order to achieve the management objective, the manager may take positions to hedge and/or expose the portfolio to risks:
- equities: yes (within a limit of 10% maximum)
- interest rates: yes
- exchange rates: no
- credit: yes

Nature of activities:
- hedging: yes, for full hedging against interest rate risk,
- exposure: yes, to interest rate risk,
- arbitrage: no

Nature of the instruments used:
- convertible bonds
- EMTN
- BMTN
- Subscription warrants
- warrants
- Callables

**5- Deposits**

The Fund reserves the right to make deposits of up to 10% in order to manage its cash flow.

**6- Cash borrowings**

The Fund reserves the right to temporarily borrow cash up to a limit of 10% of its net assets.

***7- Transactions for the temporary purchase and sale of securities: yes***

• **Nature of activities**: Transactions for the temporary purchase or sale of securities shall be carried out in accordance with the Monetary and Financial Code. They shall be carried out within the framework of cash flow management and/or the optimisation of UCI income. In no circumstances shall these strategies aim to create or result in the creation of a leverage effect.
• **Nature of transactions used**: These transactions shall consist of securities loans and borrowings and repurchase and reverse repurchase transactions of interest rate or credit products of OECD Member States. The instruments subject to transactions of this nature shall be bonds - financial instruments and other negotiable debt securities issued by public and/private entities and rated "investment grade" (rating higher than or equal to BBB- according to Standard&Poors or Baa3 according to Moody's) and/or speculative (rating lower than BBB- or Baa3).
• **Envisaged level of use**:
Transactions for the temporary sale of securities (securities lending, reverse repurchase transactions) may be carried out up to an amount equivalent to a maximum of 50% of the UCI's assets, while transactions for the temporary purchase of securities (securities borrowing, repurchase agreements) may be carried out up to an amount equivalent to a maximum of 10% of the UCI's assets.
The expected proportion of assets under management that will be subject to such transactions may be 25% of assets.

**8. Information relating to financial guarantees (temporary purchase and sale of securities and/or OTC derivatives for the total return swaps (TRS))**:
• **Financial guarantees management**:
Within the framework of transactions negotiated on OTC markets for the temporary purchase or sale of securities and/or OTC derivatives, the UCI may receive cash in its reference currency as collateral. Guarantees are held by the Depositary of the UCI.
• **Reinvestment policy and guarantees received**:
Financial guarantees received in cash are reinvested in accordance with the rules in effect. Financial guarantees received must be able to be fully enforced by the UCI at any time and without consulting or obtaining the approval of the counterparty.
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 such as total return swaps (TRS). 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, subject to a grade, the counterparties selected for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS) 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 such as total return swaps (TRS).
All income from these transactions is paid in full to the UCI.
The costs/fees relating to transactions for the temporary purchase and sale of securities and/or total return swaps (TRS) 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**:
There is no correlation policy to the extent that guarantees received in cash in the reference currency of the UCI do not present an exchange risk or valuation risk due to fluctuating financial markets. 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:

<u>Risk of capital loss:</u>

Investors should be aware that their capital is not guaranteed and may therefore not be returned to them.

<u>Interest rate risk</u>:

The Fund is subject to interest rate risk. The interest rate risk is the risk that the value of the Fund's investment decreases if interest rates rise. Thus, when interest rates rise, the net asset value of the Fund may fall.

<u>Credit risk relating to issuers of debt securities:</u>

Risk may arise from a downgrading of the credit rating or default of the issuer of the debt security or failure of the issuer to honour his commitments with regard to the instruments issued. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Fund to fall.

As part of a bond investment, there is a direct or indirect risk relating to the possible presence of lesser-quality "high-yield" or speculative bonds. These securities are classed as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The value of the mutual fund unit may therefore decrease if the value of these securities in the portfolio falls.

<u>Counterparty risk:</u>

Counterparty risk arises from entering into contracts in financial futures traded on over-the-counter markets, and from temporary purchases and sales of securities. This is the risk that a counterparty may default on payment. Thus, the default of a counterparty may lead to a decline in the net asset value.

<u>Risk arising from overexposure:</u>

The Fund may use financial futures (derivatives) to generate overexposure and thus increase the Fund's overall exposure to a maximum of 200%. Depending on the direction of the Fund's transactions, the effect of the fall (in the case of purchase of exposure) may be amplified and therefore increase the fall of the net asset value of the Fund.

<u>Risk related to contingent convertibles:</u>

CoCos are hybrid securities, whose main objective is to enable recapitalisation of the issuing bank or financial institution, during a financial crisis. Indeed, these securities have loss-absorption mechanisms, as described in their issue prospectuses, that are activated generally when the issuer's equity ratio falls below a certain trigger threshold.

The trigger is primarily mechanical: it is generally based on the CET1 ("Common Equity Tier 1") accounting ratio, relative to risk-weighted assets. To offset the discrepancy between book values and the financial reality, there is a discretionary clause allowing the supervisor to invoke the loss absorption mechanism if s/he considers that the issuing institution is insolvent.

CoCos are therefore subject to specific risks, in particular subordination to specific triggering criteria (e.g. deterioration of the equity ratio), conversion into shares, loss of capital or non-payment of interest.

The use of subordinated bonds, particularly so-called Additional Tier 1 bonds, exposes the fund to the following risks:

- triggering of the contingency clauses: if an equity threshold is crossed, these bonds are either exchanged for shares or undergo a capital reduction, potentially to 0.
- cancellation of the coupon: Coupon payments on these types of instruments are entirely discretionary and may be cancelled by the issuer at any time, for any reason, and without time constraints.
- capital structure: unlike traditional, secured debt, investors in this type of instrument may incur a capital loss without prior bankruptcy of the company. Furthermore, the subordinated creditor will be repaid after ordinary creditors, but before shareholders.
- call for extension: These instruments are issued as perpetual instruments, callable at pre-set levels only with the approval of the competent authority
- valuation / performance: The attractive yield of these securities can be considered a complexity premium

<u>Potential risk of a conflict of interest:</u>

This risk relates to the completion of temporary purchases and sales of securities transactions, during which the fund uses an entity as counterparty and/or financial intermediary that is linked to the group to which the fund's Management Company belongs.

<u>Legal risk:</u>

The use of purchase and/or sale transactions of securities and/or Total Return Swaps (TRS) may result in legal risks, in particular relating to contracts.

***Target investors:***

| | |
|---|---|
| D share | All investors, particularly private investors |
| I share | All investors, particularly institutional investors |
| C share | All investors, particularly private investors |
| S share | Large institutional investors |

All investors, particularly investors seeking exposure to euro-denominated bond markets.

US investors

The shares 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. Shares may also not be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) to any United States national (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 shares 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 shares in the United States of America or to a US Person may be in breach of US law and requires the written agreement of the Management Company of the Fund. Those wishing to acquire or purchase shares will have to certify in writing that they are not US 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 three years.

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

| | |
|---|---|
| D share | capitalisation and/or distribution and/or carry forward |
| I share | Capitalisation |
| C share | Capitalisation |
| S share | Capitalisation |

**D share:** the net result will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or a further deferral (total or partial), by decision of the Management Company.

The net realised capital gains will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or a further deferral (total or partial), by decision of the Management Company.

The Management Company does not intend to make prepayments; distribution is carried out on an annual basis.

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 requests (in value or hundred thousandths of shares) and redemption requests (in hundred thousandths of shares) are processed at La Française AM Finance Services on each net asset value calculation day at 11 a.m. (if the Stock Exchange is open in Paris, or the next trading day, except for public holidays in France) and are executed on the basis of the next net asset value (i.e. unknown at the time of execution).

Payments relating thereto are made on the second trading day following the processing date.

Each share can be divided into hundred thousandths of a share.

| Centralisation of subscription orders | Centralisation of redemption orders | Execution of the order on D at the latest | Publication of the net asset value | Settlement of subscriptions | Settlement of redemptions |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| D before 11 a.m. | D before 11 a.m. | Each trading day (D) | D+1 working day | D+2 working days | D+2 working days |

***Minimum initial subscription value:***

| | |
|---|---|
| D share | None |
| I share | EUR 100,000 |
| C share | None |
| S share | EUR 5,000,000 |

***Minimum value for subsequent subscriptions:***

| | |
|---|---|
| D share | None |
| I share | None |
| C share | None |
| S share | None |

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

The net asset value is calculated on each trading day of the Paris Stock Exchange, excluding legal holidays in France.

***Initial net asset value:***

| | |
|---|---|
| D share | EUR 16.66 |
| I share | EUR 1,000 |
| C share | EUR 21.32 |
| S share | EUR 10,000 |

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

The Management Company's premises and online at: 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 shares | **D share:** 0.50% maximum<br>**I share:** 0.50% maximum<br>**C share:** 0.50% maximum<br>**S share:** 0.50% maximum |
| Subscription fee paid to the UCITS | Settlement value X Number of shares | **D share:** None<br>**I share:** None<br>**C share:** None<br>**S share:** None |
| Redemption fee not paid to the UCITS | Settlement value X Number of shares | **D share:** None<br>**I share:** None<br>**C share:** None<br>**S share:** None |
| Redemption fee allocated to the UCITS | Settlement value X Number of shares | **D share:** None<br>**I share:** None<br>**C share:** None<br>**S share:** 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 | **C share:** 0.904% maximum rate (including tax) |

| | | | |
|---|---|---|---|
| | | | **D share:** 0.904% maximum rate (including tax)<br>**I share:** 0.904% maximum rate (including tax)<br>**S share:** 0.504% maximum rate (including tax) |
| 2 | Administrative fees not paid to the Management Company | Net assets | **C & D & I & S shares**: 0.096% maximum rate (including tax) |
| 3 | Maximum indirect costs (commission and management fees) | Net assets | None |
| 4 | Turnover fees | Deducted from each transaction | **Shares**: 0.40% (with a minimum of EUR 120)<br>**Convertible bonds <5 years**: 0.06%<br>**Convertible bonds >5 years**: 0.24%<br>**Other bonds**: 0.024% (with a minimum of EUR 100)<br>**Monetary instruments**: 0.012% (with a minimum of EUR 100)<br>**Swaps**: EUR 300<br>**Forward exchange**: EUR 150<br>**Spot exchange**: EUR 50<br>**UCI**: EUR 15<br>**Futures**: EUR 6<br>**Options:** EUR 2.50 |
| 5 | Outperformance fee | Net assets | None |

The UCITS may not inform shareholders specifically or offer them the possibility of redeeming their shares without incurring charges in the event of an increase in administrative costs external to the Management Company which would be equal to or less than 10 basis points per calendar year; the notification may therefore be made by any means.

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.

# La Française Global Coco

***ISIN code:***

| | |
|---|---|
| R C EUR share | FR0013301082 |
| R C USD H share | FR0013251071 |
| TC EUR share | FR0013292224 |
| S share | FR0013413317 |
| R D USD H share | FR0013393857 |
| I share | FR0013175221 |
| T C USD H share | FR0013393865 |

***Classification:***
International bond and other debt securities

***Management objective:***
The objective of the Fund is to outperform its benchmark, the ICE BofA Merrill Lynch Contingent Capital EUR Hedged Total Return Index, over a recommended investment period of more than 5 years, by notably gaining exposure to subordinated debt securities.

***Benchmark index:***
The fund is neither an index fund nor an index benchmark but, for post-hoc comparison purposes, the unitholder can refer to:
- for shares denominated in EUR: the performance of the ICE BofA Merrill Lynch Contingent Capital EUR Hedged Total Return Index.

- for shares denominated in USD: the performance of the ICE BofA Merrill Lynch Contingent Capital EUR Hedged Total Return Index.
Bloomberg Ticker [COCO Index].
The ICE BofA Contingent Capital Index is composed of subordinated debt issues, mainly issued by financial institutions.

- Administrator of ICE BofA Merrill Lynch Contingent Capital EUR Hedged Total Return: ICE, registered with ESMA
Further information on the benchmark index is available on the administrator's website: https://www.theice.com/market-data/indices

***Investment strategy:***

1 -Strategy used

The investment strategy of the Fund consists of managing, on a discretionary basis, a portfolio of subordinated debt instruments issued mainly by financial institutions and conventional bonds and negotiable debt securities.
As part of its active management, the Fund aims to take advantage of existing opportunities within an investment universe composed of Additional Tier 1, Tier 2 and Convertible Quota ("CoCo") bonds.
CoCos are more speculative and carry a higher default risk than conventional bonds, but these CoCos will be sought as part of the management of the fund owing to their high yield. This remuneration compensates for the fact that these securities can be converted into equity (shares) or may be subject to capital loss if the contingency clauses of the financial institution concerned are triggered (crossing of a capital threshold predefined in the prospectus of a subordinated bond issue).
The manager may invest in securities denominated in currencies other than the euro, but will systematically hedge against currency risk. There may however be a residual exchange risk due to imperfect hedging.

Up to 100% of the Fund will be invested in issues rated “investment grade” (ratings higher than or equal to BBB- according to Standard & Poor's or Baa3 according to Moody's) or speculative (rating less than BBB- or Baa3) or deemed equivalent according to the analysis of the management company. The Management Company shall not exclusively or systematically use external ratings to determine which securities it would be useful to invest in. It shall carry out its own credit analysis to establish the creditworthiness of assets at the time of investment or in the event of a decline in the latter, in order to decide whether to sell or maintain the position.

The selection of securities is based on the quality of the issuers and the evaluation of the technical characteristics of the bonds. To evaluate the quality of the issuers, the manager shall be particularly attentive to the quality and composition of assets, financing and solvency. The assessment of the technical characteristics of the bonds depends on the rank of subordinations, the structure of the coupons, the recall dates and the liquidity of the latter.

| | |
|---|---|
| The sensitivity range for interest rates in which the fund is managed | 0 to + 10 |
| Geographical area of the issuers of securities to which the fund is exposed | OECD countries (all zones): 0-100%; non-OECD countries (emerging markets): 0-100% |
| Security denomination currencies in which the fund is invested | euro; all currencies |
| Level of exchange risk borne by the fund | residual due to imperfect hedging |

The allocation between private and public debt is not determined in advance and will be based on market opportunities.

The Fund may invest up to 10% of its assets in units or shares of UCITS under French or foreign law. These UCITS may be managed by the Management Company or an associated company, as applicable. They will be used to manage cash flow and/or to achieve the management objective.

The fund may use Total Return Swaps (TRS) up to a limit of 25% maximum of the net assets. The expected proportion of assets under management that shall be subject to TRS may be 10% of the assets. The assets underlying the TRSs may be credit indices.

The Fund reserves the right to invest in preferred shares, mainly issued by financial institutions, up to a limit of 10% of its assets.
The Fund may also engage in transactions for the temporary purchase and sale of securities in order to (i) ensure the investment of the liquid assets available (e.g. reverse repurchase transactions), (ii) optimise the performance of the portfolio (e.g. securities lending).

The Fund may invest in financial futures traded on French and foreign regulated markets or OTC.
In this context, the manager may take positions to hedge and/or expose the portfolio to interest-rate credit and/or equity market risks through futures, options and/or swaps and single name CDS and/or on indexes only to hedge the portfolio.

Global exposure is limited to 300% of net assets, with equity exposure limited to a maximum of 10% of net assets.

**2- Assets (excluding embedded derivatives)**

***a. Equities***

The Fund does not intend to hold shares. However, since the Fund may invest in bonds of any rank of subordination or in contingent convertible bonds, there exists a possibility that these instruments may be converted into shares on the initiative of the regulator or in the event, for example, of a fall in solvency ratio beyond a threshold that is generally determined contractually.
If the bonds held in the portfolio are converted into shares, the Fund may temporarily hold shares and sell them as soon as possible in the best interests of the unitholders.
The shares can be of any market capitalisation and denominated in any currency.
The fund may invest in preferred shares. Preferred shares are hybrid securities because they are equity securities that generally pay a fixed-rate dividend and have a preferential ranking in the capital structure of the issuing company, as compared to the ordinary shares of the same company. In general, holders preferred shares do not have voting rights.
Exposure of the portfolio to equity risk shall be limited to maximum 10% of the net assets.

***b. Debt securities and money market instruments***

The Fund may invest up to 100% of its assets in bonds and up to 10% in money market instruments.

Negotiable debt securities: yes
- Bonds: yes
- Treasury bills: yes
- Commercial paper: yes
- Certificates of deposit: yes

with the following characteristics:
- rating: investment grade, high yield or not rated
- the securities selected will be selected independently in the private and/or public sectors
- denominated in currencies: all currencies

***c. UCITS***

The Fund may invest up to 10% of its assets in units or shares of UCITS under French or foreign law.
These UCITS will be used to manage cash flow and/or to achieve the management objective.

These UCITS may be managed by the management company or an associated company, as applicable.

**3- Derivative instruments**

The Fund may invest in futures traded on French and foreign regulated markets or OTC.
In this context, the manager may take positions to hedge and/or expose the portfolio to interest rate and/or equity risks (exposure to equities shall not exceed 10% of the net assets), through futures, Total Return Swaps and/or swaps and single name CDS and/or on indexes only to hedge the portfolio.

Nature of the markets used:

- regulated: yes
- organised: yes
- OTC: yes

Risks on which the manager seeks to act:

- equities: yes (within a limit of -10% and +10% maximum)
- interest rates: yes
- exchange rates: yes
- credit: yes
- indices: yes

Nature of activities:

- hedging: yes
- exposure: yes
- arbitrage: no
-

Nature of the instruments used:

- futures: yes
- vanilla options (listed, OTC): yes
- swaps (interest rates, currencies): yes
- Total Return Swaps (TRS): yes
- forward exchange (NDF): yes
- credit derivatives: yes, CDS (single name)

**4- Securities with embedded derivatives**

Risks on which the manager seeks to act:

- equities: yes (within a limit of -10% and +10% maximum)
- interest rates: yes
- exchange rates: yes
- credit: yes
- indices: yes

Nature of activities:

- hedging: yes
- exposure: yes
- arbitrage: no

Nature of the instruments used:

- convertible bonds
- warrants
- EMTN
- share warrants
- Callables

***5- Deposits***

The Fund reserves the right to make deposits of up to 10% of net assets in order to manage its cash flow.

***6- Cash borrowings***

The Fund reserves the right to temporarily borrow cash up to a limit of 10% of its net assets.

***7- Temporary securities purchase and sale transactions***

• **Nature of activities**: Transactions for the temporary purchase or sale of securities shall be carried out in accordance with the Monetary and Financial Code. They shall be carried out within the framework of cash flow management and/or the optimisation of UCI income. In no circumstances shall these strategies aim to create or result in the creation of a leverage effect.
• **Nature of transactions used**: These transactions shall consist of securities loans and borrowings and repurchase and reverse repurchase transactions of interest rate or credit products of OECD Member States. The instruments subject to transactions of this nature shall be bonds - financial instruments and other negotiable debt securities issued by public and/private entities and rated “investment grade” (rating higher than or equal to BBB- according to Standard&Poors or Baa3 according to Moody’s) and/or speculative (rating lower than BBB- or Baa3).
• **Envisaged level of use**:
Transactions for the temporary sale of securities (securities lending, reverse repurchase transactions) may be carried out up to an amount equivalent to a maximum of 50% of the UCI's assets, while transactions for the temporary purchase of securities (securities borrowing, repurchase agreements) may be carried out up to an amount equivalent to a maximum of 10% of the UCI's assets.
The expected proportion of assets under management that will be subject to such transactions may be 25% of assets.
**8. Information relating to financial guarantees (temporary purchase and sale of securities and/or OTC derivatives for the total return swaps (TRS))**:
• **Financial guarantees management**:
Within the framework of transactions negotiated on OTC markets for the temporary purchase or sale of securities and/or OTC derivatives, the UCI may receive cash in its reference currency as collateral. Guarantees are held by the Depositary of the UCI.
• **Reinvestment policy and guarantees received**:

Financial guarantees received in cash are reinvested in accordance with the rules in effect. Financial guarantees received must be able to be fully enforced by the UCI at any time and without consulting or obtaining the approval of the counterparty.
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 such as total return swaps (TRS). 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, subject to a grade, the counterparties selected for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS) 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 such as total return swaps (TRS).
All income from these transactions is paid in full to the UCI.
The costs/fees relating to transactions for the temporary purchase and sale of securities and/or total return swaps (TRS) 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**:
There is no correlation policy to the extent that guarantees received in cash in the reference currency of the UCI do not present an exchange risk or valuation risk due to fluctuating financial markets. 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:

<u>Risk of capital loss:</u>
Investors should be aware that their capital is not guaranteed and may therefore not be returned to them.

<u>Discretionary risk:</u>
The discretionary management style applied to the mutual fund is based on the selection of portfolio assets and/or market expectations. There is a risk that the mutual fund may not be invested in the best-performing assets or markets at all times. The Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the Fund may perform negatively.

<u>Credit risk:</u>
Credit risk may arise from a downgrading of the credit rating of an issuer of debt securities or the default of an issuer. If an issuer’s credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the Fund to fall.

<u>Risk related to contingent convertibles:</u>
CoCos are hybrid securities, whose main objective is to enable recapitalisation of the issuing bank or financial institution, during a financial crisis. Indeed, these securities have loss-absorption mechanisms, as described in their issue prospectuses, that are activated generally when the issuer's equity ratio falls below a certain trigger threshold.
The trigger is primarily mechanical: it is generally based on the CET1 ("Common Equity Tier 1") accounting ratio, relative to risk-weighted assets. To offset the discrepancy between book values and the financial reality, there is a discretionary clause allowing the supervisor to invoke the loss absorption mechanism if s/he considers that the issuing institution is insolvent.
CoCos are therefore subject to specific risks, in particular subordination to specific triggering criteria (e.g. deterioration of the equity ratio), conversion into shares, loss of capital or non-payment of interest.
The use of subordinated bonds, particularly so-called Additional Tier 1 bonds, exposes the fund to the following risks:

- triggering of the contingency clauses: if an equity threshold is crossed, these bonds are either exchanged for shares or undergo a capital reduction, potentially to 0.
- cancellation of the coupon: Coupon payments on these types of instruments are entirely discretionary and may be cancelled by the issuer at any time, for any reason, and without time constraints.
- capital structure: unlike traditional, secured debt, investors in this type of instrument may incur a capital loss without prior bankruptcy of the company. Furthermore, the subordinated creditor will be repaid after ordinary creditors, but before shareholders.
- call for extension: These instruments are issued as perpetual instruments, callable at pre-set levels only with the approval of the competent authority
- valuation / performance: The attractive yield of these securities can be considered a complexity premium

Risk associated with holding convertible bonds:
The Fund may be exposed up to 100% in convertible bonds. The value of convertible bonds depends to some extent on the evolution of the prices of their underlying equities. Changes in the underlying equities may lead to a fall in the Fund's net asset value.
Exposure to equity risk shall be limited to maximum 10% of the net assets.

Liquidity risk:
This is the risk that a financial market, when trading volumes are low or in the event of volatility on this market, not be able to absorb sales volumes (or purchases) without significantly reducing (or raising) the price of assets. This may result in a reduction in the net asset value.

Risk arising from techniques such as derivative products:
This is the risk of increased losses owing to the use of financial futures such as OTC financial agreements and/or futures contracts.

Interest rate risk:
This is the risk of a decrease in interest rate instruments due to interest rate fluctuations, which may cause a decline in the net asset value of the Fund.

Exchange risk:
The mutual fund may invest in transferable securities denominated in currencies other than the reference currency.
The manager will always hedge the exchange risk. There may however be a residual exchange risk due to imperfect hedging. The net asset value of the Fund may fall as a consequence.

Risk arising from overexposure:
The Fund may use financial futures (derivatives) to generate overexposure and thus increase the Fund's overall exposure to a maximum of 300%. Depending on the direction of the Fund's transactions, the effect of the fall (in the case of purchase of exposure) may be amplified and therefore increase the fall of the net asset value of the Fund.

Volatility risk:
It is the risk of a fall in the net asset value brought about by a rise or fall in volatility which is decorrelated from the performances of traditional markets in dynamic securities. In case of an adverse movement in the volatility on the strategies implemented, the net asset value will suffer a fall.
If the Fund has taken a buying position and the implicit volatility falls, the net asset value of the fund will fall.
If the Fund has taken a selling position and the implicit volatility rises, the net asset value of the fund will fall.

Risk associated with investments in "speculative" securities:
This fund may be exposed to “speculative” securities. These securities have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The value of the Fund unit may therefore be lower when the value of these securities in the portfolio falls.

Risk relating to investing in non-OECD countries (emerging markets):
The Fund may be exposed up to 100% in non-OECD countries. Market risk is amplified by any investment in non-OECD countries where upward and downward market movements may be stronger and more sudden than on major international markets.
Investing in non-OECD countries involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of the Fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on major international markets. In addition, investing on these markets entails risks due to the restrictions imposed on foreign investments, counterparties, the higher market volatility, the delay in settlements/deliveries as well as the limited liquidity of some lines contained in the Fund's portfolio. The net asset value of the Fund may fall as a consequence.

Counterparty risk:
Counterparty risk arises from entering into contracts in financial futures traded on over-the-counter markets, and from temporary purchases and sales of securities. This is the risk that a counterparty may default on payment. Thus, the default of a counterparty may lead to a decline in the net asset value.

Risks associated to preferred shares:
The fund may invest in "preferred shares": these are hybrid capital securities which combine the characteristics of common shares and fixed-income debt securities. They do not offer an exchange option into shares, and their value is not linked to the valuation of the shares.
The returns on preferred shares are set by a dividend rate similar to an interest rate on bonds. Similar to bonds, the market value of preferred shares increases when interest rates fall and vice versa.
A holder of preferred shares does not take part in shareholders meetings.

Potential risk of a conflict of interest:
This risk relates to the completion of temporary purchases and sales of securities transactions, during which the fund uses an entity as counterparty and/or financial intermediary that is linked to the group to which the fund's Management Company belongs.

Legal risk:
The use of purchase and/or sale transactions of securities and/or Total Return Swaps (TRS) may result in legal risks, in particular relating to contracts.

***Target investors:***

| | |
|---|---|
| R C EUR share | 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 |
| R C USD H share | 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 |
| TC EUR share | All subscribers without payment of retrocession fees to distributors |
| S share | All investors, particularly institutional investors |
| R D USD H share | 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 |
| I share | All subscribers, and more particularly intended for professional clients within the meaning of the Markets in Financial Instruments Directive (MiFID) |
| T C USD H share | All subscribers without payment of retrocession fees to distributors |

**How to subscribe to T shares**:
Subscriptions to T shares (net shares) 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 shares towards T shares 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), provided that subscriptions for T shares are immediately preceded by a redemption in I shares by the same shareholder for a product equivalent to the number of redeemed shares and on the same net asset value date.

US investors
The shares 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. Shares may also not be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) to any United States national (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 shares 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 shares in the United States of America or to a US Person may be in breach of US law and requires the written agreement of the Management Company of the Fund. Those wishing to acquire or purchase shares will have to certify in writing that they are not US 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.*

**Characteristics of shares in foreign currencies:**
Shares not in the same currency as the Fund currency are completely hedged, i.e. hedged against exchange risk via the use, in particular, of forward exchange contracts, swaps, forwards, etc.
There may however be a residual exchange risk due to imperfect hedging.

***Recommended investment period:***
This fund may not suit investors who intend to withdraw their contribution within five years.

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

| | |
|---|---|
| R C EUR share | Capitalisation |
| R C USD H share | Capitalisation |
| TC EUR share | Capitalisation |
| S share | Capitalisation |
| R D USD H share | capitalisation and/or distribution and/or carry forward |
| I share | Capitalisation |
| T C USD H share | 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:***
***Subscriptions***:
Subscription requests denominated in value or hundred thousandths (I and TC EUR shares) or thousandths ( R C USD H, R D USD H, T C USD H and R C EUR shares) and redemption requests (in thousandths of shares) are processed by La Française AM Finance Services on each net asset value calculation day (D) at 11 a.m. (if the Stock Exchange is open in Paris, except for public holidays in France) and are executed on the basis of the net asset value calculated on D+1.
The clearing and settlement of securities relating thereto shall be made on D+2 (the 2nd trading day following the valuation date).

***Redemptions***:
Redemption requests denominated in hundred thousandths (I and TC EUR shares) or thousandths (R C USD H, R D USD H, T C USD H and R C EUR shares) and redemption requests (in thousandths of shares) are processed by La Française AM Finance Services on each net asset value calculation day (D) at 11 a.m. (if the Stock Exchange is open in Paris, except for public holidays in France) and are executed on the basis of the net asset value calculated on D+1.
The clearing and settlement of securities relating thereto shall be made on D+2 (the 2nd trading day following the valuation date).

| Centralisation of subscription orders | Centralisation of redemption orders | Execution of the order at the latest, in D | Publication of the net asset value | Settlement of subscriptions | Settlement of redemptions |
|---|---|---|---|---|---|
| D before 11 a.m. | D before 11 a.m. | Each trading day (D) | D+1 working day | D+2 working days | D+2 working days |

***Minimum initial subscription value:***

| | |
|---|---|
| R C EUR share | EUR 50,000 |
| R C USD H share | USD 50,000 |
| TC EUR share | EUR 100,000 |

| | |
|---|---|
| S share | EUR 5,000,000 |
| R D USD H share | USD 50,000 |
| I share | EUR 100,000 |
| T C USD H share | USD 50,000 |

***Minimum value for subsequent subscriptions:***

| | |
|---|---|
| R C EUR share | None |
| R C USD H share | None |
| TC EUR share | None |
| S share | None |
| R D USD H share | None |
| I share | None |
| T C USD H share | None |

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

The net asset value is calculated on each trading day of the Paris Stock Exchange, excluding legal holidays in France.

***Initial net asset value:***

| | |
|---|---|
| R C EUR share | EUR 100 |
| R C USD H share | USD 100 |
| TC EUR share | EUR 1,000 |
| S share | EUR 1,000 |
| R D USD H share | USD 100 |
| I share | EUR 1,000 |
| T C USD H share | USD 100 |

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

The Management Company's premises and online at: 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 shares | **R C EUR share:** 4.00 % maximum<br>**R C USD H share:** 4.00 % maximum<br>**TC EUR share:** None<br>**S share:** 4.00 % maximum<br>**R D USD H share:** 4.00 % maximum<br>**I share:** 4.00 % maximum<br>**T C USD H share:** 4.00 % maximum |
| Subscription fee paid to the UCITS | Settlement value X Number of shares | **R C EUR share:** None<br>**R C USD H share:** None<br>**TC EUR share:** None<br>**S share:** None<br>**R D USD H share:** None<br>**I share:** None<br>**T C USD H share:** None |
| Redemption fee not paid to the UCITS | Settlement value X Number of shares | **R C EUR share:** None<br>**R C USD H share:** None<br>**TC EUR share:** None<br>**S share:** None<br>**R D USD H share:** None<br>**I share:** None<br>**T C USD H share:** None |
| Redemption fee allocated to the UCITS | Settlement value X Number of shares | **R C EUR share:** None<br>**R C USD H share:** None<br>**TC EUR share:** None<br>**S share:** None<br>**R D USD H share:** None |

| | | |
|---|---|---|
| | | **I share:** None<br>**T C USD H share:** 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 | **I share**: 0.500% maximum rate (including tax)<br><br>**TC EUR** & **T C USD H** shares: 0.500% maximum rate (including tax)<br><br>**R C USD H** & **R D USD H** & **R C EUR shares**: 1.100% maximum rate (including tax)<br><br>**S share**: 0.350% |
| 2 | Administrative fees not paid to the Management Company | Net assets | **S & TC EUR & R C USD H & R C EUR & T C USD H & R D USD H shares**: 0.100% maximum rate (including tax) |
| 3 | Maximum indirect costs (commission and management fees) | Net assets | None |
| 4 | Turnover fees | Deducted from each transaction | **Shares**: 0.40% (with a minimum of EUR 120)<br>**Convertible bonds <5 years**: 0.06%<br>**Convertible bonds >5 years**: 0.24%<br>**Other bonds**: 0.024% (with a minimum of EUR 100)<br>**Monetary instruments**: 0.012% (with a minimum of EUR 100)<br>**Swaps**: EUR 300<br>**Forward exchange**: EUR 150<br>**Spot exchange**: EUR 50<br>**UCI**: EUR 15<br>**Futures**: EUR 6<br>**Options:** EUR 2.50 |
| 5 | Outperformance fee | Net assets | **I & TC EUR & R C & S EUR shares**: Maximum 20% (including tax) of the difference, if it is positive, between the performance of the fund and that of the ICE BofA Merrill Lynch Contingent Capital Euro Hedged Total Return Index (coupons included) [COCO Index].<br>Variable management fees are capped at 2.5% (including tax) of the net assets.<br>**R C USD H & T C USD H & R D USD H shares:** Maximum 20% (including tax) of the difference, if it is positive, between the performance of the Fund and that of the ICE BofA Merrill Lynch Contingent Capital USD Hedged Total Return Index (coupons included) [COCO Index].<br>Variable management fees are capped at 2.5% (including tax) of the net assets. |

*EUR shares: The outperformance is calculated by comparing the change in the UCITS' assets with that of a benchmark UCITS with a performance identical to that of the ICE BofA Merrill Lynch Contingent Capital Euro Hedged Total Return Index (coupons included) and registering the same subscription and redemption variations as the actual Fund.*

*USD shares: The outperformance is calculated by comparing the change in the UCITS' assets with that of a benchmark UCITS with a performance identical to that of the ICE BofA Merrill Lynch Contingent Capital USD Hedged Total Return Index (coupons included) and registering the same subscription and redemption variations as the actual Fund.*

A provision or, where applicable, a reversal of the provision in the event of underperformance is recognised for each net asset value calculation.
The share of variable fees corresponding to redemptions reverts definitively to the Management Company.

The reporting date for variable management fees is set at the last net asset value of the closing month of the financial year.

The reference period shall be the financial year of the Fund. Under no circumstances may the reference period of each share be less than one year.

The UCITS may not inform shareholders specifically or offer them the possibility of redeeming their shares without incurring charges in the event of an increase in administrative costs external to the Management Company which would be equal to or less than 10 basis points per calendar year; the notification may therefore be made by any means.

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).
Information concerning these fees is also laid out*, ex post,* in the UCITS annual report.

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. Information about the sub-funds is available:
- from the offices of the management company: 128, boulevard Raspail, 75006 Paris
- at www.la-francaise.com

2. Subscription/redemption orders are processed by La Française AM Finance Services.

3. 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 and stated in the annual report.

4. 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

The SICAV shall comply with the investment rules set by the French Monetary and Financial Code.

## 5. Total risk method

The La Française Inflection Point Actions Euro sub-fund applies the commitment calculation approach

The La Française Rendement Global 2025, La Française Moderate Multibonds et La Française Obligation Europe SAI sub-funds apply the absolute VaR method:

The Fund's VaR is limited by the Management Company and may not exceed 20% of the Fund's net assets with a confidence interval of 99% and a monitoring period not exceeding 20 working days.

The indicative leverage effect (total nominal value of the positions on the financial contracts used) may not exceed:
- 300 % of the assets of the fund for La Française Global Coco.
- 100% of the assets of the fund for La Française Rendement Global 2025 and La Française Obligations Europe SAI
- 500% of the assets of the fund for La Française Moderate Multibonds.

However, this level may be higher under exceptional market circumstances.

The La Française Global Coco sub-fund applies the relative VaR method:
The Fund's VaR is limited by the Management Company and may not exceed 200% of the VaR of the reference index, the ICE BofA Merrill Lynch Contingent Capital EUR Hedged Total Return Index, with a confidence interval of 99% and a monitoring period not exceeding 20 working days.
The expected level of leverage calculated on the basis of the notional sum approach is 300% (outside of exceptional market circumstances).

## 6. Valuation and accounting rules for the assets

**The other sub-funds apply the valuation and accounting rules for the following assets:**

The 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**

- Listed securities: at market value – excluding accrued coupons on bonds – closing price. Foreign prices are converted to euros using the closing exchange rates on the valuation day. Transferable securities whose price has not been noted on the valuation day are valued at the last officially published rate or at their probable trading value, under the responsibility of the Management Company.
- UCIs: at the last known net asset value.
- Negotiable debt securities and swaps maturing in more than three months are revalued at market value. When the time to maturity becomes equal to three months, negotiable debt securities are valued at the last rate up to maturity. If they are purchased with less than three months' maturity, interest is calculated using a linear method.
- Any temporary securities purchase and sale transactions will be valued according to the provisions of the contract. Some fixed-rate transactions with a time to maturity of more than three months may be valued at market price.

**Financial futures**

French and European markets: fixing value at closing on valuation days. American market: fixing value at closing on the previous day. Asian market: closing market prices.
Market commitments on conditional futures are converted to the equivalent underlying securities.
Commitments on swaps are valued at their market value.
Forward exchange transactions are valued using the forward exchange rates on the valuation date, taking into account the premium/discount.
The valuation prices of credit default swaps (CDS) come from a contributor chosen by the Management Company.

**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