

LA FRANCAISE LUX

Société Anonyme - Société d'Investissement à Capital Variable

60, avenue J.F. Kennedy, L - 1855 Luxembourg

R.C.S. Luxembourg: B 66. 785

(the "**Company**")

INTERNET NOTICE TO SHAREHOLDERS OF LA FRANCAISE LUX

23 February, 2022

In compliance with the ESMA guidelines on performance fees in UCITS and certain types of AIFs published on 3 April 2020 (the "**ESMA Guidelines**"), the Company's board of directors informs you that the prospectus of the Company (the "**Prospectus**") has been updated in order to take into account the requirements of the ESMA Guidelines.

The paragraphs describing the performance fee in the Prospectus have been redrafted as follows:

*"The Investment Manager will receive, where applicable, an outperformance fee when the performance of a sub-fund exceeds that of the benchmark index indicated below, **whether it has recorded a positive or negative performance**. The outperformance commission, applicable to a given share class is based on the comparison between the sub-fund's valued assets and the reference assets.*

The "valued assets" refer to the assets of a sub-fund corresponding to a share class, valued according to the valuation rules applicable to the assets of the sub-fund and after taking into account the operation and management costs corresponding to said share class.

The "reference assets" refer to the assets of a hypothetical sub-fund, whose investment performance is that of the relevant benchmark and from which subscription and redemption amounts are deducted as of each valuation day.

The benchmark used to calculate the outperformance commission is disclosed in the relevant sub-fund sheet and in section "List of Available Share Classes".

The performance reference period corresponds to the 1st trading day in January to the last trading day in December of the same year.

Payment frequency *The outperformance fee is paid to the investment manager in the month following the end of the reference period. Under no circumstances may the reference period for the fund be less than one year.*

Calculation method

During the reference period:

- If the value of a sub-fund's valued assets is greater than the value of the reference assets, the outperformance fee will represent a maximum amount (including tax) disclosed in the relevant sub-fund sheet and in section "List of Available Share Classes" and based on the*

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difference between the value of the valued assets and the reference assets, capped at a percentage of average net asset value disclosed in section "List of Available Share Classes".

- *This outperformance fee will be provisioned in the net asset value. Moreover a provision reversal will be made on each valuation day on which the daily performance of a sub-fund is lower than that of the reference assets. Reversals of provisions are capped at the level of previous provisions.*

In the event of redemption, the portion of the provision made corresponding to shares redeemed, is definitively acquired by the investment manager.

At the end of the reference period:

- *If the value of the valued assets of a sub-fund is greater than that of the reference assets, the outperformance fee provisioned during the reference period is definitively acquired by the investment manager.*
- *If the value of the valued assets of a sub-fund is lower than that of the reference assets, the outperformance fee will be zero (excluding the amounts acquired by the investment manager in case of redemptions during the reference period).*

The reference period will be extended for an additional year, up to a maximum of 5 years. In fact, any underperformance during the reference period must be made up for before being able to provision outperformance fees again.

Calculation example

In case of positive performance

<i>Refer- ence period</i>	<i>NAV valued assets¹</i>	<i>Valued assets</i>	<i>NAV referenc e assets</i>	<i>Refer- ence assets</i>	<i>Sub-fund outper- formance</i>	<i>Outper- formance fee²</i>	<i>NAV valued assets after performance fee</i>	<i>Extension of reference period</i>
Y1	1 100	10%	1 050	5%	5%	Yes	1 090	No
Y2	1 199	10%	1 199	10%	0%	No	1 199	No
Y3	1 258.95	5%	1 318.90	10%	-5%*	No	1 258.95	Yes
Y4	1 359.67	8%	1 384.84	5%	-2%*	No	1 359.67	Yes

¹ NAV Y0: 1 000

² after application of Performance fee percentage: 20%

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In case of negative performance

<i>Refer- ence period</i>	<i>NAV valued assets¹</i>	<i>Valued assets</i>	<i>NAV referenc e assets</i>	<i>Refer- ence assets</i>	<i>Sub-fund outper- formance</i>	<i>Outper- for mance fee²</i>	<i>NAV valued assets after performance fee</i>	<i>Extension of reference period</i>
Y1	950	-5%	900	-10%	5%	Yes	940	No
Y2	846	-10%	846	-10%	0%	No	846	No
Y3	761.40	-10%	803.70	-5%	-5%*	No	761.40	Yes
Y4	723.33	-5%	739.40	-8%	-2%*	No	723.33	Yes

¹ NAV Y0: 1 000

² after application of Performance fee percentage: 20%

**The sub-fund's underperformance over the reference period must be compensated within 5 years (up to Year 7 maximum) before the outperformance fee becomes payable.*

The past performance of the sub-funds compared to the benchmark is available on the management company's website: www.la.française.com

Because different share classes of a given sub-fund may have different NAVs, the actual performance fees paid may vary by share class. For distributing shares, any distributions paid out are counted as part of performance for purposes of performance fee calculation. Swing pricing or other adjustments intended to mitigate the effects of transaction volumes or costs are not counted in performance fee calculations."

You will note that it has been clarified that the investment manager is entitled to receive a performance fee even in case the relevant sub-fund has recorded a negative performance (provided the performance of the benchmark is exceeded). This is a clarification only and does not constitute a change to the way the performance fee was calculated prior to this update.

You will also note that in line with the ESMA Guidelines, the length of the performance reference period has been set to five years. This has no impact on the way the performance fee is calculated and only changes the way the performance fee is charged.

Any changes made are made to ensure regulatory compliance with the ESMA Guidelines only and do not have an impact on the way the performance fee is calculated.

Shareholders are reminded of the fact that in compliance with the prospectus of the Company: (i) no redemption fee is payable in case of redemption of shares and that (ii) they are entitled to require the redemption of their shares.

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The updated version of the Prospectus (reflecting among others the above change) will be available at the registered office of the Company as soon as visa-stamped by the Luxembourg supervisory authority of the financial sector.