LA FRANÇAISE
ASSET MANAGEMENT

128, boulevard Raspail - 75006 Paris
Tél. : + 33(0)1 73 00 73 00
Fax : + 33(0)1 73 00 73 01

Letter to unitholders

Paris, 1 October 2021

Re: **Modification of the La Française Global Floating Rates sub-fund, a sub-fund of the La Française SICAV**

Dear Sir, Madam,

You are a unitholder in the **La Française Global Floating Rates** sub-fund. We thank you for the trust you have placed in us.

What changes will occur in your sub-fund?

The management company has decided to amend the regulatory documentation of the **La Française Global Floating Rates** sub-fund (hereinafter the "Sub-Fund") particularly in order to take into account environmental, social and governance criteria (known as "ESG" criteria) in the selection of issuers of the securities described below.
The sub-fund will now be classified in Article 9 in accordance with SFDR regulations (products with a sustainable investment objective) and in category 1 in accordance with the Autorité des marchés financiers instruction 2020-03 (significant commitment approach).

In addition, the name of the sub-fund will be changed to: **La Française Carbon Impact Floating Rates**.

The sub-fund may now use options (derivative instruments) and invest in green bonds.

Finally, a sustainability risk and an ESG investment risk have been added in the prospectus of your mutual fund.

These changes do not require the approval of the Autorité des marchés financiers and will be effective from 6 October 2021.

The sections affected and the nature of the modifications are listed in Annex 1 to this letter.

If you accept these terms, these changes do not require any action on your part. If, however, you do not agree with these changes, you can redeem your shares at no cost, as the Sub-Fund will not charge redemption fees.

What is the impact of this/these change(s) on the risk/return profile of your investment

- **Change in risk/return profile**: No
- **Increase in the risk profile**: No
- **Potential increase in fees**: No
- **Extent of change in the risk/return profile**: significant

What are the main differences between the Sub-Fund in which you currently hold shares and the future Sub-Fund after the changes?

	Before	After
Legal regime and investment policy		
Consideration of extra-financial criteria in the management method (see details in Annex 1)	No	**Yes**

Key points for the investor to bear in mind

Please note, it is important that you read the Key Investor Information Document (KIID).

The following options are available to you:

- You are satisfied with the changes: no action on your part is required,
- You are not satisfied with the changes: you can exit the Sub-Fund at any time, free of charge, as the Sub-Fund will not charge redemption fees;
- Please contact your advisor or distributor for further details if you are unsure about any aspect of these changes.

The KIIDs and the sub-fund prospectus are available on the website: www.la-francaise.com or from: LA FRANCAISE ASSET MANAGEMENT – Marketing Department -128 boulevard Raspail – 75006 PARIS – or by email: contact-valeursmobilieres@la-francaise.com

Yours faithfully,

Jean-Luc HIVERT
Chairman
La Française Asset Management

ANNEX 1

The table below summarises the main characteristics before and after the changes being introduced.

	Before change	**After change**
Name of the sub-fund	La Française Global Floating Rates	La Française Carbon Impact Floating Rates
Management objective	The sub-fund aims to achieve, over the recommended investment period of two years, a performance net of fees superior to the performance of: o Capitalised 3-month Euribor + 115 basis points for R O and R shares o Capitalised 3-month Euribor + 150 basis points for C O and I shares o Capitalised 3-month Euribor + 163 basis points for S O and S shares	The sub-fund aims to achieve, over the recommended investment period of 2 years, a performance net of fees superior to the performance of: o Capitalised 3-month Euribor + 115 basis points for R O and R shares o Capitalised 3-month Euribor + 150 basis points for C O and I shares o Capitalised 3-month Euribor + 163 basis points for S O and S shares **by investing in a portfolio of issuers filtered in advance according to ESG criteria and analysed for their compatibility with the energy transition according to a methodology defined by the management company. In addition, the sub-fund undertakes to have a weighted average of the portfolio's greenhouse gas emissions per euro invested (scopes 1 and 2) at least 50% lower than the composite benchmark: 50% Bloomberg Barclays Global Aggregate Corporate Index + 50% ICE BofAML BB-B Global High Yield Index. This objective of reducing greenhouse gas emissions will be permanent and respected at all times.**
Investment strategy	**1. Strategy used** The fund seeks to capture the credit risk premium while minimising sensitivity to interest rate risk, by investing in variable rate debt instruments or variable rate fixed rate debt instruments (fixed rate debt instruments swapped to variable rates). The Manager uses qualitative and quantitative criteria for the geographical allocation. More specifically, the fund invests in negotiable fixed or variable rate debt securities, deposit certificates and money market instruments issued or guaranteed by an issuer of a member country of the eurozone or of the OECD. The fund may invest up to 100% of its net assets in private debt and/or State-issued securities or similar (semi-public, guaranteed, supranational) at a fixed, variable or floating rate. The fund invests in Investment Grade securities (with a rating higher than or equal to BBB- at Standard & Poor's or Baa3 at Moody's or the equivalent according to the analysis of the Management Company) and High Yield securities (between BB+ and B- at Standard & Poor's or between Ba1 and B3 according to Moody's or an equivalent rating of the Management Company). The management company shall not exclusively or automatically rely on external ratings but may, upon the issuance of such a rating, take it into consideration for its credit analysis.	**1. Strategy used** The sub-fund seeks to capture the credit risk premium while minimising sensitivity to interest rate risk, by investing in floating or fixed rate adjustable debt instruments (fixed rate debt instruments swapped to floating rate). The Manager uses qualitative and quantitative criteria for the geographical allocation. The initial investment universe of the sub-fund is built up using public issuers which are members of the OECD and private issuers which belong to the Bloomberg Barclays Global Aggregate Corporate Index and the ICE BofAML BB-B Global High Yield Index, as well as issuers which do not belong to this index but which are invested in the portfolio, and which meet the sub-fund's investment criteria detailed below, which are analysed by La Française Sustainable Investment Research (hereinafter referred to as the "ESG Research Team") of the La Française Group UK Limited, which is part of the La Française Group Issuers are subject to the same requirements regardless of whether or not they belong to the index. For this purpose, the management company uses the "La Française Sustainable Investment Research" centre (hereinafter the "ESG Research Team") of the "La Française Group UK

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

- Securities with an "Investment Grade" rating: 100 %
- Securities with a "High Yield" rating: 50 %
- Unrated securities: 20%
- Perpetual bonds (including contingent convertible bonds - "CoCo"): 10%
- Other UCITS/UCIs: 10 %

The sensitivity range for interest rates in which the fund is managed	between 0 and 0.5
Geographical area of the issuers of securities to which the fund is exposed	Euro zone and OECD countries: 0-100%
Security denomination currencies in which the fund is invested	all currencies
Level of exchange risk borne by the fund	residual owing to imperfect hedging of currency positions.

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 significant yield. This remuneration compensates for the fact that these securities can be converted into equity (shares) or suffer a capital loss in the event that the contingency clauses are triggered by the financial institution concerned (exceedance of a capital threshold predetermined in the prospectus of the subordinated bond).
In the event of a downgrade in the rating of an issuer of a security already invested in the portfolio leading to non-compliance with the authorised limits, the Manager will, as soon as possible, sell the asset in accordance with the interests of the shareholders.
The manager may invest in securities denominated in euros and/or other currencies. Where securities are not denominated in euros, the manager will systematically hedge the exchange risk. A residual risk may nevertheless remain, as hedging cannot be perfect.
The fund may invest up to a limit of 10% of its assets in the units or shares of UCITS governed by French or foreign law and/or in UCIs meeting the four criteria of Article R214-13 of the Monetary and Financial Code. They will be used to manage the cash flow.
The Fund may invest in futures traded on French and foreign regulated markets or OTC: futures, swaps, asset swap, cross-currency swap, perfect swaps, forward exchange, Credit Default Swaps (single name or index CDS) and credit derivatives. Each instrument addresses specific hedging or exposure strategies to (i) hedge the entire portfolio or certain asset classes held

Limited" entity, specialising in responsible investment criteria. This entity belongs to the La Française group.
The investment process is based on a twin approach of ESG integration with a significant commitment to management and the topic at hand, and includes the following steps:

Stage 1: Quantitative filtering – Selectivity approach

The ESG score of private issuers is structured as follows:
- Periodic updating of raw data from various sources
- Calculation of key performance indicators
- Aggregated and supplemented with recent information collected and deemed relevant by the ESG Research Team, they result in the calculation of scores in three areas (environmental sustainability, human capital and organisational capital)
- Calculation of weightings for these three areas, which may differ by sector
- Calculation of the ESG score, on the basis of the three areas and specific sector weightings.

For example, the criteria used to analyse private issuers are:
- Environmental: carbon intensity and waste management, etc.
- Social: staff training, labour relations, etc.
- Governance: management structure and relationship with shareholders, remuneration policy, etc.

The ESG score of public issuers is structured as follows:
- Periodic updating of raw data from various sources;
- Calculation of key performance indicators;
- Calculation of the ESG score, on the basis of the three pillars and equal weightings.

For example, the criteria used to analyse public issuers are:
- Environmental: the degree of exposure to natural disasters, etc.
- Social: the human development rate of the countries of the world through the human development index, etc.
- Governance: the quality of a country's governance through the World Governance indicator (WGI), etc.

Once the rating process is complete, each private or public issuer is assigned a score from zero (worst) to 10 (best). These scores reflect investment opportunities or, conversely, non-financial risks.

	within it against market risk (ii) synthetically rebuild specific assets, or (iii) increase the fund's exposure to certain risks in the market. The fund may also 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 TRS underlying assets may be corporate bonds and sovereign bonds. 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).	The proportion of the portfolio made up by issuers analysed under these ESG criteria is greater than 90% of the securities in the portfolio (as a percentage of the Fund's net assets excluding bonds and other debt securities issued by public or quasi-public issuers, excluding cash assets held on an ancillary basis and excluding social impact assets). This first step of the analysis identifies issuers to be ruled out solely due to ESG criteria. Issuers to be excluded based on the exclusion policy of the La Française Group, available on the website www.la-francaise.com, are automatically excluded. Next, the 20% of private issuers and 20% of public issuers with the lowest ESG scores in the initial investment universe are excluded. All of these excluded issuers make up the ESG exclusion list. This latter is established on a monthly basis for private issuers and annually for public issuers. It determines a minimum ESG score threshold below which the sub-fund may not invest. Issuers whose ESG score falls below the exclusion threshold cannot be part of the investable universe. The methodology adopted by the management company for taking into account non-financial criteria may have the following limitation related to the analyses carried out by the ESG Research Team. These analyses are dependent on the quality of the information collected and the transparency of the issuers. Additional information on the management company's non-financial analysis, including ESG criteria, is presented in the La Française Group transparency code and engagement policies, available on the La Française website at www.la-francaise.com. **<u>Stage 2: Carbon and financial analyses</u>** In the second stage of the investment process, an analysis of the credit quality of the issuers passed through the filter in stage 1 is carried out. After having reduced the universe on the basis of a credit analysis, a "carbon" analysis is carried out based on analysis criteria relating to climate change. These criteria exist at various levels, such as the historical performance of carbon emissions (based on Scope 1 – direct emissions, and Scope 2 – indirect emissions; for certain sectors, the share of emissions relating to Scope 3, which is not considered here, can account for a large share of total emissions), governance and climate risk management, and the strategy implemented by the company to participate in the transition. To measure the performance of companies against these criteria, we use data sourced by the ESG Research Team from specialist data providers (e.g. company carbon data collected by CDP). At the end of this analysis, a "carbon impact" score is awarded.

		For issuers in the low-carbon financial sector (carbon intensity defined as carbon emissions divided by enterprise value), a qualitative analysis is performed in addition to the assigned carbon impact score. For highly carbon-intensive sectors such as electricity generation and distribution, the petroleum sector, the automotive industry and materials, a qualitative analysis of the company's future carbon performance is carried out in addition to the assigned "carbon impact" score. This analysis corresponds to a "trajectory" calculation of the issuer's carbon emissions that we match with sectoral decarbonisation trajectories (as defined by the International Energy Agency). During this qualitative analysis, ESG analysts and the management team will estimate the ability of a company to meet its decarbonisation objectives in the face of current investments, past performance and the transformation of their portfolio of products sold. For example, for the Utilities sector, this takes the form of a carbon intensity based on the tonnes of CO2eq generated per MWh of electricity produced, reflecting the development of the production capacity in renewable energy compared to current capacity. Companies in the various sectors are then qualified, according to the Management Company's methodology, subject to the limitations specified above by: i) low carbon, ii) in transition according to the sectoral decarbonisation trajectory, iii) in transition but efforts required (in which the Management Company plays no active role) and iv) lagging in terms of the assigned "carbon impact" score. No investment will be made in companies qualified as late arrivals. The qualification of the companies results from a quantitative and qualitative analysis process – for some of them – and from an annual review of the files between the management and the ESG research team. The files are also reviewed when the company's strategy is updated or a major change occurs, in order to re-analyse the investment case. Thus, if, during a review, a company is qualified as lagging, the Management Company will sell the securities within a reasonable time, regardless of the price level of the security at the time of the transfer. This disposal may have an impact on the financial performance of the sub-fund. The sub-fund may also invest in sustainable finance instruments which include the following categories: - Green bonds; - Sustainability bonds; - Social bonds; - Debt securities linked to performance on one or more sustainability objectives (sustainability-linked bonds)

		Investing in green bonds makes it possible to measure the impact of the environmental projects financed (converted into avoided emissions for an equivalent amount of production). The proportion of green bonds in the sub-fund may be variable and is not limited. It will depend on market developments and the size of the deposit. The analysis of green bonds is carried out along three axes and in addition to the steps described above, namely: 1. Adherence to the four pillars of the "Green Bond Principles" • Use of funds: the funds are to be used to finance or refinance green projects in line with the taxonomy defined by the GBPs and, once in force, with the new European taxonomy; • The project selection and evaluation process: precise selection and description of projects financed by the green bond, governance put in place around the selection, definition of environmental objectives and impact measurements linked to these projects. • Fund management: detail of funds allocated by project, ability to monitor funds used with a rigorous process • Transparency and reporting: the issuer must communicate at least annually and transparently on 2 points: the allocation of funds (funds allocated and activities financed) and the impact of the projects, i.e. the direct contribution to the environment such as the reduction of carbon emissions (impact report, objectives) 2. The issuer's energy transition strategy and status • A cross-analysis is carried out with the fundamental analysis of the issuer described previously. 3. Analysis and measurement of the impact of funded projects • special attention is paid to the choice of funded projects and their consistency with the issuer's more global energy transition strategy. In addition, an external service provider collects and measures the emissions avoided for projects financed by the green bond. Green bond issuers will be subject to the same financial and extra-financial analyzes and must pass the exclusion phase (step 1) and the financial and carbon analysis phase (step 2). Stage 3: Measurement of the carbon footprint The objective of reducing the portfolio's carbon footprint by at least 50% compared to its carbon composite indicator is monitored as follows. - Carbon emissions in tonnes of CO_2eq per invested euro are based on Scope 1 – direct emissions and Scope 2 – indirect emissions (note that for some sectors, the share of

Scope 3 emissions is not taken into account here, but can account for a large share of total emissions), relative to the size of the enterprise (company value).
This data is retrieved from the CDP database and in the event that a company does not provide it to CDP, a proprietary model for estimating emissions by industry and firm size is used. These footprints are then weighted by the weights in the portfolio.

The objective of the Sub-Fund is sustainable investment within the meaning of Article 9 of the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR).

The sub-fund invests in fixed or floating rate negotiable debt securities, certificates of deposit and money market instruments issued or guaranteed by an issuer in a member country of the eurozone or the OECD. The sub-fund may invest:
• up to 100% of its net assets in private debt
• up to 50% of its assets in securities issued by States or similar (semi-public, guaranteed, supranational)
at fixed, floating or adjustable rate.
The sub-fund may invest in Investment Grade securities (with a rating higher than or equal to BBB- at Standard & Poor's or Baa3 at Moody's or the equivalent according to the analysis of the Management Company) and High Yield securities (between BB+ and B- at Standard & Poor's or between Ba1 and B3 according to Moody's or an equivalent rating of the Management Company). The management company shall not exclusively or automatically rely on external ratings but may, upon the issuance of such a rating, take it into consideration for its credit analysis.
The sub-fund may invest in, or have exposure to, the following investments up to the percentage of net assets indicated:
• Securities with an "Investment Grade" rating: 100 %
• Securities with a "High Yield" rating: 50 %
• Unrated securities: 20%
• Perpetual bonds (including contingent convertible bonds - "CoCo"): 10%
• Other UCITS/UCIs: 10 %

Interest rate sensitivity range within which the fund is managed	between 0 and 0.5
Geographical area of the issuers of the securities to which the fund is exposed	Euro zone and OECD countries: 0-100%

<table>
<tr>
<td></td>
<td></td>
<td>
<table>
<tr><td>Currencies of denomination of the securities in which the sub-fund invests</td><td>all currencies</td></tr>
<tr><td>Level of currency risk borne by the sub-fund</td><td>residual owing to imperfect hedging of currency positions.</td></tr>
</table>
CoCos are more speculative in nature and have a higher risk of default than a conventional bond, but these contingent convertible bonds will be sought after in the management of the sub-fund due to their theoretical higher return compared to a conventional bond. This remuneration compensates for the fact that these securities can be converted into equity (shares) or suffer a capital loss in the event that the contingency clauses are triggered by the financial institution concerned (exceedance of a capital threshold predetermined in the prospectus of the subordinated bond).
In the event of a downgrade in the rating of an issuer of a security already invested in the portfolio leading to non-compliance with the authorised limits, the Manager will, as soon as possible, sell the asset in accordance with the interests of the shareholders.
The manager may invest in securities denominated in euros and/or other currencies. Where securities are not denominated in euros, the manager will systematically hedge the exchange risk. A residual risk may nevertheless remain, as hedging cannot be perfect.
The sub-fund can invest up to a limit of 10% of its assets in the units or shares of UCITS governed by French or foreign law and/or in UCIs meeting the four criteria of Article R214-13 of the Monetary and Financial Code. They will be used to manage the cash flow.
The sub-fund may invest in futures traded on French and foreign regulated markets or OTC: futures, swaps, forward exchange, credit default swaps (single name or index CDS) and credit derivatives. Each instrument addresses hedging or exposure strategies (except for CDS and credit derivatives used solely for hedging purposes) aiming to (i) hedge the entire portfolio or certain asset classes held within it against market risk (ii) synthetically rebuild specific assets, or (iii) increase the fund's exposure to certain risks in the market.
The sub-fund may also use Total Return Swaps (TRS) up to a maximum of 25% of the net assets for hedging purposes only. The expected proportion of assets under management that shall be subject to TRS may be 10 %. The TRS underlying assets may be corporate bonds and sovereign bonds.
</td>
</tr>
<tr>
<td>Derivative instruments</td>
<td>3. Derivative instruments
The Fund may invest in futures traded on French and foreign regulated markets or OTC: futures, swaps, asset swap, cross-currency swap, forward exchange, total return swap and credit derivative. Each instrument addresses specific hedging or exposure strategies to (i) hedge the</td>
<td>3. Derivative instruments
The Fund may invest in futures traded on French and foreign regulated markets or OTC: futures, swaps, asset swap, cross-currency swap, forward exchange, total return swap and credit derivative. Each instrument addresses specific hedging or exposure strategies to (i) hedge the entire portfolio or certain asset classes held within it against market risk (ii)</td>
</tr>
</table>

	entire portfolio or certain asset classes held within it against market risk (ii) synthetically rebuild specific assets, or (iii) increase the fund's exposure to certain risks in the market. Nature of the markets used: - regulated: yes - organised: yes - OTC: yes Risks on which the manager seeks to act: - equities: yes - interest rates: yes - foreign exchange: yes - credit: yes - indices: yes Nature of activities: - hedging: yes - exposure: yes - arbitrage: yes - other: no Nature of the instruments used: - futures: yes - options: no - swaps: yes - Asset swap: yes - Cross-currency swap: yes - Perfect swap: yes - forward exchange (excluding NDF): yes - credit derivatives: yes	synthetically rebuild specific assets, or (iii) increase the fund's exposure to certain risks in the market. Nature of the markets used: - regulated: yes - organised: yes - OTC: yes Risks on which the manager seeks to act: - equities: yes - interest rates: yes - foreign exchange: yes - credit: yes - indices: yes Nature of activities: - hedging: yes - exposure: yes - arbitrage: no - other: no Nature of the instruments used: - futures: yes - options: yes - swaps: yes o Total return swaps (TRS): yes, up to 25% of the net assets of the sub-fund (for hedging purposes only). The expected proportion of assets under management that will be subject to TRS may be up to 10% of net assets. - forward exchange (excluding NDF): yes - credit derivatives (Credit Default Swap - CDS): yes The consolidated exposure to the interest rate and credit market, including the exposure induced by the use of derivatives, will maintain the sensitivity of the portfolio in a range between 0 and 0.5.
Risk profile	Risk of capital loss: Interest rate risk: Risk associated with investments in "speculative" securities: Counterparty risk Liquidity risk Risk associated with subordinated debt risk Risk associated with contingent convertibles:	Risk of capital loss: **ESG investment risk:** The sub-fund uses ESG criteria and may underperform the market in general or other funds that do not use ESG criteria when selecting investments. ESG investments are selected, or excluded on the basis of financial and non-financial criteria. The fund may sell a security due to ESG reasons, rather than for purely financial considerations. **Sustainability risk:**

	Risk associated with holding convertible bonds Risk arising from techniques such as derivatives Liquidity risk related to performance swaps (TRS): Exchange risk Discretionary risk Potential risk of a conflict of interest	This refers to the possible occurrence of an ESG event or condition that could potentially or actually cause a significant negative impact on the value of an investment in a fund. Sustainability risks can either represent a risk in and of themselves, or have an impact on other risks and contribute – by way of correlation – significantly to risks such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks can have an impact on long-term risk-adjusted returns for investors. Assessing sustainability risk is complex and can be based on ESG data that is difficult to obtain and incomplete, believed to be outdated, or otherwise materially inaccurate. Even when identified, there is no guarantee that this data will be properly assessed. Interest rate risk Risk associated with investments in "speculative" securities Counterparty risk Liquidity risk Risk associated with subordinated debt risk Risk associated with contingent convertibles Risk associated with holding convertible bonds Risk arising from techniques such as derivatives Liquidity risk related to performance swaps (TRS) Exchange risk Discretionary risk Potential risk of a conflict of interests