

Letter to unitholders

Paris, 1 October 2021

Re: Modification of the La Française Rendement Global 2028 Plus sub-fund, a sub-fund of the La Française SICAV

Dear Sir, Madam,

You are a unitholder in the **La Française Rendement Global 2028 Plus** 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 Rendement Global 2028 Plus** sub-fund (hereinafter the "Sub-Fund"). Therefore, La Française Asset Management is proposing to develop the **La Française Rendement Global 2028 Plus** sub-fund in order to adapt to the current environment by trying to provide solutions in view of the low interest rate environment. The performance of the Sub-Fund may also be affected by other factors, such as hedging costs and defaults.

- **Changes effective as of 6 October 2021 requiring authorisation from the Autorité des marchés financiers:**

The Sub-Fund may now invest in non-rated securities up to a maximum of 30% of the net assets.

In addition, the Sub-Fund may invest in contingent convertible bonds (so-called "cocos") up to a maximum of 20% of the net assets. A risk has been added under the heading "risk profile" in the prospectus relating to the investment in contingent convertible bonds.

Finally, the financial leverage will be limited to 150% of the net assets of the sub-fund compared to 120% currently.

These changes will result in an increase in the risk/return profile of the Sub-Fund. However, the Sub-Fund's SRRI (5) will remain unchanged.

These changes were approved by the AMF on 20 September 2021.

- **Changes effective as of 6 October 2021, not requiring authorisation from the Autorité des marchés financiers:**

The Management Company has decided to implement extra-financial measures in the Sub-Fund, in particular in order to take into account environmental, social and governance criteria (so-called "ESG" criteria) in the selection of issuers of securities. However, it is specified that the extra-financial approach implemented in this Sub-Fund is not systematic

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and is not binding. The derivative instruments used are not subject to the same extra-financial analysis process as live securities described in the investment strategy. Therefore the communication on extra-financial criteria is said to be "limited to the prospectus" (category 3 of the AMF instruction 2020-03).

- **Changes effective as of 2 November 2021, not requiring authorisation from the Autorité des marchés financiers:**

The scale of turnover fees of the sub-fund will be modified as follows:

			BEFORE	AFTER (as of 2 November 2021)
4	Turnover fees	Deducted from each transaction	Shares: 0.40% (with a minimum of €120) Convertible bonds < 5 years: 0.06% Convertible bonds > 5 years: 0.24% Other bonds: 0.024% (with a minimum of EUR 100) Monetary instruments: 0.012% (with a minimum of EUR 100) Swaps: EUR 300 Forward exchange: EUR 150 Spot exchange: EUR 50 UCITS: EUR 15 Futures: €6 / Options: EUR 2.5	Shares: 0.10% (with a minimum of €120) Convertible bonds: 0.05% (with a minimum of €100) Other bonds: 0.035% (with a minimum of €100) Monetary instruments: 0.0120% (with a minimum of €100) Swaps: 0.010% (with a minimum of €150 and a maximum of €600) Forward exchange: 0.010% (with a minimum of €75 and a maximum of €300) Spot exchange: 0.010% (with a minimum of €25 and a maximum of €100) UCI: €15 Futures: €1 Options: €1

This change does not require the approval of the Autorité des marchés financiers and will be effective from **2 November 2021**.

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

If you accept the terms, these operations do not involve 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:** Yes
- **Increase in the risk profile:** Yes
- **Potential increase in fees:** Yes, the increase in fees is as a result of changes to the turnover fee scale.
- **Extent of change in the risk/return profile:** Highly 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	No	Yes	
Change in risk/return profile			
Risk/return level on a scale of 1 to 7	5	5	
Evolution of the exposure to the different risk categories*. Risks to be ranked - from most to least significant changes in the portfolio.	List with exposure ranges - No unrated securities - No contingent convertible bonds	List with exposure ranges - Up to 30% non-rated securities of net assets - Up to 20% contingent convertible bonds	Contribution to the risk profile compared to the previous situation: + +
Financial leverage effect	Within a limit of 120%	Within a limit of 150%	
Fees			
Transaction fees	<u>Shares</u> : 0.40% (with a minimum of €120) <u>Convertible bonds < 5 years</u> : 0.06% <u>Convertible bonds > 5 years</u> : 0.24% <u>Other bonds</u> : 0.024% (with a minimum of EUR 100) <u>Monetary instruments</u> : 0.012% (with a minimum of EUR 100) <u>Swaps</u> : EUR 300 <u>Forward exchange</u> : EUR 150 <u>Spot exchange</u> : EUR 50 <u>UCITS</u> : EUR 15 <u>Futures</u> : €6 / Options: EUR 2.5	<u>Shares</u> : 0.10% (with a minimum of €120) <u>Convertible bonds</u> : 0.05% (with a minimum of €100) <u>Other bonds</u> : 0.035% (with a minimum of €100) <u>Monetary instruments</u> : 0.0120% (with a minimum of €100) <u>Swaps</u> : 0.010% (with a minimum of €150 and a maximum of €600) <u>Forward exchange</u> : 0.010% (with a minimum of €75 and a maximum of €300) <u>Spot exchange</u> : 0.010% (with a minimum of €25 and a maximum of €100) <u>UCI</u> : €15 <u>Futures</u> : €1 <u>Options</u> : €1	

These changes were approved by the AMF on 20 September 2021.

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 modifications.

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.

	<u>Before change</u>	<u>After change</u>
Investment strategy	<p>1. Investment strategy. The investment strategy involves the discretionary management of a portfolio of bonds (so-called "bond component") while being exposed to the equity markets (so-called "equity component"):</p> <ul style="list-style-type: none"> • Bond component: The fund invests in bonds issued by private or public entities. The fund may invest in securities that mature by 31 December 2029, i.e. one year after the fund's maturity. However, the average maturity of the portfolio shall not exceed 31 December 2028. 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 private debt/public debt allocation 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) and/or in High Yield issues (speculative) (i.e. with a rating lower than BBB- or Baa3 or equivalent according to the analysis of the management company). Investment in unrated securities is not permitted. 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. Investment in convertible bonds is limited to maximum of 30% of net assets. The manager will invest in securities denominated in EUR and/or USD and/or GBP and/or NOK and/or CHF and/or in SEK and/or in CAD and/or in DKK. Insofar as the securities are not denominated in EUR, the manager will systematically hedge the exchange risk. There may however be a residual currency 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. 	<p>1. Investment strategy. The investment strategy involves the discretionary management of a portfolio of bonds (so-called "bond component") while being exposed to the equity markets (so-called "equity component"):</p> <ul style="list-style-type: none"> • Bond component: The sub-fund invests in bonds issued by private or public entities. The sub-fund may invest in securities with a maturity or early redemption date of up to 31 December 2029, which is up to one year from the maturity of the sub-fund. However, the average maturity of the portfolio (at maturity or early call date) will not exceed 31 December 2028. 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 sub-fund therefore relies primarily on the management team's in-depth knowledge of the selected companies' balance sheets and sovereign debt fundamentals. 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. <p>The initial investment universe is constructed from issuers belonging to the BofAML Global High Yield Index (HW00) as well as from issuers not belonging to this index but invested in the portfolio which meet the investment criteria of the sub-fund detailed below, which are analysed by La Française Sustainable Investment Research (hereinafter the "ESG Research Team") of the entity "La Française Group UK Limited" belonging to the La Française Group. Issuers are subject to the same requirements regardless of whether or not they belong to the index. Public issuers are OECD member states and also emerging countries.</p> <p>The analysis of Environmental, Social and Governance criteria is carried out by the ESG Research Team, which has developed a proprietary ESG model. This tool uses raw data from various data providers to calculate KPIs (Key Performance Indicators). For bonds, an assessment of the issuer's Environmental, Social and Governance criteria may be carried out; however, the consideration of these criteria is not necessarily exhaustive or systematic.</p>

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<p>Interest rate sensitivity range within which the fund is managed from 9 to 0, decreasing over time</p> <p>Geographical area of issuers of securities to which the fund is exposed Public and private issuers in OECD countries (all areas): 0 - 100%; Public issuers, excluding OECD countries (emerging markets): 0 - 100%; Private issuers, excluding OECD countries (emerging markets) 0-50%</p> <p>Currency of securities invested in EUR/ USD/ GBP/ NOK/ CHF/ SEK/ CAD/ DKK</p> <p>Level of exchange risk borne by the fund Residual due to imperfect hedging of currency positions.</p> <p>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.</p> <p>During the period ranging from the first date of subscription and until the minimum amount of assets under management reaches the level of 7 (seven) million euros, the fund will be invested in money market securities.</p> <ul style="list-style-type: none"> • Equity component: The fund is exposed to global equity markets for a maximum of 40% via derivative instruments, bearing on indices representative of global equity markets. The coupons generated by the bond component form the segment that will be invested in the equity component. The management team shall manage the level of exposure to equity markets based on the cumulative amount of bond coupons still outstanding in the portfolio until maturity, the total level of which will decline over time, while taking into account the market environment. <p>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.</p> <p>The manager may use financial instruments such as futures, forwards, options, 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 equity and/or indices and/or interest rate and/or credit futures markets, and with the aim of hedging future exchange markets.</p> <p>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.</p> <p>Overall exposure of the portfolio is limited to 300% of the fund's net assets.</p>	<p>As such, the Sub-Fund promotes certain environmental and social characteristics within the meaning of Article 8 of the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR).</p> <p>Issuers to be excluded based on the exclusion policy of La Française Group, available on the website www.la-francaise.com, are automatically excluded.</p> <p>Additional information on the management company's non-financial analysis, including ESG criteria, is presented in La Française Group transparency code available on the La Française website at www.la-francaise.com.</p> <p>The private debt/public debt allocation is not determined in advance and will be based on market opportunities.</p> <p>The sub-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) and/or in High Yield issues (speculative) (i.e. with a rating lower than BBB- or Baa3 or equivalent according to the analysis of the management company). Investment in non-rated securities is limited to a maximum of 30% of the net assets.</p> <p>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. Investment in convertible bonds is limited to maximum of 30% of net assets.</p> <p>The manager will invest in securities denominated in EUR and/or USD and/or GBP and/or NOK and/or CHF and/or in SEK and/or in CAD and/or in DKK. Insofar as the securities are not denominated in EUR, the manager will systematically hedge the exchange risk. There may however be a residual currency exchange risk due to imperfect hedging.</p> <p>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.</p> <p>The sub-fund may use financial and non-financial subordinated bonds (including contingent convertible bonds - "Cocos") up to an overall limit of 20% of the net assets.</p> <p>CoCos are more speculative in nature and have a higher risk of default than a conventional bond, but these convertible contingent bonds will be sought after in the management of the sub-fund due to their theoretical higher yield 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).</p>
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As the Fund approaches maturity and depending on the 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.

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.

Interest rate sensitivity range within which the fund is managed	from 9 to 0, decreasing over time
Geographical area of the issuers of the 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%; Private issuers, excluding OECD countries (emerging markets) 0-50%
Currencies of denomination of the securities in which the sub-fund invests	EUR / USD / GBP / NOK / CHF / SEK / CAD / DKK
Level of currency risk borne by the sub-fund	Residual owing to imperfect hedging of currency positions.

Taking into account the investment strategy implemented, the sub-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.

• Equity component:

The sub-fund is exposed to global equity markets for a maximum of 40% via derivative instruments, bearing on indices representative of global equity markets.

The coupons generated by the bond component form the segment that will be invested in the equity component. The management team shall manage the level of exposure to equity markets based on the cumulative amount of bond coupons still outstanding in the portfolio until maturity, the total level of which will decline over time, while taking into account the market environment.

The sub-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 sub-fund reserves the right to trade on all European and international futures markets.

The manager may use financial instruments such as futures, forwards, options, 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

			<p>aim of hedging and/or exposing the fund to equity and/or indices and/or interest rate and/or credit futures markets, and with the aim of hedging future exchange markets. The sub-fund may use Total Return Swaps (TRS) up to a maximum of 25% 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.</p> <p>The overall exposure of the portfolio is limited to 300% of the net assets of the Fund. This global exposure is inherent in the VAR monitoring of derivative instruments. It is the sum in absolute value of the notional.</p> <p>The maximum financial leverage is limited to 150% of the net assets of the sub-fund. The purpose of leverage is to give the level of exposure of the fund by integrating all risk factors.</p>				
Securities with embedded derivatives	<p>Risks on which the manager seeks to act:</p> <ul style="list-style-type: none"> - equities: yes - interest rates: yes - foreign exchange: no - credit: yes - indices: yes <p>Nature of activities:</p> <ul style="list-style-type: none"> - hedging: yes - exposure: yes - arbitrage: no <p>Nature of the instruments used:</p> <ul style="list-style-type: none"> - Convertible bonds, within a limit of 30% of net assets - Warrants - EMTN - Callable rate products - Puttable rate products 	<p>Risks on which the manager seeks to act:</p> <ul style="list-style-type: none"> - equities: yes - interest rates: yes - foreign exchange: no - credit: yes - indices: yes <p>Nature of activities:</p> <ul style="list-style-type: none"> - hedging: yes - exposure: yes - arbitrage: no <p>Nature of the instruments used:</p> <ul style="list-style-type: none"> - Convertible bonds, within a limit of 30% of net assets - <u>Contingent convertible bonds ("cocos") (up to 20% of net assets)</u> - Warrants - EMTN - Callable rate products - Puttable rate products 					
Leverage effect	<p>The indicative leverage effect (total nominal value of the positions on the financial contracts used) may not exceed:</p> <ul style="list-style-type: none"> - 200% of the sub-fund's assets for La Française Rendement Global 2028 Plus; <p>Leverage is limited to 120% of net assets.</p>	<p>The indicative leverage effect (total nominal value of the positions on the financial contracts used) may not exceed:</p> <ul style="list-style-type: none"> - 300% of the sub-fund's assets for La Française Rendement Global 2028 Plus; <p>Leverage is limited to 150% of net assets.</p>					
Turnover fee scale	<table border="1"> <tr> <td>4</td> <td>Turnover fees</td> <td>Deducted from each transaction</td> <td> Shares: 0.40% (with a minimum of €120) Convertible bonds < 5 years: 0.06% </td> </tr> </table>	4	Turnover fees	Deducted from each transaction	Shares: 0.40% (with a minimum of €120) Convertible bonds < 5 years: 0.06%		
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	<p>Convertible bonds > 5 years: 0.24% Other bonds: 0.024% (with a minimum of €100) Monetary instruments: 0.012% (with a minimum of €100) Swaps: €300 Forward exchange: €150 Spot exchange: €50 UCI: €15 Futures: €6 Options: €2.5</p>	4	Turnover fees	Deducted from each transaction	<p>As of 2 November 2021 Shares: 0.10% (with a minimum of €120) Convertible bonds: 0.05% (with a minimum of €100) Other bonds: 0.035% (with a minimum of €100) Monetary instruments: 0.0120% (with a minimum of €100) Swaps: 0.010% (with a minimum of €150 and a maximum of €600) Forward exchange: 0.010% (with a minimum of €75 and a maximum of €300) Spot exchange: 0.010% (with a minimum of €25 and a maximum of €100) UCI: €15 Futures: €1 Options: €1</p>
Risk profile	<p>Risk of capital loss: Discretionary risk: Interest rate risk: Credit risk relating to issuers of debt securities: Risk associated with investments in "high-yield" securities (known as speculative securities): Risk arising from investing in emerging markets: Equity risk: Counterparty risk: Risk relating to subordinated debt securities: Exchange rate risk: Risk arising from techniques such as derivatives: Potential risk of a conflict of interests: Liquidity risk associated with the temporary purchase and sale of securities and/or total return swaps (TRS): Legal risk:</p>	<p>Risk of capital loss: <u>ESG investment risk:</u> <u>Sustainability risk:</u> Discretionary risk: Interest rate risk: Credit risk relating to issuers of debt securities: <u>Risk relating to contingent convertibles:</u> Risk associated with investments in "high-yield" securities (known as speculative securities): Risk arising from investing in emerging markets: Equity market risk: Counterparty risk: Risk relating to subordinated debt securities: Exchange rate risk: Risk arising from techniques such as derivatives: Potential risk of a conflict of interests: Liquidity risk associated with the temporary purchase and sale of securities and/or total return swaps (TRS): Legal risk:</p>			