

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**")

NOTICE TO SHAREHOLDERS OF THE SUB-FUND GTS RÉACTIF (THE "SUB-FUND")

Luxembourg, 26 of November 2021

Dear Shareholder,

The Company's board of directors (the "**Board**") hereby informs you of the following changes to be made to the prospectus of the Company (the "**Prospectus**"):

1) Clarification of the investment policy

The first paragraph of the investment policy of the Sub-Fund will also be clarified in order to include a concrete percentage of exposure to equities and bonds and so to read as follows:

"The sub-fund invests at least 51% of its net assets in equities and bonds from anywhere in the world, including emerging markets, directly or indirectly through investments in other funds."

2) Update of the section "Derivatives and techniques"

In addition, the possibility for the Sub-Fund to enter into securities lending and borrowing transactions and into repurchase and reverse repurchase agreements has been added to section "Derivatives and Techniques". As from 31 of December 2021, the following paragraph will be added:

The sub-fund may also enter into securities lending and borrowing transactions as well as repurchase and reverse repurchase agreements for efficient portfolio management (as further described in section "Instruments and Techniques the Sub-Funds may use") such as (but not

limited to) to create arbitrage positions designed to profit from changes in interest rate spreads."

The possibility to enter into securities lending transactions, repurchase agreements and reverse repurchase agreements was already foreseen in the main part of the Prospectus under section "Instruments and Techniques the Sub-Funds may use". The possibility to enter into securities borrowing transactions is a new flexibility, which will now be introduced.

The expected level of exposure to securities lending transactions amounts to 25% of the Sub-Fund's assets, subject to a maximum of 60%. The expected level of exposure to securities borrowing transactions amounts to 5%, subject to a maximum of 10%.

Investments in repurchase and reverse repurchase transaction is expected to amount to 25% of the Sub-Fund net asset value, subject to a maximum of 60% of the Sub-Fund's net asset value.

3) Use of benchmark

In order to ensure compliance with the disclosure requirements foreseen by the ESMA Q&A on the UCITS Directive related to the use of a benchmark, the following paragraph has been added to the investment policy:

"The sub-fund is actively and discretionarily managed. The sub-fund is not managed in reference to an index."

4) Update of risk warnings

In compliance with the already applicable investment policy, risk warnings related to investments in currencies and derivatives have been added to the list of risks typically associated with ordinary market circumstances.

A risk warning related to counterparty risks has been added to the list of risks typically associated with unusual market circumstances.

5) Update of the policy on deduction of costs when entering into efficient portfolio management transactions

The section "How the Sub-Funds Use Derivatives and Efficient Portfolio Management Techniques" has been updated with the management company's new policy on deduction of costs when entering into efficient portfolio management transactions. Therefore the following paragraph has been added:

“For securities lending/borrowing transactions, repurchase and reverse repurchase transactions and where the management company is acting as investment manager: The sub-funds pay up to 40 % of the gross revenues generated from securities lending/borrowing activities and repurchase or reverse repurchase transactions as costs / fees to the management company and retain at least 60% of the gross revenues generated from securities lending/borrowing activities and repurchase or reverse repurchase transactions.”

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.

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.

Yours faithfully,

On behalf of the Board