

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 MULTISTRATEGIES OBLIGATAIRES (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 be clarified in order to include a concrete percentage of exposure to bonds and so to read as follows:

"The sub-fund invests mainly in bonds of any credit quality, including below investment grade bonds, and in any currency from OECD issuers.

Specifically, the sub-fund invests at least 75% of its net assets in fixed rate, floating rate or inflation-indexed debt securities and negotiable debt instruments. "

The investment policy will also be clarified to foresee that the sub-fund may invest up to 25% of its net assets in non-OECD countries and up to 20% its net assets in cash and cash equivalents.

The Sub-Fund's modified duration has also been modified and may now vary from -3 to 7 (instead of -3 to 5).

2) Amendment of the investment strategy

The investment strategy will be amended so as to read as follows as from 31 of December 2021:

"The investment manager uses a combination of different strategies to achieve its objective. Specifically these strategies include:

- *A long and short fixed income directional strategy aiming to optimise the performance of the portfolio based on macroeconomic, interest rate and inflation expectations*
- *An arbitrage strategy aiming to seek the relative value on various bond asset classes."*

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 managed. The index is used as an indicator of performance comparison. The management strategy is discretionarily and without constraints on the index."

4) Update of risk warnings

In compliance with the already applicable investment policy, a risk warning related to investment in emerging markets has been added to the list of risks typically associated with ordinary market circumstances. The risk warning related to investments in ABS/MBS/TBA and illiquid securities have been removed from the list of risk warnings associated with ordinary market circumstances..

5) Swing Pricing

Via a notice dated 14 April 2020, the Board informed you of its decision to temporarily apply swing pricing to the Sub-Fund in light of the then prevailing market circumstances. A swing factor of 2% was applied.

Given the current market circumstances, the Board has decided that the swing factor of 2% is no longer required.

The Prospectus will nevertheless be updated in order to keep the possibility to apply swing pricing. In normal market circumstances a swing factor of up to 1% may be applied in order to prevent adverse effects of dilution on existing or remaining Shareholders and therefore protect their interests. In case exceptional market circumstances so require in the future, a higher swing factor may be applied. Further information on the applicable threshold and swing

factor will in such case be made available on the following website: <https://www.la-francaise.com/fr-lu/nos-solutions-pour-vous/nos-produits/>

6) Update of the section “ Derivatives and techniques”

The possibility for the Sub-Fund to enter into securities lending and borrowing transactions has been added to section “Derivatives and Techniques”. As from 31 of December 2021, the second paragraph of the section “Derivatives and Techniques” will read as follows:

“The sub-fund may also enter into securities lending and borrowing transactions as well as use 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 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%.

7) 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