LA FRANÇAISE
ASSET MANAGEMENT

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Letter to unitholders

Paris, 1 October 2021

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

Dear Sir, Madam,

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

What changes will occur in your sub-fund?

- **Changes coming into force on 6 October 2021:**

The management company has decided to amend the regulatory documentation of the **La Française Global Coco** 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 8 in accordance with the SFDR regulation (products that promote environmental and/or social characteristics) and in category 1 in accordance with the Autorité des marchés financiers instruction 2020-03 (significant commitment approach).

In addition, the sub-fund may now invest in bonds and negotiable debt securities issued or guaranteed by governments (public debt) up to a limit of 50% of net assets.

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

- **Changes coming into force on 2 November 2021:**

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%	**Shares**: 0.10% (with a minimum of €120) **Convertible bonds**: 0.05% (with a minimum of €100)

			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	**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**: No
- **Increase in the risk profile**: No
- **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**: 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 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.

	Before change	**After change**
Management objective	The objective of the sub-fund is to outperform its benchmark, the ICE BofA Merrill Lynch Contingent Capital EUR Hedged Total Return Index, over a recommended investment period of more than five years, by notably gaining exposure to subordinated debt securities.	The objective of the sub-fund is to outperform its benchmark, the ICE BofA Merrill Lynch Contingent Capital EUR Hedged Total Return Index, over a recommended investment horizon of more than five years, through exposure to **ESG screened subordinated debt securities.**
Investment strategy	1- Strategy used The fund's investment strategy is, on a discretionary basis, to manage a portfolio of subordinated debt instruments issued primarily by financial institutions and conventional bonds and negotiable debt securities. In the interests of active management, the fund aims to take advantage of existing opportunities within an investment universe made up in particular of Additional Tier 1, Tier 2 and Contingent Convertible ("CoCo") bonds. 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). The manager may invest in securities denominated in currencies other than the Euro, but will always hedge against currency risk. There may however be a residual currency exchange risk due to imperfect hedging. Up to 100% of the Fund will be invested in issues rated "investment grade" (ratings higher than or equal to BBB- according to Standard & Poor's or Baa3 according to Moody's) or speculative (rating less than BBB- or Baa3) or deemed equivalent according to the analysis 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 selection of securities is based on the quality of the issuers and the evaluation of the technical characteristics of the bonds. To evaluate the quality of the issuers, the manager shall be particularly attentive to the quality and composition of assets, financing and solvency. The assessment of the technical characteristics of the bonds depends on the rank of subordinations, the structure of the coupons, the recall dates and the liquidity of the latter.	1- Strategy used The investment strategy of the sub-fund consists of discretionary management of a portfolio of subordinated debt instruments issued mainly by financial institutions and conventional bonds and negotiable debt securities. The initial covered investment universe of the sub-fund is constructed from public issuers and financial companies (banks, insurance companies, financial services companies) worldwide which are analysed by La Française Sustainable Investment Research (hereinafter "ESG Research Team") of the entity "La Française Group UK Limited" belonging to La Française Group. The Environmental, Social and Governance criteria are analysed by the "ESG Research Team", which has developed a proprietary ESG model and allows us to take a more selective approach to the initial investment universe (ESG integration with a significant commitment to management). This automated tool uses raw data from various data providers to calculate KPIs (Key Performance Indicators). The investment process is based on an ESG integration approach with a significant commitment to management. The ESG score of private issuers is structured as follows: • Periodic update of raw data from different 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 pillars (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.

The sensitivity range for interest rates in which the fund is managed	0 to +10
Geographical area of the issuers of securities to which the fund is exposed	OECD countries (all zones): 0-100%; non-OECD countries (emerging markets): 0-100%
Security denomination currencies in which the fund is invested	euro; all currencies
Level of exchange risk borne by the fund	residual due to imperfect hedging

The private debt/public debt allocation is not determined in advance and will be based on market opportunities

The Fund may invest up to 10% of its assets in units or shares of UCITS under French or foreign law. These UCITS may be managed by the management company or an associated company, as applicable. They will be used to manage cash flow and/or to achieve the management objective.

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 10% of the assets. The assets underlying the TRSs may be credit indices.

The Fund reserves the right to invest in preferred shares, mainly issued by financial institutions, up to a limit of 10% of its assets.
The Fund may also engage in transactions for the temporary purchase and sale of securities in order to (i) ensure the investment of the liquid assets available (e.g. reverse repurchase transactions), (ii) optimise the performance of the portfolio (e.g. securities lending).

The Fund may also invest in futures traded on French and foreign regulated markets or OTC.
In this context, the manager may take positions to hedge and/or expose the portfolio against interest rate, credit and/or equity risks through futures, options and/or swaps and single name CDS and/or on indexes only to hedge the portfolio.
Global exposure is limited to 300% of net assets, with equity exposure limited to a maximum of 10% of net assets.

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 areas 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 issuer is assigned a score from zero (worst) to 10 (best). These scores reflect investment opportunities or, conversely, non-financial risks.
At least 90% of the securities in the portfolio are made up by issuers analysed under these ESG criteria (as a percentage of the Sub-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).

The first step of the extra-financial analysis consists of identifying the issuers to be excluded beforehand by virtue of the exclusion policy of La Française Group, available on the website www.la-francaise.com. The exclusion lists of the La Française Group, maintained and updated by the Compliance Department of the management company, are drawn up in particular with regard to international sanctions and the implications of terrorism and corruption.

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 fund may not invest. Issuers whose ESG score falls below the exclusion threshold cannot be part of the investable universe.

		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). 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. In the interests of active management, the sub-fund aims to take advantage of existing opportunities within an investment universe made up in particular of Additional Tier 1, Tier 2 and Contingent Convertible (“CoCo”) bonds. 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). The manager may invest in securities denominated in currencies other than the Euro, but will always hedge against currency risk. There may however be a residual currency exchange risk due to imperfect hedging. Up to 100% of the sub-fund will be invested in issues rated “investment grade” (ratings higher than or equal to BBB- according to Standard & Poor's or Baa3 according to Moody's) or speculative (rating less than BBB- or Baa3) or deemed equivalent according to the analysis 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 selection of securities is based on the quality of the issuers and the evaluation of the technical characteristics of the bonds. To evaluate the quality of the issuers, the manager shall be particularly attentive to the quality and composition of assets, financing and solvency. The assessment of the technical characteristics of the bonds depends on the rank of subordinations, the structure of the coupons, the recall dates and the liquidity of the latter.

		<table><tr><td>Interest rate sensitivity range within which the fund is managed</td><td>0 to +10</td></tr><tr><td>Geographical area of the issuers of the securities to which the fund is exposed</td><td>Private issuers from OECD countries (all regions): 0-100%; Private issuers from non-OECD countries (emerging countries): 0-100% Public issuers from OECD and non-OECD countries (including emerging countries): 0-50%</td></tr><tr><td>Currencies of denomination of the securities in which the sub-fund invests</td><td>All currencies</td></tr><tr><td>Level of exchange risk borne by the sub-fund</td><td>residual due to imperfect hedging</td></tr></table> The sub-fund invests up to 50% of its net assets in bonds and negotiable debt securities issued or guaranteed by governments (public debt). The private debt/public debt allocation is not determined in advance and will be based on market opportunities. The sub-fund may invest up to 10% of its assets in units or shares of UCITS under French or foreign law. These UCITS may be managed by the management company or an associated company, as applicable. They will be used to manage cash flow and/or to achieve the management objective. 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 10% of the assets. The assets underlying the TRSs may be credit indices. The sub-fund reserves the right to invest in preferred shares, mainly issued by financial institutions, up to a limit of 10% of its assets. The Fund may also engage in transactions for the temporary purchase and sale of securities in order to (i) ensure the investment of the liquid assets available (e.g. reverse repurchase transactions), (ii) optimise the performance of the portfolio (e.g. securities lending). The sub-fund may also trade in forward financial instruments traded on French and foreign regulated markets or over-the-counter. In this context, the manager may take positions to hedge and/or expose the portfolio against interest rate, credit and/or equity risks through futures, options and/or swaps and single name CDS and/or on indexes only to hedge the portfolio.

		Global exposure is limited to 300% of net assets, with equity exposure limited to a maximum of 10% of net assets.
Turnover fees	**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: €2.5	**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
Risk profile	Risk of capital loss: Discretionary risk: Credit risk: Risk relating to contingent convertibles: Equity risk associated with holding convertible bonds: Liquidity risk: Risk arising from techniques such as derivatives: Interest rate risk: Exchange rate risk: Risk arising from overexposure: Volatility risk: Risk associated with investments in "speculative" securities: Risk associated with investing in non-OECD countries (emerging markets): Counterparty risk: Risks associated with preferred shares: Potential risk of a conflict of interests: Legal risk:	Risk of capital loss: **ESG investment risk:** The 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 for reasons relating to ESG, rather than for purely financial considerations. **Sustainability risk:** 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.

		Discretionary risk: Credit risk: Risk relating to contingent convertibles: Equity risk associated with holding convertible bonds: Liquidity risk: Risk arising from techniques such as derivatives: Interest rate risk: Exchange rate risk: Risk arising from overexposure: Volatility risk: Risk associated with investments in "speculative" securities: Risk associated with investing in non-OECD countries (emerging markets): Counterparty risk: Risks associated with preferred shares: Potential risk of a conflict of interests: Legal risk: