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 INFLECTION POINT CARBON IMPACT EURO (THE "SUB-FUND")

Luxembourg, 28 of June 2022

Dear Shareholder,

The Company's board of directors (the "**Board**") hereby informs you of the clarification of the Sub-Fund's investment policy in order to (i) describe how the initial investment universe is constructed when applying the ESG filter and (ii) insert the description of the environmental, social and governance (ESG) criteria applied by the investment manager for the Sub-Fund, which were previously disclosed in the general part of the prospectus, directly in the sub-fund appendix and so to read as follows[1]:

"(…) The sub-fund may invest in, or be exposed to, the following investments up to the percentage of net assets indicated:

- *Eurozone equities (including exposure from derivatives): 85% to 105%*
- *equities from anywhere in the world, including emerging markets: 10%*
- *investment grade bonds: 10%*
- *other UCITS/UCIs: 10%*

The sub- fund has specific sustainable investment objectives (SFDR Article 9). The Management Company relies on the analysis of the research center "La Française Sustainable Investment Research" (the "Research Center") of the entity "La Française Group UK Limited" specialised in determining responsible investment criteria. It is specified that there is a risk of conflicts of interest with respect to the provision of ESG scores by the Research Center.

The investment process is based on Integration with significant engagement in the management and thematic.

The initial investment universes are constructed from Eurostoxx TMI (Total Market Index). The possibility of selecting securities outside the initial investment universe is limited to 10%.

In selecting securities, the investment manager uses a 3-step investment process:

[1] Additions appear in blue

- *exclusion of companies that are exposed to controversial weapons or are from blacklisted countries, or those with lowest environmental, social and governance (ESG) ratings (bottom 20% of the investment universe) (see “Environmental, Social and Governance Indicators” on page 34 for more information on company exclusion and ESG rating);*
- *fundamental analysis of companies including environmental, strategic and financial criteria (see “Environmental, Social and Governance Indicators” on page 34 for more information on fundamental analysis);*
- *rigorous portfolio construction aiming to calibrate overall carbon footprint while ensuring geographic and sector diversification.*

Companies that are in the bottom 20% of the sub-fund’s investment universe as a result of their ESG score are excluded. The minimum ESG score a security must attain to be included in the sub-fund’s investable universe is determined and calculated each month.

The extra-financial rating rate achieved is above 90%.

The methodology for measuring carbon and calculating avoided emissions was jointly developed by La Française Sustainable Investment Research from the entity La Française Group UK Limited, an extra-financial research company of the La Française group, and by the Management Company. The portfolio's carbon emissions figure on a given date is achieved by weighting each company's respective emissions by their respective weights in the portfolio. In order for the Management Company to have an estimate of the amount of CO2 equivalent emitted for each of the companies in the investment universe, La Française Sustainable Investment Research collects carbon data from Carbon Disclosure Project, an independent provider, and estimates, if necessary, carbon emissions "scope 1" direct emissions (production phase) and "scope 2" indirect emissions (resulting from direct energy consumption, e.g. energy purchases) for a broad cross- sample of listed companies around the world.

The "scope 3" indirect emissions data (relating to the upstream and downstream of the company) are not integrated to date. The main reason is the difficulty of attributing carbon emissions from each company's activities and use of the products and services when aggregating these measures at the portfolio level and thus to the limits of the capacity to identify double counts. Investors should be aware that scope 3 accounts for the largest share of a company's emissions for certain sectors (such as automotive).

The methodology measures the portfolio's carbon footprint in metric tons of carbon dioxide (CO2) per million euros invested. The sub fund’s carbon footprint will not exceed 50% of that of the relevant investment universe.

The investment manager also invests in companies that, according to the Management Company's methodology generate avoided emissions (see “Environmental, Social and Governance Indicators” on page 34 for more information on avoided emissions).

The different methodologies that have been adopted by the management company for taking extra-financial criteria into account have a limit that relates to the quality of the information collected by the ESG Research Team and the transparency of the different issuers."

The last paragraph of the investment policy will be amended as follows:

"The sub-fund is actively and discretionarily managed. The sub-fund is not managed in reference to an index. The index is used to define the eligible investment universe with the objective of reducing carbon footprint. The management strategy is without constraints on the index".

The updates described above are clarifications and do not have an impact on the way the Sub-Fund is managed, its asset allocation or its risk profile.

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