

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
GLOBAL (THE "SUB-FUND")**

Luxembourg, 20 of June 2022

Dear Shareholder,

The Company's board of directors (the "**Board**") hereby informs you of the following changes to be made to the characteristics of the Sub-Fund:

1) Change of the investment objective

The investment objective of the Sub-Fund will be amended in order to add an objective of outperformance of the benchmark MSCI All Country World Index (MSCI ACWI Daily Net Total Return) to the current investment objective. As from 20 of July 2022, the investment objective will read as follows¹:

"Objective To contribute to the transition to a low carbon economy while achieving long-term capital growth. Specifically, the sub-fund seeks to outperform (net of fees) the reference benchmark MSCI All Country World Index ((MSCI ACWI Daily Net Total Return) over any given 5-year minimum.

Reference benchmark

- EUR-denominated shares: MSCI AC World Daily Net Total Return in EUR (NDEEWNR)
- USD-denominated shares: MSCI AC World Daily Net Total Return in USD (M1WD)

The sub-fund is actively and discretionarily managed. The index is used to define the eligible investment universe with the objective of reducing carbon footprint. The management strategy includes tracking the difference in the risk level of the portfolio relative to that of the index. A moderate deviation from the risk level of the benchmark index is anticipated."

2) Clarification of the investment policy and strategy

¹ Additions appear in blue, deleted parts in red

The investment policy of the Sub-Fund will be clarified 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 follows²:

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

- *equities (including exposure from derivatives): 90% to 105%*
- *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 the MSCI All Country World Index (MSCI ACWI). The possibility of selecting securities outside the index which constitutes the initial investment universe is limited to 10%.

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

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

- *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 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.

² Additions appear in blue, deleted parts in red

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."

If you do not agree with the changes mentioned above, you may request the redemption of your shares until 11 a.m. on 19 July 2022. Shareholders are reminded of the fact that in compliance with the prospectus of the Company no redemption fee is payable in case of redemption of 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