

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 JKC ASIA BOND 2023 (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 and other related changes

The investment objective of the Sub-Fund will be amended in order to reflect the extension of the maturity date of its investment. As of 20 of July 2022 (the "**Effective Date**"), the investment objective will read as follows¹:

*"**Objective** To achieve high income, ~~over an investment period of 7 years from the launch date of the sub-fund until 31 December 2025~~".*

As a consequence of this change, the denomination of the Sub-Fund will change into **JKC Asia Bond 2025**, the subscription period has been extended until 30 April 2024 and the deadline until which certain investments will be valued using the ask price has been extended to 30 April 2024.

2) Change of the investment policy

The investment policy of the Sub-Fund will be changed in order to (i) foresee investment in bonds with an estimated maturity of December 2025 at the latest and/or bonds with a longer maturity, but which have a call option before 31 December 2025, (ii) foresee the increase of the exposure to equities from 10% to 20%, (iii) foresee exposure to NOK and SEK currencies and (iv) foresee the possibility to invest in index credit default swaps.

¹ Additions appear in blue, deleted parts in red

As from the Effective Date, the investment policy and paragraph 2 of section “Derivatives and Techniques” will read as follows²:

"(...) The sub-fund invests mainly in ~~government and corporate bonds of any credit quality from Asian Pacific countries, excluding Japan,~~ that mature ~~on~~ in December 2025 at the latest and/or bonds with a longer maturity, but which have a call option before ~~31 December 2023~~2025. ESG (Environmental Social Governance) characteristics are assessed and integrated into the investment manager's analysis of the target investments as further detailed under “Strategy”.

Specifically, the sub-fund invests up to 100% of its net assets in fixed and floating rate debt securities as well as in money market instruments that are mainly issued in ~~those~~ Asian Pacific countries. The sub-fund may also invest in debt securities issued in other countries including up to 20% of its net asset emerging markets countries excluding OECD and Asian Pacific countries. The sub-fund does not invest in securities that are distressed or defaulted at the time of investment. The sub-fund may hold securities that become distressed or defaulted.

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

- convertible bonds: 30%
- equities ~~(through exposure from convertible bonds): 10%:~~ 20%
The fund may not purchase shares directly but it may be indirectly exposed to equity risk due to the fact that it holds convertible bonds to a limit of 10% of net assets and may be directly invested in equities up to a limit of 10% of net assets only in the event of a restructuring of a bond, standard or convertible, by the issuer.
- distressed or defaulted securities: 10%
- other UCITS/UCIs: 10%

The sub-fund promotes environmental or social characteristics (SFDR Article 8).

The sub-fund may hold cash and cash equivalents on an ancillary basis. These may include monetary UCIs or UCIs whose investments' overall weighted maturity or rate reset frequency does not exceed 12 months.

The sub-fund's exposure to local, SEK, NOK or G7 currencies may be up to 100%. Non-USD investments are hedged to USD.

However, there may still be a currency risk due to imperfect hedging.

The sub-fund's modified duration may vary from 0 to 6 and decreases over time.

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

² Additions appear in blue, deleted parts in red

Note: In the interest of shareholders, until ~~31 December 2021~~ 30 April 2024 (when the subscription period ends), portfolio securities that are listed or traded on an official stock market or other regulated market will be valued using the ask price; thereafter, these securities will be valued using the bid price.

Derivatives and techniques

“(…) In addition to core derivatives (defined in "How the Sub- Funds Use Derivatives and Efficient Portfolio Management Techniques"), the sub-fund may use credit default swaps (single name ~~only~~ and index). (…)"

3) Change of risk management method

As a consequence of the new possibility to investment in index credit default swaps, the risk management method has been changed from the commitment method to the absolute VaR. The expected maximum gross level of leverage amounts to 100%.

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