UCITS
under Directive 2009/65/EC

PROSPECTUS
La Française Sub Debt
Mutual Fund

1. General features

1.1 Legal form of the UCITS

Name:
La Française Sub Debt

Legal form and Member State in which the UCITS has been incorporated:
Fonds Commun de Placement (mutual fund) under French law

Launch date and scheduled duration:
20/10/2008 - 99 years

Date of approval by the Financial Markets Authority:
20/11/2009

Summary of management offer:

Type of unit	*ISIN code*	*Original net asset value*	*Sub-funds*	*Allocation of income*	*Allocation of gains*	*Denomination currency*	*Target subscribers*	*Minimum value of initial subscription*
A units	FR0013321932	EUR 1,000	No	Capitalisation	Capitalisation	EUR	dedicated to Fonditel pension funds	EUR 100,000
C units	FR0010674978	EUR 1,000	No	Capitalisation	Capitalisation	EUR	All subscribers, and more particularly intended for professional clients within the meaning of MiFID	EUR 100,000
D units	FR0010969311	EUR 1,000	No	Capitalisation and/or distribution and/or carry forward	Capitalisation and/or distribution and/or carry forward	EUR	All subscribers, and more particularly intended for professional clients within the meaning of MiFID	EUR 100,000
I GBP H units	FR0013334018	GBP 1,000	No	Capitalisation	Capitalisation	GBP	Reserved for professional clients within the meaning of MiFID	GBP 100,000
IC CHF H units	FR0013017985	CHF 1,000	No	Capitalisation	Capitalisation	CHF	Reserved for professional clients within the meaning of MiFID	CHF 100,000
IC USD H units	FR0013324159	USD 1,000	No	Capitalisation	Capitalisation	USD	Reserved for professional clients within the meaning of MiFID	USD 100,000
L units	FR0013480266	USD 1,000	No	Capitalisation	Capitalisation	USD	Reserved for Latam institutional clients	USD 10,000,000
R units	FR0011766401	EUR 100	No	Capitalisation	Capitalisation	EUR	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services	EUR 50,000
R D	FR0013397346	USD 100	No	Capitalisation	Capitalisation	USD	All subscribers, including	USD 50,000

USD H units				and/or distribution and/or carry forward	and/or carry forward and/or distribution, with the possibility to pay interim dividends		investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services	
RC USD H units	FR0013251196	USD 100	No	Capitalisation	Capitalisation	USD	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services	USD 50,000
S units	FR0013289071	EUR 1,000	No	Capitalisation	Capitalisation	EUR	Large institutional investors	EUR 50,000,000
T C EUR units	FR0013289063	EUR 100	No	Capitalisation	Capitalisation	EUR	All investors without payment of retrocession fees to distributors	EUR 50,000
T C USD H units	FR0013289055	USD 100	No	Capitalisation	Capitalisation	USD	All investors without payment of retrocession fees to distributors	USD 50,000
TS units	FR0013397759	EUR 100	No	Capitalisation	Capitalisation	EUR	dedicated to Santander	EUR 50,000
Y units	FR0013321916	EUR 1,000	No	Capitalisation	Capitalisation	EUR	Reserved for professional clients within the meaning of MiFID	EUR 50,000,000

The minimum initial subscription value does not apply to the management company or entities in the La Française Group.

Location where the latest annual report and the latest interim report may be obtained:

The latest annual reports and the composition of assets will be sent within eight working days, upon written request by the unitholder to:

LA FRANÇAISE ASSET MANAGEMENT
Marketing department
128, boulevard Raspail
75006 Paris
Tel.: +33 (0) 1 44 56 10 00
E-mail: contact-valeursmobilieres@la-francaise.com

For further information, please contact the Marketing department of the management company via the following e-mail address: contact-valeursmobilieres@la-francaise.com.

1.2 Stakeholders

Management company:

LA FRANÇAISE ASSET MANAGEMENT
Simplified joint stock company, registered in the Paris Trade and Companies Register under number 314 024 019
Management company approved by the French Financial Markets Authority on 1 July 1997, under number GP 97-76,
Registered office: 128, boulevard Raspail – 75006 Paris

Depositary and registrar:

Identity of the UCITS Depositary

The Depositary of the UCITS is BNP Paribas S.A., located at 9 rue du Débarcadère, 93500 PANTIN (the "Depositary"). BNP Paribas S.A., registered in the Trade and Companies Register under number 662 042 449, is an institution approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the French Financial Markets Authority (Autorité des Marchés Financiers – AMF), whose registered office is located at 16, Boulevard des Italiens, 75009 Paris, France.

Description of the responsibilities of the Depositary and potential conflicts of interest

The Depositary carries out three types of responsibilities: checking the legality of the decisions of the management company (as defined in Article 22(3) of the UCITS V Directive), monitoring the UCITS cash flow (as defined in Article 22(4)) and holding UCITS assets (as defined in Article 22(5)).

The main objective of the Depositary is to protect the interests of unitholders/investors in the UCITS. This will always take precedence over commercial interests.

Potential conflicts of interest may be identified, especially in the case where the Management Company has a commercial relationship with BNP Paribas S.A. alongside its appointment as Depositary (which may be the case where BNP Paribas S.A., by

delegation from the Management Company, calculates the net asset value of the UCITS while BNP Paribas S.A. is the Depositary or where a group connection exists between the Management Company and the Depositary).
In order to manage situations such as this, the Depositary has implemented and regularly updates a conflict of interest management policy, with the aim of:
- identifying and analysing potential conflicts of interest;
- recording, managing and monitoring conflicts of interest:
o based on the permanent measures put in place in order to manage conflicts of interest, such as the distribution of tasks, the separation of hierarchical and operational lines, the monitoring of internal lists of insiders and dedicated IT environments;
o On a case-by-case basis:
- by implementing appropriate preventive measures such as the creation of an ad hoc monitoring list and new Chinese walls, or by verifying that transactions are properly processed and/or by keeping the relevant clients informed,
- or by refusing to manage activities which could lead to conflicts of interest.

Description of any safekeeping functions delegated by the Depositary, list of delegates and sub-delegates and identification of conflicts of interest likely to result in such a delegation.
The Depositary of the UCITS, BNP Paribas S.A., is responsible for safeguarding the assets (as defined in Article 22(5) of the Directive 2009/65/EC amended by Directive 2014/91/UE). In order to offer services related to the custody of assets in a large number of countries, allowing the UCITS to achieve their investment objectives, BNP Paribas S.A. has appointed sub-depositaries in the countries where BNP Paribas S.A. has not established a local presence. These entities are listed on the following website:
http://securities.bnpparibas.com/solutions/asset-fund-services/depositary-bank-and-trustee-serv.html
The appointment and monitoring process for sub-depositaries adheres to the highest quality standards, including the management of potential conflicts of interest which may arise as a result of these appointments.
Up-to-date information relating to the abovementioned points will be sent to the investor upon request.

Statutory auditor:
PricewaterhouseCoopers Audit, represented by Frédéric SELLAM
63, rue de Villiers
92200 Neuilly-sur-Seine

Marketers:
LA FRANÇAISE AM FINANCE SERVICES
Customer relations department
128, boulevard Raspail – 75006 PARIS

Delegated entities:

Appointed account manager:
BNP PARIBAS S.A.,
Whose registered office is 16 Boulevard des Italiens 75009 Paris
With its postal address at Grands Moulins de Pantin, 9 rue du Débarcadère, 93500 Pantin

Advisors:
None

Centralising agent:
LA FRANÇAISE ASSET MANAGEMENT
Simplified joint stock company, registered in the Paris Trade and Companies Register under number 314 024 019
Management company approved by the French Financial Markets Authority on 1 July 1997, under number GP 97-76,
Registered office: 128, boulevard Raspail – 75006 Paris

Institution responsible for the receipt of subscription and redemption orders:
- **for bearer units to be registered or registered with Euroclear**:
LA FRANÇAISE AM FINANCE SERVICES
Customer relations department
128, boulevard Raspail – 75006 PARIS

- **for registered units yet be listed or already listed in the IZNES Shared Electronic Registration System (DEEP)**:
IZNES

Service Operations
20-22, rue Vernier – 75017 PARIS

2. Terms of operation and management

2.1 General features

Unit features:

- Nature of right attached to each unit category: Each unitholder has a right of co-ownership to the fund assets in proportion to the number of units held.
- Holding of liabilities: the functions of centralising subscription and redemption orders are carried out by LA FRANCAISE AM FINANCE SERVICES for units to be registered or already registered in bearer form within EUROCLEAR and by IZNES for units to be registered or already registered in pure registered form within the IZNES Shared Electronic Registration System (DEEP); the account issuing the units is held by BNP PARIBAS. These tasks are carried out by delegation from the management company.
- Bearer units listed with EUROCLEAR France: **Y, IC CHF H, R, C, RC USD H, R D USD H, T C EUR, A, I GBP H, L, IC USD H, T C USD H, TS, S, D units**
- Registered units managed in the IZNES Shared Electronic Registration System (DEEP): **C, D units**.
- Voting rights: the units do not carry any voting rights; decisions are taken by the management company.
- Form of the units: the mutual fund units are bearer units listed with EUROCLEAR or registered units managed in the IZNES Shared Electronic Registration System (DEEP).
- Decimalisation: each unit can be divided into hundred thousandths: units C, D, R, IC CHF H, S, A, Y, TC EUR, TS, IC USD H, I GBP H and L; in thousandths: RC USD H and TC USD H and RD USD H units

Closing date:

- End of accounting period: last trading day in December. As of the financial year beginning on 1 January 2018, the fund will close on the last trading day in June.
- - End of the first financial year: 31 December 2009

Tax system:

Please note: Depending on your tax system, any capital gains and income associated with holding units in the UCITS could be subject to taxation. If the unitholder is uncertain about their tax situation, they should consult the UCITS marketer or their financial adviser for more information.

The fund is not subject to corporation tax. However, unitholders are liable to tax on distributions and capital gains. As such, the tax system applied to the amounts distributed by the UCITS or to the capital gains and losses either realised or unrealised by the UCITS depends on the particular circumstances of the investor. If there is any uncertainty over their tax situation, investors should contact an advisor or a professional.

2.2 Specific provisions

ISIN code:

A units	FR0013321932
C units	FR0010674978
D units	FR0010969311
I GBP H units	FR0013334018
IC CHF H units	FR0013017985
IC USD H units	FR0013324159
L units	FR0013480266
R units	FR0011766401
R D USD H units	FR0013397346
RC USD H units	FR0013251196
S units	FR0013289071
T C EUR units	FR0013289063
T C USD H units	FR0013289055
TS units	FR0013397759

Y units FR0013321916

Classification:
International bonds and other debt securities

Management objective:

The Fund's objective is to achieve a performance net of fees higher than that of the composite benchmark: 50% Markit iBoxx EUR Contingent Convertible (IBXXC2CO Index) + 25% Markit iBoxx EUR Non-Financials Subordinated (I4BN Index) + 25% Markit Iboxx EUR Insurance Subordinated (IYHH Index), over a recommended investment horizon of more than 10 years through exposure, in particular, to subordinated debt securities with a specific risk profile different from that of conventional bonds and to do so by investing in a portfolio of issuers screened in advance according to Environmental, Social and Governance criteria.

Benchmark index:
The fund is neither an index fund nor an index benchmark but, for post-hoc comparison purposes, unitholders can refer to the composite benchmark index:
50% Markit iBoxx EUR Contingent Convertible dividends not reinvested (IBXXC2CO Index) + 25% Markit iBoxx EUR Non-Financials Subordinated dividends not reinvested (I4BN Index) + 25% Markit Iboxx EUR Insurance Subordinated dividends not reinvested (IYHH Index).
The Markit iBoxx EUR Contingent Convertible index is representative of the universe of bonds denominated in EUR Contingent Convertibles Additional Tier 1 and Tier 2 in accordance with Basel 3 issued by banks and Restricted Tier 1 debt issued by insurance companies.
The Markit Iboxx Euro Non-Financials Subordinated index reflects the performance of subordinated non-financial bonds denominated in euros.
The Markit iBoxx EUR Insurance Subordinated index is representative of the universe of Tier 1, Tier 2 and Tier 3 subordinated bond debts denominated in EUR issued by insurance companies, whether dated or perpetual.
Administrator of these indices: IHS Markit Benchmark Administration Limited. Further information on the benchmark index is available on the administrator's website: www.ihsmarkit.com. As of the date of the last update to this prospectus, the administrator is no longer listed in the register of administrators and benchmark indices managed by the ESMA
In accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the Management Company has a procedure for monitoring the benchmarks used, describing the measures to be implemented in the event of substantial changes made to an index or termination of supply of this index.
The benchmark is only used for comparison. The manager is free to decide whether or not to invest in the securities that make up the benchmark index. They are therefore free to choose the securities that make up the portfolio in accordance with the management strategy and investment constraints.

Investment strategy:
1- Strategy used
The Fund is permanently exposed to one or more interest rate markets in the European Union, Switzerland, the United Kingdom and Norway and combines, on a discretionary basis, directional and non-directional strategies, focusing on nominal interest rates, yield curves and credit.
The allocation is defined according to the performance potential and the risk level of each strategy. All securities in the investment universe are denominated in Dollars and/or Pounds Sterling and/or Euros.
The Fund invests in bonds and negotiable debt securities issued or guaranteed by European Union member states, Switzerland, the United Kingdom and Norway (up to a maximum of 50% of its net assets), non-government bonds (private debt) denominated in Dollars and/or Pounds Sterling and/or Euros from issuers in the European Union, Switzerland, the United Kingdom and Norway, convertible bonds (up to a maximum of 10% of its net assets) and money market instruments. Exchange risk will always be hedged.
The initial investment universe covered is constructed from public and private issuers in the European Union, Switzerland, the United Kingdom and Norway which are analysed by "La Française Sustainable Investment Research" of "La Française Group UK Limited" specialising in responsible investment criteria. It is specified that there is a risk of conflicts of interest relating to the provision of ESG scores with the "La Française Sustainable Investment Research" research centre of the "La Française Group UK Limited" entity belonging to the La Française Group. In order to manage this situation, the management company has put in place and updates a conflict of interest management policy with the aim of identifying and analysing potential conflict of interest situations as well as recording, managing and monitoring situations in which there is a conflict of interest. Furthermore, the provision of ESG scores is fully paid for by the management company, and the holders of the funds concerned by this service are informed through the prospectuses and annual reports.

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 investable universe and an ESG integration approach with a significant engagement in the management. This automated tool uses raw data from various data providers to calculate KPIs (Key Performance Indicators).

The ESG score of public and private issuers is structured as follows:
• Periodic update of raw data from different sources;
• Calculation of key performance indicators;
• When aggregated and supplemented with recent information collected and deemed relevant by the ESG research centre, they produce scores in three areas (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.
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.
- 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.

The ESG score of issuers is structured as follows:
• Annual update of raw data from different sources
• Calculation of aggregated key performance indicators which are used to calculate the scores for each of the three areas (environmental, social and governance)
• All three areas are equally weighted to determine an ESG score for the issuer.

At the end of this process, each private or public issuer is given a score from zero (worst) to ten (best). These scores reflect investment opportunities or, conversely, extra-financial risks.
The proportion of the portfolio made up by issuers analysed under these ESG criteria is greater than 90% of the securities in the portfolio (as a percentage of the 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).
This first step of the non-financial analysis identifies issuers to be ruled out solely due to ESG criteria.
The following issuers are therefore automatically excluded under the La Française Group's exclusion policy:
- issuers involved in controversial weapons; and
- companies located in countries appearing on the black list and the red list of sensitive countries requiring approval, on a case-by-case basis, from the Compliance Department of the management company.
These lists, which are maintained and updated by the Compliance Department of the management company, are drawn up with regard to international sanctions and the implications for 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 list is drawn up on a monthly basis and identifies a minimum ESG score threshold below which the Fund cannot invest. Issuers whose ESG score falls below the exclusion threshold cannot be part of the investable universe.
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 research centre. These analyses are dependent on the quality of the information collected and the transparency of the issuers.
In this way, the fund promotes certain environmental and social characteristics within the meaning of Article 8 of the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR).
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.

The objective of the European Union Taxonomy is to identify economic activities considered to be sustainable from an environmental perspective. The taxonomy identifies these activities according to their contribution to six major environmental objectives:
• Climate change mitigation;
• Climate change adaptation;
• The sustainable use and protection of water and marine resources;
• Transition to a circular economy (waste, prevention and recycling);
• Pollution prevention and control;
• The protection and restoration of biodiversity and ecosystems.
In order to be considered sustainable, an economic activity must demonstrate that it contributes substantially to the achievement of at least one of the six objectives, while not harming any of the other five (a principle known as DNSH, "Do No Significant Harm").
For an activity to be considered aligned with the European Taxonomy, it must also respect human and social rights guaranteed by international law.

The minimum percentage of alignment with the EU Taxonomy is 0%. The alignment of companies' activities is carried out qualitatively in the internal analysis process based on data published by the companies themselves as well as that made available by our ESG data providers.
The principle of “not causing significant harm” applies only to investments underlying the financial product which take into account the European Union's criteria for environmentally sustainable economic activities.
The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Financial analysis:
The financial analysis applies to issuers in the reduced investment universe where securities selection and portfolio construction will be done on a discretionary basis according to a proprietary model used to monitor the solvency of financial institutions. The instruments available to these issuers notably include the various categories of subordinated debt, such as contingent convertible bonds known as "CoCos".
"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 private debt/public debt allocation is not determined in advance and will be based on market opportunities.
The Fund may invest without reference to specific credit rating criteria. 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 sensitivity range for interest rates within which the fund is managed	Geographical areas of the issuers of securities to which the fund is exposed	Exposure range corresponding to geographical areas	Security denomination currency	Level of exchange risk borne by the fund
0 +10	European Union Switzerland United Kingdom Norway	0-100%	EUR USD GBP	Residual owing to imperfect hedging of currency positions

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.
Investors in eurozone countries are not exposed to exchange risk. “H” units hedged against the reference currency of the fund may be over- or under-hedged during certain periods, which may maintain a residual exchange risk for these units against the fund's reference currency. This hedging will generally be provided by means of over-the-counter forward contracts, Fx forward, Fx swaps, but may also include options on currencies or futures contracts.

2- Assets used (excluding embedded derivatives)

a) Shares:
As the portfolio contains convertible bonds (up to 10% of the net assets) and/or contingent convertible bonds (CoCos), the Fund may temporarily hold equities obtained by conversion or exchange.
The equities resulting from these conversions are to be sold as soon as possible taking into account the most favourable market conditions.
Exposure to equity risk shall not exceed 10% of the net assets.

b) Debt securities and money market instruments
The Fund may invest in an unlimited number of debt securities and money market instruments denominated in Dollars and/or Pounds Sterling and/or Euros, issued by EU Member States, Switzerland, Norway or the United Kingdom, government, public or semi-public agencies and industrial, commercial and financial companies.
The main characteristics of the expected investments are as follows:
• private debt: up to 100% of the assets;
• public debt: up to 50% of the assets;
• maximum credit risk level: none;
• existence of rating criteria: none;
• legal nature of the instruments used: bonds, negotiable debt securities, subordinated debt including contingent convertible bonds.

• sensitivity: from 0 to +10;
• other: none;

Bonds and subordinated debt securities:
The Fund's investment universe also concerns the different categories of subordinated debt.

c) Units or shares of UCITS:
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.

3- Derivative instruments
The Fund may invest in optional futures traded on French and foreign regulated markets or OTC.
Each derivative instrument corresponds to a specific hedging or exposure strategy that the fund management uses for a concrete objective.
Nature of the markets used:
- regulated: yes
- organised: yes
- OTC: yes

Risks on which the manager seeks to act:
- equities: yes (up to a maximum limit of 10%)
- interest rates: yes
- foreign exchange: yes (only for hedging)
- credit: yes
- indices: yes

Nature of activities:
- hedging: yes
- exposure: yes
- arbitrage: no

Nature of assets used:
- Futures: yes
- Options: yes
- Swaps: yes
- Cap: yes
- Floor: yes
CDS (single name or on indices): yes (up to 100% of the net assets)
- CDS options: yes (up to 15% of the net assets)
- Total Return Swap (TRS): yes (up to 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 overall exposure of the portfolio, including the use of forward financial instruments, is limited to 300% of the Fund's assets.

ESG integration in the use of derivatives :
- The use of derivative products is integrated into the monitoring of ESG performance.

4- Securities with embedded derivatives (warrants, EMTN, etc.):
Risk on which the manager seeks to act:
- equities: yes (up to a maximum limit of 10%)
- interest rates: yes
- foreign exchange: no
- credit: yes
- indices: yes

Nature of activities:
- hedging: yes
- exposure: yes
- arbitrage: no

Nature of the instruments used:
- convertible bonds
- Callables

- Puttables
- EMTN
- Contingent convertible bonds ("CoCos")

5- Deposits: on an ancillary basis, as part of the cash-flow management.
6- Cash borrowings: the Fund is not intended to be a cash borrower; however, it may temporarily perform cash borrowing operations up to 10% of its net assets.
7- Temporary securities purchase and sale transactions: Yes
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/repurchase transactions), (ii) optimise the performance of the portfolio (e.g. securities lending/borrowing).
Securities lending and/or reverse repo counterparties are subject to ESG analysis during the eligibility review of La Francaise AM's financial intermediaries.

• Nature of activities:
Transactions for the temporary purchase or sale of securities shall be carried out in accordance with the Monetary and Financial Code. They shall be carried out within the framework of cash flow management and/or the optimisation of UCI income. Under no circumstances shall these strategies aim to create or result in the creation of a leverage effect.
• Nature of transactions used:
These operations will consist of securities lending and borrowing and/or in repurchase and reverse repurchase agreements with reference to the French Monetary and Financial Code. The assets that may be the subject of such transactions will be those described in section "*2. Assets (excluding embedded derivatives*)" of this prospectus.
• Envisaged level of use:
Transactions for the temporary sale of securities (securities lending, repurchase transactions) may be carried out up to an amount equivalent to a maximum of 60% of the UCI's net assets, while transactions for the temporary purchase of securities (securities borrowing, reverse repurchase agreements) may be carried out up to an amount equivalent to a maximum of 10% of the UCI's net assets.
The expected proportion of assets under management that will be involved in such transactions may represent 25% of the UCI's net assets.
• Information on the use of temporary sales and acquisitions of securities:
The purpose of the use of temporary securities acquisitions and disposals is in particular to provide the UCITS with an additional return and therefore to contribute to its performance. In addition, the UCITS may enter into reverse repurchase agreements for the replacement of financial guarantees in cash and/or repurchase agreements to meet liquidity needs.
Temporary purchases and sales of securities will be guaranteed in accordance with the principles described in section 8 below “contracts constituting financial guarantees”.
• Remuneration:
Information relating to the remuneration of these transactions is provided in the “Fees and commissions” section.
• Selection of counterparties:
The management company follows a specific selection process for financial intermediaries, also used for intermediaries designated for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS). These intermediaries are selected on the basis of the liquidity that they offer as well as their speed, reliability and quality with regard to how they process transactions.
At the end of this rigorous and regulated process, subject to a rating, the counterparties selected for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS) are credit institutions or other entities authorised by the management company and respecting the criteria of legal form, country and other financial criteria set out in the French Monetary and Financial Code.
8. Contracts constituting financial guarantees
In connection with the conclusion of financial contracts and/or securities financing transactions, the UCI may receive/remit financial guarantees in the form of full ownership transfer of securities and/or of cash.
Securities received as collateral must meet the criteria set by regulations and must be granted by credit institutions or other entities that meet the criteria of legal form, country and other financial criteria set out in the French Monetary and Financial Code.
Financial guarantees received must be able to be fully enforced by the UCI at any time and without consulting or obtaining the approval of the counterparty.
The level of financial guarantees and the discount policy are set by the eligibility policy for financial guarantees of the Management Company in accordance with the regulations in force and cover the categories below:
- financial guarantees in cash;
- financial guarantees in debt securities or in equity securities according to a precise nomenclature.

The eligibility policy for financial guarantees explicitly defines the required level of guarantee and the discounts applied for each financial guarantee according to rules that depend on their specific characteristics. It also specifies, in accordance with the regulations in force, rules for risk diversification, correlation, valuation, credit quality and regular stress tests on the liquidity of guarantees.

In the event that financial guarantees in cash are received, these may, under conditions set by regulation, only be:
- placed in deposit;
- invested in high-quality government bonds;
- used in a reverse repurchase agreement;
- invested in short-term money market undertakings for collective investment (UCIs).

Financial guarantees other than received cash may not be sold, reinvested or used as collateral;

The management company will, in accordance with the valuation rules provided for in this prospectus, carry out a daily valuation of the guarantees received on a market price basis (mark-to-market). Margin calls will be made on a daily basis.

The guarantees received by the mutual fund will be kept by the mutual fund's depositary or, failing that, by any third-party depositary subject to prudential supervision and which has no connection with the provider of the guarantee.

The risks associated with securities financing transactions, financial contracts and the management of inherent collateral are described in the risk profile section.

Risk profile:

"Your money will be invested in financial instruments selected by the management company. These instruments will be exposed to market trends and risks".

The risks described below are not exhaustive: investors should analyse the risks inherent to each investment and make their own decisions. Through the fund, subscribers are exposed to the following risks:

Risk of capital loss:

Investors are advised that their capital is not guaranteed and may therefore not be returned to them.

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 as such, 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.

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 due to ESG reasons, rather than for purely financial considerations.

Interest rate risk:

This is the risk that the rate instruments fall due to fluctuations in interest rates. In periods of high interest rates, the net asset value of the fund may decrease significantly. The interest rate risk sensitivity is measured on a scale of between 0 and +10.

Credit risk:

This is the risk of a private issuer's credit rating falling or of the issuer's default. The value of the debt securities, including subordinated securities, in which the Fund is invested may decrease, resulting in a lower net asset value; also, investors are reminded that investing in securities with low or no credit ratings may result in an increased credit risk, which may significantly reduce the net asset value of the Fund.

Risk arising from techniques such as derivatives:

risk of increased losses owing to the use of financial futures such as OTC financial agreements and/or futures contracts.

Counterparty risk:Counterparty risk arises from entering into financial forward contracts traded OTC and from temporary securities purchase and sale transactions: This is the risk that a counterparty may default on payment. The defaulting of the payment of a counterparty may therefore lead to a decrease in the fund's net asset value.

Risk associated with holding convertible bonds:

The value of convertible bonds depends on a number of factors: level of interest rate, credit, change of price of the underlying shares, change of price of the derivative integrated into the convertible bond. If the underlying equities of convertible bonds and similar – equities held directly or the indices to which the fund is exposed – fall, the net asset value of the fund may fall.

Risk related to contingent convertibles:

CoCos are hybrid securities, whose main objective is to enable recapitalisation of the issuing bank or financial institution, during a financial crisis. Indeed, these securities have loss-absorption mechanisms, as described in their issue prospectuses, that are activated generally when the issuer's equity ratio falls below a certain trigger threshold.

The trigger is first of all mechanical: it is generally based on the CET1 ("Common Equity Tier 1") accounting ratio, relative to risk-weighted assets. To offset the discrepancy between book values and the financial reality, there is a discretionary clause allowing the supervisor to invoke the loss absorption mechanism if he/she considers that the issuing institution is insolvent.
CoCos are therefore subject to specific risks, in particular subordination to specific trigger criteria (e.g. a decline in the equity ratio), conversion into shares, loss of capital or non-payment of interest.
The use of subordinated bonds, particularly so-called Additional Tier 1 bonds, exposes the fund to the following risks:
- triggering of contingent clauses: if an equity threshold is crossed, these bonds are either exchanged for shares or undergo a capital reduction, potentially to 0.
- cancellation of the coupon: Coupon payments on these types of instruments are entirely discretionary and may be cancelled by the issuer at any time, for any reason, and without time constraints.
- the capital structure: unlike traditional, secured debt, investors in this type of instrument may incur a capital loss without prior bankruptcy of the company. Thus, the subordinated creditor will be repaid after ordinary creditors, but before shareholders.
- call for extension: These instruments are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.
- valuation/return: The attractive yield of these securities can be considered a complexity premium.

Equity risk associated with holding convertible bonds:
The fund may be exposed up to 10% in convertible bonds. The value of convertible bonds depends to some extent on the evolution of the prices of their underlying equities. Changes in the underlying equities may lead to a fall in the fund's net asset value.
Exposure to equity risk shall be limited to a maximum of 10% of the net assets.

Potential risk of a conflict of interest:
This risk relates to the completion of temporary purchases and sales of securities transactions, during which the fund uses an entity as counterparty and/or financial intermediary that is linked to the group to which the fund's management company belongs.

Legal risk:
The recourse to the purchase and/or sale transactions of securities and/or total return swaps (TRS) may result in legal risks, in particular relating to contracts.

Exchange rate risk:
The fund may invest in transferable securities denominated in currencies other than the reference currency.
The manager will systematically hedge the currency risk. There may however be a residual currency exchange risk due to imperfect hedging. The net asset value of the fund may fall as a consequence.
Risk relating to transactions involving the temporary purchase and sale of securities and the management of financial guarantees:
Temporary securities purchase and sale transactions are liable to create risks for the mutual fund, such as a counterparty risk as defined above. The management of collateral is likely to create risks for the mutual fund such as liquidity risk (i.e. the risk that a security received as collateral is not sufficiently liquid and cannot be sold quickly in the event of a counterparty default) and, where applicable, risks relating to the re-use of cash collateral (i.e. mainly the risk that the mutual fund may not be able to reimburse the counterparty).

Guarantee or protection:

The Fund does not benefit from any guarantee or protection.

Target subscribers:

A units	dedicated to Fonditel pension funds
C units	All subscribers, and more particularly intended for professional clients within the meaning of MiFID
D units	All subscribers, and more particularly intended for professional clients within the meaning of MiFID
I GBP H units	Reserved for professional clients within the meaning of MiFID
IC CHF H units	Reserved for professional clients within the meaning of MiFID
IC USD H units	Reserved for professional clients within the meaning of MiFID
L units	Reserved for Latam institutional clients
R units	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services
R D USD H units	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services

RC USD H units	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services
S units	Large institutional investors
T C EUR units	All subscribers without payment of retrocession fees to distributors
T C USD H units	All subscribers without payment of retrocession fees to distributors
TS units	dedicated to Santander
Y units	Reserved for professional clients within the meaning of MiFID

The Fund is primarily intended for investors seeking an instrument to diversify their interest rate market investments through an investment process which screens issuers in advance according to ESG criteria.

Subscribing to T units and TS units:

Subscriptions for T units (net units) and TS units are reserved:

- for investors subscribing through distributors or intermediaries:
 - subject to national legislation prohibiting all retrocession fees to distributors
 - providing:
   o independent advice within the meaning of European regulation MiFID II,
   o individual portfolio management under mandate
- funds of funds

Any arbitrage of fund units towards T units will benefit from the MiFID2 tax exemption until 31/12/2017 (Directorate-General for Public Finance letter No 2016/00012908 of 16 March 2017, www.la-francaise.com), provided that subscriptions for T units are immediately preceded by a redemption in R and RC USD H units by the same holder for a product equal to the number of redeemed units and on the same net asset value date.

US investors

Units have not been and will not be registered under the US Securities Act of 1933 (hereinafter the “Act of 1933”) or any other law applicable in a US state. Units may also not be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) to any US Person (hereinafter "U.S. Person"), as defined in the American Regulation 'Regulation S' of the Act of 1933 as adopted by the Securities and Exchange Commission ("SEC") unless (i) the units have been registered or (ii) an exemption applies (with the prior agreement of the management company’s governing body).

The fund has not been and will not be registered under the US Investment Company Act of 1940. Any re-sale or transfer of units in the United States of America or to a U.S. Person may be in breach of U.S. law and requires the written agreement of the management company of the fund. Those wishing to acquire or purchase units will have to certify in writing that they are not a "U.S. Person".

Russian and Belarusian investors

In accordance with the provisions of EU Regulation No. 833/2014 subscription to units/shares of this fund is prohibited to any Russian or Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus except nationals of a Member State and to natural persons holding a temporary or permanent residence permit in a Member State.

The appropriate amount to invest in the mutual fund depends on your personal financial situation. To determine this, you must take into account your personal assets, current needs as well as your risk appetite or, on the contrary, your preference for a prudent investment. You are also strongly advised to diversify your investments so that they are not exposed solely to the risks of this fund.

Recommended investment period:

This fund may not suit investors who intend to withdraw their contribution within 10 years.

Methods of determining and allocating distributable amounts:

A units	Capitalisation
C units	Capitalisation
D units	Capitalisation and/or distribution and/or carry forward
I GBP H units	Capitalisation
IC CHF H units	Capitalisation
IC USD H units	Capitalisation
L units	Capitalisation
R units	Capitalisation
R D USD H units	Capitalisation and/or distribution and/or carry forward
RC USD H units	Capitalisation
S units	Capitalisation
T C EUR units	Capitalisation
T C USD H units	Capitalisation
TS units	Capitalisation

Y units Capitalisation

R, R C USD H, I C CHF H, C, S, T C EUR, A, Y, T C USD H, IC USD H, TS, **I GBP H and L units**: the distributable amounts are fully capitalised.

D units: the net result will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or be carried forward (total or partial), by decision of the management company.
The net realised capital gains will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or be carried forward (totally or partially), by decision of the management company.
The management company does not intend to pay interim dividends. Distribution is carried out on an annual basis.

RD USD H units: the net result will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or be carried forward (total or partial), by decision of the management company.
The net realised capital gains will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or be carried forward (totally or partially), by decision of the management company.
The management company will distribute quarterly dividend payments in January, April, July and October.

The distributable amounts consist of:
1. The net result, which corresponds to the amount of interest, arrears, dividends, bonuses and lots, directors' fees and all income relating to the securities making up the fund portfolio, plus income from sums temporarily held as liquid assets, minus management fees and borrowing costs, plus retained earnings, plus or minus the balance of the income adjustment account;
2) the realised capital gains, net of costs, minus the realised capital losses, net of costs, during the financial year, plus the similar net capital gains realised during the previous financial years which were not subject to distribution or capitalisation, minus or plus the balance of accrued capital gains.

Accounting currency:
EUR

Subscription and redemption terms:
Y, IC CHF H, R, C, RC USD H, R D USD H, T C EUR, A, I GBP H, L, IC USD H, T C USD H, TS, S, D units:
Subscription orders denominated in value or hundred thousandths (C, D, R, I CHF H, S, A, Y, T C EUR, IC USD H, TS, I GBP H and L units) or thousandths (R D USD H, RC USD H and T C USD H units) on units yet to be registered or already registered in bearer form received by La Française AM Finance Services are processed every trading day (T) at 11 a.m. (if the Exchange is open in Paris or the following trading day, excluding public holidays in France) and are executed based on the next net asset value on T+1.
Redemption orders denominated in hundred thousandths (C, D, R, I CHF H, S, A, Y, T C EUR, IC USD H, TS, I GBP H and L units) or thousandths (R D USD H, RC USD H and T C USD H units) on units yet to be registered or already registered in bearer form received by La Française AM Finance Services are processed every trading day (T) at 11 a.m. (if the Exchange is open in Paris or the following trading day, excluding public holidays in France) and are executed based on the next net asset value on T+1.
Payments relating thereto are made on the second trading day following the processing date (T+2).

C, D units:
Subscription orders denominated in value or hundred thousandths on units yet to be listed or already listed as pure registered in the IZNES Shared Electronic Registration System (DEEP) will be accepted by IZNES and centralised each trading day (T) at 11 a.m. (if the Stock Exchange is open in Paris, or the next trading day, except for public holidays in France) and are executed on the basis of the next known net asset value calculated on T+1.
Redemption orders denominated in hundred thousandths on units yet to be listed or already listed as pure registered in the IZNES Shared Electronic Registration System (DEEP) will be accepted by IZNES and centralised each trading day (T) at 11 a.m. (if the Stock Exchange is open in Paris, or the next trading day, except for public holidays in France) and are executed on the basis of the next known net asset value calculated on T+1.

Payments relating thereto are made on the second trading day following the processing date (T+2).

Processing of subscription orders	Processing of redemption orders	Execution of the order at the latest, in T	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions
T before 11 a.m.	T before 11 a.m.	Each trading day (T)	T + 1 business day	T + 2 business days	T + 2 business days

Redemption gates mechanism:

When exceptional circumstances so require, and if the interests of investors or the public so dictate, the management company may implement this mechanism, which allows redemption requests from investors in the fund to be spread over several net asset values if they exceed a given threshold.

Description of the method:
The management company may decide not to execute all redemptions on the same net asset value when the objectively pre-established threshold is reached on a net asset value. To determine the level of this threshold, the management company takes into account the frequency with which the fund's net asset value is calculated, the fund's management strategy and the liquidity of the assets in the portfolio.

For the fund, the limit on redemptions may be applied by the management company when the threshold of 5% of its net assets is reached.
The threshold triggering this cap on redemptions corresponds, for all unit categories in the fund, to the ratio between:
- the difference recorded on the same centralisation date between the number of units in the fund for which redemption is requested or the total amount of such redemptions and the number of units in the fund for which subscription is requested or the total amount of such subscriptions; and
- the net assets of the fund or the total number of units in the fund.

However, when redemption requests exceed the trigger level, the fund may decide to honour redemption requests in excess of the limit, and thus execute some or all of the orders that might otherwise be blocked.
For example, if total unit redemption requests represent 10% of the fund's net assets while the trigger threshold is set at 5% of net assets, the fund may decide to honour redemption requests up to 8% of net assets (and therefore execute 80% of the redemption requests).

The maximum number of net asset values for which a cap on redemptions may be applied is 20 net asset values over 3 months, and the estimated maximum capping time is 1 month.

Unitholder information:
If this mechanism is activated, investors in the fund will be informed by any means via the management company's website.
Investors in the fund whose redemption orders have not been executed will be informed as soon as possible.

Handling of unexecuted orders:
During the period of application of this system, redemption orders will be executed in the same proportions for unitholders of the fund who have requested redemption at the same net asset value. Redemption orders deferred in this way will not have priority over subsequent redemption requests. Unitholders of the fund may not cancel redemption orders that have not been executed and are automatically deferred.

Exemptions from the scheme:
If this mechanism is triggered, it will not be applied to subscription and redemption transactions for the same number of shares, on the basis of the same net asset value, for the same fund and for the same investor or beneficial owner (known as round-trip transactions). This exclusion also applies to transfers from one unit class to another, at the same net asset value, for the same amount and for the same investor or beneficial owner.

Minimum value of initial subscription:

A units	EUR 100,000
C units	EUR 100,000
D units	EUR 100,000
I GBP H units	GBP 100,000
IC CHF H units	CHF 100,000
IC USD H units	USD 100,000
L units	USD 10,000,000
R units	EUR 50,000
R D USD H units	USD 50,000
RC USD H units	USD 50,000
S units	EUR 50,000,000
T C EUR units	EUR 50,000
T C USD H units	USD 50,000
TS units	EUR 50,000
Y units	EUR 50,000,000

Minimum value of subsequent subscriptions:

A units	None
C units	None
D units	None

I GBP H units	None
IC CHF H units	None
IC USD H units	None
L units	None
R units	None
R D USD H units	None
RC USD H units	None
S units	None
T C EUR units	None
T C USD H units	None
TS units	None
Y units	None

Date and frequency of the net asset value:
The net asset value is calculated on each trading day of the Paris Stock Exchange, excluding legal holidays in France.

Original net asset value:

A units	EUR 1,000
C units	EUR 1,000
D units	EUR 1,000
I GBP H units	GBP 1,000
IC CHF H units	CHF 1,000
IC USD H units	USD 1,000
L units	USD 1,000
R units	EUR 100
R D USD H units	USD 100
RC USD H units	USD 100
S units	EUR 1,000
T C EUR units	EUR 100
T C USD H units	USD 100
TS units	EUR 100
Y units	EUR 1,000

Location where the net asset value is published:
the management company's premises and the website: www.la-francaise.com

Costs and fees:
Subscription and redemption fees:
Subscription and redemption fees increase the subscription price paid by the investor or decrease the redemption price. The fees received by the UCITS offset the charges it incurs in investing or divesting the assets entrusted to it. Commissions not retained by the fund are paid to the investment company, distributor, etc.

Costs payable by the investor, levied at the time of subscription and redemption	Base	Rate/scale
Subscription fee not paid to the UCITS	Net asset value x Number of units	**A units:** 4.00% maximum **C units:** 4.00% maximum **D units:** 4.00% maximum **I GBP H units:** 4.00% maximum **IC CHF H units:** 4.00% maximum **IC USD H units:** 4.00% maximum **L units:** 4.00% maximum **R units:** 4.00% maximum **R D USD H units:** 4.00% maximum **RC USD H units:** 4.00% maximum **S units:** 4.00% maximum **T C EUR units:** 4.00% maximum **T C USD H units:** 4.00% maximum **TS units:** 4.00% maximum **Y units:** 5.00% maximum
Sales fee paid to to the UCITS	Net asset value x Number of units	**A units:** None **C units:** None **D units:** None **I GBP H units:** None **IC CHF H units:** None **IC USD H units:** None **L units:** None **R units:** None **R D USD H units:** None **RC USD H units:** None

		S units: None **T C EUR units:** None **T C USD H units:** None **TS units:** None **Y units:** None
Redemption fee not paid to the UCITS	Net asset value x Number of units	**A units:** None **C units:** None **D units:** None **I GBP H units:** None **IC CHF H units:** None **IC USD H units:** None **L units:** None **R units:** None **R D USD H units:** None **RC USD H units:** None **S units:** None **T C EUR units:** None **T C USD H units:** None **TS units:** None **Y units:** 2.00% maximum
Redemption fee paid to the UCITS	Net asset value x Number of units	**A units:** None **C units:** None **D units:** None **I GBP H units:** None **IC CHF H units:** None **IC USD H units:** None **L units:** None **R units:** None **R D USD H units:** None **RC USD H units:** None **S units:** None **T C EUR units:** None **T C USD H units:** None **TS units:** None **Y units:** None

Operating and management charges:
These cover all costs charged directly to the UCITS, apart from transaction fees. Transaction costs include intermediation charges (brokerage, stamp duties, etc.) and any turnover fees charged in particular by the depositary and the management company.
In addition to operating and management charges, there may also be:
- outperformance fees. These are paid to the management company when the UCITS has exceeded its objectives. They are therefore charged to the UCITS;
- turnover fees are charged to the UCITS.

	Costs invoiced to the UCITS	**Base**	**Rate/scale**
1	Financial management fees	Net assets	**C / D / IC CHF H / S / T C EUR / T C USD H / IC USD H / A / I GBP H units**: 0.554% maximum rate (including tax) **R / RC USD H / RD USD H units**: 1.154% maximum rate (including tax) **TS units**: 0.471% **Y units**: 0.550% maximum rate (including tax) **L units**: 0.900% maximum rate (including tax)
2	Administrative costs external to the management company	Net assets	**All units**: 0.046% maximum rate (including tax)
3	Maximum indirect costs	Net assets	None
4	Turnover fees	Deducted from each transaction	**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€
5	Outperformance fee	Net assets	**L units: None** **C, D, R, IC CHF H, RC USD H, T C EUR, A, Y, T C USD H, IC USD H, I GBP H,**

			TS , S and R D USD H units: Up to 25% including tax of the difference, if positive, between the fund's performance and that of the composite reference index: 50% Markit iBoxx EUR Contingent Convertible + 25% Markit iBoxx EUR Non-Financials Subordinated + 25% Markit Iboxx EUR Insurance Subordinated. The variable management fees have been capped at 2% including tax of the average net assets (average net assets correspond to the average assets of the fund and are calculated since the start of the reference period of the performance fee and restated for variable management fees).

Soft commissions: none
The UCITS may not inform unitholders specifically or offer them the possibility of redeeming their units without incurring charges in the event of an increase in administrative costs external to the management company which would be equal to or less than 10 basis points per calendar year; in which case, they may be notified by any means possible.
A percentage of the management fee may be paid to remunerate marketers and distributors, subject to applicable regulations.

Outperformance fee:

The Management Company will receive, if applicable, an outperformance fee when the performance of the fund exceeds that of the benchmark index, whether it has recorded a positive or negative performance. The outperformance fee applicable to a given unit category is based on the comparison between the measured assets of the fund and those of the benchmark.

The valued assets of the fund are understood to be the share of the assets, corresponding to a unit category, measured according to the valuation rules applicable to the assets and after taking into account the actual operating and management costs corresponding to said unit category.

The benchmark asset represents the share of the fund's assets, corresponding to a given unit category, restated by the amounts of subscriptions/redemptions applicable to said unit category at each valuation, and valued according to the performance of the benchmark index used.
The benchmark index used to calculate the outperformance fee is the composite index: 50% Markit iBoxx EUR Contingent Convertible (Bloomberg code IBXXC2CO Index) + 25% Markit iBoxx EUR Non-Financials Subordinated (Bloomberg code I4BN Index) + 25% Markit Iboxx EUR Insurance Subordinated (Bloomberg code IYHH Index), dividends not reinvested.
The performance reference period corresponds**:**
- For the first reference period:
For C, D and R units: from 11 June 2019 to 30 June 2010.
For RC USD H units: from the creation date of the units to 30 June 2018.
For T C EUR units: from the creation date of the units to 30 June 2019.
For A units: from the creation date of the units to 30 June 2019.
For S units: from the creation date of the units to 30 June 2019.
For IC USD H units: from the creation date of the units to 30 June 2019.
For I GBP H units: from the creation date of the units to 30 June 2019.
For T C USD H units: from the creation date of the units to 30 June 2020.
For R D USD H units: from the creation date of the units to 30 June 2020.
For TS units: from the creation date of the units to 30 June 2020.
For IC CHF H units: From 13 June 2019 to 30 June 2020.
For Y units: from the creation date of the units to 30 June 2021.
- for the following periods: From the first trading day in July to the last trading day in June of the following year.
Payment schedule: The outperformance fee is levied for the benefit of the management company in the month following the end of the reference period. Under no circumstances may the reference period for the fund units be less than one year.
Method for calculating the outperformance fee:
As of 1 July 2022, an outperformance fee is only collected after compensation for the mutual fund's underperformance compared to the performance of the benchmark index over the last five years.
• **During the reference period**:
- If the fund's measured assets are greater than those of the benchmark asset, the variable portion of management fees will represent a maximum of 25% including tax of the difference between these two assets capped at 2% of average net assets.
- A provision for variable management fees will be made on the basis of this difference when calculating the net asset value. Moreover, a provision reversal will be made for each calculation of the net asset value when the daily performance of the fund is lower than that of the reference asset. Reversals of provisions are capped at the level of previous provisions.
In the event of redemptions, the share of the constituted provision corresponding to the number of units redeemed is definitively acquired by the management company.
• **At the end of the reference period**:
- If the measured assets of the fund are greater than those of the benchmark, the variable part of the management fees provisioned during the reference period is definitively acquired by the management company.
- If the measured assets of the fund are less than those of the benchmark, the variable part of the management fees will amount to zero (excepting the portion acquired by the management company as part of a redemption during the reference period). As of 1

July 2022, the reference period will be extended for an additional year, to a maximum of 5 years. Indeed, any underperformance during the reference period must be made up before being able to again provision for outperformance fees for the given unit. If another year of underperformance has occurred within this first five-year period and it has not been recovered at the end of this first period, a new period of up to five years begins from this new year of underperformance.

For example:

In the event of a positive performance of the fund:

Reference period	Valued asset of the fund	Reference asset of the fund	Performance of the fund:	Variable management fees	Extension of the reference period
Year 1	10%	5%	Outperformance 5%	Yes	No
Year 2	10%	10%	Outperformance 0%	No	No
Year 3	5%	10%	Underperformance: -5%* (underperformance to be compensated for year 3)	No	Start of a reference period
Year 4	8%	5%	Underperformance: -2% (underperformance remaining from year 3)	No	Yes
Year 5	1%	8%	Underperformance: -9% • -2% (underperformance remaining from year 3) • -7%** (underperformance to be compensated for year 5)	No	Start of a new reference period
Year 6	1%	1%	Underperformance: -9% • -2% (underperformance remaining from year 3) • -7% (underperformance to be compensated for year 5)	No	Yes
Year 7	2%	1%	Underperformance: -8% • - 1% (underperformance remaining from year 3) • -7% (underperformance to be compensated for year 5)	No	Yes
Year 8	5%	2%	Underperformance: -4% • 0% (reset of the underperformance remaining from year 3) • -4% (underperformance to be compensated for year 5)	No	Yes
Year 9	10%	5%	Overperformance: 1% (reset of the underperformance of year 5 carried out)	Yes	No
Year 10	8%	10%	Underperformance: -2%*** (underperformance to be compensated for year 10)	No	Start of a reference period

** The fund's underperformance over the reference period must be compensated for within five years (up to year 7 maximum) before the variable management fees become payable.*

*** The fund's underperformance over the reference period must be compensated for within five years (up to year 9 maximum) before the variable management fees become payable.*

**** The fund's underperformance over the reference period must be compensated for within five years (up to year 14 maximum) before the variable management fees become payable.*

In the event of a negative performance of the fund:

Reference period	Valued asset of the fund	Reference asset of the fund	Performance of the fund:	Variable management fees	Extension of the reference period
Year 1	-5%	-10%	Relative outperformance: 5%	Yes	No
Year 2	-10%	-10%	Relative outperformance: 0%	No	No
Year 3	-15%	-10%	Underperformance:	No	Start of a

			-5%* (underperformance to be compensated for year 3)		reference period
Year 4	-12%	-15%	Underperformance: -2% (underperformance remaining from year 3)	No	Yes
Year 5	-19%	-12%	Underperformance: -9% • -2% (underperformance remaining from year 3) • -7%** (underperformance to be compensated for year 5)	No	Start of a new reference period
Year 6	-19%	-19%	Underperformance: -9% • -2% (underperformance remaining from year 3) • -7% (underperformance to be compensated for year 5)	No	Yes
Year 7	-18%	-19%	Underperformance: -8% • -1% (underperformance remaining from year 3) • -7% (underperformance to be compensated for year 5)	No	Yes
Year 8	-15%	-18%	Underperformance: -4% • 0% (reset of the underperformance remaining from year 3) • -4% (underperformance to be compensated for year 5)	No	Yes
Year 9	-10%	-15%	Relative outperformance: 1% (reset of the underperformance carried out for year 5)	Yes	No
Year 10	-12%	-10%	Underperformance: -2%*** (underperformance to be compensated for year 10)	No	Start of a reference period

** The fund's underperformance over the reference period must be compensated for within five years (up to year 7 maximum) before the variable management fees become payable.*
*** The fund's underperformance over the reference period must be compensated for within five years (up to year 9 maximum) before the variable management fees become payable.*
**** The fund's underperformance over the reference period must be compensated for within five years (up to year 14 maximum) before the variable management fees become payable.*

The past performance of the fund compared to the benchmark index is available on the management company's website: www.la-française.com

Information on the remuneration generated by temporary securities purchase and sale transactions:

The fund's counterparty for temporary acquisitions and sales of securities is one or more credit institutions or other entities authorised by the management company and which comply with the legal form, country and other financial criteria set out in the Monetary and Financial Code. The counterparties will act independently of the fund.

No remuneration is paid to the depositary (within the framework of its capacity as depositary) or to the management company for transactions for the temporary purchase or sale of securities. All income resulting from transactions for the temporary acquisition and sale of securities, including income generated by the reinvestment of cash collateral received as part of these transactions, net of direct and indirect operating costs, is returned to the fund. These transactions generate direct and indirect operating costs which will be borne by the management company; the share of these costs may not exceed 40% of the income generated by these transactions.

Furthermore, the management company does not receive any in-kind commission.

For further information, unitholders may refer to the fund's annual report.

Other costs invoiced to the UCITS

- contributions due to the UCITS management pursuant to Article L621-5-3 (II)(3)(d) of the Monetary and Financial Code;

- taxes, duties, licence fees and government fees (relating to the UCITS), both extraordinary and non-recurring;

- extraordinary and non-recurring costs relating to debt recovery or a procedure for asserting a right (e.g. class action procedure)

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- extraordinary and non-recurring costs relating to debt recovery or a procedure for asserting a right (e.g.class action procedure).

Choice of intermediaries:

The Management Company has introduced a procedure for selecting and evaluating intermediaries and counterparties that takes into account objective criteria such as intermediation costs, execution quality and research. This procedure is available on the Management Company's website at the following address: https://www.la-francaise.com/fr/informations-reglementaires/
Unitholders should refer to the annual report of the fund for any further information they may require.

Information on risks relating to potential conflicts of interest

The management company may entrust Crédit Industriel et Commercial with the intermediation service, which will be provided by the Table Buy Side department within CIC Market Solutions. Crédit Industriel et Commercial is a Société Anonyme (public limited company) under French law with a share capital of 608,439,888 euros. On 30 September 1999, Crédit Industriel et Commercial obtained authorisation from the CECEI as a bank providing investment services. The two companies belong to the same group, which is likely to generate a potential risk of conflict of interest.
The service provided by Crédit Industriel et Commercial has therefore been governed by a service contract, to ensure that there is no impact on the fund's investors/shareholders in terms of cost and quality of service.
Crédit Industriel et Commercial's main purpose is to provide intermediation services (i.e. receiving, transmitting and executing orders on behalf of third parties) mainly for the Group's asset management companies. Within this framework, the service provider chooses brokers from the list of brokers authorised by the management company and places orders according to criteria defined by the latter.
Crédit Industriel et Commercial can act as principal or agent. Intervention in "principal" mode corresponds to intervention as counterparty to the management company's portfolios. Acting as an agent, Crédit Industriel et Commercial acts as an intermediary between portfolios and market counterparties. These may be entities belonging to the management company's group.

3. Sustainability-related information

Regulation (EU) 2019/2088 of 27 November 2019 on sustainability reporting in the financial services sector, as amended ("SFDR"), governs the transparency requirements relating to the integration of sustainability risks in investment decisions, the consideration of negative sustainability impacts and the disclosure of environmental, social and governance ("ESG") information, as well as the publication of information relating to sustainable development.
The occurrence of an ESG event or condition that could potentially or actually cause a negative material impact on the value of an investment of the fund. Sustainability risks can either represent a risk as such, 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. The management company has identified two types of climate risks borne by the issuers: physical risks resulting from damage directly caused by meteorological phenomena and transition risks linked to the effects of the implementation of a low-carbon economic model: legal, regulatory and political developments, changes in supply and demand, innovations and technological breakthroughs and customer and stakeholder perception of the contribution to the transition. The risk of ESG investments means that 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. The ESG investments are to some extent subjective, and there is no guarantee that all investments made by the fund reflect the beliefs or values of a particular investor. Investments in securities considered to be “sustainable” may potentially involve additional or reduced risks. The Management Company incorporates sustainability risks and opportunities into its research, analysis and investment-decision process in order to improve its ability to manage risks more comprehensively and generate long-term sustainable returns for investors. The Management Company believes that investors are mostly likely to be affected by transition risks over the short and medium term. If, however, global warming leads to a significant rise in temperatures, the physical risks would become predominant. Transition risks linked to the market or to technology are yet to appear but could materialise very quickly. The legal, economic and political risks, for example linked to the implementation of a carbon tax or a price on carbon, should materialise more gradually. The intrinsic characteristics of these risks – long-term, difficult to project as a probability and without precedent – are often difficult to reconcile with standard investment processes which are based on probabilities established from the past. The Management Company measures these risks for all portfolios and integrates them from time to time into investment decisions based on its assessment of risk occurrence. Furthermore, in order to limit this risk as a whole, the Management Company has implemented an exclusion policy targeting the sectors most likely to be the source of liability risks linked to environmental factors.
Sustainable investment refers to any investment that has a neutral or positive impact on the United Nations Sustainable Development Goals, that has not been excluded by virtue of La Française Group's exclusion policy and/or as a result of taking into

account a selection of the main negative impacts, and that the companies in which the investments are made apply good governance practices, i.e. a satisfactory governance score according to the proprietary ESG method.
More information on the inclusion of ESG (environmental, social and governance quality) criteria in the investment policy applied by the Management Company, the charter on sustainable investment, the climate and responsible investment strategy report, the engagement and exclusion policy can also be found online on the Management Company's website at the following address: https://www.la-francaise.com/fr/nous-connaitre/nos-expertises/linvestissementdurable.
Therefore, as of the most recent update of this prospectus, the fund is managed using an investment process that incorporates ESG factors and promotes ESG characteristics (Article 8 of the SFDR). In this respect, further information on the environmental and social characteristics and sustainable investing is available in the Appendix to this prospectus.
The fund does not take into account the main negative impacts on the sustainability factors.

4. Commercial information

1. The distribution of fund units is carried out by
LA FRANÇAISE AM FINANCE SERVICES
.

2. Subscription/redemption requests are centralised with La Française AM Finance Services for units yet to be registered or already registered in bearer form within Euroclear, and by IZNES for units yet to be registered or already registered in pure registered form within the IZNES Shared Electronic Registration System (DEEP) .

3. Information about the "La Française Sub Debt" mutual fund is available from the management company's premises or online at: www.la-francaise.com.

4. Information regarding the inclusion of ESG (environmental, social and quality of governance) criteria in the investment policy is available on the management company's website: www.la-francaise.com and will appear in the annual report.
5. Transmission of the portfolio breakdown: the management company may directly or indirectly inform the unitholders of the UCI with professional investor status of the breakdown of assets of the UCI, for purposes exclusively associated with regulatory obligations as part of the calculation of shareholders' equity. This notification takes place, where applicable, within a period which may not be less than 48 hours after the publication of the net asset value.

5. Investment rules

The fund shall comply with the investment rules set by the Monetary and Financial Code.

6. Overall risk method

Methodology for calculating the overall risk: absolute VaR method. The fund's VaR is limited by the management company and may not exceed 20% of the fund's net assets with a confidence interval of 99% and a monitoring period not exceeding 20 working days.

The indicative leverage effect (total nominal value of the positions on the financial contracts used) may not exceed 300% of the fund's net assets. However, this level may be higher under exceptional market circumstances.

7. Rules for asset accounting methods and valuation

The valuation at the benchmark market price is carried out in accordance with the procedures set by the management company.

VI-1 Rules for valuing assets
The net asset value of the unit is calculated according to the valuation rules stated below:
• Transferable securities traded on a regulated French or foreign market are valued at the price of the reference market using methods determined by the management company, based on the closing prices.
Transferable securities whose price has not been noted on the valuation day, or whose rate has been corrected, are valued at their probable trading value, under the responsibility of the management company. These valuations and their supporting documentation will be made available to the statutory auditor at the time of the audit.
Foreign prices are converted to euros using the exchange rates on the valuation day.
• Negotiable debt securities maturing in more than three months
NDS that are the subject of significant transactions are valued at the market price based on the closing price.
In the absence of significant transactions, however, securities will be valued using an actuarial method, using a benchmark rate that may be increased by a margin representing the intrinsic characteristics of the issuer.
• Negotiable debt securities maturing in less than three months

NDS with a residual maturity of less than three months shall be subject to a linear valuation method.
However, in the event of certain securities that are particularly sensitive to market risks, this method should not be used.
• UCITS units or shares are valued at the last known net asset value.
• Financial futures:
- FUTURES: French and European markets: closing prices Other foreign markets: in the absence of a representative listing, last closing price;
- Off-balance-sheet commitments are calculated on the basis of par value, their price in the portfolio and, where applicable, the exchange rate;
- Commitments on options markets are calculated by converting the options to the equivalent underlying securities;
- Commitments on swaps are valued at their market value;
- Forward exchange transactions are valued using the forward exchange rates on the valuation date, taking into account the premium/discount.
- CDS: The valuation price of credit default swaps (CDS) comes from a contributor chosen by the management company.

• Contracts:
- swaps with more than three months' maturity: at market value. When the time to maturity becomes equal to three months, swaps are valued at the last rate up to maturity. If they are purchased with a maturity of less than three months, interest is calculated using a linear method;
- Any temporary securities purchase and sale transactions are valued according to the provisions of the contract. Certain fixed rate transactions with a maturity of more than three months may be valued at market price.
• Closed or conditional forward transactions or foreign exchange transactions agreed on over-the-counter markets and authorised by the regulations applicable to the UCITS are valued at their market value or an estimated value according to the procedures specified by the management company.
The asset valuation methods are specified in the annex to the annual accounts.

VI-2 Accounting method
The organisation abides by the accounting rules laid down under the regulations in force and in particular the accounting rules applicable to UCITS.
All transferable securities in the portfolio are recorded at past cost, excluding fees. Income is recorded using the coupons received method.

Method for adjusting the net asset value relating to swing pricing with a trigger threshold
This mechanism aims to protect unitholders in the event of significant subscriptions or redemptions on the liabilities side of the fund’s balance sheet by applying an adjustment factor to unitholders who invest or redeem significant amounts of outstanding assets. This is likely to generate costs for incoming and outgoing unitholders which would otherwise affect all unitholders remaining in the fund.
Therefore, in the event that on the net asset value calculation day, the total net subscription/redemption orders of investors of all fund units exceeds the pre-established threshold set by the management company and defined on the basis of objective criteria as a percentage of the net assets of the fund, the net asset value may be adjusted upwards or downwards to take into account the readjustment costs arising from net subscription/redemption orders.
The cost parameters and trigger thresholds are established by the management company and reviewed on a regular basis. These costs are estimated by the management company on the basis of the transaction costs and buy-sell ranges.
It is not possible to forecast whether the swing will be applied at a given time in the future, or how often the management company will carry out such adjustments.
Investors shall be informed that the volatility of the fund's net asset value may not only reflect that of the securities held in the portfolio due to the application of swing pricing.
The swung net asset value is the only net asset value of the fund and the only one communicated to unitholders in the fund. However, if there are outperformance fees, these shall be calculated on the basis of the net asset value before application of the adjustment mechanism.

8. Remuneration

In accordance with Directive 2009/65/EC and Article 314-85-2 of the General Regulations of the Financial Markets Authority, the management company has implemented a remuneration policy for categories of staff whose professional activities have significant repercussions on the risk profile of the management company or of the UCITS. These categories of staff include managers, members of the Board of Directors (including the senior management), risk takers, persons performing auditing tasks, persons in a position to influence employees, and all employees receiving a total remuneration who are in the same remuneration range as the risk takers and the senior management. The remuneration policy is compliant and encourages healthy and effective risk management, and does not encourage risk-taking which would be incompatible with the risk profiles of the management company or with its articles and does not hinder the obligation of the management company to act in the greater interests of the UCITS.

La Française Group has set up a remuneration committee at Group level. The remuneration committee is set up in accordance with the internal regulations and in accordance with the principles laid down in Directive 2009/65/EC and Directive 2011/61/EU. The remuneration policy of the management company is designed to promote good risk management and to discourage risk-taking which would exceed the tolerable level of risk, by taking into account the investment profiles of the funds under management and by implementing measures enabling any conflicts of interests to be avoided. The remuneration policy is reviewed annually.
The remuneration policy of the management company, detailing the way in which remuneration and benefits are calculated, is available free of charge from the registered office of the management company. A summary is available from the website: https://www.la-francaise.com/fr/informations-reglementaires.

MUTUAL FUND REGULATIONS
La Française Sub Debt

SECTION 1: ASSETS AND UNITS

Article 1: Co-ownership units

The rights of the co-owners are expressed in units, each unit corresponding to the same fraction of the fund's assets. Each unitholder has a right of co-ownership to the fund assets in proportion to the number of units held.

The duration of the fund is 99 years from its creation except in the case of early dissolution or extension provided for in these regulations.

Unit categories:
The features of the different classes of units and their access conditions are specified in the prospectus of the mutual fund.
The different classes of units may:
- Use different income distribution procedures (distribution or capitalisation or carry forward);
- Be denominated in different currencies;
- Bear different management fees;
- Incur different subscription and redemption fees
- Have different nominal values;
- Be systematically hedged against risk, in part or in full, as defined in the prospectus. This hedging is provided through financial instruments, minimising the impact of hedging on the other classes of units of the mutual fund;
- Be confined to one or more marketing channels.

The units may be divided, grouped or split into tenths, hundredths, thousandths, ten thousandths or hundred thousandths (referred to as "fractional units") at the discretion of the management company.
The provisions of the articles of association governing the issue and redemption of units apply to fractional units, whose value will always be proportional to that of the unit they represent. All other provisions of the regulations relating to units shall apply to fractional units without the need to specify, unless otherwise provided.

Finally, the Executive Board of the management company may decide unilaterally to split units by creating new units to be allocated to the unitholders in exchange for the old units.

Article 2: Minimum volume of assets

Units may not be redeemed if the assets fall below EUR 300,000; if the assets remain below this amount for a period of 30 days, the management company shall make the necessary provisions to liquidate the UCITS in question, or to carry out one of the operations mentioned in Article 411-16 of the General Regulations of the Financial Markets Authority (transfer of the UCITS).

Article 3: Issue and redemption of units

Units may be issued at any time at the request of the unitholders, based on the net asset value plus any subscription fees, where applicable. Redemptions and subscriptions are carried out according to the terms and conditions set out in the prospectus. Mutual fund units may be admitted to listing in accordance with the regulations in force.
Subscriptions must be fully paid on the day on which the net asset value is calculated. They may be paid for in cash and/or through the contribution of financial instruments. The management company has the right to refuse the securities offered and, for this purpose, has a period of seven days from their deposit to make its decision known. In the event of acceptance, the securities offered are valued according to the rules set out in Article 4 and the subscription is carried out on the basis of the first net asset value following acceptance of the securities in question.
Redemptions may be made in cash. Redemptions may be made in kind. If the redemption in kind corresponds to a representative share of the portfolio assets, then only the written agreement signed by the outgoing unitholder must be obtained by the UCITS or

the management company. Where the redemption in kind does not correspond to a representative share of the assets in the portfolio, all unitholders must provide written approval authorising the outgoing unitholder to obtain the redemption of his/her units against certain specific assets, as explicitly established in the agreement.
By way of derogation from the above, when the fund is an ETF, redemptions on the primary market may, with the agreement of the portfolio management company and in the interest of the unitholders, be carried out in kind according to the conditions established in the prospectus or the fund regulations. The assets are then delivered by the issuing account holder in accordance with the conditions established in the fund's prospectus.
Redeemed assets are generally valued in accordance with the rules set in Article 4, and redemption in kind is carried out on the basis of the first net asset value following the acceptance of the assets in question.
Redemptions are settled by the issuing account holder no later than five days after the valuation of the unit.
However, if, in exceptional circumstances, the redemption requires the prior realisation of assets included in the fund, this period may be extended; it may not exceed 30 days.

Except in the case of inheritance or inter vivos distribution, the sale or transfer of units between unitholders, or from unitholders to a third party, is treated in the same way as a redemption followed by a subscription; in the case of a third party, the amount of the sale or transfer must, where applicable, be supplemented by the beneficiary to reach at least that of the minimum subscription required by the prospectus.
Pursuant to Article L214-8-7 of the Monetary and Financial Code, both the redemption by the mutual fund of its units and the issue of new units may be suspended on a temporary basis by the management company where required by exceptional circumstances and where this is in the interests of the unitholders.
If the net assets of the mutual fund are lower than the amount specified in the regulations, no units may be redeemed.

Redemption gates mechanism:
When exceptional circumstances so require, and if the interests of investors or the public so dictate, the management company may implement this mechanism, which allows redemption requests from investors in the fund to be spread over several net asset values if they exceed a given threshold.

Description of the method:
The management company may decide not to execute all redemptions on the same net asset value when the objectively pre-established threshold is reached on a net asset value. To determine the level of this threshold, the management company takes into account the frequency with which the fund's net asset value is calculated, the fund's management strategy and the liquidity of the assets in the portfolio.

For the fund, the limit on redemptions may be applied by the management company when the threshold of 5% of its net assets is reached.
The threshold triggering this cap on redemptions corresponds, for all unit categories in the fund, to the ratio between:
- the difference recorded on the same centralisation date between the number of units in the fund for which redemption is requested or the total amount of such redemptions and the number of units in the fund for which subscription is requested or the total amount of such subscriptions; and
- the net assets of the fund or the total number of units in the fund.

However, when redemption requests exceed the trigger level, the fund may decide to honour redemption requests in excess of the limit, and thus execute some or all of the orders that might otherwise be blocked.
For example, if total unit redemption requests represent 10% of the fund's net assets while the trigger threshold is set at 5% of net assets, the fund may decide to honour redemption requests up to 8% of net assets (and therefore execute 80% of the redemption requests).

The maximum number of net asset values for which a cap on redemptions may be applied is 20 net asset values over 3 months, and the estimated maximum capping time is 1 month.

Unitholder information:
If this mechanism is activated, investors in the fund will be informed by any means via the management company's website.
Investors in the fund whose redemption orders have not been executed will be informed as soon as possible.

Handling of unexecuted orders:
During the period of application of this system, redemption orders will be executed in the same proportions for unitholders of the fund who have requested redemption at the same net asset value. Redemption orders deferred in this way will not have priority over subsequent redemption requests. Unitholders in the fund may not cancel redemption orders that have not been executed and are automatically deferred.

Exemptions from the scheme:

If this mechanism is triggered, it will not be applied to subscription and redemption transactions for the same number of shares, on the basis of the same net asset value, for the same fund and for the same investor or beneficial owner (known as round-trip transactions). This exclusion also applies to transfers from one unit class to another, at the same net asset value, for the same amount and for the same investor or beneficial owner.

Minimum subscription conditions are possible, according to the terms set out in the prospectus.
The mutual fund may partially or totally stop issuing units temporarily or definitively pursuant to Article L214-8-7, third paragraph, of the Monetary and Financial Code in objective situations leading to the closure of subscriptions, such as a maximum number of units or equities being issued, a maximum amount of assets being achieved or the expiry of a determined subscription period. These objective situations are defined in the prospectus of the mutual fund.
Information on this instrument's activation will be issued via any means to all existing unitholders concerned by its activation; it will also include information on the threshold and the objective situation which led to the decision for partial or total closure. In the event of a partial closure, the information issued via any means will clarify in detail the terms under which existing unitholders may continue to subscribe over the period of the partial closure. Unitholders shall also be informed via any means of the decision of the UCITS or of the management company to either end the partial or total closure for subscription (during the passage under the activation threshold) or not to end it (in the event of changes to the threshold or changes in the objective situation which led to the instrument being implemented). Any proposed change to the objective situation or to the instrument activation threshold must always be made in the interests of the unitholders. The information issued via any means will clarify the precise reasons for the changes.

The management company reserves the right to restrict or deny the direct or indirect holding of fund units by any person or entity which is prohibited from holding the fund units (hereinafter "Ineligible Person") as described below:
An "Ineligible Person" is:
- a "U.S. Person" as defined in SEC Regulation S of the Securities and Exchange Commission (SEC) (Part 230 – 17 CFR 230.903); or
- any other person who (a) is directly or indirectly in violation of the laws and regulations of any country or government institution, or (b) may, in the opinion of the management company of the mutual fund, cause damage to the mutual fund, which it would have otherwise not endured or suffered.
To this end, the management company of the mutual fund may:
(i) refuse to issue any units as soon as it becomes evident that such issuance will or may result in the aforementioned units being directly or indirectly held by or for an Ineligible Person;
(ii) demand, at any time, that a person or entity whose name appears on the register of unitholders provide any information, accompanied with a solemn declaration, which it deems necessary in order to establish whether the actual beneficiary of the relevant units is an Ineligible Person or not;
and
(iii) when it is apparent that a person or entity is (i) an Ineligible Person and, (ii) solely or jointly, the effective beneficiary of the units, proceed with the forced redemption of all the units held by a unitholder without delay and, at the latest, within five days.
The forced redemption will take place at the last known net asset value, minus, where applicable, the relevant fees, rights and commissions, which will be charged to the Ineligible Person within five days, during which time the actual beneficiary of the units may present his observations to the competent authority.
This power also covers any person (i) who is in direct or indirect violation of the laws and regulations of any country or government institution, or (ii) may, in the opinion of the management company of the mutual fund, cause damage to the mutual fund, which it would have otherwise not endured or suffered.

Article 4: Calculation of the net asset value

The net asset value of the units is calculated in accordance with the valuation rules set out in the prospectus.
Contributions in kind may only consist of securities, transferable securities or contracts in which UCIs are authorised to invest, such contributions shall be valued pursuant to the valuation rules used to calculate the net asset value.

SECTION 2: FUND OPERATION

Article 5: The management company

The fund is managed by the management company in accordance with the strategy set out for the fund.

The management company shall act under all circumstances in the exclusive interests of the unitholders and may alone exercise the voting rights attached to the securities in the fund.

Article 5a: Operating rules

The instruments and deposits in which the UCI may invest and the investment rules are specified in the prospectus.

8.1 Article 5b: Admission for trading on a regulated market and/or a multilateral trading system

The units may be admitted to trading on a regulated market and/or a multilateral trading system in accordance with the regulations in force. If the mutual fund whose units are admitted for trading on a regulated market has a management objective linked to an index, the fund must have a mechanism in place to ensure that the price of its units does not deviate substantially from its net asset value.

Article 6: The depositary

The depositary shall perform the duties incumbent upon it pursuant to the laws and regulations in force as well as those contractually entrusted to it by the management company. In particular, it must ensure the legality of decisions taken by the management company of the portfolio. Where necessary, it must take all the precautionary measures that it deems to be necessary. In the event of any dispute with the management company, it will inform the Financial Markets Authority.

Article 7: The statutory auditor

A statutory auditor shall be designated for six financial years, after agreement with the Financial Markets Authority, by the governing body of the management company.

It certifies the legality and accuracy of the accounts.

The statutory auditor's term of office may be renewed.

The statutory auditor is required to notify the Financial Markets Authority as quickly as possible of any fact or ruling regarding the UCITS of which it becomes aware over the course of its assignment, of a nature that may:

1. constitute a breach of the legislative or regulatory provisions applicable to this body or be liable to have significant effects on the financial situation, profits or the assets;
2. adversely affect the conditions or the continuity of its operation;
3. lead to the issuance of reserves or the refusal to certify the accounts.

The statutory auditor shall supervise asset valuations and the calculation of the exchange parity in conversion, merger or demerger transactions.

It assesses any contribution or redemption in kind under its responsibility, except in the context of redemptions in kind for an ETF on the primary market.

It shall monitor the composition of the assets and other items prior to publication.

The statutory auditor's fees are determined by mutual agreement between the auditor and the executive board of the management company on the basis of a work schedule specifying the duties considered necessary.

The auditor shall certify the situations on the basis of which interim distributions are made.

Article 8: Financial statements and management report

At the end of each financial year, the management company prepares summary documents and draws up a report on the management of the fund during the past financial year.

The management company establishes, at least semi-annually and under the supervision of the depositary, an inventory of the assets of the UCI.

The management company shall make these documents available to the unitholders within four months of the end of the financial year and shall inform them of the amount of income they have the right to: these documents are either sent by post at the express request of the unitholders, or made available at the management company.

SECTION 3: ALLOCATION PROCEDURES OF DISTRIBUTABLE AMOUNTS

Article 9: Procedures for allocating income and distributable amounts

The distributable amounts consist of:
1) the net profit plus the amount carried forward, plus or minus the balance of prepayments and accrued income;
2) The capital gains made, net of costs, minus the capital losses made, net of costs, during the financial year, plus the similar net capital gains made during the previous financial years which were not subject to distribution or capitalisation and minus or plus the balance of the net capital gains of the pre-payment account.
The amounts stated in 1) and 2) may be distributed, in whole or in part, independently of each other.
The payment of the distributable amounts shall be performed within a maximum period of five months following the end of the financial year.
The mutual fund's net income is equal to the amount of interest, arrears, bonuses and lots, dividends, directors' fees and all other income relating to the securities making up the fund's portfolio, plus income from sums temporarily available, minus management fees and borrowing costs.
The management company shall decide how distributable amounts will be distributed.
For each equity category, as applicable, the mutual fund may opt for one of the following formulae for each of the amounts detailed in 1) and 2):
pure capitalisation: the distributable amounts are fully capitalised, with the exception of those that are subject to mandatory distribution by law;
pure distribution: the amounts are fully distributed, rounded to the nearest number;
For mutual funds seeking to maintain the freedom to capitalise and/or distribute and/or carry forward distributable amounts, the management company shall decide on the allocation of each of the amounts detailed in 1) and 2) each year.
During the course of the financial year, the management company may decide to make one or more prepayments not exceeding the net income of each of the amounts stated in points 1 and 2, recorded at the date of the decision.
The exact methods for the allocation of income are set out in the prospectus.

Article 10: Merger – Split

The management company may either make a total or partial contribution of the assets comprising the fund to another UCITS, or may split the fund into two or more mutual funds.
Unitholders must be notified before any such merger or demerger takes place. The transactions will lead to a new certificate being issued, specifying the number of units held by each unitholder.

Article 11: Dissolution – Extension

If the assets in the fund remain below the amount specified above in Article 2 for thirty days, then the management company shall advise the Financial Markets Authority and dissolve the fund, unless there is a merger operation with another mutual fund.
The management company may dissolve the fund early; it shall inform the unitholders of its decision, and no subscription or redemption orders will be accepted after this date.
The management company shall also dissolve the fund in the event of a redemption order for all of the units, or where the depositary is relieved of its responsibilities and no other depositary has been appointed, or on expiry of the term of the fund, if it has not been extended.
The management company shall inform the Financial Markets Authority by post of the date and of the selected procedure for dissolution. Subsequently, the management company shall send the statutory auditor’s report to the Financial Markets Authority.
The management company may, by agreement with the depositary, decide to extend a fund's term. Its decision must be taken at least three months prior to expiry of the fund's term, and must be notified to the unitholders and the Financial Markets Authority.

Article 12: Liquidation

In the event of dissolution, the management company shall act as liquidator, failing which a liquidator shall be appointed by the court at the request of any interested party. To this end, the liquidator is vested with the most extensive powers for liquidating assets, paying creditors and distributing the available balance to unitholders in cash or securities.
The statutory auditor and the depositary shall continue to carry out their duties until the liquidation operations have been completed.

Article 13: Jurisdiction – Choice of domicile

Any disputes concerning the mutual fund arising during its existence or upon its liquidation, whether among unitholders or between unitholders and the management company or the depositary, shall be subject to the jurisdiction of the competent courts.