

Key Investor Information Document



LA FRANÇAISE

Objective

This document contains essential information about this investment product. This is not promotional material. This information is required by law to help you understand what this product is along with the potential risks, costs, gains and losses that are associated with it, and to help you compare it to other products.

La Française Sub Debt - R units - FR0011766401

📍 Product

Product: La Française Sub Debt (R units)

ISIN code: FR0011766401

Initiator: La Française Asset Management. The Autorité des marchés financiers (AMF) is responsible for monitoring La Française Asset Management in relation to this Key Investor Information Document. La Française Asset Management is registered in France under number GP 97076 and is regulated by the AMF. Further information is available on the management company's website, www.la-francaise.com or by calling + 33 1 44 56 10 00.

Effective date of the Key Investor Information Document: 02/11/2023

📍 What is this product?

Type of product: Fonds Commun de Placement (mutual fund) under French law

Product lifespan: 99 years

Objectives:

The aim of the fund, classified as "Bonds and other international debt securities" is to achieve a net performance above that of the composite benchmark index: 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, by being exposed in particular to subordinated debt securities presenting a specific risk profile and different from that of conventional bonds, and by investing in a portfolio of issuers screened in advance according to Environmental, Social and Governance criteria.

Benchmark index: 50% Markit iBoxx EUR Contingent Convertible non-reinvested dividends (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), composite index given for comparison. The manager is free to decide whether or not to invest in the securities that make up the benchmark index. It is therefore free to choose the securities that make up the portfolio while respecting the management strategy and investment constraints.

Investment strategy:

The investment universe of the fund covers bonds and negotiable debt instruments issued or guaranteed by Member States of the European Union, Switzerland, the United Kingdom and Norway (public debt up to 50% of the net assets), non-government bonds (private debt) of the European Union, Switzerland, the United Kingdom and Norway and denominated in US dollars and/or pounds sterling and/or euros, convertible bonds and money market instruments. This investment universe notably includes the different categories of subordinated debt as well as contingent convertible bonds (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. The purpose of this remuneration is to compensate 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 initial investment universe covered is analysed by La Française Sustainable Investment Research (hereafter "ESG Research Team") of the "La Française Group UK Limited" entity belonging to the La Française group.

The Environmental, Social and Governance criteria are analysed by the ESG Research Team, which has developed a proprietary ESG model and allows us to take a more selective approach to the investable universe and an ESG integration approach with a significant engagement in the management.

This selectivity approach described in the prospectus allows each private or public issuer to be assigned a score of zero (the worst) to 10 (the best). These scores reflect investment opportunities or, conversely, non-financial risks.

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.

To analyse the 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.

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.

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".

The share of issuers analysed for these ESG criteria in the portfolio is greater than 90% of the securities in the portfolio.

The methodology adopted by the management company for taking into account extra-financial criteria may have the following limit linked to the analyses carried out by the research centre which depend on the quality of the information collected and the transparency of the issuers.

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

The fund may invest without reference to specific credit rating criteria.

The overall sensitivity of the portfolio is between 0 and 10.

Investors in eurozone countries are not exposed to exchange-rate risks.

The fund may invest up to 10% in units or shares of UCITS in order to manage its cash or meet the management objective and may carry out temporary acquisitions and sales of securities.

Financial futures, traded on regulated markets or over-the-counter, are used to hedge and/or expose the portfolio to interest rate and/or credit and/or index and/or equity risks (up to a maximum of 10%). These interventions may also be made on currency risk, but only in the interests of hedging. The financial instruments used are: futures, forwards, options, interest rate swaps, currency swaps, currency forwards, credit default swaps (CDS on single underlying asset, CDS on index) options on CDS (up to 15% of net assets) and total return swaps (up to 25% of net assets).

The overall exposure of the portfolio, including the exposure induced by the use of forward financial instruments, is limited to 300% of the fund's assets.

The latest prospectuses, the latest net asset value of the units, the annual report and the periodic information document of the fund's shares: Legal documents are available on request and free of charge from the management company or on the website: www.la-francaise.com. You can get this information free of charge on request from serviceclient@la-francaise.com. Any further information is available from the Customer Service Nominative Products Department using the following contact details: serviceclient@la-francaise.com.

Target retail investors:

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

The UCI is not open to residents of the United States of America/US Person.

Depository BNP Paribas S.A.

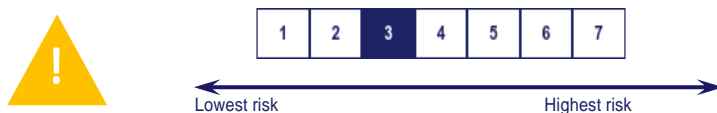
Other information:

Redemptions are centralised at 11:00 a.m. every day (T) by La Française AM Finance Services and carried out on the basis of the next net asset value, with settlement on T+2 (trading days).

Allocation of distributable amounts: Capitalisation

📍 Risk and Reward Profile

Risk indicator



The risk indicator assumes that you keep the product for 10 years.

The actual risk may be very different if you opt for an earlier exit, and you may get less in return.

The synthetic risk indicator makes it possible to assess the level of risk of this product compared to others. It indicates the likelihood of this product incurring losses in the event of market developments or our inability to pay you.

We have classified this product in risk class 3 out of 7, which is a low to medium risk class. In other words, the potential losses linked to the future performance of the product are at a low to medium level and, if the situation were to deteriorate on the markets, it is unlikely that our ability to pay you would be affected.

Significant risks to the mutual fund not included in this indicator:

- ESG investment risk;
- Risk arising from techniques such as derivative products;
- Counterparty risk.

This product is not protected from market fluctuations, and you may therefore lose all or part of your investment.

Performance scenarios

What you get out of this product depends on future market performance. The future development of the market cannot be accurately predicted.

The scenarios shown here represent examples based on past performance and certain assumptions.

Recommended investment period: 10 years Investment example: €10,000		If you exit after 1 year	If you exit after 5 years	If you exit after 10 years
Scenarios				
Stress scenario	What you could get after costs are deducted	€3,380	€3,920	€2,540
	Average annual return	-66.20%	-17.10%	-12.81%
Adverse scenario	What you could get after costs are deducted	€7,470	€8,170	€8,170
	Average annual return	-25.33%	-3.97%	-2.01%
Intermediate scenario	What you could get after costs are deducted	€10,210	€12,580	€16,800
	Average annual return	2.14%	4.69%	5.32%
Favourable scenario	What you could get after costs are deducted	€15,950	€21,310	€25,780
	Average annual return	59.47%	16.34%	9.93%

The unfavourable, intermediate and favourable scenarios presented represent examples using the best and worst performances, as well as the average performance of the product, calculated over a minimum of 10 years of data. Markets could perform very differently in the future.

This type of adverse scenario has occurred for an investment between: 08/2021 and 09/2023.

This type of intermediate scenario has occurred for an investment between: 05/2011 and 05/2021.

This type of favourable scenario has occurred for an investment between: 03/2009 and 03/2019.

This table shows the amounts you could get after 10 years, under different scenarios, assuming you choose to invest €10,000.

The different scenarios show how your investment may perform. You can compare them with the scenarios of other products. The stress scenario shows the potential returns you may obtain in extreme market situations.

The figures shown include all the costs of the product itself, but not necessarily all the fees payable to your advisor or distributor.

These figures do not take into account your personal tax situation, which may also affect the amounts you receive.

📍 What happens if La Française Asset Management is unable to make the payments?

The product is a co-ownership of financial instruments and deposits separate from the portfolio management company. In the event of defaulting by this latter, the assets of the product held by the depository will not be affected. In the event of default by the depository, the risk of financial loss to the product is mitigated by the legal separation of the depository's assets from those of the product.

📍 What will this investment cost me?

You may be asked to pay additional costs by the person selling or advising you about the product. If so, this person will inform you about these costs and show you the impact of all costs on your investment over time.

Costs over time:

The tables show the amounts deducted from your investment to cover the different types of costs. These amounts depend on the amount you invest, how long you hold the product and how well the product performed. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

We have made the following assumptions:

- that during the first year you would get back the amount you invested (annual return of 0%) and for the other holding periods, the product evolves as indicated in the intermediate scenario.
- that you have invested €10,000.

Investment: €10,000	If you exit after 1 year	If you exit after 5 years	If you exit after 10 years
Total costs	€602.18	€1,781.13	€4,292.39
Cost impact*	6.11%	3.08%	2.66%

(*) This illustrates how costs reduce your return annually over the holding period. For example, it shows that if you exit at the end of the recommended holding period, your average return per year is expected to be 7.98% before costs and 5.32% after costs.

Breakdown of costs:

One-off entry or exit costs		If you exit after 1 year
Entry cost	Maximum 4.00% of the amount you pay at the time of entry into the investment, not including the distribution costs for your product. The person selling you the product will be able to tell you the actual costs.	up to €400.00
Exit cost	We do not charge an exit fee for this product.	€0.00
Recurrent costs [collected annually].		
Management fees and other administrative and operating expenses	Maximum 1.25% of the value of your investment per year. This estimate is based on actual costs over the past year.	€120.00
Transaction costs	0.46% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the investments underlying the product. The actual amount varies depending on how much we buy and sell.	€43.97
Recurring costs collected under certain conditions		
Performance-related fees	maximum 25% including taxes of the outperformance calculated by comparing the development of the UCITS's assets with that of a benchmark UCITS achieving a return of exactly 7% per annum and registering the same variations in subscriptions and redemptions as the real UCITS. Since 23 September 2021, the outperformance fee has been calculated based on the following model: 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. Variable management fees capped at 2% (incl. tax) of average net assets (average net assets calculated since the beginning of the reference period for the performance fee and after deduction of variable management fee provisions).	€38.21

🕒 How long should I keep my investment and can I withdraw money early?

Recommended holding period: 10 years

Possibilities and conditions for divestment before maturity:

Redemptions are centralised at 11:00 a.m. every day (T) by La Française AM Finance Services and carried out on the basis of the next net asset value, with settlement on T+2 (trading days).

🕒 How can I make a complaint?

Complaints should be directed to the customer services department of the La Française Group at 128 boulevard Raspail 75006 PARIS (reclamations.clients@la-francaise.com), by phone on +33 (0)1 53 62 40 60, or through the website: <https://www.la-francaise.com/fr/service-clientele/>

🕒 Other relevant information

Account holder: BNP Paribas S.A.

Legal form: Mutual fund

The funds promotes environmental and/or social characteristics (Article 8 SFDR):

Information regarding consideration 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.

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-connaître/nos-expertises/linvestissement-durable>.

The past performance of your product shown in graphs is available on request and free of charge from the management company or on the website: www.la-francaise.com. You can get this information free of charge on request from serviceclient@la-francaise.com.

Net asset value and other useful information: premises of the management company and/or www.la-francaise.com

If you have a dispute about investment services or financial instruments, you can contact the AMF Ombudsman.

Where this product is used as a unit-linked carrier of a life insurance or capitalisation contract, additional information on this contract, such as the costs of the contract, which are not included in the costs set out in this document, the contact in the event of a claim and what happens in the event of the insurance company's default, is set out in the Key Investor Information Document for this contract which must be provided by your insurer or broker or other insurance intermediary in accordance with their legal obligations.