



LA FRANÇAISE

UCITS

under Directive 2009/65/EC

PROSPECTUS

La Française Carbon Impact Income

Mutual Fund

1. General features

1.1 Legal form of the UCITS

Name:

La Française Carbon Impact Income

Legal form and Member State in which the UCITS has been incorporated:

Fonds Commun de Placement (mutual fund) under French law

Feeder UCITS of:

La Française LUX - Carbon Impact Income - F - EUR - CAPITALISATION (SICAV under Luxembourg law)

Launch date and scheduled duration:

30/07/2010 - 99 years

Date of approval by the Financial Markets Authority:

01/07/2010

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
I units	FR0010909150	EUR 10,000	No	Capitalisation	Capitalisation	EUR	Reserved for professional clients within the meaning of MiFID	EUR 100,000
R units	FR0011176338	EUR 1,000	No	Capitalisation	Capitalisation	EUR	All subscribers, in particular investors who are natural persons	None

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 documents as well as the information documents related to the master UCITS La Française LUX - Carbon Impact Income - F - EUR - CAPITALISATION, a UCITS under Luxembourg law approved by the CSSF, will be sent out within eight working days following a simple written request from the unitholder submitted to:

LA FRANÇAISE ASSET MANAGEMENT

Marketing department

128, boulevard Raspail

75006 Paris

Tel.: +33 (0) 1 44 56 10 00

E-mail: contact-valeursmobilières@la-française.com

For further information, please contact the Marketing department of the management company via the following e-mail address: contact-valeursmobilières@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:

Caisse Fédérale du Crédit Mutuel Nord Europe, Caisses du Crédit Mutuel Nord

4 place Richebé - 59800 Lille

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

Banque Coopérative et Mutuelle Nord Europe
4, place Richebé, 59000 LILLE

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 to 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 S.A. These tasks are carried out by delegation from the management company.
- Bearer units listed with EUROCLEAR France: **I, R units**
- Registered units managed in the IZNES Shared Electronic Registration System (DEEP): **R 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:

Closing date:

- End of accounting period: last trading day in December
- End of the first financial year: 30 December 2011

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.

2.2 Specific provisions**ISIN code:**

I units FR0010909150

R units FR0011176338

Classification:

None

Management objective:

The La Française Carbon Impact Income fund seeks, by investing in the master sub-fund under Luxembourg law La Française LUX - Carbon Impact Income - F - EUR - CAPITALISATION (sub-fund of the La Française Lux SICAV) to generate regular growth in income and capital in the medium and long term by investing in securities screened in advance according to ESG investment criteria and with the objective of reducing carbon emissions.

The performance of La Française Carbon Impact Income will be weaker than that of its master, taking into account its own management fees.

Benchmark index:

The fund has no benchmark.

Investment strategy:**1- Strategy used**

La Française Carbon Impact Income invests up to a maximum of 85% by way of a master UCITS called La Française LUX - Carbon Impact Income - F - EUR - CAPITALISATION (share category F) and on an ancillary basis in cash.

2 - Assets used by the feeder fund

a) UCITS: investment at least 85% of its assets in the master sub-fund La Française LUX - Carbon Impact Income - F - EUR - CAPITALISATION

b) Liquid assets: on an ancillary basis

The master and feeder UCITS have entered into an agreement under which:

- The master UCITS shall transfer to the feeder fund all documents and information pertaining to it (in particular, instruments of incorporation, agreements with third parties, exposure to futures markets, risk monitoring procedure, non-compliance with regulations, etc.) as soon as possible.
- The master and feeder UCITS shall coordinate their methods for net asset value calculation and shall inform one another of any suspension in purchase/redemption orders.
- The master and feeder UCITS shall keep one another up-to-date on any changes affecting the other party (e.g. decision for a merger or liquidation, change of depositary, etc.).

A copy of this agreement can be obtained by e-mailing a simple written request to the Product Marketing Department of the management company, at the following address: contact-valeursmobilières@lafrancaise-group.com

Information on the investment policy and objectives of master UCITS La Française LUX – Carbon Impact Income**1. Management objective of the master fund:**

The aim of the fund is to achieve income and capital growth over the medium to long term.

- by investing, using a flexible multi-asset class allocation approach (Equities and Fixed Income), in a portfolio of issuers filtered in advance according to ESG investment criteria and analysed for their compatibility with the energy transition according to a methodology defined by the management company.
- to have a weighted average of the portfolio's greenhouse gas emissions per euro invested (carbon intensity) at least 30% lower than that of the composite benchmark indicator: 20% MSCI World net total return USD Index (NDDUWI Index) + 40% ICE Bofa Global High Yield Index (HW00 Index) + 40% JP EMBI Global Diversified Index (JPGCCOMP Index).

This objective of reducing greenhouse gas emissions will be permanent and respected at all times.

2. Benchmark index of the master fund:

The Fund is not linked to a benchmark index.

3. Fund investment strategy:

1. Strategies used

The investment strategy will be implemented through flexible discretionary management of a portfolio made up of equities), government bonds and corporate bonds from OECD member countries and/or emerging countries.

The Management Company uses the "La Française Sustainable Investment Research" centre (hereinafter referred to as the "ESG Research Team") of the "La Française Group UK Limited" entity, 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.

The attention of investors is drawn to the fact that the investments made in the sub-fund aim to help finance ecological and energy transition but that they do not generate direct positive impacts on the environment or society.

<i>Interest rate sensitivity range within which the sub-fund is managed</i>	<i>Geographic area (nationality) of the issuers of the securities</i>	<i>Exposure range corresponding to this area</i>
	<i>Eurozone</i>	<i>0 – 100%</i>
<i>Between 0 et +8</i>	<i>Europe (outside the eurozone)</i>	<i>0 – 100%</i>
	<i>OECD member countries (outside Europe)</i>	<i>0 – 100%</i>
	<i>Non-OECD member country (including emerging countries)</i>	<i>0 – 70%</i>

The sub-fund's investment process includes the following three stages:

Stage 1: Quantitative screening – Selectivity approach (ESG integration with a significant commitment in terms of management and theme)

This first stage differs depending on the nature of the issuers, namely (i) whether they are public/sovereign issuers (States) or (ii) companies (equities and corporate bonds)

(i) For public/sovereign issuers (States):

The initial investment universe is made up of public/sovereign issuers (hereinafter referred to as "States") which belong to the JP EMBI Global Diversified Index. Added to this are countries not present in the global index but which are present in regional sub-indices (such as the Czech Republic, Slovakia, Thailand, Macedonia, Israel) and which are investable, constituting the initial investment universe.

All of these countries are analysed by the ESG Research Team, which has developed a proprietary ESG model. This automated tool uses raw data from various data providers to calculate KPIs (Key Performance Indicators).

Each State that is part of the initial investment universe is evaluated according to these different performance indicators linked to climate change, energy transition as well as social and governance performance. However, countries appearing on the blacklist drawn up by the La Française Group in accordance with its exclusion policy are automatically excluded.

These performance indicators are grouped under the following two pillars:

- **the Adaptation pillar:** *this pillar measures the vulnerability of States to extreme weather (degree of exposure to natural disasters, cost of economic and human damage) with regard to their capacity for adaptation (responsible governance, institutional framework, social structure, level of development, economic resources).*

As such, this Adaptation pillar brings together the following performance indicators:

- *Environmental (the degree of exposure to natural disasters);*
- *Social (the human development rate of the countries of the world through the human development index, for example);*
- *Governance (the quality of a country's governance through the World Governance indicator (WGI), for example)*
- **the Transition pillar:** *this pillar enables each State to gauge its performance and strategy to favour a transition to a low carbon economy. This pillar focusses on environmental and weather performance indicators by assessing the level of greenhouse gas emissions (GHG), the dependence on fossil fuels, and the capacity to set up renewable energy sources (deployment of capabilities and investment flows).*

As such, this Transition pillar brings together the following performance indicators:

Carbon Economy:

- *Measurement of greenhouse gas emissions: as an absolute, per capita, relative to GDP;*

- Measurement of dependence on fossil fuels: weight of fossil fuels in terms of exports, GDP and the country's energy mix;

Green economy:

- Assessment of the share of renewable energy: in terms of the energy mix, electricity production, capacity installations and energy efficiency ;
- Measurement of investment flows made on green technologies

Based on information held by the ESG Research Team, an Adaptation score and a Transition score are assigned to each State forming part of the initial investment universe. These scores are calculated quantitatively for each State.

Once the rating process is complete, each State is assigned a score ranging from zero (worst) to 10 (best). This score reflects investment opportunities or, conversely, extra-financial risks.

This first step of the analysis identifies States to be ruled out solely due to ESG criteria.

The selectivity approach makes it possible to exclude 20% of the lowest rated States, distributed as follows: (i) 10% of States whose Adaptation scores are the lowest in the initial investment universe and (ii) 10% of States whose Transition scores are the lowest in the initial investment universe.

(ii) For companies:

For equities: The initial investment universe is built from the Companies that belong to the MSCI World net total return USD Index (NDDUWI Index)

For corporate bonds: The initial investment universe is made up of private issuers (hereinafter referred to as "Companies") which belong to the ICE Bofa Global High Yield Index (HW00 Index)

Each Company forming part of the initial investment universe is assessed according to various performance indicators linked to Environmental, Social and Governance criteria.

An analysis of the Environmental, Social and Governance criteria is performed by the Research Centre. 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.

The ESG rating process is structured across five steps which can be described as follows:

1. Periodic update of raw data from different sources
2. Calculation of performance indicators (KPIs, at least 30)
3. When aggregated and supplemented with recent information collected and deemed relevant by the ESG Research Team, they produce scores in three areas (environmental sustainability, human capital and organisational capital)
4. Calculation of weightings for these three areas, which may differ by sector
5. Calculation of the ESG score, on the basis of the three areas and specific sector weightings

For example, the criteria used to analyse Companies are:

- Environmental: carbon intensity and waste management, etc.
- Social: staff training, labour relations, etc.
- Governance: management structure and relationship with shareholders, remuneration policy, etc.

Once the rating process is complete, each Company is assigned a score ranging from zero (worst) to 10 (best). This score reflects investment opportunities or, conversely, extra-financial risks.

This first step of the analysis identifies Companies 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
- Issuers deriving more than 25% of their income from thermal coal, or more than 5% tobacco;
- companies located in countries on the blacklist
- companies located in countries on the red list of sensitive countries are subject to due diligence prior to investment carried out by the management teams.

These lists, which are maintained and updated by the Compliance Department of the La Française group, are drawn up with regard to international sanctions and the implications for terrorism and corruption.

Next, the 20% of Companies with the lowest ESG scores in each of the investment universes (20% on the equities universe and 20% on the corporate bonds universe) are excluded.

All of these excluded Companies represent the ESG exclusion list. This list is drawn up on a monthly basis and identifies a minimum ESG score threshold below which the sub-fund cannot invest. Companies whose ESG score falls below the exclusion threshold cannot be part of the investable universe.

Stage 2: Carbon and financial analyses

This second stage differs depending on the nature of the issuers, namely (i) whether they are public/sovereign issuers (States) or (ii) Companies.

(i) For public/sovereign issuers (States):

During the second stage of the investment process, a macro-economic analysis of public/sovereign issuers (hereinafter referred to as the "States") having passed stage 1 is carried out.

In addition to this macro-economic analysis of the States, a "carbon" analysis is carried out on the basis of performance criteria relating to climate change (such as carbon emissions and the energy mix).

In order to measure States' performance in relation to these criteria, data provided by our ESG Research Team from specialist data providers (e.g. carbon data from countries collected by PRIMAP) is taken into account.

At the end of this analysis, a Carbon Impact score is assigned to each State, this being the average of the Adaptation and Transition scores.

In addition to the assigned quantitative Carbon Impact score, a qualitative analysis of each State is carried out.

This qualitative analysis is based on an analysis of the trajectory of the State's carbon emissions. During this analysis, the management team will estimate the ability of a State to meet its goals to reduce carbon intensity. The management team analyses the climate policy of each State based on the State Contributions determined at national level (CDN) from the United Nations Framework Convention on Climate Change (UNFCC).

The management team also carries out an analysis of the State's energy mix and the efficiency of its governance on energy choices: support for fossil fuels or deployment of production capacities for renewable energies.

Following the financial analysis and carbon analysis (both quantitative and qualitative), the States are qualified as:

- **1. Winners:** leading countries in energy transition, more resilient to climate change and with high adaptation capabilities (responsible governance, high level of development);
- **2. Survivors:** countries vulnerable to climate change but well positioned in their transition to a low carbon economy;
- **3. Outsiders:** countries behind in their transition but still benefiting from the necessary adaptation capabilities to act;
- **4. Losers:** the most vulnerable countries to climate change, low adaptation capabilities (lack of responsible governance, low level of development), very high transition risks (heavy reliance on fossil fuels, very weak level of commitment to renewable energy).

No investment will be made in States qualified as Losers.

The qualification of States is subject to an annual review between the management team and the ESG Research Team. Each case is also reviewed in the event of any change in the political climate within the State, or when a major event occurs, in order to re-assess the investment prospects.

If, during a review, a State is qualified as Loser, the Management Company will sell the securities within a reasonable time, regardless of the price level of the security at the time of the transfer. This disposal may have an impact on the financial performance of the sub-fund.

(ii) For Companies:

During the second stage of the investment process, a financial analysis of the Companies that passed through the filter in stage 1(ii) is carried out.

The financial analysis aims to select quality issuers that generate recurring cash flows and have a business model that generates added value. For equities, it is based on the analysis of the criteria of quality, growth, valuation, volatility and momentum. For issuers of corporate bonds, the financial analysis aims to determine the issuer's credit quality.

After having reduced the universe on the basis of a financial analysis, a "carbon" analysis is carried out based on analysis criteria relating to climate change.

These criteria exist at various levels, such as the historical performance of carbon emissions (based on Scope 1 – direct emissions, and Scope 2 – indirect emissions; for certain sectors, the share of emissions relating to Scope 3, which is not considered here, can account for a large share of total emissions), governance and climate risk management, and the strategy implemented by the company to participate in the transition. In order to measure companies' performance in relation to these criteria, the management team uses data collected by our ESG Research Team from specialist data providers (e.g. carbon data from companies collected by the international Carbon Disclosure Project). A "carbon impact" score is awarded as a result of this analysis.

Companies in the various sectors are then qualified in a discretionary manner, according to the Management Company's methodology, subject to the limitations specified above by: i) low carbon, ii) in transition according to the sectoral decarbonisation trajectory, iii) in transition but efforts required (in which the Management Company plays no active role) and iv) lagging in terms of the assigned "carbon impact" score. No investment will be made in companies assessed as lagging.

Companies benefit from an annual review of files between management and the ESG Research Team. The files are also reviewed when the company's strategy is updated or a major change occurs, in order to re-analyse the investment case. Thus, if, during a review, a company is qualified as lagging, the management company will sell the securities within a reasonable time, regardless of the price level of the security at the time of the transfer. This disposal may have an impact on the financial performance of the sub-fund.

The sub-fund may also invest in sustainable finance instruments which include the following categories:

- Green bonds;
- Sustainability bonds;
- Social bonds;
- Debt securities linked to performance on one or more sustainability objectives (sustainability-linked bonds)

For green bonds:

The proportion of green bonds in the sub-fund may be variable and is not limited. It will depend on market trends and the size of the target market.

The analysis of green bonds is carried out along three axes and in addition to the steps described below, namely:

1. Adherence to the four pillars of the "Green Bond Principles"

- Use of funds: the funds are to be used to finance or refinance green projects in line with the taxonomy defined by the green bond principles and with the new European taxonomy;
- The project selection and evaluation process: precise selection and description of projects financed by the green bond, governance put in place around the selection, definition of environmental objectives and impact measurements linked to these projects.
- Fund management: detail of funds allocated by project, ability to monitor funds used with a rigorous process
- Transparency and reporting: the issuer must communicate at least annually and transparently on 2 points: the allocation of funds (funds allocated and activities financed) and the impact of the projects, i.e. the direct contribution to the environment such as the reduction of carbon emissions (impact report, objectives)

2. The issuer's energy transition strategy and status (stage 2)

- A cross-analysis is carried out with the fundamental analysis of the issuer described previously (financial analysis and carbon analysis)

3. Analysis and measurement of the impact of funded projects

- special attention is paid to the choice of funded projects and their consistency with the issuer's more global energy transition strategy. In addition, whether public or private, green bond issuers will be subject to the same financial and extra-financial analyses and must pass the exclusion phase (stage 1) and the macro-economic/credit and carbon analysis phase (stage 2).

The share of public/sovereign (State) issuers and companies analysed under the ESG criteria in the portfolio is greater than 90%.

Stage 3: Carbon intensity assessment

This stage 3 is shared by the two investment processes regarding public/sovereign (State) issuers and Companies.

The management company is committed to an objective of reducing the carbon intensity of the portfolio by at least 30% compared to its composite benchmark indicator 20% MSCI World net total return USD Index (NDDUWI Index) + 40% ICE BofA Global High Yield Index (HW00 Index) + 40% JP EMBI Global Diversified Index (JPGCCOMP Index). This commitment is permanent and will be respected at all times.

The objective of reducing carbon intensity is monitored as follows:

- The carbon intensity of a country is calculated as the ratio between the volume of greenhouse gas emissions (GHG) of the country in tonnes of CO₂eq and GDP. Carbon intensity is a measure of greenhouse gas (GHG) emissions per unit of economic output (GDP). Greenhouse gas emissions in tonnes of CO₂eq per euro invested are based on the country's overall greenhouse gas emissions at national level, excluding land use, land use changes and forestry. This means grouping together the emissions and absorption of these gases resulting directly from human activities linked to land use, land use changes and forestry.
- The carbon intensity of a company is calculated as the ratio between the volume of greenhouse gas emissions (GHG) of the company in tonnes of CO₂eq and total revenue. Greenhouse gas emissions in tonnes of CO₂eq per euros invested are based on Scope 1 – direct emissions and Scope 2 – indirect emissions (please note that for some sectors, the share of Scope 3 emissions is not taken into account here, but can account for a large share of total emissions), relative to company turnover.

Greenhouse gas (GHG) emissions from countries and companies are aggregated at portfolio level according to this methodology. This carbon intensity is then weighted by the level of securities in the portfolio.

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).

The various methodologies adopted by the management company for taking into account extra-financial criteria has a weakness relating to the quality of the information collected by the ESG Research Team as well as the transparency of the various issuers. Additional information on the management company's extra-financial analysis, including ESG criteria and the carbon analysis, is presented in the transparency code available on the La Française website, 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.

2. Assets (excluding embedded derivatives)

a. Equities: yes, up to 50% of the assets. The sub-fund may also hold shares following the conversion of convertible bonds.

b. Debt securities, as well as money market and bond instruments (including convertible instruments) yes

The sub-fund will invest in State bonds (a maximum of 50% of the net assets) or private bonds (up to 100% of the net assets), negotiable debt securities (including short-term negotiable securities such as certificates of deposit or commercial papers; negotiable medium-term notes and Euro Commercial Paper), medium-term notes and Euro Commercial Paper, of any maturity, at fixed, variable or revisable rate, participation certificates, indexed bonds, bonds of an equivalent quality to "Investment Grade", convertible bonds (up to 10% of the net assets).

The sub-fund may also invest in high yield debt (speculative securities) up to 100% of net assets (rating below BBB- or deemed equivalent by the management company) and up to 100% in not rated. 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 sub-fund's exposure to the debts of non-OECD countries, including emerging countries, shall not exceed 70% of the net assets.

The sub-fund may also invest in contingent convertible bonds (CoCos) up to 10% of the net assets.

c. UCI: yes, up to 10% of the assets

The sub-fund can invest up to a limit of 10% of its assets in the units or shares of UCITS governed by French or foreign law and/or in UCIs meeting the four criteria of Article R214-13 of the Monetary and Financial Code. They will be used to manage the cash flow. They will be used in particular to manage the sub-fund's cash flow or to benefit from an investment strategy for the sub-fund's management objective.

These UCIs may be managed by the management company or an associated company, as applicable.

The sub-fund can invest up to 10% in shares of real estate investment trusts (REITs) having the status of transferable securities within the meaning of the Luxembourg law of 17 December 2010 (on undertakings for collective investment) and related regulations, preferred shares and debt securities of listed real estate companies and similar securities of real estate operating companies:

From 20 July 2022, the portfolio's exposure to currency risk (after hedging) will not exceed 50% of net assets. Until that date, it will not exceed 10% of net assets.

The sub-fund may hold cash and equivalent instruments on an ancillary basis. These may include money market funds or funds for which the overall weighted maturity of the investment or the frequency of interest rate revision shall not exceed 12 months.

For each of the categories mentioned above:

	Shares	Bonds, debt securities and money market instruments:	Units or shares of UCIs or investment funds
Holding ranges	0-50%	0-100%	0-10%
Investment in small cap financial instruments	0-10%	None	None
Investment in financial instruments of non-OECD countries (including emerging countries)	0-70%	0-70%	0-70%

The investment manager implements a dynamic and flexible allocation process on selected asset categories.

3. Derivative instruments

The sub-fund may invest in futures and optional financial instruments traded on French and foreign regulated markets or OTC. Each derivative instrument corresponds to a specific hedging strategy that the sub-fund's 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
- interest rates: yes
- foreign exchange: yes
- credit: yes
- Index: yes

Nature of activities:

- discretionary coverage: yes
- exposure: no
- arbitrage: no

Nature of the instruments used:

- futures: yes
- swaps (interest rates, currencies): yes
- forward exchange: yes
- options (listed, securities transaction): yes
- caps and floors: no
- Credit default swaps (CDS) (single name, index): yes

The sub-fund will not use total return swaps (TRS).

Consolidated exposure to equity, currency or interest rate markets, including exposure resulting from the use of forward financial instruments, will not exceed 200%.

The derivative instruments listed above are subject to the same extra-financial analysis process as the securities described in the investment strategy, in particular respecting the selectivity approach and the various exclusion policies.

4. Securities with embedded derivatives:

Risks on which the manager seeks to act:

- equities: yes
- interest rates: yes
- foreign exchange: yes
- credit: yes
- index: yes

Nature of activities:

- hedging: yes
- exposure: no
- arbitrage: no

Nature of the instruments used:

- convertible bonds: yes
- EMTN: yes
- BMTN: yes
- Callables: yes
- Puttables: yes
- Subscription certificates: yes
- Contingent convertible bonds ("cocos"): Yes, up to a maximum limit of 10%

The sub-fund will preferably use derivative instruments traded on regulated markets, but reserves the right to enter into over-the-counter contracts when they are better suited to the management objective or offer lower transaction costs.

The sub-fund may use derivative products such as futures, forwards, options, warrants, interest rate swaps, currency swaps, forward currency swaps, Credit Default Swap (CDS on a single underlying and CDS on an index) and Non Deliverable Forward to offset direct investment, hedging, efficient portfolio management and a leverage effect.

Information on the sub-fund's financial guarantees

• Nature of financial guarantees:

Within the framework of derivatives traded OTC, the sub-fund may receive cash in its reference currency as collateral. Guarantees are held by the depositary of the sub-fund.

• Reinvestment policy and guarantees received:

Financial guarantees received in cash may be:

- placed in deposit;
- invested in high-quality government bonds;
- invested in short-term monetary UCIs.

Securities received as collateral cannot be sold, reinvested or used as a guarantee deposit.

• 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. These intermediaries are selected based on their research quality, the cash assets that they offer, and their speed and reliability with regard to how they process orders and the quality they provide in

doing so. At the end of this rigorous and regulated process, in which a grade is awarded, the counterparties selected for transactions for the temporary purchase or sale of securities are credit institutions authorised by the management company which have their registered office in a Member State of the European Union.

• **Remuneration:**

Information relating to the remuneration of these transactions is provided in the “Fees and commissions” section.

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

Risk profile:

Reminder of the risk profile of the master sub-fund La Française LUX – Carbon Impact Income

Risk of capital loss:

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

Liquidity risk:

This refers to the risk when trading volumes are low or in the event of volatility on a particular market, this financial market cannot absorb the volumes of sales (or purchases) without significantly lowering (or raising) asset prices. This may result in a fall in the net asset value.

ESG investment risk:

The sub-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. A sub-fund may sell a security for ESG reasons, rather than for purely financial considerations.

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 sub-fund. Sustainability risks can either represent a risk in and of themselves, 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.

Interest rate risk:

The Sub-fund is subject to interest rate risk. The value of a debt security or debt-related security generally increases when interest rates fall and decreases when interest rates rise. While interest rate fluctuations may weigh on the interest income of the Sub-fund, such changes may have a negative or positive affect on the net asset value of the Sub-fund.

Equity risk:

The Sub-fund is exposed to equity markets. If the markets go down, the value of the Sub-fund will go down.

The Sub-fund may invest in small and mid cap equities. The trading volume of these listed securities is small, hence market swings are more significant, both upwards and downwards, and occur quicker than for large caps. The net asset value of the Sub-fund may therefore display the same behaviour.

Counterparty risk:

The Sub-fund may enact financial transactions on derivatives and transactions with the right of redemption as well as other contracts involving exposure to credit risks related to specific counterparties. If a counterparty fails to meet its obligations, the Sub-fund may experience a decline in its portfolio value.

Real estate market risk:

Real estate and related investments can be affected by any factor that decreases the value of a geographic region or individual property.

Specifically, investments made in real estate companies or related companies or securities (including interest on mortgages) can be negatively affected by natural disasters, economic downturns, excessive building, zoning changes, tax increases, demographic

or lifestyle trends, environmental pollution, mortgage defaults, mismanagement and other factors that may affect the market value or cash flow of the investment.

Many issuers of real estate-related securities have a high level of leverage, which makes their securities more volatile.

The value of real estate-related securities does not necessarily reflect the value of the underlying assets.

Discretionary risk:

The discretionary management style applied to the Sub-fund is based on the selection of securities and on forecasts for the markets of the Sub-fund's assets. There exists a risk that it may not be possible for the Sub-fund to invest in the best-performing securities at all times. The Sub-fund's performance may therefore be lower than the management objective. Moreover, the net asset value of the Sub-fund may exhibit negative performance.

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 (non-exhaustive list):

- 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. Moreover, 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.

Risk associated with derivative instruments:

The Sub-fund uses derivatives, i.e. financial instruments whose value depends on that of an underlying asset. However, fluctuations in the price of the underlying asset, even small, can lead to significant changes in the price of the corresponding derivative instrument.

Exchange rate risk:

The Sub-fund can invest in securities denominated in currencies other than the euro. Investors in euro area countries are exposed to risks arising from exchange rate fluctuations.

Credit risk:

Credit risk may arise from a downgrading of the credit rating of an issuer of debt securities or the default of an issuer.

If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the net asset value of the mutual fund to fall.

Risk arising from investments in emerging markets:

The sub-fund may be exposed to emerging markets. Investing in these markets involves an increased risk, given the political and economic context of these markets, which could weigh upon the value of sub-fund's investments. Operating and supervisory conditions in emerging markets may differ from the prevailing standards on major international markets. In addition, investment on these markets involves risks linked to restrictions imposed on foreign investments, counterparties, increased volatility, delays in

settlements/deliveries and the limited liquidity of certain lines in the sub-fund's portfolio. This may result in a decrease in the net asset value of the sub-fund.

Risk associated with investments in "high-yield" securities (known as speculative securities):

This sub-fund should be considered speculative. It is aimed specifically at investors who are aware of the risks inherent to investing in securities with a low or non-existent rating.

These speculative securities are classed as speculative and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The value of the sub-fund units may therefore be lower when the value of these securities in the portfolio falls.

Default risk relating to issuers of debt securities:

The default risk is the risk related to solvency of the entity which issued the securities. This risk is even greater should the sub-fund invest in speculative or unrated securities which could lead to an increased level of risk of the net asset value of the sub-fund decreasing and a loss of capital.

Leverage risk:

The sub-fund's high net exposure to certain investments could make its price more volatile.

To the extent that the sub-fund uses derivatives or securities lending to increase its net exposure to a market, rate, basket of securities or other financial reference source, changes in the price of the reference source will be amplified at the fund level.

Risk associated with investment funds:

As with all investment funds, investments in the sub-fund involve certain risks that an investor would not be exposed to if he/she invested directly in the markets:

- transactions by other investors, in particular sudden and significant outflows of cash, could interfere with the orderly management of the sub-fund and lead to a drop in its net asset value;
- the investor may not direct or influence the way in which the capital is invested as long as it remains within the sub-fund;
- the purchase and sale of investments by the sub-fund may not be optimal from a tax point of view for a given investor;
- the sub-fund is subject to various investment laws and regulations which limit the use of certain securities and investment techniques likely to improve performance; as the sub-fund is registered in jurisdictions which impose more stringent restrictions, this decision could further limit its investment activities;
- as the sub-fund is based in Luxembourg, all the protections that would have been provided by the other regulatory authorities (including, for investors not resident in Luxembourg, those of their national regulatory authority) may not apply;
- as the shares of the sub-fund are not listed, the only option for liquidating the shares is generally redemption, which could be subject to the redemption policies defined by the sub-fund;
- because it invests in other UCITS/UCIs, the sub-fund may be subject to other investment fees, which would result in a further reduction in capital gains;
- given the way performance fees are calculated, an investor may, in certain cases, have to pay a performance fee even if the actual performance is negative;
- the SICAV may not be able to hold a service provider fully liable for losses or opportunities missed due to the fault of the service provider; for example, the custodian bank is only liable for negligence and wilful default on its part and on the part of any local agent;
- where the SICAV deals with affiliates of La Française, and such affiliates (and affiliates of other service providers) deal with each other on behalf of the SICAV, conflicts of interest may arise (although to mitigate them, all such business activities must be conducted in accordance with customary market practices, and all such entities, and persons associated with them, are subject to strict fair dealing policies prohibiting taking advantage of inside information and displaying favouritism);
- changes in tax regime or regulations may result in costs, inefficiencies or losses for the sub-fund as well as limit its investment management options or compromise its ability to achieve its objective;
- the use of collateral, whether in derivative contracts, securities lending or reverse repurchase agreements, may not fully cover losses and lead to liquidity risks;
- because there is no segregation of responsibility between the different classes of shares of a sub-fund, investors in a certain class of shares may suffer the negative consequences of techniques and transactions carried out in other classes shares of the same sub-fund. A list of share classes presenting a risk of contagion to other share classes can be obtained on request from the management company.

Management risk:

The team in charge of the management of the sub-fund may be wrong in its analysis, its assumptions or its projections.

This includes forecasts regarding the industry, market, economic, demographic or other trends. It also includes the analysis that the management team uses to determine arbitrage positions (positions aimed at exploiting price differences for the same or similar exposures in terms of investing in different markets).

Market risk:

The prices and returns of many securities can change frequently and may decline due to a wide variety of factors.

Among these factors are:

- *political and economic news*
- *government policy*
- *changes in practices in terms of technology and trade*
- *variations at demographic, cultural and population levels*
- *natural or man-made disasters*
- *meteorological and climatic phenomena*
- *scientific discoveries or findings resulting from investigations*
- *the costs and availability of energy, raw materials and natural resources*

The effects of market risk can be immediate or gradual, last for a short or long period and have a limited or significant effect.

Guarantee or protection:

The Fund does not benefit from any guarantee or protection.

Target subscribers:

I units Reserved for professional clients within the meaning of MiFID

R units All subscribers, in particular investors who are natural persons

The investor who has subscribed to this mutual fund wishes to diversify his bonds investments in emerging countries via exposure to interest rates.

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 three years.

Methods of determining and allocating distributable amounts:

I units Capitalisation

R units Capitalisation

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:**I and R units:**

Subscription orders (expressed in an amount or in hundred thousandths of units) and redemption orders (expressed in hundred thousandths of units) are received and processed by La Française AM Finance Services every trading day (T) at 9:15 a.m. (except for statutory public holidays in France and Luxembourg) and are executed based on the next net asset value.

Payments relating thereto are made on the second trading day following the processing date.

R units: FR0011176338

Subscription requests (expressed in amounts or in hundred thousandths of units) and redemption requests (expressed in hundred thousandths of units) are received and processed on each trading day on the stock market (T) at 9:15 a.m. (excluding statutory public holidays in France and Luxembourg) with La Française AM Finance Services for units to be registered or recorded as bearer units with Euroclear and with IZNES for units to be registered or recorded as pure registered units with the IZNES Shared Electronic Registration System (DEEP); and are made on the basis of the next net asset value.

Payments relating thereto are made on the second trading day following the processing date.

Each unit can be divided into hundred thousandths.

The orders shall be carried out according to the table below:

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
D before 9.15 a.m.	D before 9.15 a.m.	Each trading day (T)	T + 1 business day	T + 2 business days	T + 2 business days

Minimum value of initial subscription:

I units EUR 100,000

R units None

Minimum value of subsequent subscriptions:

I units None

R units None

Date and frequency of the net asset value:

Every day the stock exchange is open in Paris, excluding statutory public holidays in France and Luxembourg, based on the closing price.

Original net asset value:

I units EUR 10,000

R 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	I units: 3.00% maximum R units: 3.00% maximum
Sales fee paid to the UCITS	Net asset value x Number of units	I units: None R units: None
Redemption fee not paid to the UCITS	Net asset value x Number of units	I units: None R units: None
Redemption fee paid to the UCITS	Net asset value x Number of units	I units: None R 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	I units: 0.562% including taxes Maximum rate R units: 1.162% including taxes Maximum rate
2	Administrative costs external to the management company	Net assets	I & R units: 0.238% maximum rate (including taxes)
3	Maximum indirect costs	Net assets	0.34% maximum rate (including taxes)
4	Turnover fees	Deducted from each transaction	None
5	Outperformance fee	Net assets	None

A percentage of the management fee may be paid to remunerate marketers and distributors, subject to applicable regulations.

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).

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.

Subscription and redemption fees of the master fund:

Fees charged to the investor, levied during subscriptions and redemptions	Base	Rate/scale
Subscription fees not paid to the UCITS	Net asset value x number of units	Class T - EUR - DISTRIBUTION: None Class R - EUR - DISTRIBUTION: 3.00% maximum Class I - USD - DISTRIBUTION: 3.00% maximum Class I - EUR - DISTRIBUTION: 3.00% maximum Class T - EUR - CAPITALISATION: None Class F - EUR - CAPITALISATION: None Class T - USD - DISTRIBUTION: None

		Class R - USD - DISTRIBUTION: 3.00% maximum Class R - EUR - CAPITALISATION: 3.00% maximum
Subscription fees paid to the UCITS	Net asset value x number of units	Class T - EUR - DISTRIBUTION: None Class R - EUR - DISTRIBUTION: None Class I - USD - DISTRIBUTION: None Class I - EUR - DISTRIBUTION: None Class T - EUR - CAPITALISATION: None Class F - EUR - CAPITALISATION: None Class T - USD - DISTRIBUTION: None Class R - USD - DISTRIBUTION: None Class R - EUR - CAPITALISATION: None
Redemption fee not paid to the UCITS	Net asset value x number of units	Class T - EUR - DISTRIBUTION: None Class R - EUR - DISTRIBUTION: None Class I - USD - DISTRIBUTION: None Class I - EUR - DISTRIBUTION: None Class T - EUR - CAPITALISATION: None Class F - EUR - CAPITALISATION: None Class T - USD - DISTRIBUTION: None Class R - USD - DISTRIBUTION: None Class R - EUR - CAPITALISATION: None
Redemption fee paid to the UCITS	Net asset value x number of units	Class T - EUR - DISTRIBUTION: None Class R - EUR - DISTRIBUTION: None Class I - USD - DISTRIBUTION: None Class I - EUR - DISTRIBUTION: None Class T - EUR - CAPITALISATION: None Class F - EUR - CAPITALISATION: None Class T - USD - DISTRIBUTION: None Class R - USD - DISTRIBUTION: None Class R - EUR - CAPITALISATION: None

Operating and management costs of the master fund:

Costs invoiced to the master UCITS	Base	Rate/scale
Management fees	Net assets	None
Other operating costs, including the management company's commission and the subscription tax		0.30% (to which is added 0.01% subscription tax and 0.03% other fees) including taxes per annum calculated daily on the basis of the net assets of the sub-fund. The fee will be paid during the month following the end of the quarter.
Outperformance fee	Net assets	None

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-connaître/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 takes into account the main negative impacts on the sustainability factors. The external data provider is ISS.

4. Commercial information

1. The distribution of units is carried out by Caisse Fédérale du Crédit Mutuel Nord Europe, Caisses du Crédit Mutuel Nord, LA FRANÇAISE AM FINANCE SERVICES, Banque Coopérative and Mutuelle Nord Europe.

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 Carbon Impact Income” mutual fund is available at the premises of the management company 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. La Française Asset Management is the management company of the master and feeder funds. It has put in place internal rules of conduct to ensure that the feeder fund complies with its regulatory obligations. These internal rules of conduct cover, among other matters, the information necessary for the establishment of regulatory reports on the funds, conflicts of interest, the exchange of information concerning prospectuses and the KIIDs of the funds following a modification and certain terms and conditions relating to subscription/redemption.

6. Notification 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

Overall risk method of the feeder fund:

The mutual fund applies the method of calculating the commitment.

Overall risk method of the master fund:

The master UCITS La Française LUX - Carbon Impact Income - F - EUR - CAPITALISATION uses the absolute VaR method as the methodology to calculate overall risk:

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 100% 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 mutual fund abides by the accounting rules laid down under the regulations in force and in particular the accounting rules applicable to UCI.

All transferable securities in the portfolio are recorded at past cost, excluding fees.

On each net asset valuation date and balance sheet date, the portfolio is valued based on:

Transferable securities

UCIs: at the last-known net asset value. Estimated net asset values are used for UCIs and foreign investment funds with a monthly valuation.

Accounting method for interest

Interest on bonds and debt securities is recorded using the accrued interest method.

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 Carbon Impact Income

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 holders, 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.

The UCITS 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. 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.

Minimum subscription conditions are possible, according to the terms set out in the prospectus.

If the net assets of the mutual fund are lower than the amount specified in the regulations, no units may be redeemed.

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 shall inform the Financial Markets Authority.

The Fund is a feeder UCI, which means that the Depositary has concluded an information exchange agreement with the Depositary of the master UCI (or where applicable, if it is also the Depositary of the master UCI, it has drawn up an adapted set of specifications).

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.