

# PROSPECTUS

## La Française Trésorerie ISR

### Mutual Fund

## 1. General features

### 1.1 Legal form of the UCITS

**Name:**

La Française Trésorerie ISR

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

Fonds Commun de Placement (mutual fund) under French law

**Launch date and scheduled duration:**

07/02/2003 - 99 years

**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
B units	FR0011361229	EUR 100	No	Accumulation	Accumulation	EUR	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services, more particularly investors from Benelux and CMNE clients	EUR 100
I units	FR0010609115	EUR 100,000	No	Accumulation	Accumulation	EUR	Reserved for professional clients within the meaning of MiFID	EUR 500,000
R units	FR0000991390	EUR 70,000	No	Accumulation	Accumulation	EUR	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services	EUR 100
T C units	FR0013289022	EUR 100	No	Accumulation	Accumulation	EUR	All investors without payment of retrocession fees to distributors	None
R2	FR0014012MR8	EUR 1,000	No	Accumulation	Accumulation	EUR	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services.	EUR 100

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

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

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

CREDIT MUTUEL ASSET MANAGEMENT  
128, boulevard Raspail – 75006 PARIS.

A public limited company approved by the Commission des Opérations de Bourse (now the Autorité des Marchés Financiers) under no. GP 97-138.

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

email: [contact-valeursmobilieres@la-francaise.com](mailto:contact-valeursmobilieres@la-francaise.com)

For further information, please contact the Marketing Department of the management company by email at: [contact-valeursmobilieres@lafrancaise.com](mailto:contact-valeursmobilieres@lafrancaise.com).

## 1.2 Stakeholders

**Management company:**

CREDIT MUTUEL ASSET MANAGEMENT

A public limited company approved by the Commission des Opérations de Bourse (now the Autorité des Marchés Financiers) under no. GP 97-138.

Registered office: 128, boulevard Raspail – 75006 PARIS.

**Depositary and custodian:**

BANQUE FEDERATIVE DU CREDIT MUTUEL

4, rue Frédéric-Guillaume Raiffeisen

67000 Strasbourg.

The depositary's functions include the custody of assets, verifying that the asset management company's decisions comply with regulations, monitoring the fund's cash flows, and, by delegation, serving as the fund's transfer agent and registrar. The depositary will delegate the custody of assets held abroad to one or more local sub-custodians.

BFCM will serve as the UCITS' depositary and the custodian of its assets and will be responsible for the processing of subscription and redemption orders by delegation. BFCM will also keep the register of the UCITS units.

a) Responsibilities:

1. Custody of assets
  - i. Custodial services
  - ii. Registrar services
2. Monitoring the compliance of the UCIs or the asset management company's decisions
3. Monitoring liquidity flows
4. Delegated liability management
  - i. Processing of subscription and redemption orders
  - ii. Keeping of the issuance register

Potential conflicts of interest: the policy for dealing with conflicts of interests is available on BFCM's website at: <http://www.bfcm.creditmutuel.fr/>. A paper copy of this list may be obtained free of charge from: BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

b) Delegated custodian:

BFCM. The list of delegates and sub-delegates is available at: <http://www.bfcm.creditmutuel.fr/>. A paper copy of this list may be obtained free of charge from: BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

c) Updated information is available to investors on request from: BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)

**Statutory auditor:**

DELOITTE et Associés  
6 place de la Pyramide 92908 Paris-La Défense cedex  
Represented by Ms Virginie Gaitte

**Marketers:**

LA FRANÇAISE AM FINANCE SERVICES  
Service relations clientèle [Customer relations department]  
128, boulevard Raspail – 75006 PARIS

**CMNE**

4 place Richebé 59800 LILLE

**Delegated entities:**

**Appointed account manager**

CREDIT INDUSTRIEL ET COMMERCIAL (CIC)  
Whose registered office is at 6, Avenue de Provence, 75009 PARIS

**Advisors:**

None

**Centralising agent:**

BANQUE FEDERATIVE DU CREDIT MUTUEL  
4, rue Frédéric-Guillaume Raiffeisen  
67000 Strasbourg.

**Institution responsible for the receipt of subscription and redemption orders:**

**- for bearer units to be registered or registered with Euroclear:**

BANQUE FEDERATIVE DU CREDIT MUTUEL (BFCM)  
4, rue Frédéric-Guillaume Raiffeisen  
67000 Strasbourg

**- 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 the right of co-ownership to Fund assets in proportion to the number of units held.
- Liability management: the functions of centralising subscription and redemption orders are carried out by BANQUE FEDERATIVE DU CREDIT MUTUEL for units to be registered or already registered in bearer form within EUROCLEAR and by IZNES as centraliser for units to be registered or already registered in pure registered form within the IZNES Shared Electronic Registration System (DEEP). These are then reflected in the bearer share issuer account held by BANQUE FEDERATIVE DU CREDIT MUTUEL. These tasks are carried out through delegation by the asset management company.
- Bearer units admitted to EUROCLEAR France: **R, R2, B, TC, I units**
- Pure registered units in DEEP IZNES: **I, R units**
- Voting rights: the units do not carry any voting rights; decisions are taken by the management company.
- Form of units: the mutual fund units are bearer units admitted to EUROCLEAR or registered units managed in DEEP IZNES.
- Fractional units: each unit can be divided into one hundred thousandths of a unit (R, I, R2 and T C units) and ten thousandths of a unit (B units)

**Closing date:**

- End of accounting period: last trading day of September
- End of the first financial year: 30 September 2003

**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:**

B units	FR0011361229
I units	FR0010609115
R units	FR0000991390
T C units	FR0013289022
R2	FR0014012MR8

**Classification:**

standard money market fund with variable net asset value (VNAV)

MMF approval date: 01/02/2019

**Management objective:**

The Fund's management objective is to seek market opportunities on short-term maturities with the aim of delivering a performance equal to the capitalised €STR, after the deduction of costs.

In the event of very low money market interest rates, the yield generated by the UCITS could be negative.

This UCITS is managed using a qualitative non-financial filter in accordance with the policy implemented by Crédit Mutuel Asset Management and in compliance with the requirements of the French SRI label, using an ESG integration and selectivity approach to management.

**Benchmark index:**

The benchmark index representative of the management strategy is the €STR capitalised.

Euro short-term rate: short-term rate in euros that reflects the overnight euro unsecured borrowing costs for Eurozone banks. The rate is published by the ECB at 8 a.m. (Central European Time) every opening day of TARGET 2.

Bloomberg code of reference: ESTCINDX Index

Index administrator: The European Central Bank benefits from the exemption of article 2.2 of the Benchmark regulation as a central bank and as such does not have to be registered in the ESMA register.

Further information on the benchmark index is available on the administrator's website: [https://www.ecb.europa.eu/stats/financial\\_markets\\_and\\_interest\\_rates/euro\\_short-term\\_rate/html/index.en.html](https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/euro_short-term_rate/html/index.en.html)

The benchmark is only used for comparison. The manager is free to decide whether or not to invest in the securities that make up the benchmark index. It is therefore free to choose the securities that make up the portfolio while respecting the management strategy and investment constraints.

**Investment strategy:**

Range of sensitivity: between 0 and 0.5

**1- Strategy used**

The UCITS management company establishes an initial investment universe composed of existing known money market issuers and issuers of bond market indices: Bloomberg Global Aggregate Corporate 1-5 year Index and ICE BofA BB Global High Yield BB 1-5 year Index.

This UCITS promotes environmental, social and governance (ESG) criteria within the meaning of Article 8 of Regulation (EU) 2019/2088 known as the Sustainable Finance Disclosure (SFDR).

In its investment decisions, the management team endeavours to take into account the criteria of the European Union in terms of economic activities considered sustainable under the Taxonomy Regulation (EU) 2020/852. Based on the currently available issuer data, the minimum percentage of alignment with the European Union Taxonomy is 0%.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU 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.

The principal adverse impacts are also taken into account in the investment strategy and are based on policies for monitoring controversies and sector exclusions specific to Crédit Mutuel Asset Management as described below, the ESG and Sustainable Investment rating.

Pre-contractual information on the environmental or social characteristics promoted by the UCITS is available in the appendix.

The investment process is based on an ESG integration and selectivity and is broken down into three stages:

**Stage 1: Legal and sectoral exclusion policies and controversy management:**

Starting with the initial investment universe, the management team will apply a filter linked to Crédit Mutuel Asset Management's sector exclusion policies that it implements for the management of its funds. In addition to legal exclusions, sector-specific exclusions are implemented.

The controversy management of each security is subject to specific analysis, monitoring and rating. The management company will exclude all companies with major controversies.

**Stage 2: ESG filter:**

The non-financial analysis carried out according to the ESG securities selection process leads to at least 30% of the lowest-rated issuers being excluded from the initial investment universe covered. Crédit Mutuel Asset Management's proprietary ESG analysis is based on three complementary pillars: Environment (e.g. CO2 emissions, electricity consumption, waste recycling), Social (e.g. quality of social dialogue, employment of disabled people, employee training) and Governance (e.g. gender diversity on boards of directors, transparency of executive compensation, anti-corruption measures). A qualitative analysis supplements the non-financial analysis resulting from the model.

**Stage 3: Financial analysis and portfolio construction:**

The Fund limits its investment to financial instruments with a maximum residual maturity of 2 years or less in the case of variable-rate or adjustable-rate instruments and a maximum maturity of 397 days for fixed-rate instruments.

For variable-rate or adjustable-rate financial instruments, the reference must be to a money market rate or index.

The manager ensures that the securities comprising the portfolio are of high quality, based on the management company's own analysis. It will carry out its own credit analysis to assess the credit quality of the assets at the time of investment or in the event of a deterioration in their quality, in order to decide whether to sell or retain them.

In accordance with Regulation (EU) 2017/1131, all issuers in the portfolio, their credit quality and their ESG rating must receive a positive internal assessment by the management company. This is a prerequisite for investment in MMIs (excluding governments, central banks, etc.), ABCP, securitisations and for assets received through reverse repurchase transactions. The credit assessment methodology is reviewed once a year at a Risk Committee meeting.

However, issuers with the highest ESG scores will not be automatically retained in the portfolio construction, as inclusion in the final portfolio is subject to the manager's discretion.

**The individual securities selected by the management team which incorporate non-financial criteria and the UCIs selected by the management team featuring the French SRI label constitute 90% of the portfolio.** The Fund may invest up to 10% of its net assets in directly held securities that do not incorporate non-financial criteria and in units or shares of non-SRI-certified UCIs.

It may also take action in:

- financial futures or options and securities with embedded derivatives used to hedge against and/or expose to interest rate risk, credit risk and foreign exchange risk. Direct or indirect exposure to equity and commodity risk, even through financial contracts, is prohibited.

The fund may also invest up to a maximum of 10% of its net assets in sustainable finance instruments. These instruments include the following categories:

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

The analysis of green bonds is carried out along three axes and in addition to the steps described above, 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 GBPs and with the new European taxonomy;
- Project selection and evaluation process: precise selection and description of projects financed by the green bond, governance put in place around the selection process, definition of environmental objectives and impact measurements linked to these projects.

- Fund management: details of funds allocated by project, ability to track funds used through a rigorous process
  - Transparency and reporting: issuers must communicate at least once a year and in a transparent manner on two 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
- A cross-analysis is carried out with the fundamental analysis of the issuer described previously
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.

Finally, whether public or private, green bond issuers will be subject to the same financial and non-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%.

Internal credit rating assessment procedure:

### **I- Description of the scope of the procedure**

#### *Purpose of the procedure*

To enable investment in assets of good credit quality. Only issuers with a positive internal assessment, i.e. one of the two highest internal short-term ratings, are authorised in money market UCIs. Only the securities of issuers with one of the two highest short-term internal ratings are authorised in money market funds.

#### *Scope of application*

The procedure applies systematically to money market instruments.

### **II- Description of the parties involved in the procedure**

People in charge of the various tasks

- collecting information and implementing the methodology: analysts and Risk Control;
- systematically validating the final assessment of credit quality: Risk Control;
- checking the implementation: Compliance and Permanent Control Department;
- reviewing/validating the methodology: the Risk Committee.

The Risk Committee is chaired by the Chief Executive Officer of Crédit Mutuel Asset Management and the other effective managers of Crédit Mutuel Asset Management and Crédit Mutuel Gestion are members as of right.

The Risk Department coordinates this committee, which is represented by the Chief Risk Officer, the Head of Risk Control and the Head of Compliance and Internal Control.

### **III- Frequency of assessment implementation**

The groups and issuers of the entire Crédit Mutuel Asset Management investment universe are analysed and rated at least once a year according to an internal procedure. In the event of an event that could negatively impact credit quality (e.g. significant deterioration in the operating environment, major external growth transaction, etc.), it is systematically reviewed.

### **IV- Description of procedure input and output parameters**

The internal rating is based on the following elements:

- Quantitative aspects:
  - The financial profile of a group of issuers based on its financial data;
  - Information on bond and CDS prices;
  - Default statistics;
  - Financial indices.

- Qualitative aspects:

This block assesses an issuer's operational profile based on all the criteria used to measure, among other things, the economic and regulatory environment, external support, positioning and quality of the issuer's management;

- Sectoral aspects:

This block assesses the risk of the sector in which the issuer operates based on criteria such as intensity of competition, market concentration or profitability;

- Adjustment factors: this block is used to adjust the rating when it is not sufficiently representative of the issuer's credit risk (major event impacting credit quality, etc.);
- The type of issuers;
- The liquidity profile of the instrument;
- The asset category to which the instrument belongs.

The analysis of issuers is carried out mainly on the basis of documents and information published publicly. Other sources of information may be used:

- External credit analyses in connection with subscriptions for the provision of credit ratings as well as databases of financial information;
- Documents obtained during presentations to investors;
- Trade union websites;
- Press articles;
- internal valuations;
- Information from Bloomberg, Thomson Reuters.

The result of the model is a score that is converted into a rating.

## **V- Description of the methodology**

### *The corporates*

The internal score grid is based on the following elements:

- Sector risk: this block assesses the risk of the sector in which the issuer operates, based on various criteria such as the intensity of competition, profitability prospects, margin volatility and market growth.
- Operational risk (excluding sector risk): this consists of several criteria used to assess the issuer's competitiveness (market positioning, geographical diversification, etc.), and the expertise of its management.
- Financial risk: this includes all quantitative criteria based on the issuer's financial data (various ratios calculated from the balance sheet and the income statement).
- Adjustment: this block is used to adjust the automatic rating resulting from the rating model when it is not sufficiently representative of the issuer's risk. In particular, the rating may be adjusted according to the strategic nature of the activity and/or the shareholder's support capacity, particularly when the shareholder is a State. Other factors such as the ability to absorb shocks, the issuer's relationship with its banks, market perception or the issuer's management of financial risk may also be taken into account when adjusting the rating.

Each criterion is assessed from 1 to 5 (very low to very high) weighted to obtain a score transposed into a short-term internal rating. The weightings were determined by a group of experts on the basis of the ACPR's recommendations, as well as the guidance and analyses of practices provided by the rating agencies.

An analysis of the various market data (CDS, bond prices, financial indices, etc.) makes it possible to refine the ratings using monitoring.

From time to time, and for reasons that are always justified by the analyst, it is possible to adjust the rating upwards or downwards.

### *The sovereigns of EU members*

The internal rating is the transposition of external ratings issued by the reference agencies. The external rating used is the lowest of the two best external ratings of the reference agencies. It is then transposed into an internal rating according to a correspondence table. Special cases: where there are only two external ratings, the lower rating is used for transposition. When there is only one external rating, the latter is used for transposition.

From time to time, and for reasons that are always justified by the analyst, it is possible to adjust the rating upwards or downwards.

## Financial companies

The rating grid takes into account two main categories of criteria:

- Quantitative criteria, which make it possible to assess the financial profile of a group based on its latest financial data (ratios mainly calculated from the balance sheet and the income statement + prudential ratios).
- Qualitative criteria to measure, among other things, the economic and regulatory environment, external support, and the positioning and quality of the group's management.

These criteria are all assessed on a scale from 5 (very good) to 1 (bad). The weightings of the various criteria and families of criteria reflect their relative importance in the analysis of the entity's signature risk.

In accordance with the traditional "CAMEL" financial analysis model, the key ratios were chosen from the following four families:

- Profitability;
- Capital;
- Risks;
- Refinancing and liquidity.

The four main families of ratios are supplemented by a few indicators reflecting trends in the evolution of key aggregates:

- Current income trend;
- GNP trend;
- Growth in assets.

The weighting of each ratio within its family is defined according to its level of importance, its degree and its quality of information in the various sources available to us.

For banks, particular attention is paid to their appetite for market activities that are potentially a source of earnings volatility. This criterion will be assessed in particular on the basis of an analysis of the following ratios:

- Net trading income from proprietary trading/GNP;
- Max or average total VaR/Equity;
- Results of stress scenarios carried out by the bank;
- Assessment of market risk exposure and management.

The quantitative ratios shown in the grid do not always fully reflect the quality of the bank's liquidity and refinancing. A more qualitative assessment criterion for these elements therefore completes all the ratios.

The "overall liquidity management" score results from an assessment of the following points:

- Quality of primary liquidity: ability to cover short-term debt with readily available and fully tradeable assets;
- Easy access to refinancing on the markets:
  - Existence and capacity of the market to ensure liquidity;
  - Quality and stability of reputation in the markets;
  - Amount of confirmed bank lines granted by high-quality banks;
  - Diversification of funding by maturity and type (ability to use alternative sources of refinancing such as covered bonds).
- Quality of asset/liability management and liquidity management: existence of appropriate procedures, tools and methods (gap analysis, stress scenarios).

This assessment must be supplemented by taking into account the regulatory ratios LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) published by the bank.

For all financials, the different qualitative criteria are assessed from 5 (Very Good) to 1 (Bad) and relate to the following five areas:

- Economic & banking environment;
- External support;
- Commercial positioning and diversification;
- Management, strategy, procedures;
- Outlook.

A score is obtained by weighting the various quantitative and qualitative elements. It is then transposed into a short-term internal rating.

An analysis of the various market data (CDS, bond prices, financial indices, etc.) makes it possible to refine the ratings using monitoring.

From time to time, and for reasons that are always justified by the analyst, it is possible to adjust the rating upwards or downwards.

## **VI- Description of the review framework**

The credit quality assessment procedure and the relevance of the model are reviewed annually at a Risk Committee meeting.

In the event of a significant change, the management company modifies its system in order to best adapt it to the situation. Temporarily, the information displayed may not accurately reflect the procedure. The management company will also update the description of the procedure as quickly as possible and in the best interest of the unitholders according to its operational constraints.

The portfolio's WAM (Weighted Average Maturity) is less than or equal to 6 months.

The portfolio's WAL (Weighted Average Life - calculated as the average of the final maturities of the financial instruments) is less than or equal to 12 months.

At least 7.5% of the Fund's assets have a daily maturity, or consist of reverse repurchase agreements that can be terminated with one business day's notice or cash that can be withdrawn with one business day's notice.

The Fund will refrain from purchasing any other asset other than those with a daily maturity if such a purchase would cause the proportion of its investments in assets with this maturity to fall below 7.5%.

At least 15% of the Fund's assets have a weekly maturity, or consist of reverse repurchase agreements that can be terminated with five business days' notice or cash that can be withdrawn with five business days' notice.

The portfolio may hold Investment Grade money market instruments issued or guaranteed by a local, regional or central authority of a Member State, the central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank.

### **Investors should note that the Fund may invest more than 5% of its assets in money market instruments issued by:**

- the European Bank for Reconstruction and Development,
- the Council of Europe Development Bank,
- the International Bank for Reconstruction and Development,
- the International Monetary Fund,
- the European Financial Stability Facility,
- the European stability mechanism,
- the European Investment Fund,
- the European Investment Bank,
- the European Central Bank,
- European supranational and public issuers (explicit or implicit guarantee from the State where the public issuer is domiciled), Eurosystem banks (ECB, European Central Bank and NCBs, National Central Banks).

The Fund may also invest up to 10% in the units or shares of French or European money market UCITS and/or AIFs that meet the criteria set out in Article R214-13 of the French Monetary and Financial Code and governed by Regulation (EU) 2017/1131.

### **2- Assets (excluding embedded derivatives)**

In order to achieve its management objective, the Fund will use different types of assets:

a) Equities: no

b) Money market instruments

- Negotiable debt securities, including NEU CP and NEU MTN: yes
- Bonds: yes
- Treasury bills: yes
- Asset-backed Commercial Paper (ABCP) and securitisations: yes

Investments shall present following characteristics:

- all sectors
- the securities selected will be invested in both the private and public sectors
- envisaged credit level: securities eligible for the portfolio must have a high credit quality, i.e. have a rating of at least A-2 or P2 (according to the rating agencies Standard & Poor's, Moody's, Fitch or equivalent) or be deemed equivalent according to the management company's analysis.

The manager will systematically hedge the currency risk in the case of investments in securities whose currency is not the euro (currency of non-euro OECD countries). There may, however, be a residual currency exchange risk due to imperfect hedging.

c) UCITS/AIFs: yes, up to 10% of the net asset in units or shares of French or European money market UCITS/AIFs that meet the criteria set out in Article R214-13 of the French Monetary and Financial Code and governed by Regulation (EU) 2017/1131.

The Fund may invest in UCITS/AIF of the management company or an affiliated company.

### **3- Derivative instruments**

The Fund may use futures or options with underlying interest rates, exchange rates or indices representative of one of these categories for the purpose of hedging interest rate and exchange rate risks.

These transactions will be performed up to a maximum of 100% of the Fund assets.

Nature of the markets used:

- regulated: yes
- organised: yes
- OTC: yes

The Fund will preferably use organised markets but reserves the right to enter into OTC contracts where these contracts are better suited to the management objective or offer lower trading costs.

The Fund reserves the right to trade on all European and international markets.

Risks on which the manager seeks to act:

- equities: no
- interest rates: yes
- exchange rates: yes
- credit: no
- indices: yes, rate and exchange rate

Nature of activities:

- hedging: yes (discretionary)
- exposure: no
- arbitrage: no
- other: no

Type of instruments used:

- futures: yes
- options: yes
- swaps: yes
- forward exchange transactions: yes
- credit derivatives: no
- other: no

#### 4 - Securities with embedded derivatives

In order to achieve the management objective, the manager may take positions to hedge the portfolio against risks:

- equities: no
- interest rates: yes
- exchange rates: yes
- credit: no

Nature of activities:

- hedging: yes (discretionary)
- exposure: yes (discretionary)
- arbitrage: no

Type of instruments used:

- EMTN
- BMTN
- Callable, puttable

5- Deposits: the Fund reserves the right to make deposits of up to 10% in order to manage its cash flow. These deposits can be disposed of at any time.

6- Cash borrowings: the Fund may not use cash borrowings.

7- Temporary securities purchase and sale transactions: yes

Securities lending and/or reverse repo counterparties are subject to an ESG analysis during Crédit Mutuel Asset Management's eligibility review of financial intermediaries.

• **Type of activities and transactions used:**

The temporary purchase or sale of securities (only repurchase and reverse repurchase) will be carried out in accordance with the Regulation on money market funds. They will be carried out as part of liquidity management.

These transactions will involve repurchasing and reverse repurchasing all assets eligible for the portfolio. Instruments involved in transactions of this type shall be bonds and other negotiable debt securities.

• **Envisaged level of use:**

Repurchasing and reverse repurchasing transactions may be carried out up to a maximum of 10% of the UCI's assets.

The expected proportion of assets under management that will be involved in such transactions may represent 10% of assets.

8. Information relating to financial guarantees (temporary purchase and sale of securities and/or OTC derivatives)

• **Type of financial guarantees:**

Within the framework of transactions for the temporary purchase or sale of securities and/or OTC derivatives, the UCI may receive cash in its reference currency as collateral. Guarantees are held by the depositary of the UCI.

• **Reinvestment policy for guarantees received:**

Financial guarantees received in cash are reinvested in accordance with the applicable rules.

Financial guarantees received must be able to be fully enforced by the UCI at any time and without consulting or obtaining the approval of the counterparty. Financial guarantees received in cash may be:

- placed in deposit;
- invested in high-quality government bonds;

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, subject to a grade, 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:**

No remuneration is paid to the Depositary (within the framework of his capacity as Depositary) or to the management company for transactions for the temporary purchase or sale of securities. All income from these transactions is paid in full to the UCI.

The costs/fees relating to transactions for the temporary purchase and sale of securities are not invoiced to the Fund. These costs/fees are borne in full by the management company.

Furthermore, the management company does not receive any commission in kind on these transactions.

• **Risks:**

There is no correlation policy to the extent that guarantees received in cash in the reference currency of the UCI do not present an exchange risk or valuation risk due to fluctuating financial markets. Therefore, there is no discount policy applied to the guarantee received.

The audit teams in charge of the Fund shall respect all the limits described under the heading "Envisaged level of use". The policy of financial guarantees limited to cash does not require a specific risk procedure for monitoring collateral and associated discounts.

The recourse to the purchase and/or sale transactions of securities may result in legal risks, in particular relating to contracts.

**Risk profile:**

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

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

**ESG investment risk:** The fund uses ESG criteria and may underperform the market in general or other funds that do not use ESG criteria when selecting investments. ESG investments are selected, or excluded on the basis of financial and non-financial criteria. The fund may sell a security for reasons relating to ESG, rather than for purely financial considerations.

**Sustainability risk:** This is the risk associated with an environmental, social or governance event or situation which, if it were to occur, could have a significant actual or potential negative impact on the value of the investment.

#### Discretionary risk:

The discretionary management style applied to the fund is based on the selection of portfolio assets and/or market expectations. There is a risk that the fund may not be invested in the best-performing assets or markets at all times. The fund's performance may therefore be lower than the management objective. In addition, the net asset value of the fund may have a negative performance.

#### Interest rate risk:

This is the risk of a decrease in interest rate instruments due to interest rate fluctuations, which may cause a decline in the net asset value of the Fund.

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. Accordingly, this may cause the net asset value of the Fund to fall.

#### Risk of capital loss:

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

#### Counterparty risk:

Counterparty risk arises from entering into contracts in financial futures traded on over-the-counter markets and from temporary repurchases/reverse repurchases of securities. This is the risk that a counterparty may default on payment. The defaulting of the payment of a counterparty may therefore lead to a decrease in the net asset value.

#### ***Guarantee or protection:***

The fund does not benefit from any guarantee or protection.

#### ***Target subscribers:***

B All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the units meaning of MiFID II or Reception and Transmission of Orders (RTO) with services, more particularly investors from Benelux and CMNE clients

I units Reserved for professional clients within the meaning of MiFID

R All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the units meaning of MiFID II or Reception and Transmission of Orders (RTO) with services

T C All investors without payment of retrocession fees to distributors  
units

R2 All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services.

Investors subscribing to this Fund wish to gain exposure to the money market through the use of a responsible investment process.

#### **Terms of subscription to T units:**

Subscriptions for T units (net units) are reserved:

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

- funds of funds

All arbitrage of Fund units towards T units shall benefit from the MIF2 tax ruling until 31 December 2017 (DGFIP (Public Finances Directorate General) letter No. 2016/00012908, dated 16 March 2017; [www.la-francaise.com](http://www.la-francaise.com)), provided that subscriptions for T units are immediately preceded by a redemption of R and B units by the same unitholder on the same net asset value date.

#### U.S. investors

The fund units have not been, and will not be, registered under the U.S. Securities Act of 1933 (hereinafter the "Act of 1933") or any other law applicable in a U.S. 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 U.S. Person (hereinafter "U.S. Person" as defined by Regulation S under

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 fund's management company).

The fund is not, and will not be, registered under the U.S. 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. Persons.

#### 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 this fund depends on your personal financial situation. In order to determine this amount, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour 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:**

> 7 days

#### **Methods of determining and allocating distributable amounts:**

B units Capitalisation  
I units Capitalisation  
R units Capitalisation  
T C units Capitalisation  
R2 Capitalisation

The distributable amounts consist of:

1. Net income, which is equal to total interest payments, arrears, dividends, bonuses and lots, attendance fees and all earnings from securities held in the fund's portfolio, plus earnings from amounts held as liquid assets, minus management fees and borrowing costs, plus the amount carried forward and plus or minus the balance of prepayments and accrued income;
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:**

#### **R, R2, B, E, TC and I units:**

Subscription requests (in value or as a number of units) and redemption requests (as a number of units) on units yet to be listed or already listed as bearer will be accepted by your usual financial intermediary at any time. They are centralised by BANQUE FEDERATIVE DU CREDIT MUTUEL on each net asset value calculation day at noon (if the Paris stock exchange is open or on the next trading day, excluding public holidays in France) and are calculated on the basis of the last-known net asset value.

#### **I, R units:**

Subscription orders (in value or as a number of units) and redemption orders (as a number of units) on units yet to be listed or already listed as pure registered in the IZNES Shared Electronic Registration System (DEEP) will be accepted by IZNES at any time and centralised with IZNES each net asset value calculation day at noon (if the Stock Exchange is open in Paris, or the next trading day, except for public holidays in France) and are executed on the basis of the last known net asset value.

Related payments are made on the net asset value calculation date.

However, subscription and redemption requests processed before noon on the day after a holiday period (days when the Paris Stock Exchange is normally closed) are executed on the basis of the net asset value calculated using the stock prices of the last trading day preceding the holiday period, plus interest accrued during the holiday period on interest-bearing assets (liquid assets, bonds, treasury bills and similar assets), less expenses over said period.

The Fund's net asset value used for executing the subscription and redemption orders may be recalculated between the time the orders are placed and their execution, in order to take into account any exceptional market event that may have occurred in the meantime.

Processing of	Processing of	Execution of	Publication of the	Settlement of	Settlement of
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subscription orders	redemption orders	the order	net asset value	subscriptions	redemptions
D before noon	D before noon	D	D+1	Day D	Day D

Liquidity risk management policy:

The UCI's liquidity risk is managed as part of an analysis and monitoring system based on internal tools and methodologies set up within the management company. This system is based on two main components:

- monitoring of the portfolio's liquidity profile, based on an assessment of the liquidity of assets in the light of current market conditions,
- monitoring of the Fund's ability to cope with significant redemption scenarios under current or adverse market conditions.

**Minimum value of initial subscription:**

B units	EUR 100
I units	EUR 500,000
R units	EUR 100
T C units	None
R2	EUR 100

**Minimum value of subsequent subscriptions:**

B units	None
I units	None
R units	None
T C units	None
R2	None

**Date and frequency of the net asset value:**

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

**Original net asset value:**

B units	EUR 100
I units	EUR 100,000
R units	EUR 70,000
T C units	EUR 100
R2	EUR 1,000

**Location where the net asset value is published:**

premises of the management company and on the following websites: [www.la-francaise.com](http://www.la-francaise.com) and [www.creditmutuel-am.eu](http://www.creditmutuel-am.eu)

**Costs and fees:**

*Subscription and redemption fees:*

*Subscription fees are added to the subscription price paid by the investor and redemption fees are deducted from 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	<b>B units:</b> None <b>I units:</b> None <b>R units:</b> None <b>T C units:</b> None <b>R2:</b> None
Subscription fee paid to the UCITS	Net asset value x Number of units	<b>B units:</b> None <b>I units:</b> None <b>R units:</b> None <b>T C units:</b> None <b>R2:</b> None
Redemption fee not paid to the UCITS	Net asset value x Number of units	<b>B units:</b> None <b>I units:</b> None <b>R units:</b> None <b>T C units:</b> None <b>R2:</b> None
Redemption fee paid to the UCITS	Net asset value x Number of units	<b>B units:</b> None <b>I units:</b> None <b>R units:</b> None <b>T C units:</b> None <b>R2:</b> None

**Operating and management charges:**

These fees and charges include all those charged directly to the UCITS except for transaction fees.

Operating charges and fees for other services may include the following:

- Fund registration and listing fees
- Client information and distributor expenses
- Custodian fees, legal fees, audit fees, tax fees, etc.
- Costs of regulatory compliance and regulatory reporting
- Operating costs
- Data costs (including index costs, rating costs and ESG data costs)
- Know-your-client costs

In addition to operating and management charges, outperformance fees could apply. These are paid to the management company when the UCITS has exceeded its objectives. They are therefore charged to the UCITS.

	<b>Costs charged to the UCITS</b>	<b>Base</b>	<b>Rate/scale</b>
1	Financial management fees	Net assets	<b>I units:</b> 0.072% maximum rate (including tax) <b>R units:</b> 0.272% maximum rate (including tax) <b>B units:</b> 0.722% maximum rate (including tax) <b>T C units:</b> 0.072% maximum rate (including tax) <b>R2 units:</b> 0.272% maximum rate (including tax)
2	Operating charges and other services *	Net assets	<b>I units:</b> 0.030% maximum rate (including tax) <b>R units:</b> 0.030% maximum rate (including tax) <b>B units:</b> 0.030% maximum rate (including tax) <b>T C units:</b> 0.030% maximum rate (including tax) <b>R2 units:</b> 0.030% maximum rate (including tax)
3	Maximum indirect costs	Net assets	None
4	Turnover fees	Deducted from each transaction	None
5	Outperformance fee	Net assets	None

\* The actual operating charges and fees for other services may exceed the permissible maximum rate, in which case the asset management company will pay the excess. The asset management company may also have to charge the maximum permissible fee if the actual "operating charges and fees for other services" are lower than this fee.

Research costs in accordance with the provisions of the AMF General Regulation may be charged to the fund, where these costs are not paid out of the management company's own resources.

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

**Other costs charged to the UCITS:**

- the contributions due for the management of the UCITS pursuant to d) of 3° of II of article L. 621-5-3 of the French 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).
- Information concerning these fees is also laid out, ex post, in the UCITS' annual report.

**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 at the following website: <https://www.la-francaise.com/en/regulatory-information/>

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

**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/unitholders in terms of cost and quality of service.

Crédit Industriel et Commercial's main purpose is to provide intermediation services (i.e. receiving, transmitting and executing orders on behalf of third parties) mainly for the Group's asset management companies. Within this framework, the service provider chooses brokers from the list of brokers authorised by the management company and places orders according to criteria defined by the latter.

Crédit Industriel et Commercial can act as principal or agent. Intervention in "principal" mode corresponds to intervention as counterparty to the management company's portfolios. Acting as an agent, Crédit Industriel et Commercial acts as an intermediary between portfolios and market counterparties. These may be entities belonging to the management company's group.

### 3. Commercial information

1. The Fund units are distributed by LA FRANCAISE AM FINANCE SERVICES, CMNE.

2. Subscription/redemption requests are centralised by BANQUE FEDERATIVE DU CREDIT MUTUEL 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 on the "La Française Trésorerie ISR" mutual fund is available at the premises of the management company or on the website: [www.creditmutuel-am.eu](http://www.creditmutuel-am.eu) and/or [www.la-francaise.com](http://www.la-francaise.com).

4. Information regarding consideration of ESG (environmental, social and quality of governance) criteria in the investment policy is available on the following website: [www.la-francaise.com](http://www.la-francaise.com) and will be given in the annual report.

5. Communicating the composition of the portfolio: the management company may directly or indirectly communicate the breakdown of assets of the UCI to unitholders of the UCI having the status of professional investors, only for purposes associated with regulatory obligations as part of the calculation of unitholders' 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.

### 4. Investment rules

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

### 5. Overall risk method

The mutual fund applies the commitment approach.

### 6. Rules for asset accounting methods and valuation

#### - RECOGNITION OF INCOME

The UCITS recognises income on a cash basis.

#### - RECOGNITION OF SECURITIES TRANSACTIONS

The recognition of the portfolio security transactions does not include trading expenses.

#### - VALUATION METHODS

The following rules apply to all valuations of assets:

#### **Listed equities and equivalent securities (both French and foreign):**

These securities are valued at their market price. The price used for valuation depends on where the security is listed:

- - European exchanges: Daily opening price.
- - Asian exchanges: Daily closing price.
- - Australian exchanges: Daily closing price.
- - North American exchanges: Previous day's closing price.
- - South American exchanges: Previous day's closing price.

If no quote for a given security can be obtained, the previous day's closing price will be used.

#### **Bonds, EMTNs and equivalent debt securities (both French and foreign):**

These securities are valued at their market price. The price used for valuation depends on where the security is listed:

- - European exchanges: Daily opening price.
- - Asian exchanges: Daily closing price.
- - Australian exchanges: Daily closing price.
- - North American exchanges: Previous day's closing price.
- - South American exchanges: Previous day's closing price.

If no quote for a given security can be obtained, the previous day's closing price will be used.

If the fund manager feels that the price quoted is not realistic, a price that more closely reflects actual market conditions will be estimated. Depending on the sources available, the assessment may be carried out using different methods such as:

- - a price from a price contributor,
- - an average price from two or more contributors
- - a price calculated using an actuarial method, from a credit or other spread and a yield curve
- - etc.

**Shares or units of UCITS, AIF and other funds in the portfolio:** These securities are valued on the basis of the Fund's most recent net asset value.

**Securitisation funds:** Securitisation funds listed on a European market are valued at their daily opening price.

**Temporary purchases of securities:**

- Reverse repurchase agreements: Valued at the contractual value. No repurchase agreements with a term exceeding 3 months
- Option repurchase agreements: Securities thus acquired are valued at the contractual value, since it is sufficiently certain that the seller will buy the securities back.
- Securities borrowing: The borrowed securities and the corresponding debt are valued at the market price of the securities.

**Temporary sales of securities:**

- Repurchase agreements: Securities sold under a repurchase agreement are marked to market. The liability associated with these securities is maintained at the contractual value.
- Securities lending: Securities that are lent are valued at the market price of the underlying asset. These securities are recovered by the UCITS when the lending agreement expires.

**Unlisted securities:** Unlisted securities are valued on the basis of net assets, yield and prices paid during recent significant transactions.

**Negotiable debt securities:**

Negotiable debt securities are valued at their market value.

Applicable market values:

**BTF/BTAN:**

The yield to maturity at the daily rate published by the Banque de France.

**Other NDS:**

Other negotiable debt securities for which prices are regularly quoted will be valued at yield to maturity or at the daily market price. Securities for which prices are not regularly or realistically quoted will be valued using the yield to return method at a reference yield curve rate, which is adjusted to account for the issuer's intrinsic credit quality (credit spread of other).

**Futures contracts:**

The market prices used to value futures contracts must correspond to the prices of the underlying securities.

These prices depend on where the contracts are traded:

- Futures listed on European exchanges are valued using: the daily opening price or previous day's clearing price
- Futures listed on North American exchanges are valued using: the daily closing price or previous day's clearing price
- 

**Options:**

The market prices used for options observe the same rule as those used to value futures contracts and their underlying securities:

- Options listed on European exchanges are valued using: the daily opening price or previous day's clearing price
- Options listed on North-American exchanges are valued using: the daily closing price or previous day's clearing price

**Swaps:**

- Swaps with a maturity of less than 3 months are valued using the straight-line method.
- Swaps with a maturity of more than 3 months are marked to market.

Index swaps are valued at the price provided by the counterparty, this price being independently verified by the asset management company.

When the swap contract is backed by clearly identified securities (quality and maturity), an overall assessment of these two factors is made.

### **Forward exchange contracts**

These contracts are used to hedge the currency risk of portfolio securities that are denominated in a currency other than the UCITS' currency, by borrowing an equivalent amount of the other currency. Forward currency transactions are valued according to the currency's lender/borrower yield curve.

### **- VALUATION OF OFF-BALANCE SHEET COMMITMENTS**

Commitments on futures forward contracts are marked to market. The market value is the valuation price multiplied by the number of contracts and their nominal value. Commitments on over-the-counter swaps are valued at their nominal value, or lacking this at an equivalent amount.

Commitments on options are determined on the basis of the underlying equivalent of the option. This translation involves multiplying the number of options by a delta. The delta is determined using a Black-Scholes type mathematical model with the following parameters: the price of the underlying, the time until expiration, the short-term interest rate, the option's exercise price and the volatility of the underlying. The presentation of the off-balance sheet commitment reflects the economic nature of the transaction and not the position in the option transaction.

Dividend swaps against performance growth are recognised off-balance sheet at their nominal value.

Asset-backed or non-asset-backed swaps are recorded at their nominal value as off-balance sheet items.

### **Swing pricing mechanism:**

The management company has introduced a method for adjusting the net asset value of the fund in order to protect the interests of investors in the fund by ensuring that only incoming (or outgoing) investors bear the cost of reorganising the portfolio in the event of large-scale subscriptions (or redemptions).

Swing pricing with a trigger threshold is a mechanism, governed by an internal procedure, by which the net asset value can be adjusted if the trigger threshold, referred to as the swing pricing threshold, is exceeded. This threshold is indicated as a percentage of the UCI's net assets and is pre-established by the management company.

If, on the day of processing, the total number of net subscription/redemption orders from investors for all the fund's unit classes exceeds the swing pricing threshold, the adjustment mechanism is activated and the net asset value may be adjusted upwards or downwards. This adjusted net asset value is known as the "swung" net asset value.

The trigger threshold and readjustment cost parameters are determined by the management company and reviewed periodically. It also has the option of modifying them at any time, particularly in the event of a crisis on the financial markets.

If the UCI issues several classes of units, the net asset value of each class of units is calculated separately, but the swing factor is the same for all classes of units and the mechanism applies to the fund as a whole.

The volatility of the fund's net asset value may not solely reflect that of the securities held in the portfolio due to the application of swing pricing.

The "swung" net asset value is the only net asset value of the fund and the only one communicated to the fund's unitholders. However, if a performance fee is charged, it is calculated on the net asset value before application of the adjustment mechanism.

In accordance with regulatory provisions, the management company does not disclose the trigger threshold and ensures that this information remains confidential.

## **7. 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 at the following website: <https://www.la-francaise.com/en/regulatory-information/>.

# MUTUAL FUND REGULATIONS

## La Française Trésorerie ISR

### 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 L. 214-8-7 of the French Monetary and Financial Code, the redemption of units by the mutual fund and the issue of new units may be temporarily suspended by the management company when exceptional circumstances so require and if the interests of the unitholders so dictate.

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 cease to issue units pursuant to the third paragraph of Article L. 214-8-7 of the French Monetary and Financial Code, on a temporary or permanent basis, in part or in full, in objective situations leading to subscriptions being closed such as maximum number of units issued, maximum assets achieved or the expiry of a specific 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 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 Fund may invest are specified in the prospectus. The sub-fund reserves the right to invest more than 5% of its assets in money market instruments issued by: the European Bank for Reconstruction and Development, the International Bank for Reconstruction and Development, the International Monetary Fund, the European Financial Stability Facility, the European Stability Mechanism, the European Investment Fund, the European Investment Bank, European supranational and public issuers (explicit or implicit guarantee of the government where the public issuer is domiciled), Eurosystem banks (ECB, European Central Bank and national central banks – NCBs). In accordance with Regulation (EU) 2017/1131, all issuers in the portfolio and their creditworthiness must receive a positive internal assessment by the management company. This is a prerequisite for investments in negotiable monetary instruments (excluding government, central banks, etc.), ABCPs, securitisations and for assets received through reverse repurchase transactions. The internal credit quality evaluation procedure is set out in the prospectus; it must be suitable in all circumstances; to this end, it may be adapted if necessary to maintain its quality. The procedure as described in the prospectus may therefore temporarily fail to precisely reflect the procedure in place.

#### **Article 6: The depositary**

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

#### **Article 7: The statutory auditor**

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

It certifies the legality and accuracy of the accounts.

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

The statutory auditor is required to notify the AMF 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:

1. constitutes a breach of the legislative or regulatory provisions applicable to this body and liable to have significant effects on the financial situation, the profits or the assets;
2. jeopardises the conditions or the continuity of its operation;
3. leads 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 de merger 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 unitholders within four months of the end of the financial year and will inform them of the income to which they are entitled: these documents shall be sent to unitholders by post at their express request or made available to them at the offices of 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 amounts available for distribution are fully capitalised, with the exception of those that are subject to mandatory distribution by law;

Pure distribution: the amounts are fully distributed, to the nearest rounded figure;

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.

