

ECHIQUIER FUND

Société d'investissement à capital variable
Registered office: 60, Avenue J.F. Kennedy L-1855 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B 180751
(Hereafter referred to as the “Company”)

ECHIQUIER AGENOR SRI MID CAP EUROPE FUND LU0969069516 - LU0969069359

Luxembourg, 7 novembre 2022

Dear Shareholders,

The members of the Board of Directors of the Company (the “**Board of Directors**”) would like to inform you by this notice of the following amendments to the Company’s prospectus (the “**Prospectus**”), dated 8 décembre 2022.

I. Amendment to section “3. THE MANAGEMENT COMPANY” of the Prospectus

The Board has decided to amend the general part of the Prospectus, section “3. The Management Company” in order to clarify the remuneration policy of the management company of the Company (addition(s) in bold and deletion(s) in strikethrough):

“Subject to the conditions set forth by the Directive 2009/65/EC, the Management Company is authorized to delegate under its responsibility and control, and with consent and under supervision of the Company and its Board of Directors, part or all of its functions and duties to third parties.

Management companies are required to define a remuneration policy that is consistent with sound and effective risk management. This principle is precisely defined in the AIFM Directive (2011/61/UE, in particular Annex II), the UCITS V Directive (2014/91/EU), as well as in the French Monetary and Financial Code (Article L. 533-22-2) and the AMF General Regulation (Article 319-10).

The AMF has also published professional guidelines for investment services providers with a view to the practical application of legal and regulatory provisions.

Lastly, the remuneration policy complies with Article 5 of the SFDR - Regulation (EU) 2019/2088.

The Management Company’s remuneration policy is fully compliant with sound and effective risk management. It does not encourage risk-taking that might be inconsistent with the risk profiles, regulation or regulatory documents of the UCIs managed by the Management Company.

The Management Company’s remuneration policy is aligned with the economic strategy, objectives, values and interests of the Management Company as well as the UCITS it manages, and includes measures to prevent potential conflicts of interests. The remuneration policy has been put in place in order to: actively support the strategy and objectives of the Management Company; promote the competitiveness of the Management Company on the market in which it operates; ensure its attractiveness and the development and retention of motivated and qualified employees.

The general principles of the Management Company's remuneration policy are as follows:

- **The fixed component of remuneration takes into account the real situation of the labour market.**
- **The principle of equal pay for men and women, including with respect to career development.**
- **Each employee undergoes a skills assessment and evaluation process with the definition of qualitative and quantitative objectives.**
- **Non-contractual discretionary variable remuneration that rewards employees' performance. The variable portion is therefore reviewed each year by team and for each employee.**
- **The principles of variable remuneration comply with a principle of fairness that aims to motivate the greatest number of employees.**
- **Since 2020, the "contribution to the Management Company's responsible investment approach" has been a collective objective, set for all the Management Company's employees, and is included in determining their annual variable remuneration.**
- **The Management Company implements a deferred variable remuneration mechanism for risk takers awarded a variable remuneration of more than €200K; in application of the UCITS V and AIFM Directives.**

Details regarding the compensation policy are available online on the following website: www.lfde.com or free on request from the Management Company.

~~The remuneration policy of the Management Company is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the funds managed. Furthermore, the remuneration policy is in line with the business strategy, objectives, values and interests of the management company and the UCITS that it manages and of the investors of this UCITS, and includes measures to avoid conflicts of interest.~~

~~The remuneration policy reflects the Management Company's objectives for good corporate governance as well as sustained and long-term value creation for the investors of the Company and is compliant with article 111ter, paragraph (1) point b) of the Investment Fund Law, according to which the remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company, the Company and the Shareholders and includes measures to avoid conflicts of interest. The remuneration policy has been designed and implemented to:~~

- ~~support actively the achievement of the Management Company's strategy and objectives;~~
- ~~support the competitiveness of the Management Company in the markets it operates;~~
- ~~be able to attract, develop and retain high-performing and motivated employees; and~~
- ~~address any situations of conflicts of interest. For that purpose, the Management Company has implemented and maintains an adequate management of conflicts of interest policy.~~

~~Employees of the Management Company are offered a competitive and market-aligned remuneration package making fixed salaries a significant component of their total package. Moreover, the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the Shareholders in order to ensure that the assessment process is based on the longer-term performance of the Company and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period. Fixed and variable components of total remuneration are appropriately balanced and the fixed remuneration~~

~~components represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable components, including the possibility to pay no variable remuneration component.~~

~~The principles of the remuneration policy are reviewed on a regular basis and adapted to the evolving regulatory framework. The remuneration policy has been approved by the board of directors of the Management Company.~~

~~The details of the up-to-date remuneration policy including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, can be found on the website of the Management Company (i.e. www.lfde.com). A paper copy of the remuneration policy will also be made available free of charge upon request. [...]~~

II. Amendment to the sub-fund “ECHIQUIER AGENOR SRI MID CAP EUROPE FUND” (the “Sub-Fund”) with regards to investments in special purpose acquisition companies

The Board of Directors has decided to amend the investment policy and risk profile of the Sub-Fund, for transparency purposes, in compliance with the use of special purpose acquisition companies (the “SPACs”) prescribed by the CSSF FAQ concerning the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment, by adding the following wording (addition(s) in bold):

“1. Investment Objective and Policy

[...] Besides, the Sub-Fund may invest (up to 10% of its net assets) in companies at initial public offering (“IPO”) (i.e. offering of shares of a private corporation to the public in a new stock issuance) after a convincing discretionary analysis.

The Sub-Fund may also invest (up to 10% of its net assets) in special purpose acquisition companies (“SPACs”), which are companies only formed to raise capital through an IPO for the purpose of acquiring or merging with an existing company and qualifying as eligible investments as per article 41 of the Investment Fund Law.

2. Risk Profile

[...]

➤ Investments in initial public offerings: Yes

These securities may be subject to greater volatility than more established securities as a result of factors such as the absence of a past public market offering, non-seasonal transactions, the number of securities that can be traded and a lack of information about the issuer. Investing in these securities can lead to an increase of the possible expenses as well as a shorter holding time periods. Moreover the investment in initial public offering can have a significant impact on the Sub-Fund’s performance.

➤ Investments in special purpose acquisition company: Yes

These securities may be subject to specific risks such as dilution, liquidity, conflicts of interests or the uncertainty as to the identification, evaluation as well as eligibility of the target company and can be hard to evaluate because of a lack of trading history and relative lack of public information.

Moreover, the structure of SPACs can be complex and their characteristics may vary largely from one SPAC to another, meaning that the Management Company will study each SPAC individually to ensure compliance with article 41 of the Investment Fund Law. [...]

III. Amendments to the Sub-Fund with regards to its sustainable policy

The Board of Directors has decided to amend the investment policy of the Sub-Fund in order to clarify its applicable sustainable policy as well as to include a percentage of “sustainable investments” to its portfolio, without requiring its rebalancing, by adding the following wording (addition(s) in bold):

*[...] This objective is associated with an extra-financial approach in compliance with the provisions of Article 8 of SFDR, **including an allocated percentage to Sustainable Investments and** integrating the consideration of Sustainability Risk and ESG criteria, as described in Part A, Section 4. [...]*

The Sub-Fund invests up to 40% of its assets into Sustainable Investments. [...]

The Sub-Fund systematically incorporates environmental and governance criteria into financial management. This has an impact on the selection of portfolio securities.

The examples of indicators used for each of the E, S, and G criteria are as follows:

- Environmental indicators: environmental policy and actions, results of action plans put in place by the company, exposure of suppliers to environmental risks, positive or negative impact of products on the environment;*
- Social indicators: attractiveness of the employer brand, employee retention, anti-discrimination, employee protection, exposure of suppliers to social risks, relations with civil society;*
- Governance indicators: competence of the management team, checks and balances, respect for minority shareholders, business ethics.*

The Sub-Fund focuses on selecting the top-rated issuers from an extra-financial perspective within their investment universe (“best in universe” approach). The Sub-Fund also invests in companies that have adopted a CSR approach and have an improving momentum in their ESG practices (“best efforts” approach). The Sub-Fund applies two extra-financial filters in its stock-picking: after controversial sectors and practices are excluded, stocks must meet a minimum ESG rating requirement. These ratings are determined by the Management Company and applied to the entire portfolio.

The ESG rating is out of 10 and is awarded to each issuer. This score is determined as follows:

- Governance: The Governance rating represents approximately 60% of the overall ESG score. This is a long-standing bias for La Financière de l’Echiquier, which has attached particular importance to this subject since the company’s creation.*
- Environmental and Social: Social and environmental criteria are combined to determine a “Responsibility score”. Its calculation takes into account the type of company:
 - for industrial stocks: the social and environmental criteria are equally weighted in the Responsibility score.*
 - for service stocks: the “Social” score accounts for 2/3 of the “Responsibility” score, while the “Environmental” score represents 1/3 of the “Responsibility” score.**

The ESG rating of issuers in the portfolio must always be equal to 100%. This rating may be lowered if significant controversy arises.

If a company's rating falls below the minimum required by the Management Company for the Sub-Fund, the position in the issuer would be sold in the best interests of the Shareholders. [...]

IV. Amendment to the Sub-Fund with regards to the consideration of principal adverse impacts and Taxonomy regulation

The Board of Directors has decided to amend the investment policy of the Sub-Fund in order to highlight the consideration of principal adverse impacts at product-level as well as Taxonomy Regulation (The Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending SFDR) related disclosure, by adding the following wording (addition(s) in bold):

"[...] Finally, the Management Company takes into account the principal adverse sustainability impacts indicators in its investment decisions.

The Sub-Fund promotes environmental characteristics but does not target investments that take into account the EU criteria for environmentally sustainable economic activities as set out in article 9 of the Taxonomy Regulation. The Sub-Fund's proportion of investments in environmentally sustainable economic activities amounts to 0% of its assets, including a proportion of 0% of enabling activities and 0% of transitional activities as referred to in Article 16 and Article 10(2) of the Taxonomy Regulation. Should the portfolio of the Sub-Fund fall within the scope of environmentally sustainable economic activities, this paragraph will be updated in accordance with article 5 of the Taxonomy Regulation.

The "do no significant harm" principle applies only to those investments underlying the Sub-Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities. [...]"

For any additional information, please consult the Prospectus dated 8 décembre, 2022, available free of charge upon request at the Company's registered office or on the website of Financière de l'Echiquier: www.lfde.com.

Finally, investors who do not approve the amendments to be implemented in the Prospectus have one month from the date of this notice to request the redemption of their shares free of charge, by submitting a redemption request in accordance with the procedure described in the Prospectus.

The Board of Directors