

# LA FINANCIÈRE CONSTANCE SICAV

Société d'Investissement à Capital Variable (SICAV)

Annual Report, including Audited Financial Statements  
as at June 30, 2020

R.C.S. Luxembourg B205470

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Subscriptions shall only be valid if made on the basis of the KIID ("Key Investor Information Document") or the current prospectus accompanied by the most recent annual report as well as by the most recent semi-annual report if published more recently than the most recent annual report. No one is authorised to state other information than the one contained in the prospectus as well as in the documents herein mentioned, which are available to the public.

Copies of the complete prospectus and the latest financial reports of LA FINANCIÈRE CONSTANCE SICAV ("the Company") may be obtained, free of charge, upon request at the Company's registered office, 2, rue d'Arlon, L-8399 Windhof, Grand Duchy of Luxembourg.

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Annual Report, including Audited Financial Statements  
as at June 30, 2020

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# LA FINANCIÈRE CONSTANCE SICAV

## Table of contents

Organisation of the Company	4
General information	5
Management report	6
Report of the Réviseur d'entreprises agréé	10
Financial statements	
Statement of net assets	14
Statement of operations and changes in net assets	15
Number of shares outstanding and net asset value per share	16
Sub-fund LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE STRATÉGIE	
- Statement of investments and other net assets	17
- Industrial classification of investments	18
Notes to the financial statements	19
Unaudited Appendix	25

# LA FINANCIÈRE CONSTANCE SICAV

## Organisation of the Company

REGISTERED OFFICE	2, rue d'Arlon, L-8399 Windhof, Grand Duchy of Luxembourg
BOARD OF DIRECTORS	<p>Olivier ARMANGAU, Chairman, La Financière Constance Inc, 1010 Sherbrooke Ouest, Suite 1800, Montréal (QC), H3A 2R7, Canada</p> <p>Raoul CHEVIGNARD, Independent Director, Cicerone Luxembourg S.à r.l., 3, rue Dicks, L-4081 Esch-sur-Alzette, Grand Duchy of Luxembourg</p> <p>Gilles LABRY, Director, MAG ASSET MANAGEMENT SA, 18, boulevard Helvétique, CH-1207 Genève, Switzerland (until January 13, 2020)</p> <p>Fabien KURER, Director, MAG ASSET MANAGEMENT SA, 18, boulevard Helvétique, CH-1207 Genève, Switzerland (since January 14, 2020)</p>
MANAGEMENT COMPANY AND DOMICILIARY AGENT	Pure Capital S.A., 2, rue d'Arlon, L-8399 Windhof, Grand Duchy of Luxembourg
BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY	
CHAIRMAN	Patrick VANDER EECKEN, Managing Director, Pure Capital S.A. (Chairman since February 3, 2020)
DIRECTORS	<p>Loïc DE CANNIERE, Independent Director, Pure Capital S.A. (since February 3, 2020)</p> <p>Guy POURVEUR, Managing Director, Pure Capital S.A.</p> <p>Bernard PONS, Managing Director, Pure Capital S.A.</p>
CONDUCTING PERSONS OF THE MANAGEMENT COMPANY	<p>Thierry LEONARD, Managing Director, Pure Capital S.A.</p> <p>Bernard PONS, Managing Director, Pure Capital S.A.</p> <p>Frédéric VENDITTI, Managing Director, Pure Capital S.A.</p>
DEPOSITARY BANK AND PAYING AGENT	Société Générale Bank & Trust S.A., 11, avenue Emile Reuter, L-2420 Luxembourg, Grand Duchy of Luxembourg
ADMINISTRATIVE, TRANSFER AND REGISTRAR AGENT	Société Générale Bank & Trust S.A., 11, avenue Emile Reuter, L-2420 Luxembourg, Grand Duchy of Luxembourg
INVESTMENT MANAGER	La Financière Constance, Inc, 1010 Sherbrooke Ouest, Suite 1800, Montréal (QC), H3A 2R7, Canada
PRINCIPAL DISTRIBUTOR	Pure Capital S.A., 2, rue d'Arlon, L-8399 Windhof, Grand Duchy of Luxembourg
CABINET DE REVISION AGREE	KPMG Luxembourg, <i>Société Coopérative</i> , 39, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

# LA FINANCIÈRE CONSTANCE SICAV

## General information

Before continuance in Luxembourg under the current undertaking for collective investment in transferable securities ("UCITS") format, **LA FINANCIÈRE CONSTANCE SICAV** (the "**Company**") was incorporated in Jersey, Channel Islands on July 2, 2008 as an open-ended investment company and commenced business on July 4, 2008. Its investment objective is to achieve a long term capital appreciation by investing in listed derivatives, mutual funds, hedge funds and currencies.

On July 8, 2015, a decision has been reached to migrate the Company to Luxembourg where it continues as société anonyme incorporated under the laws of Luxembourg in order that the Company can take the form as an UCITS which is an investment fund structure that is not available to Jersey incorporated companies.

As from March 18, 2016, the Company is listed on the official list of undertakings for collective investment pursuant to the law of December 17, 2010 concerning undertakings for collective investment, as amended (hereafter referred to as the "**2010 Law** ") and subject to the 2010 Law and to the law of August 10, 1915 on commercial companies, as amended (the "**1915 Law**"). It is subject in particular to the provisions of Part I of the 2010 Law, which relates specifically to UCITS, as defined by the Directive 2009/65/EC. However, such listing does not require any Luxembourg authority to approve or disapprove either the adequacy or the accuracy of the Prospectus (the "**Prospectus**") or the portfolio of securities held by the Company.

The Company is an investment company with variable share capital consisting of various sub-funds, each relating to a portfolio of specific assets made up of transferable securities and money market instruments within the meaning of the 2010 Law and the Grand-Ducal regulation of February 8, 2008 ("Transferable Securities" and "Money Market Instruments" respectively) as well as other eligible assets in compliance with article 41 of the 2010 Law denominated in various currencies. The characteristics and investment policies of each sub-fund are defined in Appendix III in the Prospectus dated February 2020.

At the date of the present report, the following sub-funds are open:

- LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE STRATÉGIE
- LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS

The financial year of the Company starts each year on 1 July and ends on the last day of June of each year.

The annual general meeting of shareholders will be held in Luxembourg, at the registered office of the Company or at any other place in the municipality of the registered office of the Company which will be specified in the convening notice to the meeting, on the second Thursday in the month of October at 4:00 p.m. (CET). If this day is not a Bank Business Day, the annual general meeting will be held on the next following Bank Business Day. Shareholders will meet upon the call of the Board of Directors of the SICAV in accordance with the provisions of Luxembourg law.

The financial statements of each sub-fund are expressed in its respective reference currency, whereas the consolidated accounts will be expressed in Euro.

The annual reports, which are made available within 4 (four) months after the end of the financial year, as well as the semi-annual reports, which are made public within 2 (two) months after the end of the half-year, are held at the shareholders' disposal at the registered office of the Company and of the Management Company.

The changes in portfolios may be obtained on simple request and free of charge at the company's registered office.

# LA FINANCIÈRE CONSTANCE SICAV

## Management report

### Market Comments

Until the global health crisis of March 2020, the markets were gently rocked by the publication of good results, accommodating speeches from central banks and of course by the temporary end of Sino-American tensions, culminating in the signing of the so-called phase 1 agreement in January 2020.

Italy (concerns about deficits and the political situation) and England (negotiations on Brexit), as well as questions about the pace of growth in the United States, China and Europe, only partially influenced the market in the end.

The COVID-19-related pandemic and its dramatic repercussions for the economy are clearly the most striking feature of the period under review, but also since the previous crisis in 2008.

The intense and unprecedented stress in the financial markets has generated extraordinarily strong and rapid responses from central banks and governments. These interventions were all the more massive as since the previous crisis no normalization had been undertaken (apart from, and to a lesser extent, by the FED).

There was little or no leeway on interest rates, so that only liquidity injections (by buying back existing and primary debt) or direct cash distributions (money helicopter, a concept so often mocked) could bring some serenity to the market. Massive budget support programs could be put in place quickly and much faster than in 2008 as this time the origin of the crisis was a health crisis and not a financial crisis.

Wage subsidies were introduced, as well as rent subsidies, tax deferrals and even tax cancellations. 'Universal' income was even paid out in some countries.

The FED, while not excluding the possibility of buying the stock market, has to some extent institutionalized moral hazard.

All these measures, as well as the progressive lock-down easing, have had the effect of profoundly modifying market sentiment and feeding a ferocious appetite for risk. The result was a rally of an equally unprecedented scale, leaving the vast majority of professionals dubious. This rally, the most hated rally of all time, hides however a very different reality.

It focused on technology titles, which enjoy a safe haven status and continuous growth in a social environment marked by lock-downs. This rally also underlines the profound gap that now exists between valuations and the actual macroeconomic context. Regardless of the economic aggregates, the market has become convinced that risk no longer exists (interventions by central banks at the slightest sign of weakness) and we are witnessing the return of the FOMO (fear of missing out). There is a great dichotomy between market valuation and economic anticipation. Operators are already anticipating a return to normal, although before Covid the market, strategists and other economists were indeed preoccupied with the American economic slowdown.

As of last year, active management suffered from the violence of movements, to the benefit once again of passive management.

*Past performance is not an indicator of current or future returns.*



# LA FINANCIÈRE CONSTANCE SICAV

## Management report (continued)

### Investment Management report

#### CONSTANCE STRATÉGIE

Built to offer returns in line with the competition but with a lower level of risk, the portfolio was over performing until March 2020.

The extreme crisis linked to the uncertainties connected to the pandemic was well managed at first, but the market dislocation during the week of March 16 was very detrimental: the most defensive funds in the portfolio did not bring the decorrelation for which they had been chosen. The portfolio then underperformed the competition.

Finally, the rebound from the lows was more robust than the competition, but it was not sufficient to fully recover the March underperformance.

Thus one of the long/short funds that had an option hedge in the form of a ratio was a victim of the exceptional surge in volatility. This cost nearly 18% over the month. The fund was forced to cut its positions, following significant redemptions, further reducing its participation in the rally that began a week later. The rebound from the March lows was 4.43% at the end of June. The position was sold in April.

Another long-short fund, invested in the frontier markets, was a victim of the liquidity crisis that occurred during the March market distress. Thus, regardless of the quality of the manager's stock picking, this market was hit by a flood of selling flows.

This fund lost nearly 30% over the month of March. In spite of a portfolio with historically low PE, the rebound on the lows was only partial (+12%), far from what the industrialized markets have recorded. The liquidity premium is still present. The position was sold in April.

Finally, the last traditionally defensive position in adverse markets was the one in the Constance Alternative Options fund mentioned above.

These 3 positions cost 8.45% of performance over the month of June.

The main changes over the year were a strengthening of the bond portion (credit funds) in April 2020 in order to take advantage of central banks' asset buyback programs when interest rate spreads were high, a reduction in long/short funds (which still suffered from flows triggered by passive management and therefore the lack of discrimination of securities) and an increase in conviction equity funds.

The fund assets having become too small, and in consideration of the cost base of a UCITS fund, a solution of continuity or exit is being proposed to the shareholders.

#### Performances from July 1, 2019 to June 30, 2020:

The fund is down 12.98%.

*Past performance is not an indicator of current or future returns.*

## Management report (continued)

### CONSTANCE ALTERNATIVE OPTIONS

While the fund had recovered a significant rate of performance thanks to a more buoyant market environment (return of volatility and variation of the underlying index in "range" from October to January) and recorded a significant outperformance compared to its immediate competitor, it suffered significant losses related to various elements.

During March 2020, the Eeurostoxx50 experienced its largest decline on a rolling month basis (-36%) and the Vstoxx its largest increase in volatility (+560%).

The fund's fall in February (-9%) was linked to the high gamma on the September and December 2020 positions. Despite a negative delta on the front months, and because the portfolio was constructed for a horizon of 10 to 12 months, the impact of gamma (and therefore volatility) was therefore greater. In spite of totally indecent mark to market valuations (reflecting the total absence of market landmarks) the positioning was however compatible with a normalization of the market.

The crisis amplified dramatically on the markets to reach its climax in the week of March 16. Several factors then had an extremely painful impact on the fund.

Mark-to-market valuations continued to show prices beyond all reason. Margin call amounts therefore became increasingly important. To satisfy them, bond ETFs were sold (at discounts, the prices were lower than the value of the assets!) and then live bonds. Despite excellent qualities and maturities ranging from a few months to 2 years, the sale prices of these bonds led to losses, as the market was risk averse and anticipated a financial crisis and counterparty risks.

As painful as it was, the decline in the fund in February and early March was manageable insofar as no losses had materialized (with the exception of the bond losses) and were based on extreme mark to market valuations.

The third week of March saw the market sink further, and the stress (i.e. volatility) increased further in intensity.

Following the misallocation of an order and without taking into account the correction requests, the clearing broker put excessive pressure on the fund, and the fund was forced to reduce its exposure, with the worst possible timing in a terrible market context characterized by a lack of liquidity and eccentric valuations. Moreover, the fund had no possibility to intervene adequately (since only position reductions were allowed by the clearing broker).

Irrespective of the situation, the clearing broker also indicated that it wished to terminate the clearing relationship. Despite the unsuitability of such a request in view of the sanitary situation and extreme market disruptions, the steps taken to find a new clearing broker were successful. However, a new adversity arose: the old and new clearing brokers were unable to agree on the transfer of the remaining positions. The old clearing broker then liquidated the entire portfolio in April.

The unrealized losses were thus transformed into realized losses, without the market normalization necessary to recover the value of the fund being able to take place.

The fund's assets having become too small, and in consideration of the cost base of a UCITS fund, a solution of continuity or exit is being proposed to the shareholders at the time of writing these lines.

*Past performance is not an indicator of current or future returns.*

# LA FINANCIÈRE CONSTANCE SICAV

## Management report (continued)

Performances from July 1, 2019 to June 30, 2020:

The fund is down 67.46%.

September 22, 2020

Established by the Investment Manager

Approved by the Board of Directors

*Past performance is not an indicator of current or future returns.*



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To the Shareholders of  
LA FINANCIÈRE CONSTANCE SICAV  
2, Rue d'Arlon,  
L-8399 Windhof  
Grand Duchy of Luxembourg

## **REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

### ***Opinion***

We have audited the accompanying financial statements of LA FINANCIÈRE CONSTANCE SICAV and each of its sub-funds ("the Fund"), which comprise the statement of net assets and the statement of investments and other net assets as at June 30, 2020 and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of LA FINANCIÈRE CONSTANCE SICAV and each of its sub-funds as at June 30, 2020, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### ***Basis for opinion***

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Emphasis of Matter***

We draw attention to the Notes 12, 13 and 14 to the financial statements which explain that:

- On March 18, 2020, the Board of Directors decided to suspend the redemptions and the NAV for 30 calendar days on the sub-fund CONSTANCE ALTERNATIVE OPTIONS, in order mainly to protect investors against mispricing in unprecedented market conditions due to the COVID-19 crisis;
- In order to honor the margin calls on the option portfolio, the portfolio manager had to free significant amounts of cash and send them to the clearing broker SGCIB. This situation has resulted in the credit risk profile of the Fund to be very widely exceed the regulatory limits of 20% with one creditor. The Board of Directors resolved to classify the associated breaches as passive breaches;
- Société Générale Bank & Trust S.A. informed the Fund its intention to terminate the agreement as Depositary and Paying Agent.
- An extraordinary meeting of shareholders has been convened on October 5, 2020 to approve the merger of both sub-funds of the Fund into PCFS - FLEXIBLE ARCHITECTURE with effective date on November 17, 2020 (based on the net asset values calculated on November 16, 2020).

Our opinion is not modified in respect of this matter.

### ***Other information***

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of “Réviseur d’Entreprises agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### ***Responsibilities of Board of Directors of the Fund for the financial statements***

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund and any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

### ***Responsibilities of the “Réviseur d'Entreprises agréé” for the audit of the financial statements***

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of “Réviseur d'Entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “Réviseur d'Entreprises agréé” to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “Réviseur d'Entreprises agréé”. However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, October 1, 2020

KPMG Luxembourg  
Société coopérative  
Cabinet de révision agréé

A handwritten signature in blue ink, appearing to read 'Pascale Leroy', with a stylized flourish at the end.

Pascale Leroy

# LA FINANCIÈRE CONSTANCE SICAV

## Statement of net assets as at June 30, 2020

	COMBINED	CONSTANCE STRATÉGIE	CONSTANCE ALTERNATIVE OPTIONS
	EUR	EUR	EUR
<b>ASSETS</b>			
Investments in securities at market value (note 2)	4,650,954.52	4,650,954.52	-
Cash at banks	1,896,459.61	161,791.42	1,734,668.19
Formation expenses (note 2)	11,390.33	5,402.87	5,987.46
Other assets	3.14	1.17	1.97
Total assets	6,558,807.60	4,818,149.98	1,740,657.62
<b>LIABILITIES</b>			
Net unrealised loss on forward exchange contracts (note 9)	345.87	305.23	40.64
Management company fees payable (note 3)	2,429.32	1,206.89	1,222.43
Investment management fees payable (note 4)	13,136.76	13,108.72	28.04
Taxes and expenses payable	60,027.58	37,700.55	22,327.03
Total liabilities	75,939.53	52,321.39	23,618.14
<b>TOTAL NET ASSETS</b>	<b>6,482,868.07</b>	<b>4,765,828.59</b>	<b>1,717,039.48</b>

The accompanying notes form an integral part of these financial statements.



# LA FINANCIÈRE CONSTANCE SICAV

## Statement of operations and changes in net assets for the year from July 1, 2019 to June 30, 2020

	COMBINED	CONSTANCE STRATÉGIE	CONSTANCE ALTERNATIVE OPTIONS
	EUR	EUR	EUR
<b>INCOME</b>			
Dividends, net (note 2)	2,430.11	-	2,430.11
Interest on bonds (note 2)	8,533.00	-	8,533.00
Bank interest	3,927.37	719.37	3,208.00
Other income (note 11)	60,824.50	55.21	60,769.29
Total income	75,714.98	774.58	74,940.40
<b>EXPENSES</b>			
Management company fees (note 3)	29,785.36	14,847.84	14,937.52
Investment management fees (note 4)	131,142.73	70,992.67	60,150.06
Performance fees (note 7)	65.58	-	65.58
Administration, accounting and domiciliation fees (note 5)	67,051.83	30,769.17	36,282.66
Interest and bank fees	1,438.60	742.18	696.42
"Taxe d'abonnement" (note 6)	3,076.19	796.48	2,279.71
Depository fees (note 5)	57,673.32	28,884.29	28,789.03
Transfer agent fees	17,473.73	8,568.78	8,904.95
Professional fees	49,955.14	27,162.68	22,792.46
Transaction fees (note 10)	89,844.94	4,028.85	85,816.09
Amortization of formation expenses (note 2)	16,123.18	7,645.01	8,478.17
Other fees	34,415.26	12,244.20	22,171.06
Total expenses	498,045.86	206,682.15	291,363.71
<b>NET INVESTMENT LOSS</b>	<b>-422,330.88</b>	<b>-205,907.57</b>	<b>-216,423.31</b>
<b>NET REALISED GAIN/LOSS</b>			
- on investments	194,208.20	308,688.99	-114,480.79
- on forward exchange contracts	77,525.44	-232.26	77,757.70
- on options	-3,984,962.82	3,835.37	-3,988,798.19
- on futures	-173,235.66	-124,776.40	-48,459.26
<b>Net realised gain/loss</b>	<b>-4,308,795.72</b>	<b>-18,391.87</b>	<b>-4,290,403.85</b>
<b>CHANGE IN NET UNREALISED RESULT</b>			
- on investments	-820,045.14	-870,738.68	50,693.54
- on forward exchange contracts	5,331.03	-305.23	5,636.26
- on options	7,478.47	-2,800.00	10,278.47
- on futures	5,475.00	-	5,475.00
- on currencies	1,876.57	-2,577.31	4,453.88
<b>Change in net unrealised appreciation/depreciation</b>	<b>-799,884.07</b>	<b>-876,421.22</b>	<b>76,537.15</b>
<b>RESULT OF OPERATIONS</b>	<b>-5,108,679.79</b>	<b>-894,813.09</b>	<b>-4,213,866.70</b>
Subscriptions	3,125,520.17	3,075,571.63	49,948.54
Redemptions	-10,804,221.83	-2,745,195.64	-8,059,026.19
<b>DECREASE OF NET ASSETS DURING THE YEAR</b>	<b>-12,787,381.45</b>	<b>-564,437.10</b>	<b>-12,222,944.35</b>
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	<b>19,270,249.52</b>	<b>5,330,265.69</b>	<b>13,939,983.83</b>
<b>NET ASSETS AT THE END OF THE YEAR</b>	<b>6,482,868.07</b>	<b>4,765,828.59</b>	<b>1,717,039.48</b>

The accompanying notes form an integral part of these financial statements.

# LA FINANCIÈRE CONSTANCE SICAV

## Number of shares outstanding and net asset value per share

Sub-funds	Class	Currency	Number of shares outstanding 30.06.2020	Net asset value per share 30.06.2020	Net asset value per share 30.06.2019	Net asset value per share 30.06.2018
CONSTANCE STRATÉGIE	A	EUR	60,998.1789	75.68	86.90	88.88
CONSTANCE STRATÉGIE	A*	USD	1,894.0000	88.68	-	-
CONSTANCE ALTERNATIVE OPTIONS	A	EUR	37,759.4242	39.98	122.67	125.00
CONSTANCE ALTERNATIVE OPTIONS	A	CHF	3,048.6794	30.47	93.69	96.12
CONSTANCE ALTERNATIVE OPTIONS	B	EUR	1,903.1064	30.48	93.74	95.84
CONSTANCE ALTERNATIVE OPTIONS	I	EUR	2,026.4654	30.68	94.00	96.43
CONSTANCE ALTERNATIVE OPTIONS	I**	USD	-	-	101.03	100.12

(\*) This share class was launched on February 26, 2020

(\*\*) This share class was suspended on December 6, 2019

			30.06.2020	30.06.2019	30.06.2018
Net asset value					
CONSTANCE STRATÉGIE		EUR	4,765,828.59	5,330,265.69	8,731,494.83
CONSTANCE ALTERNATIVE OPTIONS		EUR	1,717,039.48	13,939,983.83	18,810,299.07

# LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE STRATÉGIE

## Statement of investments and other net assets as at June 30, 2020 (expressed in EUR)

Description	Currency	Quantity	Market value (note 2)	% of net assets
<b>I. TRANSFERABLE SECURITIES AND DERIVATIVES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET</b>				
<b>OPTIONS</b>				
<i>INTERNATIONAL</i>				
PUT SX5E/202007/700	EUR	100.00	100.00	0.00
			100.00	0.00
<b>TOTAL I.</b>			<b>100.00</b>	<b>0.00</b>
<b>II. INVESTMENT FUNDS</b>				
<i>FRANCE</i>				
ECHQUIER AGENOR SRI MID CAP EUROPE PART I	EUR	127.76	363,696.25	7.63
GEMEQUITY I	EUR	1,273.76	237,440.86	4.98
MONETA MULTI CAPS C	EUR	400.00	101,676.00	2.13
TAILOR CREDIT RENDEMENT CIBLE FCP	EUR	5,645.86	679,535.59	14.27
TAILOR EPARGN HIGH YIELD 1-2 FCP	EUR	2,453.24	245,593.36	5.15
			1,627,942.06	34.16
<i>LUXEMBOURG</i>				
BLACKROCK STRATEGIC FUNDS GLOBAL EVENT DRIVEN FD SICAV	EUR	2,259.58	250,338.87	5.25
ELEVA UCITS FUND SICAV	EUR	2,049.01	256,638.50	5.38
EXANE 1 OVERDRIVE FD AC	EUR	10.00	149,554.50	3.14
LA FINANCIERE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS CLASS A CAP EUR (NOTE 2.12)	EUR	4,351.11	174,044.45	3.65
LA FINANCIERE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS CLASS B DIST RETAIL SICAV (NOTE 2.12)	EUR	10.00	305.00	0.01
LA FINANCIERE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS CLASS I INSTITUTION SICAV (NOTE 2.12)	EUR	1,009.99	31,006.79	0.65
LONGRUN EQUITY FUND P A EUR	EUR	255.44	388,064.45	8.14
MFS MERIDIAN FD EURP VALUE A1	EUR	8,000.00	373,440.00	7.84
ORBIS SICAV GLOBAL EQUITY FUND INVESTOR DIS	EUR	1,900.39	376,752.58	7.91
RAVEL ASSOCIATES SICAV RAVEL LONG SHORT EUROPE FUND	EUR	6,201.18	613,917.08	12.88
SCHRODER INTL SELECTION FUND ASIAN TOT RET C EUR HEDG	EUR	200.00	49,040.28	1.03
SCHRODER INTL SELECTION FUND EUROP SPECIAL SIT A CAP	EUR	250.00	50,198.60	1.05
UNI-GLOBAL 100% MV EUROPE	EUR	101.25	309,611.36	6.50
			3,022,912.46	63.43
<b>TOTAL II.</b>			<b>4,650,854.52</b>	<b>97.59</b>
<b>TOTAL INVESTMENTS</b>			<b>4,650,954.52</b>	<b>97.59</b>
CASH AT BANKS			161,791.42	3.39
OTHER NET LIABILITIES			-46,917.35	-0.98
<b>TOTAL NET ASSETS</b>			<b>4,765,828.59</b>	<b>100.00</b>

The accompanying notes form an integral part of these financial statements.

# LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE STRATÉGIE

## Industrial classification of investments as at June 30, 2020

### Industrial classification

(in % of net assets)

Investment funds	97.59
Cash at banks	3.39
Other net liabilities	-0.98
	<b>100.00</b>

# LA FINANCIÈRE CONSTANCE SICAV

## Notes to the financial statements as at June 30, 2020

### NOTE 1 - PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company are established in accordance with the Luxembourg legal and regulatory requirements concerning the Undertakings of Collective Investment.

The combined figures in the financial statements are expressed in Euro.

### NOTE 2 - PRINCIPAL ACCOUNTING METHODS

The assets of each sub-fund of the Company are valued in accordance with the following principles:

1. The value of any cash at hand or on deposit, bills, demand notes and accounts receivable, prepaid expenses, dividends and interests matured but not yet received is valued at the par-value of the assets, except if it appears that such value is unlikely to be received. In such a case, subject to the approval of the Board of Directors, the value is determined by deducting a certain amount to reflect the true value of the assets.
2. The value of Transferable Securities, Money Market Instruments and/or financial derivative instruments listed on an official Stock Exchange or dealt in on a regulated market which operates regularly and is recognised and open to the public (a "Regulated Market(s)"), as defined by laws and regulations in force, is based on the latest available price and if such Transferable Securities are dealt in on several markets, on the basis of the latest known price on the stock exchange which is normally the principal market for such securities. If the latest known price is not representative, the value is determined based on a reasonably foreseeable sales price to be determined prudently and in good faith.
3. In the event that any Transferable Securities or/and Money Market Instruments are not listed or dealt in on any stock exchange or any other Regulated Market operating regularly, recognised and open to the public, as defined by the laws and regulations in force, the value of such assets is assessed on the basis of their foreseeable sales price estimated prudently and in good faith.
4. The liquidating value of derivative contracts not traded on exchanges or on other Regulated Markets shall mean their net liquidating value determined by the Board of Directors in a fair and reasonable manner, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts traded on exchanges or on other Regulated Markets is based upon the last available settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Company; provided that if a futures, forward and options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract is such value as the Board of Directors may deem fair and reasonable.
5. The value of Money Market Instruments not listed or dealt in on any stock exchange or any other Regulated Market and with remaining maturity of less than 12 (twelve) months and of more than 90 (ninety) days are deemed to be the nominal value thereof, increased by any interest accrued thereon. Money market instruments with a remaining maturity of 90 (ninety) days or less are valued by the amortised cost method, which approximates market value.
6. Units of UCITS and/or other UCI are valued at their last determined and available net asset value or, if such price is not representative of the fair market value of such assets, then the price is determined by the Board of Directors of the Management Company on a fair and equitable basis. Units or shares of a closed-ended UCI are valued at their last available stock market value.
7. All other securities and other assets are valued at fair market value, as determined in good faith pursuant to procedures established by the Board of Directors of the Management Company.

The Board of Directors, at its sole discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset of the Company.

# LA FINANCIÈRE CONSTANCE SICAV

## Notes to the financial statements as at June 30, 2020

Every other asset is assessed on the basis of the foreseeable realisation value which is estimated prudently and in good faith.

In the event that extraordinary circumstances render valuations as aforesaid impracticable or inadequate, the Company is authorised, prudently and in good faith, to follow other rules in order to achieve a fair valuation of its assets.

The value of the net assets per share of each class, as well as their issue, redemption and conversion prices are made available at the registered office of the Company every Bank Business Day.

Costs related to the establishment of any new sub-fund are borne by such new sub-fund and amortised over a period of one year from the date of the establishment of such sub-fund or over any other period as the Board of Directors of the Company determine, with a maximum of five years starting on the date of the sub-fund's establishment.

When a sub-fund is liquidated, any setting-up costs that have not yet been amortised are charged to the sub-fund being liquidated. All these expenses are accrued in each sub-fund at each net asset value calculation.

### 8. Translation of foreign currencies

Securities denominated in currencies other than the currency of the sub-fund are valued in such currency at the last known buy exchange rate.

The following exchange rates are used as at June 30, 2020:

1 EUR = 1.123150 USD

1 EUR = 1.064250 CHF

The acquisition cost of investments denominated in a currency other than that of the sub-funds in question are translated into the currency of the sub-fund at the exchange rate applicable on the acquisition date.

### 9. Net realised gain/loss on investments

The net realised gain or loss on investments is determined on the basis of the average cost of investments sold.

### 10. Change in net unrealised appreciation/depreciation

Unrealised appreciation or depreciation on all components of the statement of net assets at the end of the financial year are accounted for in the statement of operations and changes in net assets.

### 11. Income, expenses and accruals

Interest income is accounted on a day-to-day basis and dividends are booked on an ex-dividend basis. Interest and dividend are stated net of irrecoverable withholding taxes, if any.

# LA FINANCIÈRE CONSTANCE SICAV

## Notes to the financial statements as at June 30, 2020

### 12. Cross-investments

The value of cross-investments within the Company has not been deducted for the calculation of the combined total net assets of the Company.

The value of those cross-investments as at June 30, 2020 amounted to:

Investing sub-fund	Invested sub-fund	Currency	Market Value (in EUR)	% of net assets
CONSTANCE STRATÉGIE	CONSTANCE ALTERNATIVE OPTIONS CLASS A CAP EUR	EUR	174,044.45	3.65%
CONSTANCE STRATÉGIE	CONSTANCE ALTERNATIVE OPTIONS CLASS B DIST RETAIL SICAV	EUR	305.00	0.01%
CONSTANCE STRATÉGIE	CONSTANCE ALTERNATIVE OPTIONS CLASS I INSTITUTION SICAV	EUR	31,006.79	0.65%

The net assets at the end of the financial year of combined figures are EUR 6,277,511.83 without taking into account the cross-investments values.

### NOTE 3 - MANAGEMENT COMPANY FEES

#### LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE STRATÉGIE

The Management Company is entitled to receive out of the net assets of the sub-fund a management company fee which is calculated as follows, and for any share class: max 0.12% of the total net assets per annum payable monthly and calculated on the average total net assets for the relevant month.

#### LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS

The Management Company is entitled to receive out of the net assets of the sub-fund a management company fee which is calculated as follows, and for any share class up to 0.12% of the total net assets per annum payable monthly and calculated on the average total net assets for the relevant month.

The Management Company is entitled to an additional fee of up to 0.10% of the total net assets per annum of the A CHF Hedged and I USD Hedged share classes in relation to the Hedging process, payable monthly and calculated on the average total net assets for the relevant month.

All these expenses are accrued in each sub-fund at each net asset value calculation.

The minimum management company fees amount to EUR 15,000.00 (excluding VAT) for each sub-fund.

### NOTE 4 - INVESTMENT MANAGEMENT FEES

The Investment Manager is entitled to receive out of the net assets of each sub-fund an investment management fee which is calculated as follows:

#### LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE STRATÉGIE

Class A: 1.75% (since February 14, 2020)\* of the total net assets per annum payable monthly and calculated on the average total net assets for the relevant month.

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\*1.50% until February 13, 2020.

# LA FINANCIÈRE CONSTANCE SICAV

## Notes to the financial statements as at June 30, 2020

### LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS

Class A: 1.00% of the total net assets per annum payable monthly and calculated on the average total net assets for the relevant month.

Class B: 1.25% of the total net assets per annum payable monthly and calculated on the average total net assets for the relevant month.

Class I: 0.85% of the total net assets per annum payable monthly and calculated on the average total net assets for the relevant month.

The Investment Manager is entitled to an additional fee of up to 0.10% of the total net assets per annum of the Class A, B and I CHF Hedged share classes, Class A and I USD Hedged share classes in relation to the hedging process, payable monthly and calculated on the average total net assets for the relevant month. These hedging fees have been waived by the Investment Manager as from the date of takeover of May 20, 2020 until the end of the audit period.

As any sub-fund may invest its assets in other UCITS and/or other UCIs, there is a risk for the investor to bear the cost of a double fee structure.

Any sub-fund, that invests a substantial proportion of its assets in other UCITS and/or other UCIs, shall disclose the maximum level of the management fees that may be charged both to the sub-fund itself and to the UCITS, and/or other UCIs in which it intends to invest. The maximum management fees shall be 3.50%.

When the Company invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same management company or by any other company, with which the management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the Company's investment in the units of such other UCITS and/or UCIs.

### **NOTE 5 - DEPOSITARY BANK, CENTRAL ADMINISTRATION AGENT AND REGISTRAR AGENT FEES**

The Company pays to the Depositary Bank, the Administrative Agent and the Registrar Agent a maximum annual fee of 0.30% based on the total net assets of the sub-fund, which is payable on a monthly basis and which does not include any transaction related fees and costs of sub-custodians or similar agents. The Depositary Bank, the Administrative Agent as well as the Registrar Agent are also entitled to be reimbursed of reasonable out of pocket expenses which are not included in the above mentioned rate. The amount paid by the Company to the Depositary Bank, the Administrative Agent and the Registrar Agent is mentioned in the annual report of the Company. Investors may consult the relevant agreements during usual business hours at the registered office of the Company.

The minimum central administration fees and NAV calculation fees amount to EUR 21,012.50 (excluding VAT) (EUR 21,537.80 (excluding VAT) from January 1, 2020) for each sub-fund.

The minimum registrar agent fees amount to EUR 8,405.00 (excluding VAT) (EUR 8,615.12 from January 1, 2020) for each sub-fund.

The minimum depositary fees and trustee fees amount to EUR 26,266.00 (excluding VAT) (EUR 26,922.00 from January 1, 2020) for each sub-fund.

### **NOTE 6 - SUBSCRIPTION TAX ("TAXE D'ABONNEMENT")**

Under current law and practice, the Company is liable, to an annual subscription tax of 0.05% (except those sub-funds or share classes, which may benefit from the lower rate of 0.01% as more fully described in article 174 of the 2010 Law). No such tax is due on the portion of the assets of the Company invested in other Luxembourg UCITS or UCIs (if any) provided that such assets subject to the subscription tax. This tax is payable quarterly and calculated on the basis of the Company's net assets at the end of the relevant quarter.



# LA FINANCIÈRE CONSTANCE SICAV

## Notes to the financial statements as at June 30, 2020

### NOTE 7 - PERFORMANCE FEES

#### LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE STRATÉGIE

No performance fees.

#### LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS

The Investment Manager is entitled to a performance fee when the sub-fund exhibits a positive absolute performance during the calendar year, subject to an Absolute High Water Mark.

The performance fee amounts to 10.00% of the sub-fund's performance.

The Absolute High Water Mark is the greater of (i) the net asset value per share at the end of any calendar year where a performance fee has been paid or (ii) the initial offer price per share.

The performance fees are payable in arrears at the end of the calendar year. It is calculated and accrued in the net asset value on a daily basis.

At the year ended June 30, 2020, the sub-fund LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS paid performance fees amounting to EUR 65.58.

### NOTE 8 - OPTIONS CONTRACTS

As at June 30, 2020, the sub-fund LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE STRATÉGIE has the following option contract outstanding:

Currency	Quantity	Description	Commitment value (in EUR)*	Market value (in EUR)
EUR	100	PUT SX5E/202007/700	0.00	100.00
<b>Total</b>			<b>0.00</b>	<b>100.00</b>

\*Commitment value: number of contracts \* notional contract size \* market value of underlying equity share \* delta

### NOTE 9 - FORWARD EXCHANGE CONTRACTS

As at June 30, 2020, the Class A CHF of the sub-fund LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS has the following forward exchange contract outstanding:

Currency	Purchase	Currency	Sale	Counterparty	Maturity	Unrealised loss (in EUR)
CHF	93,000	EUR	-87,432.31	Société Générale Paris	July 15, 2020	-40.64
<b>Total</b>						<b>-40.64</b>

As at June 30, 2020, the sub-fund LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE STRATÉGIE has the following forward exchange contract outstanding:

Currency	Purchase	Currency	Sale	Counterparty	Maturity	Unrealised loss (in EUR)
USD	169,500	EUR	-151,180.14	Société Générale Paris	July 15, 2020	-305.23
<b>Total</b>						<b>-305.23</b>

### NOTE 10 - TRANSACTION FEES

The depositary transaction fees for the year ended June 30, 2020 amount to EUR 4,028.85 for the sub-fund LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE STRATÉGIE and amount to EUR 85,816.09 for the sub-fund LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS. They are booked in the statement of operations and changes in net assets.

# LA FINANCIÈRE CONSTANCE SICAV

## Notes to the financial statements as at June 30, 2020

### NOTE 11 - OTHER INCOME

Other Income includes mainly the income equalisation results. Income equalisation is a method used by funds to ensure incoming and outgoing investors do not affect the value of shares for the remaining investors. At issue and redemption of shares, an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the income equalisation account. The amount transferred to/from income equalisation account is determined according to the pro-rata share of the different realised income and expenditure. Capital sums paid for income equalisation are returned to investors as an average amount per share and similarly income equalisation on redemptions is averaged leaving no scope for an investor to create an artificial return due to income equalisation.

### NOTE 12 - REDEMPTION SUSPENSION, NAV SUSPENSION

By means of a circular resolution dated March 18, 2020, the Board of Directors decided to suspend the redemptions for the sub-fund CONSTANCE ALTERNATIVE OPTIONS by suspending the NAV for 30 calendar days on the sub-fund CONSTANCE ALTERNATIVE OPTIONS, in order mainly to protect investors against mispricing in unprecedented market conditions due to the COVID-19 crisis.

### NOTE 13 – BREACHES OF THE FUND

In order to honor the margin calls on the option portfolio, the portfolio manager had to free significant amounts of cash and send them to the clearing broker SGCIB. This situation has resulted in the credit risk profile of the fund to be very widely exceed the regulatory limits of 20% with one creditor (in this instance the SG Group where the cash accounts are held). There was no solution other than selling the fixed income instruments of the sub-fund to be able to come up with the cash requested by the clearing broker for the margin calls. The Board of Directors resolved to classify the associated breaches as passive breaches.

### NOTE 14 - SUBSEQUENT EVENTS

- Société Générale Bank & Trust S.A. informed the fund its intention to terminate the agreement as Depositary and Paying Agent.
- An extraordinary meeting of shareholders has been convened on October 5, 2020 to approve the merger of both sub-funds of the Fund into PCFS - FLEXIBLE ARCHITECTURE with effective date on November 17, 2020 (based on the net asset values calculated on November 16, 2020).

# LA FINANCIÈRE CONSTANCE SICAV

## Unaudited Appendix

### GLOBAL EXPOSURE

#### LA FINANCIÈRE CONSTANCE SICAV – CONSTANCE STRATÉGIE

The methodology used for the calculation of the global risk of the UCITS is the commitment approach as dictated by the guidelines of ESMA 10-788. As the Investment Manager is using for a limited part derivatives instruments for the management of the UCITS, the global risk related to the positions on the financial derivatives instruments (included those embedded within transferable securities and/or money market instruments) is determined by commitment approach.

The Management Company of the Company, after a risk profile assessment, decided to adopt the commitment approach to determine the global market risk exposure for the sub-fund LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE STRATÉGIE.

#### LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS

The methodology used for the calculation of the global risk of the UCITS is an absolute VaR approach as dictated by the guidelines of ESMA 10-788. As the Investment Manager invests in derivatives instruments as a main part of the management of the UCITS, the global risk related to the positions on the financial derivatives instruments (included those embedded within transferable securities and/or money market instruments) is determined by VaR. Looking at the nature of instruments (principally options), a Monte-Carlo model is used for calculating this Absolute VaR (99%, 20 days).

The global market risk exposure information for the sub-fund LA FINANCIÈRE CONSTANCE SICAV - CONSTANCE ALTERNATIVE OPTIONS using VaR for the the year from June 30, 2019 until June 30, 2020, is as follows:

Sub-fund	Global Risk calculation Method	VaR model	Reference Portfolio	VaR limit	Lowest utilisation of VaR limit	Highest utilisation of VaR limit	Average utilisation of VaR limit	Average level of leverage reached during the year
Constance Alternative Options	Absolute VaR	Monte-Carlo (99%, 20 Days)	(absolute)	20%	-0.55%	-59.98%	-5.93%	1,516.29%

### REMUNERATION POLICY

European Directive 2014/91/EU amending Directive 2009/65/EC on undertakings for collective investment in transferable securities, which is applicable to the SICAV, came into force on March 18, 2016. It is implemented in national law under the Luxembourg Act of May 10, 2016 implementing Directive 2014/91/EU. Due to these new regulations, the SICAV is required to publish information relating to the remuneration of identified employees within the meaning of the Act in the annual report.

# LA FINANCIÈRE CONSTANCE SICAV

## Unaudited Appendix (continued)

The total remuneration paid by the Management Company and by the Investment Manager during the financial year is as follows:

	Number of Beneficiaries	Total remuneration paid (EUR)	Fixed remuneration paid (EUR)	Variable remuneration paid (EUR)	Amount paid directly by the UCITS itself to the Management Company (including management company fees, performance fees, domiciliation fees and hedging fees) (EUR)
Total remuneration paid by the Management Company and by the Investment Company during the financial year to executives and senior management	9	1,509,098.28	1,509,098.28	0.00	51,713.22
Total remuneration paid by the Management Company and by the Investment Company during the financial year to other staff	6	275,618.54	240,618.54	35,000	

The Management Company has implemented a remuneration policy that is designed as not to encourage excessive risk taking. In that context, it integrates in its performance management system risk criteria specific to the activities of the business units concerned. The Management Company has implemented a series of safeguards that refrain to staff taking undue risk compared to the activity profile. The Remuneration Policy supports the business strategy, company values and a long-term interest of the Management Company, of the managed UCITS and/or UCI's and of the underlying investors of any managed UCITS and/or UCI's. The governance structure of the Remuneration Policy aims at preventing internal conflicts of interest.

More specifically the Management Company has determined and applies remuneration policies and practices that comply with the legal requirements, in particular the principles listed in Article 111ter of the 2010 Law. These practices and policies are compatible and consistent with the risk-management process defined by the Management Company and neither encourage the acceptance of risks that are incompatible with the risk profiles and the constitutional documents of the funds under its management nor prevent the Management Company from acting at its own discretion in the best interests of the Company.

The remuneration policies and practices include fixed and variable portions of salaries and potentially, voluntary pension benefits. The remuneration policies and practices apply to categories of employees, including senior management, risk bearers, employees with oversight functions and employees whose overall remuneration places them in the same income bracket as senior management and risk bearers, whose activities have a material influence on the risk profiles of the Management Company or the funds under its management.

## Unaudited Appendix (continued)

The remuneration policies and practices are compatible with sound and effective risk management and are consistent with the business strategy, the objectives, values and interests of the Management Company and of the UCITS under its management and investors in such UCITS as well as with EU Level 2 Regulation. Compliance with the remuneration principles, including the implementation thereof, shall be verified once a year. The ratio between the fixed and variable portions of overall remuneration is appropriate. Performance fees are based on employees' qualifications and skills as well as their level of responsibility and contribution towards the Management Company's added value. The pension scheme is consistent with the business strategy, the objectives, values and long-term interests of both the Management Company and the UCITS under its management. 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, may be available free of charge at the registered office of the Fund.

A hard copy will be made available free of charge to investors on request.

## SECURITIES FINANCING TRANSACTIONS REGULATION ("SFTR")

Concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR") and at the date of the financial statements, the Company is not in the scope of the publication requirements of SFTR. No transactions were carried out during the reporting year.