DNCA INVEST

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 125.012

(the "**Fund**")

NOTICE TO THE SHAREHOLDERS
OF DNCA INVEST – SRI EUROPE GROWTH

Luxembourg, 30 September 2021

Dear Shareholder,

The board of directors of the Fund (the "**Board of Directors**") would like to inform you of important changes relating to the Fund's sub-fund DNCA INVEST – SRI EUROPE GROWTH (the "**Sub-Fund**").

Terms not otherwise defined in this notice will have the same meaning as those defined in the Fund's current prospectus (the "Prospectus").

The Board of Directors has decided to update the investment policy of the Sub-Fund in order to add further details with respect to the investment universe of the Sub-Fund and enhance the disclosures related to the responsible investment policy as applied by the Fund's management company.

This update involves an amendment of (i) the investment objective and (ii) the investment strategy applicable to the Sub-Fund (the "**Changes**").

(i) Investment Objective:

As part of the disclosure enhancement of the responsible investment policy as further described in section (ii) below, the investment objective of the Sub-Fund will be amended as follows (changes are underlined below):

"*The Sub-Fund seeks to outperform pan-European equity markets over the recommended investment period. The STOXX EUROPE 600 Net Return EUR index (Bloomberg ticker: SXXR Index), calculated with dividends reinvested, is provided for a posteriori comparison purposes. Investors' attention is drawn to the fact that the management style is discretionary and integrates environmental, social / societal and governance (ESG) criteria."*

(ii) Investment strategy

The Board of Directors has decided to update as follows the investment strategy of the Sub-Fund in order to add further details in relation to (a) the Sub-Fund's investment universe and (b) the description of the responsible investment policy as already applied by the Management Company (changes are underlined below):

"*To achieve its investment objective, the Sub-Fund's investment strategy relies on active discretionary management aimed at investing in high-quality pan-European growth stocks. The selection process is based on picking stocks according to their intrinsic worth (an in-depth analysis of fundamentals is conducted in-house), not on the composition of the benchmark index.*

The management process is based solely on fundamental financial analysis. This consists in identifying issuers which should able to meet the 8 following selection criteria:

- *A future organic growth superior to 5% per year;*
- *High barriers to entry (technology, brand, know-how, assets, regulation, etc.) that could discourage potential new competitors;*
- *An attractive valuation;*
- *Profitability improvement;*
- *Abundant cash flow;*
- *Strong balance sheet;*
- *Value creation;*
- *Quality management team.*

It is a conviction fund intended to be concentrated on a small number of issuers, around forty. Investments may therefore be concentrated on a limited number of stocks; there must nevertheless be at least 20 stocks in the portfolio.

In addition, with the management style as described above, the Sub-Fund is managed taking into consideration responsible and sustainable principles.

The Sub-Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR.

The Sub-Fund considers, at least, the following objectives, and proceed to the reporting of this ESG indicators as part of the monitoring and the evolution of the portfolio's ESG performance:

- *Environment: GHG emissions, airborne pollution, waterborne pollution, water consumption, land use, etc.*
- *Social: compensation, gender inequality, health and safety, child labor, etc.*
- *Governance: corruption and bribery, tax avoidance, etc.*
- *Global ESG quality rating.*

The initial investment universe, which include up to 2500 issuers, identified through financial and extra-financial approach as high-quality pan-European growth stocks and which may belong to the MSCI Nordic Countries Index, the STOXX Europe 600 and the MSCI Europe SMID Index, as well as stocks identified by the Management Company based on the financial and extra-financial analysis, having already been invested in recent past years. The SRI approach is applied on the selected issuers from the initial investment universe.

From this initial investment universe, are excluded issuers with controversies or in severe breach to UN Global Compact Principles (example: human rights or fight against corruption) based on the internal approach. Moreover, a strict controversial weapons analysis exclusion policy is implemented and is available on the website of the Management Company (https://www.dnca-investments.com/lu/areas-of-expertise/sri).

In this way, the investment process and resulting stock picking take into account internal scoring with respect to both corporate responsibility and sustainability of companies based on an extra-financial analysis trough a proprietary tool developed internally by the Management Company, with the "best in universe" method. There may be a sector bias.

The risk exists that the models used to make these investment decisions do not perform the tasks they were designed to. The use of the proprietary tool relies on the experience, relationships and expertise of the Management Company.

Corporate responsibility is a useful information's pool used to anticipate companies' risks especially looking at the interplay with their stakeholders: employees, supply chains, clients, local communities, and shareholders…, regardless of the sector of activities.

The analysis of corporate responsibility is broken down into four aspects: shareholders responsibility (board of directors and general management, accounting practices and financial risks, etc.), environmental responsibility (environmental footprint of the production chain and product life cycle or responsible supply, energy consumption and water consumption, company CO2 emissions and management of waste, etc.), responsibility towards workers and society responsibility (ethics and working conditions of the production chain, treatment of employees – safety, well-being, diversity, employee representation, wages, quality of products or services sold, etc.). Each aspect is rated independently and weighted in accordance to how material it is for the company. Each dimension is broken down into a set of criteria, which are around 25 in total. This in-depth analysis, combining qualitative and quantitative research leads to a rating out of 10.

Moreover, the monitoring of the level of controversy is taken into account directly in the corporate responsibility and may affect the rating.

The sustainable transition focuses on the positive impacts' companies generate through their activities, products and services. The aim is to identify whether a company contributes to the sustainable transition. In the model, this pillar has been broken down into 5 major themes: demographic transition (inclusion of senior citizens, access to education, etc.), medical transition (access to care, medical diagnostics, control of endemic diseases, etc.), economic transition (infrastructure development, digitalization, access to connectivity, etc.), lifestyle transition (extension of product lifestyle, circular economy, sustainable mobility, etc.) and ecological transition (renewable energies, biodiversity, green mobility, etc.). Around 34 activities which contribute to the sustainable transition have been identified and integrated into the model.

The analysis and the internal rating are based on factual data published by the companies, which may be incomplete or inaccurate, as well as continuous dialogue with company managers.

A strict controversial weapons analysis exclusion policy is implemented and is available on the website of the Management Company (https://www.dnca-investments.com/lu/areas-of-expertise/sri ~~https://www.dnca-investments.com/isr/Politique%20exclusion%20armements_FR-BE%2030%2010%2018.pdf~~).

Due to the responsible investment strategy, the Sub-Fund strictly excludes the following activities:

- *Tobacco production;*
- *Weapons production over than 10% of revenues;*
- *Coal production over than 10% of revenues;*
- *Extraction of metallurgical coal over than 10% of revenues;*
- *Any extraction of thermal coal;*
- *Unconventional oil and gas production over than 10% of revenues;*
- *Conventional oil and gas production over than 10% of revenues;*
- *Companies in severe breaches to UN Global Compact Principles.*

The Sub-Fund may not invest more than 5% of its net assets in issuers with the following activities:

- *Coal-based power generation over than 10% of revenues;*
- *Nuclear-based power generation over than 30% of revenues.*

Based on the conviction that the improvement of the best practice of issuers selected by the Management Company contributes to protect the client's investment value, the management team has put in place a dialogue and engagement approach which aim to improve the consideration of ESG issues (corporate responsibility and sustainable transition) of issuers selected. This approach is based on a continuous interaction with issuers and the progress and achievements of issuer's engagement, through the analysis made in the proprietary tool of the Management Company. Interactions with issuers and site visits are the heart of our investment process and aim to contribute to the general enhancement of market practices and transparency on ESG issues.

The result of the SRI approach will be binding on the Management Company.

In line with the fundamental approach of the management team, the investment process is based on the following three stages:

- *Selection of the investment universe combining a financial (quantitative and micro-economic) and extra-financial (qualitative) approach with two successive steps:*
  - *The selection of issuers pursuant to the financial approach described above,*
  - *the exclusion of issuers which have a high-risk profile in terms of corporate responsibility (rating below 2/10 in the ESG proprietary tool) or exposed to major controversies. This filter excludes a minimum of 20% of issuers based on the extra-financial analysis describes before.*
- *Structuration of the portfolio with a macroeconomic approach.*

- *Build the portfolio taking into consideration the regulatory constraints and the investment process in order to establish the final selection.*

The Sub-Fund is managed taking into consideration the requirements of the French SRI label, ~~which~~from which the Sub-Fund benefits, which especially involves proceeding to the extra-financial analysis on at least 90% of the asset of the Sub-Fund and entails the exclusion of at least 20% of the worst share issuers from its investment universe. As such the sub-Fund will not invest in these issuers. The Management Company has also signed the AFG-FIR-EUROSIF transparency code for SRI funds that have obtained a Label for the general public."

There will be no other changes to the Sub-Fund's investment policy. In particular, the other characteristics of the Sub-Fund remain unchanged.

The Changes will be included in the next update of the Prospectus and the KIIDs of the Sub-Fund which may be obtained free of charge upon request at the Fund's registered office at the address stated above.

Our sales team remain at your disposal should you need additional information about the Changes.

Yours faithfully,

The Board of Directors
DNCA INVEST