

Paris, 31 July 2024

Letter to the unitholders of FCP DNCA CONVERTIBLES EUROPE

Dear Sir or Madam,

You are a unitholder in the French mutual fund DNCA CONVERTIBLES EUROPE (RC units: FR0010678359; IC-NPF units: FR0010171678; IC units: FR0010369827; ID units: FR0011310192 N units: FR0013299179), managed by the management company DNCA FINANCE (hereafter “DNCA”) and we thank you for your loyalty.

What changes are being made to your fund?

As part of the reorganisation of DNCA’s range of funds and to offer investors a low-volatility investment strategy better suited to the current economic climate, we would like to inform you of our decision to merge/absorb the DNCA CONVERTIBLES EUROPE mutual fund (the “Absorbed UCITS”) into the Luxembourg sub-fund CONVERTIBLES of the DNCA INVEST SICAV (the “Absorbing UCITS”), of which DNCA is also the financial manager.

This reorganisation of the UCITS in the “convertibles” range managed by DNCA was undertaken to provide investors with a more transparent, streamlined offering.

The risk/return profile is expected to change significantly, although the SRI will remain unchanged.

Please note that from 13/09/2024, any questions or disputes regarding your rights and obligations as a shareholder of the DNCA INVEST SICAV will be subject to Luxembourg regulations and the jurisdiction of Luxembourg courts.

In addition, the operation of Luxembourg registers may prevent you from exercising your rights as an investor before Luxembourg authorities or courts, effectively limiting your ability to file complaints or seek recourse. Investors will only be able to fully exercise their rights as investors directly vis-à-vis an investment company or a fund if the investor appears in their own name in the register of shareholders or unitholders, implying a direct subscription in the DNCA INVEST SICAV, without the involvement of an intermediary.

The merger is a “cross-border” merger as defined in Articles 37 et seq. of Directive 2009/65/EC (UCITS IV Directive), involving two UCITS governed by different legal systems.

Important information

Please note that the management objective of the Absorbed UCITS was to outperform the European convertible bond market over the recommended investment horizon, in particular by selecting stocks that meet socially responsible investment criteria. Depending on market conditions, this performance will approach either that of the equity market or that of the bond market. The comparable market risk is represented by the Refinitiv Europe Focus Hedged EUR Index, calculated with coupons reinvested.

The annualised net performance since 30/11/2008 is 3.47%, compared to 4.53% for its benchmark index¹.

This result is mainly due to the search for convexity during the period from 2016 to 2021. The defensive management adopted by the Absorbed UCITS, favouring mixed profiles over those highly sensitive to equities, did not allow it to fully benefit from the rise in equity markets during this period.

Significantly, the strategy paid off in 2023, showing an improvement in the annualised performance of the Absorbed UCITS net of fees relative to its benchmark (5.95%, compared to 5.37% for its benchmark).

See chart in annex.

When will the merger take place?

The merger will be effective on 13/09/2024, based on the net asset value of 12/09/2024.

Please note that for the smooth execution of these operations, you will not be able to subscribe to new units or request the redemption of your units from 12:00 noon on 06/09/2024 until 13/09/2024, the date of the merger. As the Absorbed UCITS is valued daily, the last net asset value of the fund on which subscriptions or redemptions can be executed before the merger will be that of 06/09/2024 (D-7) calculated on 09/09/2024 (D+1).

If you do not agree with these changes, you can redeem your units free of charge until 06/09/2024.

For your information, the annex contains a list of the units exchanged and an example of how parity is calculated.

What impact will these changes have on the risk/return profile of your investment?

Change in risk/return profile: YES

Increase in risk/return profile: NO

Increased fees: YES



Extent of change in risk/return profile: Very significant²

¹ The Absorbed UCITS was launched on 27/04/2005. DNCA has been the management company of the Absorbed UCITS since 01/07/2021, and these are the oldest available data.

² This indicator is based on the development of the SRI and the development of the fund's exposure to one or more types of risk.





What is the impact of these changes on your tax situation?


There will be no immediate tax impact due to the tax neutrality of the merger. However, the tax situation of unitholders in the Absorbed UCITS may change following the merger, in the event of redemption and/or conversion, depending on their country of residence, domicile or nationality. Further information is provided in the annex to this letter. Unitholders of the Absorbed UCITS are invited to contact their usual tax advisor to understand the consequences of the merger on their tax situation.

What are the main differences between the fund you currently hold and the new fund?

Players involved in the funds	DNCA CONVERTIBLES EUROPE (Absorbed UCITS)	DNCA INVEST – CONVERTIBLES (Absorbing UCITS)
Custodian	CACEIS BANK	BNP Paribas SA.
Statutory Auditor	Mazars	Deloitte Audit
Administrative and accounting management delegate	CACEIS BANK	BNP Paribas SA.
Establishment designated to receive subscriptions/redemptions:	CACEIS BANK	BNP Paribas SA.
Legal framework and investment policy		
Legal form	French mutual fund	Luxembourg SICAV sub-fund
Multiple sub-fund structure	No	Yes
Regulatory authority	Autorité des marchés financiers	Commission de Surveillance du Secteur Financier
Investment objective	<p>The management objective is to outperform the European convertible bond market over the recommended investment horizon, in particular by selecting stocks that meet socially responsible investment criteria. Depending on market conditions, this performance will approach either that of the equity market or that of the bond market.</p> <p>The comparable market risk is represented by the Refinitiv Europe Focus Hedged EUR Index (Bloomberg ticker: UCBIFX21), calculated with coupons reinvested.</p>	<p>The Sub-Fund currently seeks to provide capital appreciation with low volatility by investing in convertible bonds.</p> <p>Investors' attention is drawn to the fact that the management style is discretionary and integrates environmental, social/societal and governance (ESG) criteria. The portfolio composition will not attempt to replicate the composition of a benchmark index from a geographical or sectorial perspective.</p> <p>However, the Refinitiv Europe Focus Hedged EUR index (Bloomberg ticker: UCBIFX21), calculated with coupons reinvested, may be used as a benchmark at a later date.</p>

Change in risk/return profile			
	DNCA CONVERTIBLES EUROPE (Absorbed UCITS)	DNCA INVEST - CONVERTIBLES (Absorbing UCITS)	Impact on risk profile compared to the previous situation
Change in exposure to different risk categories	<p>Equities and similar securities: 15% of net assets</p> <p>Fixed income products from European issuers traded on markets in OECD member countries: minimum 60% of net assets</p> <p>Debt securities and money market instruments: minimum 60% of net assets</p> <p>Securities embedding derivatives and OTC derivatives (convertible or exchangeable bonds with mandatory redemption): minimum 60% of net assets, of which:</p> <ul style="list-style-type: none"> not denominated in euro: up to 100% of net assets <p>Securities embedding derivatives and OTC derivatives (other than convertible bonds or exchangeable bonds with mandatory redemption): up to 100% of net assets</p> <p>Currency risk: maximum of 100% of net assets</p>	<p>Equities and similar securities: 10% of net assets</p> <p>Fixed income products from issuers having their registered office in the EU or exercising the preponderant part of their economic activities in the EU: minimum 50% of net assets</p> <p>Debt securities and money market instruments: between 0 and 50% of net assets</p> <p>Securities embedding derivatives and OTC derivatives (convertible bonds or exchangeable bonds with mandatory redemption): minimum 50% of net assets, of which:</p> <ul style="list-style-type: none"> not denominated in euro: maximum of 30% of net assets <p>Securities embedding derivatives and OTC derivatives (other than convertible bonds or exchangeable bonds with mandatory redemption): maximum 50% of net assets</p> <p>Currency risk: maximum of 30% of net assets</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>

Charges	DNCA CONVERTIBLES EUROPE (Absorbed UCITS)	DNCA INVEST – CONVERTIBLES (Absorbing UCITS)	
Maximum fees	Financial management fees (incl. tax, maximum rate):	Financial management fees (incl. tax, maximum rate):	
	RC units: 1.60%	A shares: 1.60%	=
	IC-NPF units: 1%	WI shares: 1.00%	=
	IC units: 0.85%	I shares: 0.85%	=
	ID units: 0.85%	ID shares: 0.85%	=
	N units: 0.90%	N shares: 1.00%	
	Turnover fee: None	Turnover fee: None	=
	<u>The management company's external administrative expenses:</u> Includes management fees	<u>The management company's external administrative expenses:</u> Custodian fees: up to 0.08% Administrative fees (Transfer Agent (TA) and administrative manager): up to 0.07%. Local Transfer Agent fees, directors' fees, auditors' fees, registration fees, miscellaneous administrative fees.	
<u>Taxe d'abonnement:</u> None	<u>Taxe d'abonnement:</u> I, ID, WI, H-I (CHF), H-I (USD), SI shares: 0.01% incl. tax, maximum rate A, AD, H-A (CHF), B, N, Q shares: 0.05% incl. tax, maximum rate		
<u>Conversion fee:</u> None	<u>Conversion fee:</u> 1%		

Performance fee ³	RC, IC, ID and N units: 20% (incl. tax) of the positive outperformance of the mutual fund relative to its benchmark index, calculated with coupons reinvested.	A, I, ID and N shares: 20% of the positive performance net of any fees above the benchmark, calculated with coupons reinvested, with High Water Mark ⁴	=
	IC-NPF units: none	<i>WI shares: none</i>	=
Subscription fee not acquired by the UCITS	RC and N units: 3% IC, ID and IC-NPF units: None	A, I, ID, WI and N shares: 2%	

Subscription/redemption terms	DNCA CONVERTIBLES EUROPE (Absorbed UCITS)	DNCA INVEST – CONVERTIBLES (Absorbing UCITS)
Minimum initial subscription	RC and N units: one ten-thousandth of a unit IC, ID, IC-NPF units: EUR 100,000	A shares: EUR 2,500 I, ID and WI shares: EUR 200,000 N shares: N/A

Practical Information	DNCA CONVERTIBLES EUROPE (Absorbed UCITS)	DNCA INVEST – CONVERTIBLES (Absorbing UCITS)
Name	DNCA CONVERTIBLES EUROPE	DNCA INVEST – Convertibles
ISIN	RC units: FR0010678359 N units: FR0013299179 IC units: FR0010369827 ID units: FR0011310192 IC-NPF units: FR0010171678	A shares: LU0401809073 N shares: LU1234714316 A shares: LU0401808935 ID shares: LU2606030430 WI shares: LU2842051208

DNCA expects the merger to have a minor impact on the portfolio of the Absorbing UCITS, due to the similar investment strategies of the two UCITS. Before the merger, DNCA will rebalance the portfolio of the Absorbed UCITS to align it with that of the Absorbing UCITS.

³ The effect of the performance fee on the shareholders of the Absorbing UCITS, who hold shares with a performance fee, will remain unchanged after the merger. This impact would have been the same if the Absorbing UCITS had received investments from external parties, from the effective date of the merger.

For the Absorbing UCITS, the performance fee will be accrued until the effective date of the merger. On that date, the performance fee of the Absorbed UCITS will be “crystallised” and paid. Unitholders of the Absorbed UCITS will be treated as new investors subscribing on the merger date for the purposes of calculating the performance fee of the Absorbing UCITS to ensure fair treatment of the unitholders and shareholders of both UCITS, in accordance with Article 4 of Commission Directive 2010/44/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards certain provisions concerning fund mergers, master-feeder structures and notification procedure.

⁴ The term “High Water Mark” refers to the highest level reached by the investment value. No performance fee will be charged as long as the value of the investment remains below the High Water Mark.

Key considerations for investors

If you are satisfied with the transaction, no action is required on your part and you will become a shareholder in a SICAV, with all the attendant rights, such as the right to attend and vote at general meetings.

If you are not satisfied with this transaction, you can request the redemption of your mutual fund units free of charge at any time up to the end of the transaction, subject to the exit period without fees.

If you have no opinion on the transaction, we encourage you to consult your usual advisor or distributor.

More generally, unitholders of the Absorbed UCITS should note that the shares of the Absorbing UCITS are a class of shares of the SICAV DNCA INVEST, which, like its custodian, is governed by Luxembourg law. Consequently, investors participating in the merger accept that their investment will be subject to Luxembourg law.

The merger will be carried out by absorbing the Absorbed UCITS into the Absorbing UCITS, resulting in the automatic dissolution of the Absorbed UCITS without liquidation. All its assets and liabilities will be transferred to the Absorbing UCITS in consideration for the issue and allocation of new shares in the Absorbing UCITS to the unitholders of the Absorbed UCITS, as indicated in the table above.

Any accrued income related to the Absorbed UCITS at the time of the merger will be included in the calculation of the last net asset value per unit of the Absorbed UCITS and will be accounted for after the merger in the net asset value per unit of the Absorbing UCITS.

The Absorbed UCITS will not bear any specific costs related to this transaction. The costs incurred during the merger, including legal, advisory, and administrative fees, will be borne by DNCA Finance.

Documents relating to the operation (joint draft terms of merger, prospectus, KID, periodic reports, custodian agreements) are available to shareholders free of charge at the registered office of the management company, DNCA Finance, 19, Place Vendôme 75001 Paris.

The prospectus and Key Information Documents relating to the Absorbing UCITS will not be amended as a result of the merger.

Unitholders of the Absorbed UCITS are invited to read the prospectus of the Absorbing UCITS DNCA INVEST – CONVERTIBLES carefully, available on the website www.dnca-investments.com or by request from the management company at the following address:

DNCA Finance – 19, Place Vendôme, 75001 PARIS

An audit report on the merger will be prepared by the certified auditor of the DNCA INVEST SICAV and will be available free of charge upon request from the management company.

For any additional information, please consult your usual advisor.

We thank you for your loyalty and remain sincerely yours.

Annex: Information on the calculation of the exchange ratio

On the day of the merger, the exchange ratio will be calculated based on the net asset value of each unit of the Absorbed UCITS preceding the effective date of the merger, according to the following conversion table:

DNCA CONVERTIBLES EUROPE (Absorbed UCITS)	DNCA INVEST – CONVERTIBLES (Absorbing UCITS)
RC units: FR0010678359	A shares: LU0401809073
N units: FR0013299179	N shares: LU1234714316
IC units: FR0010369827	A shares: LU0401808935
ID units: FR0011310192	ID shares: LU2606030430
IC-NPF units: FR0010171678	WI shares: LU2842051208

Individual unitholders benefit from a tax deferral regime: the exchange does not count towards capital gains for income tax purposes for the year of the exchange. The realised capital gain or loss is not calculated until the subsequent sale of the securities received in the exchange, based on the acquisition cost of the units of the Absorbed UCITS. In the event of an exchange with a cash adjustment, the tax deferral regime will only apply if the cash adjustment received does not exceed 10% of the net asset value of the securities received.

Taxation of resident legal entities

Unitholders that are legal entities subject to corporation tax or legal entities subject to income tax if they are taxed according to an actual profit regime (BIC or BA) of the Absorbed UCITS, and that make a profit or loss on the exchange transaction, must comply with the provisions of Article 38-5 bis of the French General Tax Code (CGI) and the applicable rules under the provisions of Article 209-0 A 1^a of the CGI.

INFORMATION ON THE CALCULATION OF THE EXCHANGE RATIO

Exchange value:

Following the merger, you will receive a number of shares in the DNCA INVEST – CONVERTIBLES sub-fund in exchange for your units in the former DNCA CONVERTIBLES EUROPE FCP, calculated on the basis of the exchange value defined below.

As an example, the net asset values of the A shares and RC units of the two UCITS were valued on the basis of the last known assets at 17/06/2024:

DNCA CONVERTIBLES EUROPE – RC units:

Net assets (€k)	Number of units	Net asset value (€k)
€7950k	47,262	168.22

DNCA INVEST – CONVERTIBLES – A shares:

Net assets (€k)	Number of shares	Net asset value (€k)
€72,755k	463,047	157.12

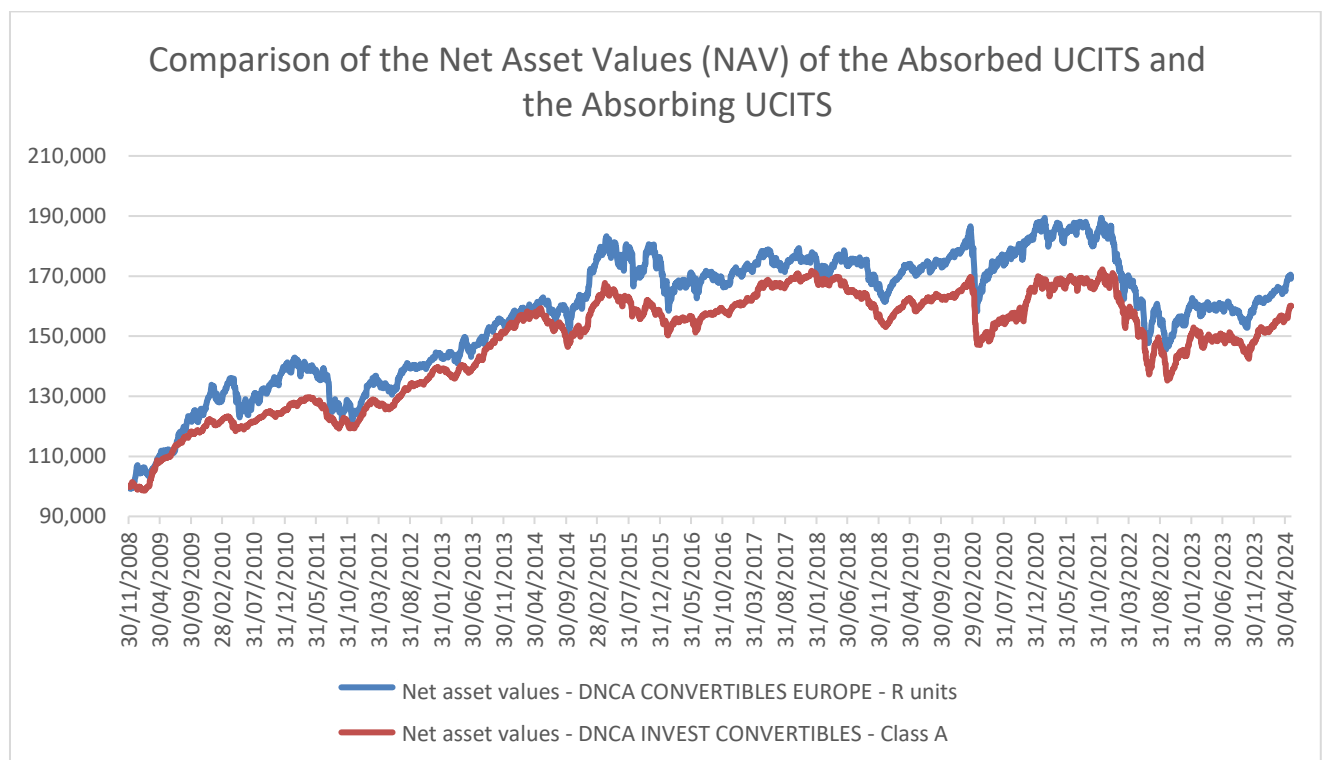
For illustrative purposes, if the transaction had taken place on 17/06/2024, the exchange ratio (i.e. the ratio between the net asset value of the Absorbed UCITS and the net asset value of the Absorbing UCITS) would have been 1.0706.

Unitholders of the Absorbed UCITS would have received 1.0706 shares of the Absorbing UCITS.

The number of shares allocated will depend on the net asset value on the day of the merger, which will be calculated on 13/09/2024.

The final exchange ratio will be calculated in ten-thousandths of units/shares, under the supervision of the auditors of the Absorbed UCITS and the auditors of the Absorbing UCITS.

Development of the risk profile and comparison of past performances



Comparison of the Net Asset Values (NAV) of the Absorbed UCITS and its benchmark

