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- BEYOND ALTEROSA

Luxembourg, 23 December 2020

Dear Shareholder,

The board of directors of the Fund (the "**Board of Directors**") would like to inform you of an important change relating to the Fund's sub-fund DNCA INVEST- BEYOND ALTEROSA (the "**Sub-Fund**").

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

The Board of Directors has decided to update the investment policy of the Sub-Fund in order to benefit from a higher flexibility in terms of investment strategy by extending the investment area from European to International and the framework of categories of eligible assets. This update involves an amendment of (i) the investment objective, (ii) the investment strategy, (iii) the description of categories of assets and financial contract, (iv) the risk management method, (v) the specific risk factors applicable to the Sub-Fund and the (vi) the benchmark index (the "**Changes**"). The Board of Directors has also decided to introduce a performance fee.

(i) Investment objective

With regard to the change of benchmark as further described in section (vi) below, the investment objective of the Sub-Fund will be amended.

The investment objective of the Sub-Fund currently provides that:

"*The Sub-Fund seeks to outperform the 30% EUROSTOXX 50 (Bloomberg ticker: SX5T index) + 70% FTSD MTS Global (Bloomberg ticker: EMTXGRT index) composite index, calculated with dividends reinvested, over the recommended investment period.*"

As from 25 January 2021, the investment objective of the Sub-Fund is to be amended as follows:
"*The Sub-Fund seeks to outperform the 30% MSCI World All Countries World Net Return (Bloomberg ticker: NDEEWNR Index) + 70% Bloomberg Barclays Global Treasury Index Euro Hedged (Bloomberg ticker; BTSYTREH Index) composite index, calculated with dividends reinvested, over the recommended investment period.*"

(ii) Investment strategy

The Board of Directors has decided to update as follow the investment strategy of the Sub-Fund in order to add further details to the description of the responsible investment policy as already applied by the Management Company:

"With respect to investments in government bonds: this asset class is the subject of an extra-financial analysis in 7 dimensions comprising:

- *Governance: Rule of law, Respect for freedoms, Quality of institutions and the regulatory framework*
- *Politics: Democratic life*
- *Health: Demography and Quality of life*
- *Education and training*
- *Social cohesion: Inequalities, Employment, Social protection*
- *The climate: risks and energy policy*
- *Ecosystems: resources and protection*

All investments in this asset class are subject to an in-depth analysis of these dimensions and of an assessment that is taken into account in the investment decision.

The Sub-Fund is managed taking into consideration the requirements of the French SRI label, which 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."

(iii) Description of categories of assets and financial contracts

The description of categories of assets and financial contracts is also amended in order to extend the geographical investment's area and to introduce additional eligible categories of assets.

The description of categories of assets and financial contracts will be amended as underlined below:

"The Sub-Fund may invest at any time within the following limits in:

- *Up to 100% of its net assets may be exposed to fixed income securities denominated in Euro <u>or in other currency</u>, composed of securities issued by public or private sector-issuers, ~~without any rating constraint including non-rated issues~~ <u>investment grade rated</u>.*

- *Up to 50% of its net assets may be composed of fixed income securities belonging to the "speculative grade" (i.e. which have ratings below a Standard & Poor's minimum A-3 short term rating or BBB- long-term rating or equivalent with a minimum of CCC) or non-rated.*

- *Up to 5% of its net assets may be invested in securities which may qualify as distressed securities (i.e. which have a Standard & Poor's notation below CCC long-term rating or equivalent).*

- *The Sub-Fund may invest up to 15% of its net assets in assets backed securities (ABS) and mortgage backed securities (MBS) which shall consist of securities that are rated at least B- by Standard & Poor's for example or that are considered of a comparable credit quality by the Management Company.*

<u>The Sub-Fund may invest in fixed rate, floating rate or inflation-indexed debt securities and negotiable debt within the following limits for specific bonds types:</u>

- *<u>Convertibles or exchangeable bonds: up to 50% of its total assets;</u>*
- *<u>Contingent convertible bonds (Coco Bonds): up to 20% of its total assets.</u>*

The Management Company shall not solely base its investment decisions on the ratings assigned by independent rating agencies, but shall also proceed to its own credit risk assessment.

In all cases, the Sub-Fund will not invest in securities which may qualify as "in default" at the time of the investment or during their lifetime in the portfolio. Fixed income securities which may be downgraded during their lifetime will be disposed of as soon as possible with due regards to the interest of shareholders.

- *Up to 50% of its net assets in equities or equivalent from issuers belonging to all market capitalisation categories headquartered in OECD countries ~~and denominated in EURO.~~*

- *Investment in equities or equivalent issued by issuers which capitalisation is under 200 million Euros may not exceed 5% of the net asset of the Sub-Fund.*

- *The modified duration of the Sub-Fund's portfolio will be limited to 7 years.*

- *Up to ~~10~~100% of its net assets in securities outside of OECD countries.*

- *Up to ~~10~~100% of its net assets in securities denominated in other currency than Euro.*

The exchange risk will not exceed ~~10~~100% of the net asset of the Sub-Fund.

The proportion of the Sub-Fund's investments in UCITS or regulated AIFs open to non-professional investors (according to the European Directive 2011/61/EU) and qualifying as other UCIs according to Article 41(1) of the Law, including ETFs, shall not exceed 10% of its net asset.

The Sub-Fund may invest in securities denominated in any currency. However, non-base currency exposure may be hedged back to the base currency to moderate currency exchange risks. More specifically, futures and currency forwards may be used for that purposes.

In order to achieve the investment objective, the Sub-Fund may also invest its net asset in equities or related financial derivative instruments (such as CFD or DPS) as well as in convertible bonds, warrants and rights which may embed derivatives, for the purpose of hedging or increasing equity and interest rate risk without seeking overexposure.

~~The Sub-Fund may not invest in other financial derivative instruments.~~
In addition, the Sub-Fund may use all types of eligible derivatives instruments traded on regulated or OTC markets when these contracts are better suited to the management objective or offer lower trading costs. These instruments may include, but are not restricted to, futures, options, swaps, CDS on indices and CDS. Derivative instruments may be hedged for hedging and/or exposure purposes.

The Sub-Fund may make use of deposits and borrowings in accordance with Section 3 Investment and Borrowing Restrictions of the general part of the Prospectus.

In case of adverse market conditions, the Sub-Fund may invest up to 100% of its net assets in money market instruments.

The Sub-Fund may use techniques and instruments relating to transferable securities and money market instruments for efficient portfolio management."

(iv) Risk management method

As part of the Changes, and especially the use of financial derivative instruments, the Board of Directors has decided to change the Sub-Fund's global risk exposure calculation methodology. As from 25 January 2021, the Commitment approach will be replaced by the Absolute Value-at-Risk (VaR) method.

The Board is of the view that the Absolute VaR method is the most appropriate to the Sub-Fund as it is a sub-fund investing in multi-asset classes that do not define the investment target in relation to a benchmark but as an absolute return target. The commitment approach should not be applied to UCITS using, to a large extent, financial derivative instruments as part of complex investment strategies.

From 25 January 2021, the Sub-Fund will be able to use extensively derivatives to generate overexposure and thus expose the Sub-Fund beyond the level of its net assets. As a consequence, the Board of Directors considers that the use the Absolute Value-at-Risk (VaR) method will be more appropriate for the Sub-Fund than the commitment approach.

Depending on the direction of the Sub-Fund's transactions, the effect of decreases or increases in the derivative's underlying assets may magnified, leading to a larger decrease or increase in the Net Asset Value of the Sub-Fund. Hence, the leverage rate should not exceed 500% of the Sub-Fund's Net Asset Value and the usually expected level of leverage will be around 200% under normal market circumstances.

(v) Specific risk factors applicable to the Sub-Fund

Specific risk factors relating to (i) exchange rate, (ii) convertibles securities and (ii) contingent convertible bonds have been added to the risk profile of the Sub-Fund according to the revised new investment policy.

(vi) Benchmark

As part of the Changes, the composite benchmark index currently used by the Sub-Fund, 30% EUROSTOXX 50 + 70% FTSE MTS Global, will be replaced, as from 25 January 2021, by the composite index MSCI World All Countries World Net Return + 70% Bloomberg Barclays Global Treasury Index Euro Hedged .

The benchmark index will now be used for the calculation of the performance fee (in addition to performance comparison purposes).

(vii) Performance fee

As from 25 January 2021, the Board of Directors will also introduce performance fee on Class SI (EUR), Class I (EUR), Class A (EUR) and Class N (EUR) Shares. The description of the performance fee calculation methodology will be read as follow:

"The Management Company will be entitled to a Performance Fee calculated daily on the positive performance of the Sub-Fund compared to the performance, net of any fees, of the 30% MSCI All Countries World Net Return + 70% Bloomberg Barclays Global Treasury Index Euro Hedged composite index with High Water Mark.

The High Water Mark is the Net Asset Value per Share at the last Valuation Day of any performance period where a performance fee has been paid or failing that, the initial offer price per Share for unlaunched Classes.

The performance period is the period running from 1 January to 31 December each year. The first performance period will be running from the launch date of the relevant Class of Shares to 31 December 2022.

In order to calculate daily the performance for each Class, the total Net Asset Value before Performance Fee is compared to the reference asset value.

The daily reference asset value for each Class equals the total net assets of the relevant Class as of the previous Valuation Day, plus additional subscriptions and minus redemptions and any distributed dividend, multiplied by the 30% MSCI All Countries World Net Return + 70% Bloomberg Barclays Global Treasury Index Euro Hedged composite index. In case of redemptions, corresponding Performance Fee (if any) will be crystallised.

The Performance Fee is paid yearly only in case of positive performance at the end of relevant performance period and if the Net Asset Value as of the last Valuation Day of the relevant performance period would not fall below the Net Asset Value as of the first Valuation Day of this performance period.

Performance Fee will be accrued in case the Net Asset Value before Performance Fee of the relevant Class complies with following requirements:

- *this Net Asset Value is greater than the last Net Asset Value of performance period;*
- *this Net Asset Value is greater than the reference asset value; and*
- *this Net Asset Value is greater than the High Water Mark (highest end of period with Performance Fees payment).*

Upon request of an investor, the Management Company will provide, free of charge, examples of the Performance Fee calculation."

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

If you deem that the Changes do no longer meet your investments requirements, you may apply for redemption of your shares, free of charge, until 22 January 2021 at 12:00 a.m. (Luxembourg time). The Changes will take effect on 25 January 2021.

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 modification of the Sub-Fund.

Yours faithfully,

The Board of Directors
DNCA INVEST