

## 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, 30 September 2021

Dear Shareholder,

The board of directors of the Fund (the "**Board of Directors**") would like to inform you of changes 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").**

#### 1. Change to the composite index used by the Sub-Fund

Currently, the Sub-Fund uses the composite index "+30% MSCI All Countries World Net Return + 70% Bloomberg Barclays Global Treasury Index Euro Hedge Index" (the "**Current Benchmark**") for performance comparison purposes and for the computation of the performance fee.

As from 3 November 2021, The Board of Directors has decided to replace the Current Benchmark by "30% MSCI All Countries World Net Return +70% Bloomberg Barclays Pan European Corporate Euro Hedged Index" as the latter is more consistent with the changes made to the Sub-Fund's investment policy as described below.

As such, and as part of the disclosure enhancement of the responsible investment policy as further described in section (2) below, the investment objective of the Sub-Fund will be amended as follows (changes are underlined below):

*"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~~ Pan European Corporate Euro Hedged Index (Bloomberg ticker: ~~BTSYTRFH Index~~) composite index LP05TREH), calculated with dividends reinvested, over the recommended investment period. Investors' attention is drawn to the fact that the management style is discretionary and integrates environmental, social / societal and governance (ESG) criteria."*

#### 2. Change to the investment policy of the Sub-Fund

In addition, the Board of Directors has decided to clarify the investment policy of the Sub-Fund in order to (i) 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 in view of its upgrade from Article 8 to Article 9 under Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"), (ii) amend the description of categories of assets and financial contracts and (iii) update the specific risk factors applicable to the Sub-Fund.

The amendment of the SFDR classification will not involve any rebalancing of the portfolio nor additional market-related transaction costs.

(i) Investment Strategy

The investment strategy of the Sub-Fund shall be read as follows (changes are underlined below):

*"The Sub-Fund is managed taking into consideration responsible and sustainable principles.*

*The Sub-Fund ~~promotes environmental and/or social characteristics~~has as its objective sustainable investment within the meaning of Article 89 of SFDR. The Sub-Fund is managed taking into consideration responsible and sustainable principles and aims to target issuers with a significantly exposure of percentage or their revenues to the 17 Sustainable Development Goals of the United Nations.*

*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 5000 issuers, and which may belong to the MSCI All Countries World index and the Bloomberg Barclays Pan European Corporate Euro Hedged 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 and bond picking take into account internal scoring with respect to both corporate responsibility and sustainability of the companies based on an extra-financial analysis through a proprietary rating model (ABA, Above & Beyond Analysis) developed internally by the Management Company. This model is centered on four pillars as further detailed below (i) corporate responsibility, (ii) sustainable transition, (iii) controversies and (iv) dialogue and engagement with issuers.*

*The Sub-Fund applies a proprietary tool developed internally by the Management Company to make investment decisions. The risk exists that the models used to make these investment decisions do not perform the tasks they were designed to.*

*The Sub-Fund integrates ESG criteria with regard to direct investments including the definition of the investment universe and the reporting for all companies with the "best in universe" method. There may be a sector bias.*

*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.*

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

~~Besides, the Management Company's conviction is to finance the economy based on a long-term perspective which results in the identification of sustainability related thematic.~~

~~The extra-financial analysis model used by the Management Company for the Sub-Fund is a proprietary tool based on the following:~~

- ~~— Corporate responsibility rating;~~
- ~~— ☐ Sustainable transition exposure;~~
- ~~— ☐ Controversies analysis;~~
- ~~— ☐ Companies' meeting and newsflow recordings.~~

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 research and the ratings are made internally by the Management Company thanks to corporate disclosures and statement which represent the majority of the used information.~~

~~The Sub-Fund applies a proprietary tool developed internally by the Management Company to make investment decisions. 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's personnel.

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.

The overall investment strategy of the Sub-Fund is to seek to enhance the return on a wealth investment. Through active management of a portfolio of equities and fixed income products, it aims to provide an alternative to investments in bonds and convertible bonds (directly or through mutual funds) as well as an alternative to Euro denominated funds. The Sub-Fund does not benefit from a guarantee on capital invested.

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.

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

- = The first step is to exclude companies with high corporate responsibility risks (minimum score of 4/10 in our proprietary model). This selection fulfills the conditions of the French SRI label.
- = The second step is based on the selection of issuers and companies identified to meet the Sub-Fund's sustainable strategy (i.e. issuers that provide solutions to sustainable development solutions.)
- = The third step is to build a portfolio pursuant to a fundamental analysis, the liquidity and the valuation of the companies considered.

The Sub-Fund is managed taking into consideration the requirements of the French SRI label, from which the Sub-Fund benefits, which entails the exclusion of at least 20% of the worst share issuers from its investment universe, and which also involves proceeding to the extra-financial analysis on at least 90% of the asset of the Sub-Funds. 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."

(ii) Description of categories of assets and financial contracts

The Board of Directors has decided to amend the description of categories of assets and financial contracts in order to (i) add the possibility to invest in Rule 144A securities, and (ii) clarify the Sub-Fund's investments in financial derivative instruments.

As such, as from 3 November 2021, the section "Description of categories of assets and financial contracts" of the Sub-Fund's factsheet will be amended as follows (changes are 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 or in other currency, composed of securities issued by public or private sector-issuers, investment grade rated.*
- 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.*

*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:*

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

*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*
- 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 100% of its net assets in securities outside of OECD countries.*
- Up to 100% of its net assets in securities denominated in other currency than Euro.*

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

*The Sub-Fund will not invest in debt securities (govies) issued by the USA. Nevertheless, the Sub-Fund may require financial derivatives instruments for the purpose of hedging the exposition to US market (through US corporate bonds).*

*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 no more than 10% of its net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market within one year. This restriction will not apply in relation to investment by the Sub-Fund in certain US securities known as Rule 144A securities provided that (i) the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue and (ii) the securities are not illiquid securities e.g. they may be realized by the Sub-Fund within seven (7) days at the price, or approximately at the price, at which they are valued by the Sub-Fund.*

*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.*

*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, index of CDS-on-indices and CDS. Derivative instruments may be ~~hedged~~used for the purpose of hedging and/or exposure purposes~~increasing equity risk, interest rate risk or credit risk without seeking overexposure.~~*

*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.”*

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

A specific risk factor relating to investment in Rule 144A Securities will be added to the risk profile of the Sub-Fund according to the revised investment policy.

### **3. Change to the risk management method**

The Sub-fund currently uses the absolute value at risk method within the context of calculation of the Sub-Fund's global exposure.

As from 3 November 2021, the Board of Directors has decided that the Sub-Fund's global risk exposure will be monitored by using the commitment approach which is more consistent with the changes made to the Sub-Fund's investment policy as described in item 2 above. In particular, the Sub-Fund is not expected to have extensive recourse to financial derivative instruments. As a consequence, the value at risk method is no longer considered appropriate and it is advisable in this context to use the commitment method.

If you deem that the changes mentioned under item 1. and 2. ~~(iii)~~ above do no longer meet your investments requirements, you may apply for redemption of your shares, free of charge, until 2 November 2021 at 12:00 noon (Luxembourg time).

The changes exposed in this notice will be included in the next update of the Prospectus and the KIIDs in relation to 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**