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 SEMPEROSA

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 – BEYOND SEMPEROSA (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 clarify 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 disclosure related to the responsible investment policy as applied by the Fund's management company in view of its classification as 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**") in order to align the classification with the integration of an objective of reduction in carbon emissions in the investment policy. The amendment of the SFDR classification will not involve any rebalancing of the portfolio nor additional market-related transaction costs.

These clarifications involve 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 the following index denominated in Euro: Euro Stoxx NR (Bloomberg ticker: SXXT Index) calculated with dividends net of withholding taxes reinvested, over the recommended investment term. <u>Investors' attention is drawn to the fact that the management style is discretionary and integrates environmental, social / societal and governance (ESG) criteria.</u>*"

(ii) Investment strategy

The Board of Directors has decided to update as follows the investment strategy of the Sub-Fund in order to (i) upgrade the Sub-Fund from Article 8 to Article 9 under SFDR and (ii) 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):

"*The Sub-Fund's philosophy is particularly to focus on companies that have a strong social and/or environmental impact. This impact is evaluated through their exposure (in terms of turnover, R&D expenses or capex) via the proprietary model of the Management Company. The impacts are based on five long-term transitions: economic transition, life style transition, medical transition, demographic transition and energy transition.*

The Sub-Fund has as its objective sustainable investment within the meaning of Article 9 of SFDR. The Sub-Fund is managed taking into consideration responsible and sustainable principles and aims to be target issuers with a significatively exposure of percentage or their revenues to the 17 Sustainable Development Goals of the United Nations. The investment strategy is geared towards law carbon economy which leaders to a lower portfolio's carbon footprint than the reference index.

~~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, which may belong to the EURO STOXX index and the Stoxx Europe 600 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 integrates also 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 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 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.

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.

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 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 companies identified to meet the Sub-Fund's sustainable strategy (i.e. reduction in carbon emission in view of achieving the long-term global warning objectives of the Paris Agreement)*
- *The third step is to build a portfolio pursuant to a fundamental analysis, the liquidity and the valuation of the companies considered.*

~~*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 thematics.*~~

~~*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 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.*~~

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

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 Management Company has a strong conviction motto and will focus on approximately 40 issuers."

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 2 November 2021 at 12:00 noon (Luxembourg time).

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