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 - EUROSE

Luxembourg, 23 December 2020

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 - EUROSE (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 amend the investment policy of the Sub-Fund in order to implement a responsible investment policy and extend the categories of eligible assets in which the Sub-Fund may invest.

This modification involves an amendment of (i) the investment strategy, (ii) the description of categories of assets and financial contracts and (iii) the specific risk factors applicable to the Sub-Fund (the "**Changes**").

(i) Investment strategy

As from 25 January 2021, the investment strategy of the Sub-Fund will be updated in order to add a description of the following responsible investment policy which will be implemented by the Management Company:

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

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.

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, environmental responsibility, responsibility towards workers and society responsibility. 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, medical transition, economic transition, lifestyle transition and ecological transition. 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 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/isr/Politique%20exclusion%20armements_FR-BE%2030%2010%2018.pdf).

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.

More information about the proprietary rating model is available on the website of the Management Company (https://www.dnca-investments.com/isr/Poilitique%20d%27investisseur%20responsable_EN%2030%2010%2018.pdf).

With respect to investments in government bonds: this asset class is 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 a rating that is taken into account in the investment decision.

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

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.

The investment process is based on the following three stages:

- *Selection of the investment universe combining a financial and extra-financial approach in particular by excluding 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.*

- *asset classes' allocation depending on the analysis of the investment environment and the risk appetite of the management team, and*
- *the selection of securities based on a fundamental analysis from the point of view of the minority shareholder and/or bondholder, taking into account ESG criteria and the valuation of instruments.*

Strategic orientations regarding responsible investing are decided by an ESG committee within the Management Company. "

(ii) Description of categories of assets and financial contracts

The description of categories of assets and financial contracts is also amended in order to allow the Sub-Fund and the Shareholders to benefit from a larger investment framework and additional opportunities in terms of categories of assets.

As from 25 January 2021, the description of categories of assets and financial contracts is to be amended as underligned below:

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

- *Up to 100% of its total assets may be exposed to fixed income securities denominated in Euro, composed of securities issued by public or private sector-issuers, without any rating constraint including non-rated issues.*

- *~~At least~~For up to 50% of its net assets, the Sub- Fund~~'s fixed income portfolio should~~ may be composed of securities belonging to the "~~investment~~speculative grade" category (i.e. which have a rating below a Standard & Poor's minimum A-3 short- term rating or BBB- long- term rating or equivalent) or non-rated. The Management Company shall not solely base its investment decisions on the ratings assigned by independent rating agencies, but shall also proceed to rating agencies decisions and can proceed to its own credit risk assessment.*

~~Up to 50% of its net assets, the Sub Fund's fixed income portfolio may be composed of securities belonging to the "speculative grade" category (i.e. not belonging to the "investment grade" category or non-rated).~~

- *For up to 5% of its net assets, the Sub-Fund may invest in securities which may qualify as distressed securities (i.e. which have a Standard & Poor's* rating *below CCC long-term rating or equivalent).*

- *The Sub-Fund may invest up to 15% of its net assets backed securities (ABS). Asset backed securities inter alia mortgage backed securities (MBS) invested into 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.*

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.

- *For up to 35% of its net assets in equities from issuers belonging to all market capitalisation categories, headquartered in OECD countries and denominated in Euro.*

Investment in equities issued by issuers which capitalisation is under 1 billion Euros may not exceed 5% of the net asset of the Sub-Fund.

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

The Sub-Fund may invest up to 10% of its net assets in contingent convertibles bonds ("Coco 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 assets.

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, callable bonds, puttable bonds, warrants and rights which may embed derivatives, for the purpose of hedging or increasing equity or interest rate risk without seeking overexposure.

In order to achieve the investment objective, the Sub-Fund may also invest its net assets in financial derivative instruments or OTC derivatives such as, but not limited to, futures, options, CDS, CDS on indices, negotiated on regulated or OTC markets, for the purpose of hedging or increasing equity exposure, interest rate risk, credit risk, without seeking overexposure.

The Sub-Fund may also invest its assets in financial derivative instruments (such as but not limited to futures and swap) for the purpose of hedging share classes denominated in other currencies that the reference currency of the Sub-Fund.

Investments in financial derivative instruments are expected to represent on average 15% of the Sub-Fund's net assets in normal market conditions.

The Sub-Fund may make use of deposits and borrowings.

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

As a result of the Changes, specific risk factors relating to (i) investment in contingent convertibles bonds, (ii) investment in speculative grade bonds, (iii) investment in OTC derivative transactions and (iv) ESG have been added to the risk profile of the Sub-Fund according to the revised investment policy.

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 Changes.

Yours faithfully,

The Board of Directors
DNCA INVEST