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 - SOUTH EUROPE OPPORTUNITIES

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 - SOUTH EUROPE OPPORTUNITIES (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 description of the investment strategy of the Sub-Fund and implement a responsible investment policy.

This modification involves an amendment of (i) the investment strategy and (ii) the specific risk factors applicable to the Sub-Fund (the "**Changes**").

(i) Investment strategy

The second paragraph of the Sub-Fund's investment strategy is currently the following:

"The Sub-Fund's investment strategy relies on active discretionary management using a stock picking policy. This policy is all based on fundamental analysis developed through main investment criteria such as market assessment, issuer's financial structure, management quality, issuer's market position or regular contacts with issuers. The Management Company can use different methods to detect future investment returns as valuation metrics (PE, EV/EBIT, FCF yield, dividend yield...), sum of the parts or discounted cash flows."

As from 25 January 2021, the second paragraph of the Sub-Fund's investment strategy will be expanded as follows:

"The Sub-Fund's investment strategy relies on active discretionary management using a stock picking policy and a rigorous portfolio construction methodology. The stock selection is based on fundamental analysis: value creation process assessed using financial and extra-financial indicators, financial model relevance and management quality. Then, valuation based on multicriteria analysis (PE, EV/EBITDA, FCF yield, Sum of the Part…) assess the upside potential. Finally, the weighting of the stocks in the portfolio is based on the intensity of the conviction, its upside potential and its liquidity to obtain a diversified and liquid portfolio."

The investment strategy of the Sub-Fund will also be updated in order to describe as follow the responsible investment policy which will be implemented:

"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 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 Sub-Fund integrates also ESG criteria with regard to direct investments including the definition of the investment universe and the reporting for all companies.

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.

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).

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.*

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).

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

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

- *ISR stocks selection with two successive steps:*
    - *The selection of issuers pursuant to the financial approach described above, and*
    - *the exclusion of 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. This filter excludes a minimum of 20% of issuers based on the extra-financial analysis describes before.*
- *fundamental stock selection based on the analysis of the value creation process assessed using financial and extra-financial indicators, the financial model relevance and the management quality,*
- *valuation based on multicriteria analysis (PE, EV/EBITDA, FCF yield, Sum of Part…) to assess the upside potential of the selected stocks, and*
- *portfolio construction weighting each stock according to its risk/rewards liquidity and diversification impact on the portfolio.*

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.

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

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

A specific risk factor relating to ESG has 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 modification of the Sub-Fund.

Yours faithfully,

The Board of Directors
DNCA INVEST