

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-SUSTAINABLE CHINA EQUITY

Luxembourg, October 11th 2023

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 – SUSTAINABLE CHINA EQUITY (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 (i) insert the possibility for the Sub-Fund to invest in participating notes, (ii) slightly increase its exposition to small capitalisation companies and (iii) no longer constrain the Sub-Fund to invest a minimum portion of its portfolio in sustainable investments and rename the Sub-Fund accordingly.

This involves an amendment of (i) the Sub-Fund's denomination, (ii) its investment strategy and (iii) the Sub-Fund's pre-contractual disclosure required by commission Delegated Regulation (EU) 2022/1288 (the "**Changes**").

The Changes are meant to remove the sustainable investment constraints currently in place, while remaining classified under SFDR's Article 8 in addition to widening the investment instrument/vehicle scope for China investments. The Appendix to this letter shows the new Sub-Fund's name and the updated investment strategy of the Sub-Fund.

Please note that the Changes (i) will not entail any additional fees charged by the Fund, (ii) will have no impact on the risk profile of the Sub-Fund (as measured by the Summary Risk Indicator (SRI)) and (iii) are not expected to cause substantial change to the composition of the Sub-Fund's portfolio.

The Appendix to this letter shows the updated relevant sections of the Sub-Fund's Appendix as from November 15th 2023.

All other key features of the Sub-Fund will remain the same.

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 November 13th, 2023, at 12:00 noon (Luxembourg time).

The Changes exposed in this notice will be included in the next update of the Prospectus and the Key Investor Documents 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 contemplated changes to the Sub-Fund.

Yours faithfully,

The Board of Directors
DNCA INVEST

Appendix

DNCA INVEST – SUSTAINABLE CHINA EQUITY

(the relevant changes are underlined)

PREVIOUS SUB-FUND NAME	UPDATED SUB-FUND NAME
<i>DNCA INVEST – <u>SUSTAINABLE CHINA EQUITY</u></i>	<i>DNCA INVEST – CHINA EQUITY</i>
PREVIOUS INVESTMENT STRATEGY	UPDATED INVESTMENT STRATEGY
<p>The Sub-Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR.</p> <p>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:</p> <ul style="list-style-type: none"> - 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. <p>The Sub-Fund is actively managed and mainly selects equities of Chinese companies listed and traded in RMB on Chinese stock exchanges such as Shenzhen or Shanghai Stock Exchanges (China A-Shares) or on the Hong Kong Stock Exchange or by investing in American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs) of Chinese companies. The Sub-Fund may also invest in equity from issuers exercising a preponderant part of their economic activities in China, Republic of China and/or companies operating in the PRC.</p> <p>Exposure to Mainland China securities will be made by investing in A-Shares through Stock Connect, and the RQFII/QFII programs, H-Shares (equities of companies listed in the Hong Kong market that are either registered in Hong Kong or registered in the PRC and approved for listing</p>	<p>The Sub-Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR.</p> <p>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:</p> <ul style="list-style-type: none"> - 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. <p>The Sub-Fund is actively managed and mainly selects equities of Chinese companies listed and traded in RMB on Chinese stock exchanges such as Shenzhen or Shanghai Stock Exchanges (China A-Shares) or on the Hong Kong Stock Exchange or by investing in American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs) of Chinese companies. The Sub-Fund may also invest in equity from issuers exercising a preponderant part of their economic activities in China, Republic of China and/or companies operating in the PRC.</p> <p>Exposure to Mainland China securities will be made by investing in A-Shares through Stock Connect, and the RQFII/QFII programs, H-Shares (equities of companies listed in the Hong Kong market that are either registered in Hong Kong or registered in the PRC and approved for listing</p>

on the Hong Kong Stock Exchange by the Chinese government).

Additionally, exposure to Chinese Market may be achieved through investments in American Depositary Receipts (ADRs) listed on the New York Stock Exchange or the NASDAQ and Global Depositary Receipts (GDRs), or in ADR listed on the London Stock Exchange.

The remaining portion of the Sub-Fund may be invested in transferable securities in Money Market Instruments, cash and/or UCITS/other UCI.

The Sub-Fund implements active conviction management using a "Quality GARP" (Quality Growth at a Reasonable Price) and SRI approach.

The initial investment universe, which includes around 1000 issuers, is based on companies included in the MSCI China 10/40 Index as well as issuers identified by the Management Company which are treated on the financial market described above (examples: Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, Hong Kong markets such as Hong-Kong Stock Exchange, NASDAQ, US markets or London Stock Exchange). The SRI approach is applied on this universe.

From this initial investment universe, are excluded companies 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 exclusion and sectorial exclusion policy is implemented and is available on the website of the Management Company (<https://www.dnca-investments.com/lu/areas-of-expertise/sri>).

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

on the Hong Kong Stock Exchange by the Chinese government).

Additionally, exposure to Chinese Market may be achieved through investments in American Depositary Receipts (ADRs) listed on the New York Stock Exchange or the NASDAQ and Global Depositary Receipts (GDRs), or in ADR listed on the London Stock Exchange.

The remaining portion of the Sub-Fund may be invested in transferable securities in Money Market Instruments, cash and/or UCITS/other UCI.

The Sub-Fund implements active conviction management using a "Quality GARP" (Quality Growth at a Reasonable Price) and SRI approach.

The initial investment universe, which includes around 1000 issuers, is based on companies included in the MSCI China 10/40 Index as well as issuers identified by the Management Company which are treated on the financial market described above (examples: Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, Hong Kong markets such as Hong-Kong Stock Exchange, NASDAQ, US markets or London Stock Exchange). The SRI approach is applied on this universe.

From this initial investment universe, are excluded companies 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 exclusion and sectorial 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

To determine the eligible "Quality, Responsible" investment universe, at the time of purchase, the Management Company proceeds as follows:

- for each company analyzed, the Management Company assesses the quality of the business model, management and balance sheet. One scoring out of 20 summarizes the assessment of the quality Management Company of the company analyzed. Any company with a score lower than 10 is excluded from the "Quality" investment universe; and
- in order to determine their universe of responsible quality investment, the Management Company also assesses the ESG profile of the companies selected. One scoring out of 20 summarizes the assessment of the ESG profile of the company analyzed. Any company with a score lower than 10 is excluded from the "Responsible Quality" investment universe.

The Sub-Fund's SRI approach revolves around the following axes: integration of the dimensions of ESG issues, exclusion of controversial issuers from the entire investment and voting right and commitment policy on securities held in the portfolio.

The Management Company uses a proprietary ESG analysis approach with the "best in universe" method. There may be a sector bias.

For each company, the analysis is based on quantitative and qualitative data. The quantitative data comes from a proprietary ESG pre-diagnostic tool that uses external data provided by service providers as well as extra-financial reports from companies. Qualitative assessment is the responsibility of Management Company and is based on factual data as well as continuous dialogue with company managers.

The model analyzes each company through environmental criteria (environmental footprint of the production chain and product life cycle or responsible supply, energy consumption and water consumption, company CO2 emissions

Management Company. This model is centered on four independent 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 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.

and management of waste), social (ethics and working conditions of the production chain, treatment of employees - safety, well-being, diversity, employee representation, wages, quality of products or services sold) and governance (capital structure and protection of minority interests of shareholders, board of directors and general management, executive compensation, accounting practices and financial risks, ethical practices of the company).

The Sub-Fund is managed taking into consideration corporate responsibility and sustainable development principles in accordance with the requirements of the French SRI Label, which especially involves proceeding to the extra-financial analysis on at least 90% of the net assets of the Sub-Fund and excluding at least 20% of the worst issuers of shares from its investment universe and therefore not investing in these issuers. As at the date of the latest update of the Prospectus, the Sub-Fund benefits from the French SRI Label.

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

More information about the environmental or social characteristics promoted by the Sub-Fund is available in the pre-contractual disclosure for financial products referred to in Article 8 under SFDR which follow the Sub-Fund's Appendix and which forms an integral part of this Prospectus.

Description of categories of assets and financial contracts:

The Sub-Fund may at any time invest in:

- At least 75% of its net assets in equity and equity related securities of Chinese Companies;
- Up to 100% of its net assets in China A-Shares through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Renminbi Qualified Foreign

The Sub-Fund is managed taking into consideration corporate responsibility and sustainable development principles in accordance with the requirements of the French SRI Label, which especially involves proceeding to the extra-financial analysis on at least 90% of the net assets of the Sub-Fund and excluding at least 20% of the worst issuers of shares from its investment universe and therefore not investing in these issuers. As at the date of the latest update of the Prospectus, the Sub-Fund benefits from the French SRI Label.

In line with the fundamental approach of the management team, the investment process is based on the selection of the investment universe combining a financial (quantitative and micro-economic) and extra-financial (qualitative) approach with two 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 extra-financial filter excludes a minimum of 20% of issuers based on the extra-financial analysis describes before.

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

More information about the environmental or social characteristics promoted by the Sub-Fund is available in the pre-contractual disclosure for financial products referred to in Article 8 under SFDR which follow the Sub-Fund's Appendix and which forms an integral part of this Prospectus.

<p>Institutional Investor ("RQFII") scheme, and Regulated Markets;</p> <ul style="list-style-type: none"> – Up to 100% of its net assets directly in China H-Shares and in American Depositary Receipts (ADRs) listed on the New York Stock Exchange or the NASDAQ and Global Depositary Receipts (GDRs), or in ADR listed on the London Stock Exchange; – <u>Up to 5% of its net assets in companies with market capitalization below Euro 1 billion or equivalent</u>); – Up to 25% of its net assets, the Sub-Fund may invest in non-Chinese equities without geographical constraint (including emerging markets); – deposits: up to 25% of its net assets; – other financial instruments (within the meaning of Article 41 (2) a) of the Law) up to 10% of its net assets. <p>The Sub-Fund can be exposed to all currencies other than the EUR, bringing the exchange risk to 110% maximum of its net assets.</p> <p>In all cases, the Sub-Fund will not invest in securities which qualify as distressed or as "in default" at the time of investment.</p> <p>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.</p> <p>The Sub-Fund may not invest in mortgage-backed securities (MBS) or asset-backed securities (ABS).</p> <p>The Sub-Fund may invest in securities denominated in any currency. However, non-base currency exposure may be hedged back</p>	<p><i>Description of categories of assets and financial contracts:</i></p> <p>The Sub-Fund may at any time invest in:</p> <ul style="list-style-type: none"> – At least 75% of its net assets in equity and equity related securities of Chinese Companies; – Up to 100% of its net assets in China A-Shares through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Renminbi Qualified Foreign Institutional Investor ("RQFII") scheme, and Regulated Markets; – Up to 100% of its net assets directly in China H-Shares and in American Depositary Receipts (ADRs) listed on the New York Stock Exchange or the NASDAQ and Global Depositary Receipts (GDRs), or in ADR listed on the London Stock Exchange; – <u>Up to 10% of its net assets in companies with market capitalization below Euro 1 billion or equivalent</u>); – <u>Up to 20% of its net assets in Participating Notes, commonly known as P-Notes¹</u>; – Up to 25% of its net assets, the Sub-Fund may invest in non-Chinese equities without geographical constraint (including emerging markets); – deposits: up to 25% of its net assets; – other financial instruments (within the meaning of Article 41 (2) a) of the Law) up to 10% of its net assets. <p>The Sub-Fund can be exposed to all currencies other than the EUR, bringing the exchange risk to 110% maximum of its net assets.</p>
--	--

¹ P-Notes are equity-linked certificates that allow foreign companies to indirectly invest in stocks: they obtain exposure to an equity investment (common stocks, warrants) in a local market where direct foreign ownership is not permitted or restricted. Please also refer to the risk warning "Investing in emerging markets" under section "Risk Warnings" in the general part of this Prospectus for more information.

<p>to the base currency to moderate currency exchange risks. The Sub-Fund may also use derivatives for the purpose of increasing the currency exposure. These instruments may include, but are not restricted to futures, options, swaps, currency forwards.</p> <p>The Sub-Fund may use exchange traded or OTC derivatives, including but not limited to, futures contracts, options, and non-complex options, for the purpose of hedging or increasing or arbitrage equity exposure or without seeking overexposure.</p> <p>The Sub-Fund may also use swap for the purpose of hedging or increasing equity exposure, exchange exposure and non-base currency exposure without seeking overexposure.</p> <p>In order to achieve the investment objective, the Sub-Fund may also invest up to 10% of its net assets in equities related financial derivative instruments or embedded derivative instruments as well as – but not limited to - in convertible bonds, exchangeable bonds, warrants, certificates, and rights which may embed derivatives, for the purpose of hedging, increasing and arbitrage equity risk.</p> <p>The Sub-Fund may make use of deposits.</p> <p>The Sub-Fund may use of borrowings in accordance with clause VIII of section "3. Investment and Borrowing Restrictions" of the main part of the Prospectus.</p>	<p>In all cases, the Sub-Fund will not invest in securities which qualify as distressed or as "in default" at the time of investment.</p> <p>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.</p> <p>The Sub-Fund may not invest in mortgage-backed securities (MBS) or asset-backed securities (ABS).</p> <p>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. The Sub-Fund may also use derivatives for the purpose of increasing the currency exposure. These instruments may include, but are not restricted to futures, options, swaps, currency forwards.</p> <p>The Sub-Fund may use exchange traded or OTC derivatives, including but not limited to, futures contracts, options, and non-complex options, for the purpose of hedging or increasing or arbitrage equity exposure or without seeking overexposure.</p> <p>The Sub-Fund may also use swap for the purpose of hedging or increasing equity exposure, exchange exposure and non-base currency exposure without seeking overexposure.</p> <p>In order to achieve the investment objective, the Sub-Fund may also invest up to 10% of its net assets in equities related financial derivative instruments or embedded derivative instruments as well as – but not limited to - in convertible bonds, exchangeable bonds, warrants, certificates, and rights which may embed derivatives, for the purpose of hedging, increasing and arbitrage equity risk.</p> <p>The Sub-Fund may make use of deposits.</p>
--	---

	The Sub-Fund may use of borrowings in accordance with clause VIII of section "3. Investment and Borrowing Restrictions" of the main part of the Prospectus.
--	---