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-MIURI

Luxembourg, 16 September 2022

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 – MIURI (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 enhance the disclosures related to the environmental and social characteristics promoted by the Fund's Management Company in view of the Sub-Fund's classification as an Article 8 financial product 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**").

The Board of Directors has also decided to ease the annual average volatility targets from an annual average volatility around 5% to an annual average volatility between 5% and 10% in order to take into account major global events such as war or pandemic.

This update involves an amendment of (i) the investment objective, (ii) the investment strategy and (iii) the specific risk factors applicable to the Sub-Fund (the "**Changes**"). The Changes will not involve any rebalancing of the Sub-Fund's portfolio nor specific market-related transaction costs which would be linked to an adjustment of the portfolio.

As from 18 October 2022 (the "**Effective Date**"), the investment policy of the Sub-Fund will then read as follows (changes are underlined below):

" ***3. Investment Policy***

Type of fund:

Absolute Return Fund

Investment Objective:

The Sub-Fund seeks to achieve a higher annual performance than the risk-free rate represented by the €STER Index, throughout the recommended investment period. For that purpose, t~~T~~he Management Company's team will try to ~~reach this target with~~ maintain an average annual volatility ~~around~~ between 5% and 10% in normal market conditions~~,~~ ~~throughout the recommended investment period~~. Investors' attention is drawn by the fact that the management style is discretionary and integrates environmental, social / societal and governance (ESG) criteria.

Investment Strategy:

The Sub-Fund's strategy qualifies as absolute return equity and such strategy relies on fundamental financial analysis. It invests in equities issued by European issuers (EEA plus Switzerland). The gross equity exposure associated with investments of the Sub-Fund (Longs and Shorts) cannot exceed 200% of the net assets of the Sub-Fund. With a net exposure limited to +/- 30% of the assets under management, it is not significantly dependent on the equity market trends and the performance depends essentially on the Management Company's capacity in identifying equities that have the characteristics to outperform their market indexes or their sector indexes.

More precisely, the strategy of the Sub-Fund is based on:

- *Management Company's capacity in identifying the securities that can potentially outperform their market index. To reach this objective, the Management Company buys equities that could outperform and sells at the same time a future contract on market index. The performance will come from the difference of performance between the equity bought and the index sold.*

- *Management Company's capacity in identifying the securities that can potentially outperform their sector index, or another related sector. To reach this objective, the Management Company buys equities that could outperform their sector of activity or a related sector and sells at the same time a future contract on the sector index (even ETF). The performance will come from the difference of performance between the equity bought and the future contract on sector index or related one sold.*

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

The Sub-Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR.

The initial investment universe, which include around 2500 issuers, identified through financial and extra-financial approach as European stocks and which may belong to the STOXX Europe 600, the Euro Stoxx 50 and the MSCI Europe SMID Index, as well as stocks identified by the Management Company based on the financial and extra-financial analysis and/or 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 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 picking take into account internal scoring with respect to the corporate responsibility of companies based on an extra-financial analysis trough a proprietary tool developed internally by the Management Company, with the "best in universe" method. There may be a sector bias. 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 (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 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 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.

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 (especially corporate responsibility) 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.

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

The Sub-Fund will proceed to the extra-financial analysis on at least 90% of its securities, excluding cash, cash equivalents, derivatives and money market funds.

In line with the fundamental approach of the management team, 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, taking into account ESG criteria and the valuation of instruments.*

This Sub-Fund promotes environmental and social characteristics but does not commit to make investments in taxonomy-aligned environmentally sustainable activities. However, it cannot be excluded that the Sub-Fund's underlying investments may incidentally include investments which aim at having a positive impact on the environment through their focus on climate change mitigation and climate change adaptation and which may be but are not necessarily taxonomy-aligned. As at the date of this Prospectus, the Management Company expects that the proportion of the Sub-Fund's investments in taxonomy-aligned environmentally sustainable activities (including investments in enabling and transitional activities) amounts to 0%. As information is not yet readily available from investee companies' public disclosures, the proportion is calculated using a combination of information on taxonomy-alignment obtained from investee companies and third-party providers. As soon as data will become more accurate and available, it is expected that the proportion of investments in enabling and transitional activities will grow and that the calculation of the alignment with the Taxonomy Regulation be amended.

The "do no significant harm" principle under Taxonomy Regulation applies only to those investments underlying the Sub-Fund that take into account the EU criteria for environmentally sustainable economic activities. The underlying investments of this Sub-Fund which are not in taxonomy-aligned environmentally sustainable activities do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

[…]"

It is also specified that the reference benchmark does not intend to be consistent with the environmental or social characteristics promoted by the Sub-Fund.

In addition to the above amendments, a specific risk factor relating to ESG will be added to the risk profile of the Sub-Fund according to its revised new investment policy.

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 17 October 2022, 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