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, November 20th 2024

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").

As from December 31st 2024 (the "**Effective Date**"), the Board of Directors has decided to amend the investment strategy followed by the Sub-Fund in order to include DNCA Finance's flagship strategies in this Sub-Fund.

This investment strategy change involves an amendment of (i) the section "3. Investment Policy" within the factsheet of the Sub-Fund, (ii) its denomination (iii) the calculation method of the Sub-Fund's global exposure (and an increase of its level of leverage), (iv) the management fee structure, (v) the Sub-Fund's pre-contractual disclosure required by commission Delegated Regulation (EU) 2022/1288 and (vi) the specific risk factors applicable to the Sub-Fund (the "**Changes**").

(i) Amendment of section "3. Investment Policy"

The Board of Directors has decided to amend the section "3. Investment Policy" of the Sub-Fund in order to reflect the new investment strategy of the Sub-Fund.

As such, the section "3. Investments Policy" of the Sub-Fund's factsheet will be amended 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, the Management Company's team will try to maintain an average annual~~This performance objective is sought by associating it to a annualized volatility ~~between 5% and~~lower than 10% in normal market conditions. 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 objectives is to invest in DNCA Finance's flagship management strategies.

~~The Sub-Fund's strategy qualifies as absolute return equity and such strategy relies on fundamental financial analysis. It invest~~The Sub-Fund is exposed 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~~800% of the net assets of the Sub-Fund. With a net equity 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 (but not limited):

- *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 or relevant basket. 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~~derivatives 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.*

For the fixed income section, the investment process is made of the combination of strategies including (but not limited):

- *a long/short directional strategy aiming to optimise the performance of the portfolio based on interest rate and inflation expectations;*
- *an interest rate curve strategy aiming to exploit the variations of the spreads between long-term rates and short-term rates;*
- *an arbitrage strategy aimed at seeking the relative value on various bond asset classes;*
- *a credit strategy based on the usage of bonds issued by the private sector.*

The modified duration of the portfolio will stay between -4 and +4.

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~~Securities from issuers with controversies or in severe breach to UN Global Compact Principles (example: human rights or fight against corruption) based on the internal approach are excluded. 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 or country score (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.*

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~~be exposed to:

- *Equities ~~issued in Europe (EEA, Switzerland and UK)~~ or equivalent financial instruments ~~(such as ETF, futures, CFD and/or DPS, etc.)~~: from ~~0~~ -30 to ~~100~~30% of its net assets;*

~~*- Equities issued out of EEA, Switzerland and UK: up to 5% of its net assets;*~~

- *Equities with total market capitalisation below ~~150~~100 million Euros: ~~up~~from -5 to 5% of its net assets;*
- *Equities from emerging markets: from 0% to 5% of its net assets*
- *Non European equities (excluding emerging): from 0% to 10% of its net assets.*

The Sub-Fund may at any time invest in:

- ~~Euro zone Ordinary~~ Bonds, convertibles bonds or equivalent: from 0% to 100% of its net assets;
- Money market instruments or deposits, from 0 to 100% of its net assets;
- In other financial instruments: up to 10% of its net assets.

The Sub-Fund mainly invests in fixed rate, floating rate or inflation-indexed debt securities and negotiable debt within the following limits for specific bonds types:

- Convertible or exchangeable bonds: up to 10% of its net assets;

The Sub-Fund will be solely invested in securities having a rating of at least B- by Standard & Poor's or being considered as equivalent by the Management Company using similar credit criteria at the time of purchase. When the issuer is not rated, the rating condition shall be fulfilled at the level the selected issue. If a bond is downgraded to a notation under the B- grade, the relevant asset will not be sold unless, in the opinion of the Management Company, it is in the interest of Shareholders to do so.

The Sub-Fund may be exposed between -25% to 25% of its assets in bonds in any currency from non OCDE issuers.

The ~~exchange risk~~Sub-Fund will ~~not exceed 10~~invest up to 30% of ~~the~~its net assets ~~of the Sub-Fund~~in bonds from emerging markets.

The Sub-Fund may be exposed to maximum 20% of the net assets of the Sub-Fund in high yield bonds (speculative securities with a long-term rating of BBB- or lower from Standard and Poor’s or equivalent).

In all cases, the Sub-Fund will not invest in securities which qualify as distressed or as "in default" at the time of the acquisition nor in contingent convertible bonds. The exchange risk will not exceed 100% of the net assets of the Sub-Fund.

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.

For the purpose of hedging, arbitrage, exposure strategy or increasing equity, fixed income, inflation, credit, interest or currency risk~~ without seeking overexposure~~, the Sub-Fund also operates on regulated markets of futures on European indexes and future on sectors (included or not in a DPS), as well as in UCITS, including UCITS qualifying as ETFs.

~~The Sub-Fund may use neither options nor any complex financial instrument requiring a valuation through the probabilistic method.~~
The Sub-Fund will use all types of eligible derivatives instruments traded on regulated or OTC markets when these contracts are better suited to the management objective or offer lower trading costs. These instruments may include, but are not restricted to: futures, options, forwards, swaps, credit default swaps (“CDS”) on indices, CDS, contracts for difference ("CFD"), dynamic portfolio swap ("DPS") etc.

~~The Sub-Fund also operates on the foreign exchange markets to cover investments realised outside the euro area or relating to the United Kingdom, Switzerland or Scandinavia.~~
Each derivative instrument addresses a specific hedging, arbitrage, relative value or exposure strategy to:

- *Hedge the entire portfolio or certain classes of assets held within it against equity, interest, credit and/or foreign exchange rate risks;*
- *Mitigate macroeconomic, interest rate, credit and foreign exchange risks notably using a macro-hedge;*
- *Increase the Sub-Fund’s exposure to interest-rate risks, credit risks and foreign exchange risks on the market.*”

(ii) Change of denomination of the Sub-Fund

The Board of Directors has also decided to rename the Sub-Fund to “DNCA Invest – ONE”. The Sub-Fund’s name change is part of an effort to highlight the Fund’s flagship investment strategies compiled in one sub-fund.

(iii) Amendment of the calculation method of the Sub-Fund’s global exposure and increase of the leverage level

With respect to the Sub-Fund, the Board has decided to amend the calculation method of the Sub-Fund’s global exposure. The Sub-Fund will change its calculation method of the global exposure by using the absolute value-at-risk (VaR) method instead of the commitment approach.

With respect to the increase of leverage, the Board of Directors would like to highlight that the increase of the current level of leverage to an expected gross level of leverage that will now be around 800% of the net asset value of the Sub-Fund and should not exceed 1500% of the net asset value of the Sub-Fund is moving due to the use of financial derivative instruments and notably of future contracts, credit default swaps and credit default swaps on indices in order to manage the duration risk as well as the interest rate risk.

Investor’s attention is drawn on the fact that the increase of the leverage generates specific risks. It indeed amplifies both upside and downside movements of the underlying assets, hence increasing the Sub-Fund volatility. A high level of leverage implies that a moderate loss on one or more underlying assets could lead to large capital losses for this Sub-Fund, as well as for the UCI in which it may invest.

As a consequence, the section “5. Global Exposure” within the factsheet of the Sub-Fund will be amended as follows (changes are underlined below):

“*5. Global Exposure*

~~*The Sub-Fund's global risk exposure is monitored by using the Commitment approach. This approach measures the global exposure related to positions on financial derivative instruments ("FDIs") which may not exceed the Sub-Fund's Net Asset Value.*~~

Within the context of the risk management procedure, the Sub-Fund's global exposure is measured and checked in accordance with the absolute value-at-risk (VaR) method. In financial mathematics and in financial risk management, the value at risk is a measure predominantly used for risk of loss on a particular portfolio of financial assets.

The VaR is calculated with a unilateral confidence interval at 99% and for a retention period of 20 days.

The Sub-Fund's VaR is limited to an absolute VaR calculated on the basis of the Sub-Fund's Net Asset Value and does not exceed a maximum VaR limit determined by the Management Company, while taking into account the Sub-Fund's investment policy and risk profile. The maximum limit is set at 20%.

Leverage effect

The Sub-Fund may use derivatives to generate overexposure and thus expose the Sub-Fund beyond the level of its net assets. Depending on the direction of the Sub-Fund's transactions, the effect of decreases or increases in the derivative's underlying assets may be magnified, leading to a larger decrease or increase in the Net Asset Value of the Sub-Fund.

The expected leverage rate should not exceed 8 times under normal circumstances and could reach up to 15 times the Sub-Fund's Net Asset Value when the low risk, high leverage short term interest rates strategies are implemented. The leverage is calculated as the sum of the notionals of the derivatives without any netting/hedging in accordance to applicable laws and regulations."

(iv) Change of the management fee structure

With the change in investment strategy, the Board of Directors has decided to modify the management fee structure by lowering the management fees as follows:

Classes of Shares	**Before the Effective Date** **Management Fees (up the net assets of the Class per annum)**	**After the Effective Date** **Management Fees (up the net assets of the Class per annum)**	**Performance Fee**
Class I Shares EUR	Up to 1%	Up to 0,90%	20% of the positive performance net of any fees above the index**
Class ID Shares EUR	Up to 1%	Up to 0,90%	
Class H-I** Shares CHF	Up to 1%	Up to 0,90%	
Class H-I** Shares USD	Up to 1%	Up to 0,90%	
Class A Shares EUR	Up to 1.80%	Up to 1.60%	

Class AG Shares EUR	Up to 1.90%	Up to 1.70%	
Class AD Shares EUR	Up to 1.80%	Up to 1.60%	
Class H-A* Shares USD	Up to 1.80%	Up to 1.60%	
Class H-A* Shares CHF	Up to 1.80%	Up to 1.60%	
Class B Shares EUR	Up to 2%	Up to 1,80%	
Class BG Shares EUR	Up to 2.10%	Up to 1.90%	
Class N Shares EUR	Up to 1.10%	Up to 1.00%	
Class Q Shares EUR	Up to 0.2%	Up to 0.2%	N/A

(v) Amendment of the pre-contractual disclosure of the Sub-Fund

The Board has decided to amend the pre-contractual disclosure required by commission Delegated Regulation (EU) 2022/1288 as further described in the Prospectus.

(vi) Amendment of the risk factors of the Sub-Fund

The Board has further decided to amend the specific risk factors applicable to the Sub-Fund to reflect its new investment strategy and the increase of its level of leverage.

As a consequence, the section “7. Risk Profile” will be amended as follows (changes are underlined below):

“*The Sub-Fund's risk profile is suited for an investment horizon from two to five years. The risks to which the investor is exposed via the Sub-Fund are the following:*

- <u>Risk of loss of capital</u>

- Discretionary management risk;

- Equity risk;

<u>- Small and mid cap compagnies risks ;</u>

- Counterparty risk;

- ~~Securities liquidity~~<u>Liquidity</u> risk;

- ~~Risk of loss of capital~~;

- Interest-rate risk;

- *Exchange rate risk;*

- *Risk of exposure in speculative grade bonds;*

- *Specific risks linked to the investment in high yield bonds;*

- *Risk of ~~investing~~exposure in derivative instruments ~~(such as contract for difference and dynamic portfolio swap)~~as well as instruments embedding derivatives;*

- *Risk linked to the use of leverage;*

- *Convertibles securities risk;*

- *Exchange rate risk;*

- *High volatility risk;*

- *ESG risk;*

- *Risk of investing on emerging markets;*

- *Sustainability risk*."

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

The Changes will have an impact on the risk profile of the Sub-Fund but the Summary Risk Indicator (SRI) disclosed in the Key Investor Document ("KID") 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 December 27th 2024, at 12:00 noon (Luxembourg time).

The Changes will be included in the next update of the Prospectus and the KID 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