

**DNCA CONVERTIBLES EUROPE**  
**PROSPECTUS**  
**DATED 1 JULY 2021**

**I GENERAL CHARACTERISTICS**

**1 Form of the UCITS**

**NAME**

DNCA CONVERTIBLES EUROPE, hereafter referred to in this document as “the Mutual Fund”, “the Fund” or “the UCITS”.

**LEGAL FORM AND MEMBER STATE IN WHICH THE UCITS WAS CREATED**

French collective investment fund (*fonds commun de placement – FCP*).

**DATE OF CREATION AND EXPECTED PERIOD OF EXISTENCE**

The Fund was launched on 27 April 2005 for an initial period of 99 years.

**AMF APPROVAL DATE:**

The Fund has been approved by the Autorité des Marchés Financiers on 4 February 2005.

**SUMMARY OF THE INVESTMENT OFFER**

| Class of shares | ISIN code    | Allocation of sums available for distribution | Currency | Eligible investors  | Minimum initial subscription amount | Minimum subsequent subscription amount | Net asset value at issue    |
|-----------------|--------------|---|----------|---|-------------------------------------|--|-----------------------------|
| R               | FR0010678359 | Capitalisation                                | Euro     | All investors, particularly individual investors and the distribution network | One ten-thousandth of a share       | One ten-thousandth of a share          | EUR 100 on 28 November 2008 |

|       |              |                |      |   |                               |                               |  |
|-------|--------------|----------------|------|---|-------------------------------|-------------------------------|--|
| I NPF | FR0010171678 | Capitalisation | Euro | All investors, particularly institutional and other corporate investors   | EUR 100,000                   | One ten-thousandth of a share | EUR 4,153.11 on 4 January 1999<br>EUR 304.41 on 23 April 2001<br>Multiplication of the value by 336 on 28 April 2005 |
| IC    | FR0010369827 | Accumulation   | Euro | All investors, particularly institutional and other corporate investors   | EUR 100,000                   | One ten-thousandth of a share | EUR 10,000   |
| ID    | FR0011310192 | Distribution   | Euro | All investors, particularly institutional and other corporate investors   | EUR 100,000                   | One ten-thousandth of a share | EUR 10,000   |
| N     | FR0013299179 | Accumulation   | Euro | Subscription of this share is reserved for investors subscribing via distributors or intermediaries subject to national legislation prohibiting all retrocessions to distributors or that provide an independent advisory service as defined by the MiFID II European regulation or an individual portfolio management service under mandate. | One ten-thousandth of a share | One ten-thousandth of a share | EUR 100  |

✚ **HOW TO PROCURE A COPY OF THE LATEST NATIXIS ANNUAL REPORT**

Investors may acquire copies of the most recent annual and interim reports and asset composition details within eight business days by addressing a written request to:

DNCA FINANCE, 19 Place Vendôme, 75001 Paris, France

Tel.: +33 (0)1 58 62 55 00

[dnca@dnca-investments.com](mailto:dnca@dnca-investments.com)

For any additional information, please contact our sales department on +33 (0)1 58 62 00 00 from Monday to Friday, 9:00 a.m. to 6:00 p.m.

✚ **INFORMATION FOR PROFESSIONAL INVESTORS**

DNCA Finance may send the breakdown of the Fund's portfolio to investors classified as professional investors by the ACPR, the AMF or equivalent European authorities, for the sole purpose of calculating regulatory requirements under Directive 2009/138/EC (Solvency II).

## 2 Parties

✚ **MANAGEMENT COMPANY**

DNCA FINANCE, 19 Place Vendôme, 75001 Paris, France

Legal form: *Société en commandite simple* (limited partnership)

Approved by the Autorité des Marchés Financiers, hereinafter "the AMF", under number GP 00-030

✚ **CUSTODIAN, ACCOUNT HOLDER, REGISTRAR AND INSTITUTION RESPONSIBLE FOR CENTRALISING ALL SUBSCRIPTION AND REDEMPTION REQUESTS BY DELEGATION OF THE MANAGEMENT COMPANY**

CACEIS BANK

*Société anonyme à conseil d'administration* (public limited company with a board of directors)

A lending institution approved by the ACPR

1-3, place Valhubert

F-75206 PARIS Cedex 13

The duties of the depositary include, as set out in the applicable Regulations, custody of the assets, checking that the management company's decisions are lawful, and monitoring the UCITS' cash flows. The depositary is independent of the management company.

The description of the delegated custodial duties, the list of custodians and sub-custodians of CACEIS Bank and information relating to conflicts of interest that may result from these delegations are available on the CACEIS website: [www.caceis.com](http://www.caceis.com)

Updated information is made available to investors upon request.

✚ **AUDITOR**

MAZARS – represented by Mr Pierre MASIERI, signatory

EXALTIS – 61 rue Henri Regnault 92075 LA DEFENSE CEDEX

✚ **DISTRIBUTORS**

DNCA FINANCE, 19 Place Vendôme, 75001 Paris, France

✚ **DELEGATEES**

Accounting management:

CACEIS FUND ADMINISTRATION

1-3, place Valhubert

F-75206 PARIS Cedex 13

The management company has not identified any conflicts of interest that may arise from such arrangements.

## II INVESTMENT AND MANAGEMENT INFORMATION

### 1 General characteristics

#### **CHARACTERISTICS OF THE SHARES**

- ◆ Rights attached to each share

Each shareholder holds a right of co-ownership proportional to the number of shares held.

Information on modifications affecting the Fund is communicated to shareholders via all the means mentioned in the AMF's instructions on disclosures. The management of the Fund, which is not deemed a legal entity and to which the rules applicable to companies and jointly owned entities do not apply, is conducted by the management company, which operates on behalf of the shareholders and exclusively in their interest. In this capacity, the management company exercises the voting rights attached to the shares and securities in the portfolio.

- ◆ Inscription on a register, or method of recording details of the fund's assets

The fund's share register is managed by CACEIS BANK.

The administration of the shares is conducted by EUROCLEAR France.

- ◆ Voting rights:

The Fund's shares do not carry any voting rights. The management of the Fund is ensured by the management company, which operates on behalf of the shareholders and exclusively in their interest. In this capacity, the management company exercises the voting rights attached to the shares and securities in the portfolio.

The management company's voting policy may be consulted at the registered office of the management company or at <http://www.dnca-investments.com>.

- ◆ Type of shares: registered or bearer.
- ◆ Fractions of shares

Class R, I NPF, IC, ID and N shares are subdivided into ten thousandths of units.

#### **FINANCIAL YEAR-END**

Last trading day in December on the Paris stock exchange.

The fund's first financial year-end is determined to be the last trading day in December 2005 (i.e. 30 December 2005).

#### **TAX REGIME APPLICABLE TO THE FUND**

The Fund is not subject to corporate tax. In accordance with the principles of transparency, the net income of the Fund is taxed after distribution to the shareholders and the capital gains generated by the Fund are normally taxable when the shares or units are redeemed.

The applicable tax regime depends on the tax provisions applicable to each investor's specific situation. Investors are therefore advised to consult their usual financial advisors for information on the particular tax regimes that apply to their personal situations.

## 2 Special provisions

### **ISIN CODES**

| Class of shares | ISIN codes   |
|-----------------|--------------|
| R               | FR0010678359 |
| INPF            | FR0010171678 |
| IC              | FR0010369827 |
| ID              | FR0011310192 |
| N               | FR0013299179 |

### **HOLDING OF SHARES OR UNITS IN OTHER UCIS (UCITS OR AIFs) OR INVESTMENT FUNDS**

The UCITS invests up to 10% of its net assets in units or shares of UCIs.

### **MANAGEMENT OBJECTIVE**

The management objective of this Fund is to obtain, over the recommended investment horizon, a return superior to that of the European convertible bond market. Depending on market conditions, this performance will be similar either to that of the equity market or that of the bond market.

An indication of the comparative market risk is given by the ECI-Europe (Exane Convertible Index Europe).

### **BENCHMARK**

ECI-Europe (Exane Convertible Index Europe)

This index provides an indication of the overall performance of European convertible bonds. The total market capitalisation of the securities making up this index accounts for a significant portion of this European market.

Index information is available on [www.exane.com](http://www.exane.com) and on Bloomberg. It is calculated once daily on the basis of end-of-day market prices.

As of the date of this prospectus, the administrator of the benchmark index, Exane Derivatives SNC, is recorded on the register of administrators and benchmark indices held by ESMA.

In accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the management company has a procedure for monitoring the benchmark indices that it uses, wherein the measures to be implemented in the event of a substantial change to an index, or of that index no longer being provided, are described.

### **INVESTMENT STRATEGY**

#### **1 - Strategies used to achieve the management objective**

The Fund's assets are primarily invested in European convertible bonds. The investment strategy adopted for the UCITS, using an entirely discretionary approach, is based above all on an active process for the selection of these securities. The manager may invest in options, bonds or synthetic securities. The latter will consist of a debt security (bond, EMTN or medium-term negotiable securities) issued by the firm in question with an associated call option on the issuer's share.

➤ In order to better understand the investment strategy used for the Fund, certain terms must first be defined.

✚ A convertible bond is a bond that, at the request of the investor and for a set period, is converted to a fixed number of shares by the issuing company. The right held by the investor is not listed separately but is included in the price of the convertible bond. The investor enjoys the same rights as the investor in a traditional bond but has the option to swap it for shares. The tradeoff is that the yield of a convertible bond is often inferior to that of a traditional bond.

✚ The share is classified as underlying the convertible bond.

✚ The convexity of a convertible bond means that its value rises as the underlying equity of the convertible bond rises and falls when it decreases.

Thus, for example, if the underlying equity of a convertible bond first increases, the value of the convertible bond will increase to a lesser extent than the value of the underlying equity. Then, later, if the underlying equity continues to increase, the value of the convertible bond will increase in continually greater proportion to the value of the underlying equity.

- There are three main types of convertible bonds:
  - bond profile: the price of the convertible bond is a function of the market rate, the characteristics of the issues of the convertible bond and/or those underlying the exchangeable bond. The convertible bond progressively becomes a pure bond.
  - mixed profile: the price of the convertible bond varies based on the value of the underlying equity, the rate and rating of the convertible bond issuer. The convertible bond increases as the underlying equity rises but enjoys the security of the bond.  
Convexity is more significant here.  
In the case of Fund management, convertible bonds will be selected for their mixed profile.
  - action profile: the value of the convertible bond is subject to the value of the underlying equity.
- The investment strategy is based on the active management of convertible bonds and is the result of the combination of a “top down” approach (which is an approach involving the overall allocation of the portfolio to then select the shares making up the portfolio) and a “bottom up” approach (a selection of shares making up the portfolio following an overall portfolio analysis) aimed at optimizing the choice of share issuers and the selection of issuances.  
This investment strategy is the main source of the expected return.
- The “top down” approach is based on i) an analysis of macroeconomic data regarding share issuers and ii) stock and credit market trends, both of which are reviewed manually by the management company.  
It enables us to:
  - determine the risk of the Fund on the stock market based on the trend of these markets: this overexposure or under-exposure to the stock markets can be obtained, in particular, through financial and/or specific share sales contracts, these financial and/or specific share sales contracts being used at the discretion of the manager and within the limits allowed by law; note that the use of these financial contracts (purchase/sales option) may, in particular, lead to the presence of shares in the portfolio;
  - determine the investment sectors to favour.
- The “bottom up” approach involves the selection of shares and is based on:
  - an analysis of the underlying equity of a convertible bond (volatility, liquidity...);
  - an analysis of the bond part that makes up the convertible bond: analysis of the bond components (credit, spread, maturity date). The convertible bond credit is used for its appreciation but is not a restriction if High Yield or “speculative” securities (high yield due to elevated risk) or unrated securities are allowed:
  - an analysis of the characteristics of the convertible bond;
    - in relative terms based on the financial contract universe;
    - in absolute terms based on its intrinsic characteristics (delta, convexity or interest rate sensitivity).
- Following the different analyses, the manager uses internal and external models to appreciate the convertible bonds, in addition to his market experience, based on the different parameters listed above.

As part of its investment strategy, the Fund may invest up to 100% of the fund's assets in securities denominated in currencies other than the euro. Subsequently, up to 100% of the Fund may be invested in currencies other than the Euro. The currencies used other than the Euro are chiefly the US dollar and the pound sterling. Exchange rate risk is not systematically hedged.

## **2 - Fund assets**

### **2-1 Equities**

Long-term equities, representing no more than 15% of the Fund's total net assets, are selected from among shares of small-, mid- and large-cap companies in all sectors of the economy that are traded on the stock markets of one or several European countries. The maximum investment period will be one month.

The manager will primarily invest in these shares by exercising i) his right to conversion/exchange a convertible bond held in the portfolio or ii) a purchase option.

### **2-2 Negotiable debt securities and money market instruments**

A minimum of 60% of the Fund's assets are invested in European convertible or exchangeable bonds, bonds with share subscription warrants, participatory shares and debt securities of European issuers traded on the markets of OECD member countries. The balance may be invested in securities issued by issuers outside Europe.

The management company relies on its own teams and methodology to assess credit risk. In addition to this assessment, the portfolio will contain a minimum of 30% of "Investment Grade" securities, or securities with a rating deemed to be equivalent in the management company's opinion. If these securities are not rated, the rating of the issuer will be used.

"Investment Grade" shares or issuers can be defined as follows:

- shares or issuers with a rating from Standard & Poor's, Moody's and Fitch Ratings (equal to a BBB-/Baa3)
- non-rated shares or issuers that have an internal rating from DNCA Finance evaluated by credit analysts of at least a BBB-/Baa3.

The portfolio may also include "High Yield" or "speculative" securities with a rating of less than BBB-/Baa3 from Standard & Poor's, Moody's and Fitch Ratings or a rating deemed to be equivalent in the management company's opinion or shares that are not rated by a rating agency for up to a maximum of 70% of the net portfolio securities.

The so-called "High Yield" or "speculative" shares are shares with a rating by Standard & Poor's, Moody's and Fitch Ratings or a rating deemed to be equivalent in the management company's opinion that does not provide sufficient guarantees to ensure the payment of the interest and principal. However, these shares earn a higher return than "Investment Grade" shares.

The interest rate sensitivity of the portfolio built using this approach will be in the range of 0 to 8. Convertible bonds generally mature in less than 10 years.

Lastly, in the case of different ratings by different agencies, the higher rating will be used.

### **2-3 Holding shares or units in other UCITS or investment funds**

The Fund may hold up to 10% of its net assets in shares or units of the following types of UCITS or collective investment funds:

|   |   |
|---|---|
| French UCITS*   | × |
| European UCITS*   | × |
| French AIF complying with the conditions of Article R. 214-3 of the Monetary and Financial Code*                          | × |
| European AIF complying with Article R. 214-13 of the Monetary and Financial Code*   | × |
| Foreign investment funds (non-E.U.) complying with the conditions of Article R. 214-3 of the Monetary and Financial Code* | × |

\* These UCITS, AIFs and investment funds may not themselves invest more than 10% of their assets in UCITS.

The UCITS, AIFs and investment funds held by the Fund may be managed by the management company or by any affiliated company.

Investment in shares or units of other UCITS, AIFs or investment funds will remain a marginal activity of the Fund, uniquely for cash management purposes.

## 2-4 Derivatives

The Fund may use derivatives up to a limit of 100% of the net assets.

The investment process includes the use of forward financial instruments, whether conditions or otherwise, traded in regulated markets, organized or over the counter.

**TABLE OF DERIVATIVE INSTRUMENTS**

| Nature of the instruments used        | TYPE OF MARKET    |                   |             | NATURE OF RISKS |               |       |        |             | NATURE OF OPERATION |          |           |                     |
|---------------------------------------|-------------------|-------------------|-------------|-----------------|---------------|-------|--------|-------------|---------------------|----------|-----------|---------------------|
|                                       | Regulated markets | Organised markets | OTC markets | Equity          | Interest rate | Forex | Credit | Other risks | Hedging             | Exposure | Arbitrage | Other strategy(ies) |
| <b>Futures</b>                        |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| Equity                                | X                 | X                 |             | X               |               |       |        |             | X                   | X        |           |                     |
| Interest rate                         | X                 | X                 |             |                 | X             |       |        |             | X                   | X        |           |                     |
| Forex                                 |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| Index                                 | X                 | X                 |             | X               | X             |       |        |             | X                   | X        |           |                     |
| <b>Options</b>                        |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| Equity                                | X                 | X                 | X           | X               |               |       |        |             | X                   | X        |           |                     |
| Interest rate                         | X                 | X                 | X           |                 | X             |       |        |             | X                   | X        |           |                     |
| Forex                                 |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| Index                                 | X                 | X                 | X           | X               | X             |       |        |             | X                   | X        |           |                     |
| <b>Swaps</b>                          |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| Equity                                |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| Interest rate                         |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| Forex                                 |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| Index                                 |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| <b>Forward forex instruments</b>      |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| Currency futures                      |                   |                   | X           |                 |               | X     |        |             | X                   | X        |           |                     |
| <b>Credit derivatives</b>             |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| Credit default swaps (CDS)            |                   |                   | X           |                 |               |       | X      |             | X                   | X        |           |                     |
| First-to-default credit default swaps |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |
| First loss credit default swaps       |                   |                   |             |                 |               |       |        |             |                     |          |           |                     |

\* Refer to the order execution policy at the management company available at [www.dnca-investments.com](http://www.dnca-investments.com)



The Fund will not use total return swaps.

**2-4 bis: Information regarding over-the-counter financial contracts**

The counterparties are credit institutions and/or investment companies selected and evaluated regularly pursuant to the financial intermediaries' procedures which are available on the management company's website or: [www.dnca-investments.com](http://www.dnca-investments.com) or they can be requested from the management company. These transactions systematically require the signature of a contract between the UCITS and the counterparty, in which the terms and conditions for the reduction of the counterparty risk are defined. The counterparty(ies) does (do) not have discretionary decision-making power over the composition or management of the UCITS investment portfolio or the assets underlying the derivative instrument.

**2-5 Securities with embedded derivative features**

Securities with embedded derivative features are used to meet the Fund's management objective by providing coverage for the portfolio or for categories of securities that are perfectly identified and by giving the portfolio exposure to certain risks, notably equity and credit risks.

The Fund may be exposed to derivatives and securities with embedded derivative features up to a limit of 100% of the fund's net assets.

**TABLE OF SECURITIES WITH EMBEDDED DERIVATIVES**

| Nature of the instruments used                           | NATURE OF RISKS |               |       |        |             | NATURE OF OPERATION |          |           |                     |
|--|-----------------|---------------|-------|--------|-------------|---------------------|----------|-----------|---------------------|
|  | Equity          | Interest rate | Forex | Credit | Other risks | Hedging             | Exposure | Arbitrage | Other strategy(ies) |
| <b>Warrants</b>  |                 |               |       |        |             |                     |          |           |                     |
| Equity   | X               |               |       |        |             |                     |          |           | X                   |
| Interest rate  |                 |               |       |        |             |                     |          |           |                     |
| Forex  |                 |               |       |        |             |                     |          |           |                     |
| Credit   |                 |               |       |        |             |                     |          |           |                     |
| <b>Subscription warrants</b>                             |                 |               |       |        |             |                     |          |           |                     |
| Equity   | X               |               |       |        |             |                     |          |           | X                   |
| Interest rate  |                 |               |       |        |             |                     |          |           |                     |
| Equity link  | X               |               |       | X      |             |                     | X        |           |                     |
| <b>Convertible bonds</b>                                 |                 |               |       |        |             |                     |          |           |                     |
| Exchangeable bonds                                       | X               | X             | X     | X      |             | X                   | X        | X         |                     |
| Convertible bonds  | X               | X             | X     | X      |             | X                   | X        | X         |                     |
| Convertible contingent bonds                             |                 |               |       |        |             |                     |          |           |                     |
| Callable bonds   | X               | X             | X     | X      |             | X                   | X        | X         |                     |
| Puttable bonds   | X               | X             | X     | X      |             | X                   | X        | X         |                     |
| <b>Structured EMTN/medium-term negotiable securities</b> |                 |               |       |        |             |                     |          |           |                     |
| Structured medium-term negotiable securities             | X               | X             | X     |        |             | X                   | X        | X         |                     |
| Structured EMTN  | X               | X             | X     |        |             | X                   | X        | X         |                     |
| Credit Link Notes (CLN)                                  |                 |               |       |        |             |                     |          |           |                     |
| Other (to specify)                                       |                 |               |       |        |             |                     |          |           |                     |

**2-6 Deposits**

The Fund may make deposits pursuant to the French Monetary and Financial Code for a maximum duration of twelve months. These deposits, which will allow the Fund to manage all or a part of its cash, thus contribute to the achievement of its management objective.

**2-7 Cash and cash equivalents**

The Fund may hold cash and cash equivalents within a limit coherent with meeting the fund's flow management requirements.

## **2-8 Cash borrowings**

The Fund may borrow the equivalent of up to 10% of its net assets in cash on a temporary basis.

## **2-9 Temporary purchases and sales of securities**

None.

## **2-10 Contracts constituting collateral**

In connection with the conclusion of financial contracts, the UCITS may receive/pay collateral in order to reduce its exposure to counterparty risk. The collateral received will primarily be in the form of cash for over-the-counter financial instruments.

All collateral received will comply with the following principles:

- Cash and cash equivalents: Any collateral in transferable securities must be highly liquid and able to be traded rapidly on a regulated market at a transparent price.
- Transferability: Collateral can be transferred at any time.
- Valuation: The collateral received is valued daily. A conservative discount policy will be applied to transferable securities that may have significant volatility or based on credit quality.
- Credit quality of issuers: Collateral is of high credit quality.
- Investment of collateral received in cash: It is either deposited with eligible entities, or invested in high credit quality government bonds (rating meeting the criteria for "short-term money market" UCITS/AIFs), or invested in "short-term money market" UCITS/AIFs.
- Correlation: collateral is issued by an entity independent of the counterparty.
- Diversification: the counterparty risk in over-the-counter transactions may not exceed 10% of net assets when the counterparty is a credit institution as defined by regulations in force, or 5% of its assets in other cases.
- Exposure to any one issuer will not exceed 20% of net assets.
- Custody: Collateral received will be held by with the depositary or any of its agents or third parties under its control or any third-party depositary that is subject to prudential supervision and that has no connection with the provider of the collateral.
- Prohibition on reuse: Non-cash collateral may not be sold, reinvested or repledged.

## **□ RISK PROFILE**

Your money will be mainly invested in financial instruments selected by the management company. These instruments will be subject to market trends and risks.

The net asset value can vary by significant amounts as a result of the nature of the financial instruments included in the portfolio. This means that you may not get back all the capital you invested and this applies equally for investments made over the recommended investment period.

The various risks detailed below may result in a fall in the UCITS' net asset value.

The Fund will be invested in financial instruments selected by the management company in accordance with the investment strategy described above. These instruments are subject to the inherent volatility of financial markets.

For the period considered the level of risk (comparable to that of the ECI-Europe) will be somewhere between that of a portfolio of European medium-term bonds and that of a portfolio of European equities. For these reasons, the capital invested may not be recovered in full.

As a consequence of the investment strategy described above, the Fund will be subject to the following risks:

**Capital risk:** the UCITS is not covered by any guarantee or protection. Therefore, the capital initially invested may not be repaid in full.

**Interest rate risk:** this is the risk of a decrease in the value of fixed-income instruments as a result of changes in interest rates.

The UCITS is managed so that interest rate sensitivity will be in the range of 0 to 8.

If a risk event of this type occurs, the Fund's net asset value may decline.

**Credit risk:** this is the risk of issuer default and the downside risk of securities in the portfolio resulting from changes in issuer margins or credit spreads of all the categories of debt-based securities held in the portfolio, including special purpose vehicles, and due to the use of credit default swaps (CDS).

The exposure to credit risk may vary since the fund is allowed to invest in non-investment grade debt securities (rated BB+/Ba1 (Standard & Poor's, Moody's and Fitch Ratings agency rating or a rating deemed to be equivalent in the management company's opinion)) and in the case of unrated securities.

If a risk event of this type occurs, the Fund's net asset value may decline.

**Risk linked to the use of high-yield speculative securities:** this is the credit risk applying to so-called "speculative" securities that present higher default probabilities. To offset this, they offer higher yield levels but may, if the rating is downgraded, lead to a greater risk of a reduction in the net asset value.

**Equity risk:** this is the risk of a decrease in the market value of shares and/or the downside risk of indices stemming from the investment in and/or exposure of the portfolio to equities or indices.

The largest portion of its assets will be invested in the convertible bond markets, which are fixed income securities with an option to convert into shares. The market value of convertible securities depends on both the level of interest rates and the estimation of future movements in the price of the underlying shares.

The downside risk to the Fund's net assets is all the more significant in that the manager may invest in small- and mid-cap companies which, given their size, may experience sudden changes in valuation, either upwards or downwards.

If a risk event of this type occurs, the Fund's net asset value may decline.

**Currency risk:** this is the risk of currency devaluation (other than that of the euro) affecting the market prices quoted for the financial instruments in which the UCITS is invested compared to the portfolio reference currency, the euro.

These currencies are mainly the US dollar and the pound sterling.

If a risk event of this type occurs, the Fund's net asset value may decline.

**Risk linked to overexposure:** in particular given the use of derivatives and temporary sales with a view to exposing the Fund to interest rate or credit risk, the portfolio may become overexposed to markets favoured by the manager. The commitment in relation to derivatives may not exceed 100% of the Fund's net assets.

The Fund may thus amplify movements in markets where the manager operates. As a result, there is a risk that the Fund's net asset value may fall more rapidly and to a greater extent than these markets. However, this maximum overexposure will not be systematically employed. The decision as to when to operate in this manner is left to the fund manager's discretion.

If a risk event of this type occurs, the Fund's net asset value may decline.

**Counterparty risk:** the Fund uses over-the-counter forward financial instruments. As these transactions may involve one or several counterparties, the Fund is exposed to the risk that any of these counterparties may default on its obligations to perform under the relevant contract.

If a risk event of this type occurs, the Fund's net asset value may decline.

**Liquidity risk:** liquidity risk represents the price reduction that the UCITS might potentially have to accept in order to sell certain assets for which there is insufficient market demand.

**Risk linked to exposure to emerging countries:** the main risks linked to exposure to emerging countries may result from significant fluctuations in the price of securities and currencies in these countries, potential political instability and the existence of accounting and financial practices that are less rigorous than those of developed countries.

Furthermore, with the financial markets of emerging markets being generally less liquid than developed markets, there is a portfolio liquidity risk.

If this risk should materialise, it may lead to a reduction in the net asset value.

**Risk associated with the management of collateral:** the management of collateral may create risks for the UCITS, such as liquidity risk (i.e. the risk that a security received as collateral is not sufficiently liquid and cannot be sold quickly in the event that the counterparty defaults), and, where applicable, risks related to the reuse of cash collateral (i.e. primarily the risk that the UCITS cannot reimburse the counterparty).

**Sustainability risk:**

This Fund is subject to sustainability risks as defined in Article 2 (22) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR Regulation"), for any environmental-, social- or governance-related event or situation which, if it occurs, could have a significant real or potential negative impact on the value of the investment. Although the portfolio's investment policy may incorporate an ESG strategy, the portfolio's investment objective is not primarily to mitigate this risk. The sustainability risk management policy is available on the management company's website.

□ **ELIGIBLE INVESTORS AND TYPICAL INVESTOR PROFILE**

The Fund is open to all investors.

Class R shares are mainly intended for individual investors.

Class I NPF, IC and ID shares are mainly intended for institutional investors (insurance companies, pension funds, mutual benefit associations), other corporate investors and feeder funds.

Class N shares are primarily intended for investors subscribing via distributors or intermediaries:

- Subject to national legislation prohibiting all retrocessions to distributors (e.g. in the United Kingdom or the Netherlands)
- Providing an independent advisory service as defined by the MiFID II European regulation or an individual portfolio management service under mandate.

The Fund targets investors who wish to obtain a high return on their investment in the medium term, at an intermediate level between the return offered by European equity markets and the return offered by European bond markets. The fund's volatility will be lower than the volatility of European equity markets as a consequence of the hybrid nature of convertible bonds.

Recommended minimum investment horizon: 4 years.

The Fund's shares may not be offered or sold in the United States of America or to or on behalf of a "US Person" as defined by Rule 902 of Regulation "S" in accordance with the United States Securities Act 1933. Prospective shareholders must declare that they are not a US Person and that they are not subscribing on behalf of a US Person or with the intention of reselling them to a US Person.

The amount considered reasonable to invest in the fund depends on the investor's level of risk aversion. Any calculation of the appropriate amount to be invested must also take into account factors that are specific to the investor, such as the investor's current financial situation and portfolio composition. **The building and maintenance of a portfolio of financial assets necessarily implies a diversification of investments.** It is therefore recommended that all potential investors in this Fund contact their usual financial advisors for additional information and/or advice based on an appreciation and consideration of their personal situations.

□ **HOW DISTRIBUTABLE INCOME IS CALCULATED AND DISTRIBUTED – DISTRIBUTION FREQUENCY**

Class R, I NPF, IC and N shares are capitalised.

Class ID shares are distributed.

Income from Class R, I NPF, IC and N shares is capitalised for these share categories.

Income from Class ID shares is distributed as an annual dividend paid five months prior to the close of the fiscal year.

□ **CHARACTERISTICS OF THE SHARES**

| Class of shares | ISIN code    | Currency | Fractions of shares | Net asset value at issue   | Tax features |
|-----------------|--------------|----------|---------------------|--|--------------|
| R               | FR0010678359 | Euro     | Ten-thousandths     | EUR 100  | None         |
| I NPF           | FR0010171678 | Euro     | Ten-thousandths     | EUR 4,153.11 on 4 January 1999<br>EUR 304.41 on 23 April 2001<br>Multiplication of the value by 336 on 28 April 2005 | None         |
| IC              | FR0010369827 | Euro     | Ten-thousandths     | EUR 10,000   | None         |
| ID              | FR0011310192 | Euro     | Ten-thousandths     | EUR 10,000   | None         |
| N               | FR0013299179 | Euro     | Ten-thousandths     | EUR 100  | None         |

□ **TERMS AND CONDITIONS OF SUBSCRIPTION AND REDEMPTION**

Subscription and redemption requests are generally received and centralised by the institution responsible for this function (CACEIS BANK) on each valuation date (day on which the fund's net asset value is calculated) at noon (12:00 p.m.).

Requests are executed on the basis of the next NAV calculated after reception of the order. Accordingly, the exact price cannot be known at the time an order is received.

Orders are executed in accordance with the table below:

| D   | D   | D: NAV calculation day                    | D + 1 business day                 | D + 2 business days          | D + 2 business days        |
|---|---|---|------------------------------------|------------------------------|----------------------------|
| Clearing of subscription orders before 12:00* | Clearing of redemption orders before 12:00* | Execution of the order on D at the latest | Publication of the net asset value | Settlement of subscriptions* | Settlement of redemptions* |

\*Unless a specific deadline has been agreed with your financial institution.

Investors intending to subscribe to units and unitholders wishing to redeem units are invited to contact their usual marketing agent directly about the deadline for the receipt of their subscription or redemption request, as this may be earlier than the clearing time stated above.

Each Paris stock exchange trading day, with the exception of public holidays as defined by the French labour code and days on which the Paris stock exchange is closed.

The calculation of the net asset value prior to a weekend and/or a French public holiday as defined by the French labour code and a day on which the Paris stock exchange is closed will not include coupons accrued over this period. It will be dated on the day before this period of closure.

| Class of shares | ISIN code    | Minimum initial subscription  | Minimum subsequent subscription |
|-----------------|--------------|-------------------------------|---------------------------------|
| R               | FR0010678359 | One ten-thousandth of a share | One ten-thousandth of a share   |
| I NPF           | FR0010171678 | EUR 100,000                   | One ten-thousandth of a share   |
| IC              | FR0010369827 | EUR 100,000                   | One ten-thousandth of a share   |
| ID              | FR0011310192 | EUR 100,000                   | One ten-thousandth of a share   |
| N               | FR0013299179 | One ten-thousandth of a share | One ten-thousandth of a share   |

The management company may accept subscriptions via contributions of securities.

The Fund's net asset value is available from the management company (in particular on its website [www.dnca-investments.com](http://www.dnca-investments.com)).

□ **FEES AND COMMISSIONS**

Subscription and redemption fees

Subscription and redemption fees are added to the price the investor pays on subscribing to the fund or deducted from the proceeds of redemption. The fees retained by the UCITS are used to meet expenses incurred to invest or divest the assets under management. Fees not retained by the fund will be forwarded to the management company, the distributor, etc.

| <b>Fees payable by investors on subscription and redemption</b> | <b>Base</b>                              | <b>Standard rate</b>  |
|---|--|---|
| Subscription fee not retained by the UCITS                      | Net asset value<br>×<br>Number of shares | <u>Class R shares:</u><br>3%<br>(maximum rate):<br><u>Class I NPF, IC and ID shares</u><br>None<br><u>Class N shares:</u><br>3%<br>(maximum rate) |
| Subscription fee retained by the UCITS                          | Net asset value<br>×<br>Number of shares | None  |
| Redemption fee not retained by the UCITS                        | Net asset value<br>×<br>Number of shares | None  |
| Redemption fee retained by the UCITS                            | Net asset value<br>×<br>Number of shares | None  |

Exemptions from subscription and/or redemption fees

Redemption or subscription orders by the same investor on the basis of the same net asset value and relating to the same number of shares.

Fees billed to the UCITS:

These fees include:

- financial management costs;
- Maximum indirect charges (management fees and charges). When the UCITS invests over 20% of the net assets in French or foreign UCITS, a French AIF or an AIF established in another Member State of the European Union, or an investment fund established under foreign law, a reference will be made to the maximum level of indirect fees and charges;
- transaction fees;
- performance fee.



| Fees billed to the UCITS:                              | Base  | Rate/scale   |
|--|---|--|
| Financial management fees                              | Net assets  | <u>Class R shares</u><br>1.60% incl. VAT<br>(maximum rate)   |
| Administrative fees external to the management company | Net assets  | <u>Class I NPF shares:</u><br>1% incl. VAT<br>(maximum rate)<br><br><u>Class IC and ID shares</u><br>0.85% incl. VAT<br>(maximum rate)<br><br>Class N shares:<br>0.90% incl. VAT<br>(maximum rate) |
| Maximum indirect charges (management fees and charges) | Net assets  | Immaterial   |
| Transaction commissions                                | Deducted from each transaction based on the allocation coefficient of different providers | None   |
|  |   |  |
| Outperformance commission                              | Net assets  | For class R, IC, ID and N shares: 20% incl. VAT of the Fund's outperformance of its benchmark index.   |

#### **Outperformance commission:**

The outperformance commission, applicable to a particular share class, is based on a comparison of the Fund's valued assets with its reference assets.

The Fund's **valued assets** represent the portion of assets corresponding to a specific share class, valued in accordance with the rules applicable to the assets and taking into account the actual operating and management fees corresponding to the share class in question.

The **reference assets** represent the portion of the Fund's assets corresponding to a specific share class, adjusted to take into account any amounts of subscriptions/redemptions applicable to this share class at each valuation, and valued in accordance with the performance of the Fund's benchmark index (i.e. the reference rate).

The reference assets are equal to ECI – Europe (Exane Convertible Index Europe) with net dividends reinvested (NDR).

The Fund's performance is calculated on the basis of changes in the net asset value of each share class.

The observation period is defined as follows:

- Initial observation period:
  - For class R, IC, ID and N shares: from 2 July 2018 to the final trading day of December 2019;
  - Subsequent observation periods: from the first trading day of January to the final trading day of December of the following year.

At the beginning of each observation period, the reference assets used will be the highest assets recorded on the first day of the period and all the valued assets recorded on the final day of each of the observation periods established since the creation of the Fund. Where necessary, the reference assets will be restated for the amounts of subscriptions/redemptions occurring between the recording date of these reference assets and the start of the new observation period.

If the Fund's valued assets are higher than the reference assets defined above over the observation period, the variable portion of the management fees will represent up to 20% of the difference between these two assets.

If the Fund's valued assets are lower than the reference assets over the observation period, the variable portion of the management fees will be zero.

If the Fund's valued assets are higher than the reference assets over the observation period, any provision set aside for performance fees will be adjusted accordingly when calculating the net asset value.

In the event that the Fund's valued assets are lower than the reference assets between two net asset values, any previously approved provision will be replaced with a new provision. The new provisions must not exceed the previous allocations.

This variable portion will only be collected at the end of each observation period if, over the elapsed period, the Fund's valued assets are higher than the reference assets at the time of the final net asset value.

In the event of redemption, the portion of the provision corresponding to the number of shares redeemed is permanently retained by the management company.

#### **Brief description of the selection procedure for intermediaries:**

Intermediaries will be selected by the management company. The financial intermediary selection policy is available on the management company's website:  
[www.dnca-investments.com](http://www.dnca-investments.com).

For more information on risks, please consult the "Risk profile" and "Information on collateral" sections.

### **III COMMERCIAL INFORMATION**

#### **DISSEMINATION OF INFORMATION CONCERNING THE FUND – DISCLOSURES INTENDED FOR SHAREHOLDERS**

##### **PUBLICATION OF THE PROSPECTUS AND OF THE ANNUAL AND INTERIM REPORTS**

Information about the Fund, prospectus, ESG criteria, periodic documents and the annual report can be obtained free of charge from the management company on request from:

DNCA FINANCE, 19 Place Vendôme, 75001 Paris, France.

Tel.: + 33 (0)1 58 62 55 00

##### **AVAILABILITY OF THE NET ASSET VALUE**

The net asset value is available from the management company, in particular on its website.

##### **NOTIFICATION PROCEDURE IN THE EVENT OF CHANGES IN THE FUND'S OPERATING PROCEDURES**

Shareholders will be informed of changes concerning the Fund in accordance with the methods stipulated by the AMF. This notification may also be made, if applicable, by Euroclear France and by financial intermediaries affiliated with Euroclear France.

### **Environmental, Social and Government Criteria (ESG):**

The information on how the criteria on respecting social, environmental and governance quality objectives (ESG) are used is available in the annual UCITS reports as well as on the management company's website.

## **IV INVESTMENT RULES**

The UCITS investment rules comply with the rules governing French UCITS set forth in the Monetary and Financial Code.

## **V GLOBAL RISK**

The calculation method used by the Fund is the commitment method.

## **VI ASSET VALUATION AND ACCOUNTING RULES**

### **1 ASSET VALUATION RULES**

#### **I Securities portfolio**

Additions to the portfolio are recorded at their acquisition price excluding fees, and disposals are recorded at their sale price excluding fees.

Transferable securities and futures or options transactions held in the portfolio are estimated as follows:

#### **A) Bonds**

Bonds are valued on the basis of an average of contributed prices that are obtained daily from market makers and if necessary, converted into Euros at the WMR rate for the currency on the valuation date.

#### **B) French securities**

- |   |                                       |
|---|---------------------------------------|
| - From the spot market, deferred settlement system: | On the basis of the last known price. |
| - From the OTC market:                              | On the basis of the last known price. |

#### **C) Foreign securities**

- |  |   |
|--|---|
| - Listed and registered in Paris         | On the basis of the last known price.   |
| - Not listed and not registered in Paris | On the basis of the last known closing price for those of the European continent. |
|  | On the basis of the last known price for all others.                              |

Securities whose price has not been observed on the valuation day or whose price has been adjusted are valued, under the responsibility of the management company, at their likely trading price.

#### **D) OATs**

OATs (Obligations Assimilables du Trésor - French treasury bonds) are valued on the basis of the mid-price of a contributor (specialist primary dealer [SVT] selected by the French Treasury), supplied by a financial data vendor. This price is subject to a reliability check, whereby it is compared with prices from several other SVTs.

## **E) UCITS/AIFs**

These are valued at the last redemption price or the last known net asset value.

## **F) Negotiable debt securities**

Negotiable debt securities are valued in accordance with the following rules:

- BTANs (fixed-rate, annual interest treasury bills) and BTFs (fixed-rate bills) are valued on the basis of an average of contributed prices obtained from market makers,
- unlisted variable-rate debt securities are valued at cost price, adjusted to take into account any potential variations in credit spreads.
- other short term fixed-rate negotiable debt securities (CDs, commercial paper) and bills issued by financial institutions are valued on the basis of their market price.

In the absence of an indisputable market price, negotiable debt securities are valued by applying a yield curve, adjusted, if necessary, by a margin calculated on the basis of the characteristics of the security (of the issuer).

## **II Futures and options**

### **A) Transactions of futures markets**

On the basis of the settlement price.

### **B) Transactions on options markets**

On the basis of the last known price.

### **C) Swaps**

Asset swaps are valued at market price, based on the issuer's credit spread, as indicated by the market makers. In the absence of a market maker, the spreads will be obtained by any means from the available contributors.

Other swaps are valued at market price based on yield curves.

Complex instruments such as CDS, SES and complex options are valued according to their type using an appropriate method.

### **D) Currency futures**

These are valued at market price based on forward foreign exchange curves.

## **III Off-balance sheet commitments**

Off-balance sheet commitments are valued as follows:

### **A) Commitments on futures markets**

#### **1) Futures**

Commitment = clearing price × contract's nominal amount × quantity

Except for commitments on EURIBOR contracts traded on the MATIF, which are booked at nominal value.

#### **2) Swaps:**

##### **a) Interest rate swaps**

- Underlying instrument:
  - Fixed rate / Floating rate
    - Fixed rate leg valued at market price
  - Floating rate / Fixed rate

- Floating rate leg valued at market price
- No underlying instrument:
  - Fixed rate / Floating rate
    - Fixed rate leg valued at market price
  - Floating rate / Fixed rate
    - Floating rate leg valued at market price

**b) Other swaps**

These are valued at their market price.

**B) Commitments on options markets**

The commitment is equal to the translation of the option to the underlying equivalent.

Foreign currency prices are converted into euros in accordance with the currency on the valuation date.

**IV Adjustment mechanism (swing pricing) of the net asset value with trigger threshold (from 27 July 2015)**

On 27 July 2015, the management company implemented a method of adjusting the net asset value (NAV) with a trigger threshold.

This mechanism means that investors subscribing or redeeming units must bear the costs relating to transactions made using the Fund's assets as a result of the movement (subscription/redemption) of Fund liabilities. The purpose of this mechanism, which is governed by a policy, is to protect the holders who remain in the Fund by making them bear the lowest possible cost. This results in an adjusted "swung" NAV.

If, on a NAV calculation date, the total net subscription/redemption orders of investors over all the Fund's unit classes exceeds a predetermined threshold, on the basis of objective criteria by the management company as a percentage of net assets, the NAV may be adjusted upwards or downwards, to take into account readjustment costs attributable to net subscription/redemption orders, respectively. If the Fund issues more than one class of units, the NAV of each class of units is calculated separately, but any adjustment has the same impact on the total NAV of the unit classes of the Fund.

The cost parameters of readjustments and of the trigger threshold are determined by the management company and reviewed periodically. These costs are estimated by the management company on the basis of the transaction costs, the purchase and sale ranges, and any applicable taxes to the Fund.

The adjustment mechanism will be applied at some point in the future, however, it is not possible to predict accurately when or how often the management company will make such adjustments.

Investors are notified that the volatility of the Fund's NAV may not reflect simply that of the securities held in the portfolio, due to the application of the adjustment mechanism.

The "swung" NAV is the only net asset value of the Fund and the only one communicated to unitholders of the Fund. However, in the event of a performance fee, this is calculated on the NAV before the adjustment mechanism is applied.

**2 ACCOUNTING METHODS**

Income is recognised using the received income method.

## VII REMUNERATION

Information on the management company's remuneration policy is available upon written request from the management company and at [www.dnca-investments.com](http://www.dnca-investments.com). Data is based on the last financial year and communicated in the most recent annual report available.

## VIII ADDITIONAL INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY

The function of the Paying and Information Agent in the Federal Republic of Germany is performed by:

CACEIS Bank, Germany Branch  
Lilienthalallee 34 - 36,  
D-80939 Munich,  
Germany

(hereinafter: German Paying and Information Agent)

Applications for the redemptions and conversion of units may be sent to the German Paying and Information Agent.

All payments to investors, including redemption proceeds and potential distributions may be obtained upon request through the German Paying and Information Agent.

The following documents may be obtained, free of charge, in hardcopy form at the office of the German Paying and Information Agent:

- the prospectus,
- the key investor information document,
- the current annual and semi-annual reports,
- the Management Regulations,
- the custody agreement between the Management Company and CACEIS Bank.

The issue and redemption prices, the net asset value as well as any notices to investors are also available from the German Paying and Information Agent. In addition, the issue and redemption prices are published on [www.fundinfo.com](http://www.fundinfo.com) and any notices to investors in the Federal Gazette ("[www.bundesanzeiger.de](http://www.bundesanzeiger.de)").

In addition, communications to investors in the Federal Republic of Germany will be by means of a durable medium (section 167 of the Investment Code) in the following cases:

- suspension of the redemption of the units,
- termination of the management of the fund or its liquidation,
- any amendments to the fund's rules which are inconsistent with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,
- merger of the fund with one or more other funds and
- the change of the fund into a feeder fund or the modification of a master fund.

b