

**REDWHEEL FUNDS**

***Société d'Investissement à Capital Variable***

Registered office: 80, route d'Esch

L-1470 Luxembourg

Grand Duchy of Luxembourg

R.C.S. Luxembourg, B 122.802

(the "Company")

**Notice to shareholders of RWC Funds – Redwheel Sustainable Convertibles Fund**

**(the "Sub-Fund")**

Luxembourg, 3 January 2023

Dear Shareholder,

The board of directors of the Company (the "Board") would like to inform you that it has resolved to amend the investment policy of the Sub-Fund in order notably to reflect that a negative screening will be applied by the Company's investment manager.

In this context, the 3<sup>rd</sup> and 4<sup>th</sup> paragraphs of the investment policy of the Sub-Fund will be amended as follows (changes are underlined below):

*"The Investment Manager views the concept of sustainability as applicable to the assessment of environmental, social and governance ("ESG") aspects of companies that issue convertible securities. In assessing the ESG aspects of issuers, the Investment Manager considers this review as independent and integrated into broader fundamental analysis. The Investment Manager performs ESG analysis and assigns scores for all potential and current holdings, supported by third party research and data from external providers such as Sustainalytics, Bloomberg, and ISS. The scores are used as part of a holistic assessment and reflect qualitative and quantitative inputs. The Sub-Fund ~~is unconstrained but~~ is managed to maintain a quality bias when considering ESG profile, ~~with no~~. The Investment Manager applies hard exclusions ~~or mechanical rules-based decisions~~ with respect to issuers that are involved in product or business practises that encompass harmful activities. If a company has high potential for controversy or a declining ESG ranking, the Investment Manager could choose to avoid an issuer. Also, the Investment Manager believes that ESG analysis can help to identify potential sources of return from companies that are improving their ESG profiles or engaging with investors.*

*In addition to review of third party ESG rating outputs by issuer, the Investment Manager has developed an independent analytical process for ESG where it reviews issuers using 12 specific categories (which are described hereafter). It uses data points, Yes/No answers, and qualitative judgement to assign a score ~~between of~~ 1 (shortcomings and ~~3/or prior controversies)~~, 2 (compliance with industry standards and regulations) or 3 (advanced efforts to implement best practise and/or promote change) by category. Its independent ESG analysis is part of its overall fundamental review of each issuer, which includes financial-based and valuation models."*

In addition, the following paragraph will be added to the section “10. SFDR and Taxonomy Regulation” under the Sub-Fund’s appendix in the Company’s prospectus (the “Prospectus”):

**“4. What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?”**

*The Sub-Fund maintains a quality bias when considering the ESG profile and will have a positive tilt versus the reference benchmark. The Sub-Fund maintains a greenhouse gas intensity of investee companies that is 20% lower than the reference benchmark.*

*Hard exclusions apply in respect of issuers that:*

- *Engage in the production of tobacco*
- *Generate 10% or more of revenue from the sale of tobacco*
- *Generate 10% or more of revenue from thermal coal extraction*
- *Generate 10% or more of revenue from thermal coal power generation*
- *Engage in the production or distribution of controversial weapons*
- *Generate 10% or more of revenue from military contracting weapons*
- *Are non-compliant with the UN Global Compact*

*Hard exclusions prevent new investment in securities of issuers considered to be in breach of the criteria described. The issuers of securities held in the Fund are also regularly monitored.”*

All other key features of the Sub-Fund will remain the same. There will be no change in the Sub-Fund’s investment style, investment philosophy, investment strategy and risk profile.

The contemplated modifications referred to in this letter will be reflected in updated versions of the Prospectus to be dated January 2023, a draft thereof may be obtained free of charge and upon request at the registered office of the Company.

If you have any queries concerning the terms of this notice and how it affects your investments, please contact either Redwheel, Verde, 10 Bressenden Place, London, SW1E 5DH at +44 207 227 6000 and ask for your sales contact or the administrator Brown Brothers Harriman (Luxembourg) S.C.A., 80 route d'Esch, L-1470 Luxembourg, Grand Duchy of Luxembourg, at 00 352 47 40 66 1 or your local agent.

If the changes do not suit your investment requirements, you may request redemption of your shares in accordance with the terms of the Prospectus.

Yours faithfully,

On behalf of the Board

*For investors in Germany: The Prospectus, together with the Supplements, the Key Investor Information Documents or Key Information Documents, Memorandum and Articles of Association of the Company and the annual and semi-annual reports of the Company, each in paper form, as well as the issue, repurchase and any exchange prices are available and may be obtained free of charge at the office of the German Facilities Agent: GerFIS - German Fund information Service GmbH, Zum Eichhagen 4, 21382 Brietlingen.*

*For investors in Switzerland: The Representative in Switzerland is First Independent Fund Services AG, Klausstrasse 33, CH-8008 Zurich, Switzerland. The Paying Agent in Switzerland is Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich, Switzerland. The Prospectus, together with the Supplements, the Key Information Documents, Memorandum and Articles of Association of the Company and the annual and semi-annual reports of the Company are available free of charge from the Representative in Switzerland.*