

## 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 Redwheel Funds – Redwheel Global Convertibles Fund**

Luxembourg, 5<sup>th</sup> February 2024

Dear Shareholder,

The board of directors of the Company (the "**Board** ") would like to inform you of changes relating to the Company's sub-fund Redwheel Funds – Redwheel Global Convertibles Fund (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 has decided to amend the description of the ESG methodology used by RWC Asset Management LLP, the Company's investment manager (the "**Investment Manager**"), to assess the issuers in light of specific environmental and social indicators.

The changes to the description of the Sub-Fund's ESG methodology aim to reflect the changes in client and regulatory expectations of terminology used around proprietary ESG frameworks and scoring. In addition, the changes add future flexibility to the factors that may be considered by the Investment Manager, to capture the various nuance and evolving standards in managing a portfolio with investments across various geographies and sectors.

This update involves an amendment of (i) the investment policy of the Sub-Fund and (ii) its pre-contractual disclosure required by Commission Delegated Regulation (EU) 2022/1288.

In this context, the investment policy of the Sub-Fund will be amended as follows (changes are underlined below):

*"The Sub-Fund will primarily invest its assets (excluding cash and cash equivalents) in convertible securities issued by companies worldwide, including emerging markets.*

*The Sub-Fund may also invest in money market instruments, bonds, equities, warrants, options, futures and other OTC derivatives on an ancillary basis. The Sub-Fund will not hold debt securities rated below B-/B3 (at the time of the purchase) by recognised rating agencies or, where a security is not rated, by the Investment Manager's in-house process. When the rating for a security held by the Sub-Fund falls below B-/B3 the Investment Manager will review and seek to remedy the situation.*

*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 integrated*

into broader fundamental analysis. The Investment Manager performs ESG ~~analysis and assigns scores for all potential and current holdings~~review for convertible securities held, 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 managed to maintain a ~~quality~~ bias when considering ~~ESG profile~~greenhouse gas intensity. The Investment Manager applies hard exclusions 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 of 1 (shortcomings and/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. Whilst the exclusions are binding on the selection of investments, and framework for ESG analysis. The framework consists of specific pre-defined categories covering environment, social and governance aspects of companies and is applied with respect to certain securities where~~ the Investment Manager ~~is not constrained by the results of the ESG score assigned to an~~wishes to better understand the ESG aspects of the issuer.

## **OVERALL ESG POLICY AND REPORTING**

~~1. The company's sustainability / business continuity policy and ESG reporting practices~~

### **GOVERNANCE**

~~2. Board composition & remuneration~~

~~3. Quality of financial statements, disclosure and audit~~

~~4. Management & employee incentive plans / ownership of equity~~

~~5. Treatment of shareholders and respect of their rights~~

~~6. Business ethics (bribery and corruption, money laundering, tax avoidance, etc; 5 years timespan or more, if relevant)~~

### **SOCIAL RESPONSIBILITY**

~~7. The company's policy of diversity and gender equality, respect of human rights~~

~~8. Human resources management (turnover, health & safety, collective bargaining agreements)~~

~~9. Product & services governance (quality, safety, pricing, lending & marketing practices, data protection etc.)~~

~~10. Contribution to local economic development and community involvement~~

### **ENVIRONMENTAL IMPACT**

~~11. The company's environmental policy; use and promotion of renewable energy~~

~~12. Operations incidents within the past 5 years (waste management, spills & contamination, environmental fines & penalties)~~

[...]"

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, portfolio allocation and risk profile.

The contemplated modifications referred to in this letter will be reflected in the next update of the Prospectus and the key information documents of the Sub-Fund which may be obtained free of charge upon request at the Company's registered office at the address stated above.

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.

**For investors in Austria:** The Prospectus, together with the Supplements, the Key Investor 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 Austrian Facilities Agent: Erste Bank der oesterreichischen Sparkassen AG, Am Belvedere 1, 1100 Wien, Austria (e-mail: [foreignfunds0540@erstebank.at](mailto:foreignfunds0540@erstebank.at)).

**For investors in Germany:** 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, 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 LTD., Feldeggstrasse 12, CH-8008 Zurich. The Paying Agent in Switzerland is Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich. The Prospectus, together with the Supplements, the Key Information Documents, the Articles of Association as well as the annual and semi-annual reports may be obtained free of charge from the Representative in Switzerland.

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