

IMPORTANT NEWS ABOUT YOUR DANSKE INVEST ALLOCATION INVESTMENT

Luxembourg, 23 May 2018

Dear Shareholder,

We are pleased to announce a milestone in the history of Danske Invest Allocation and in the way we communicate with you, our shareholders.

We have decided to completely transform the Danske Invest Allocation's current prospectus, with the goal of making it more user-friendly. This new version is significantly shorter, better organised, and easier to read and understand.

Even though the new prospectus is very different as a document, nothing about your investment itself has changed. Matters such as investment policy and risks remain the same as before (however, rephrased), and fees remain at the same levels, except for some changes explained below and in the appendix to this letter. The substantive equivalency of the two documents has been validated by our internal subject matter experts and by Danske Invest Allocation's legal counsels. In addition, the Luxembourg regulator, the Commission de Surveillance du Secteur Financier (CSSF), has approved the new prospectus.

Any terms used in this letter that are defined in the new prospectus carry the definition provided there.

Main Features of the New Prospectus

- **New terms** Previously, the prospectus referred to the individual funds as "Sub-Funds" and the umbrella structure holding them as "the Fund". However, in common usage, Sub-Funds are often referred to as "funds". To eliminate this confusion, we now call the umbrella structure "the SICAV" and the individual funds are called "funds".
- **Uniform descriptions of funds** Each of the funds is described in a comparable way on its own page (sometimes two pages) in a section called "Fund Descriptions". General information appears in all other sections.
- **Risk definitions moved to end of section** To avoid repeating risk information for each fund, the new prospectus lists the relevant main risks for each fund in that fund's description, and the definitions of the risks now appear following the last fund description.
- **Up-to-date information on available share classes moved to the website** The prospectus still includes cost information for the main classes of shares, but ISIN codes, initial issue prices and launch dates are now available at danskeinvest.com.
- **Maximum fees instead of actual fees** There has been no change in the actual fees, but the new prospectus will list maximum fees instead of actual fees. Should there be any increase in actual fees, shareholders will receive advance notice as well as the opportunity, during a 30-day period, to switch or redeem their shares without charge prior to the new fees going into effect.
- **Swing pricing** A possibility to use so-called swing pricing is introduced in Danske Invest Allocation's prospectus. Swing pricing means that on business days when trading in a fund's shares will require net purchases or sales of portfolio investments exceeding a certain percentage of the fund's net assets (as set by the management company and approved by Danske Invest Allocation), a fund's NAV may be adjusted. This adjustment reflects an assessment of the overall costs incurred in buying and selling investments to satisfy subscriptions or redemptions of shares (understanding that a fund generally maintains adequate daily liquidity to handle ordinary cash flows with little or no impact on ordinary investment operations).

Swing pricing is intended to reduce the impact of these costs on shareholders who are not trading their shares at that time. In general, the NAV will be adjusted upward when there is strong demand to subscribe for fund shares and downward when there is strong demand to redeem fund shares. Swing

pricing adjustments are automatic and are applied systematically by computation. Thresholds and adjustment percentages can vary by fund, but the adjustment will not be larger than 2% of NAV for all share classes within a fund. In extraordinary situations the management company can raise this limit to protect the interests of shareholders. Currently, no fund use swing pricing. The financial report of the Danske Invest Allocation will specify which funds use swing pricing, if any.

- **Aligned investment objectives** Investment objectives have been rephrased in order to create more consistency across the funds. This will however not result in any change of the actual objectives or the manner the investment strategies are carried out.
- **Fund-specific changes** There are certain changes that apply to particular funds. These are detailed on the pages 3 and 4.

*Please note that investors in the funds **Dynamic and Stable Income** concerned by the change detailed under item 2 below have the right until close of business on 31 July 2018 to request the full redemption free of charge or conversion of their shares into any other fund within Danske Invest Allocation free of charges.*

The new prospectus applies from 1 June 2018, except for certain changes which apply from the dates indicated in the appendix. Both the new prospectus as well as the relevant Key Investor Information Documents (KIIDs) are available online at danskeinvest.com and free of charge at the registered office of the Danske Invest Allocation.

Yours faithfully,

The Board of Directors

Danske Invest Allocation
13, rue Edward Steichen
L-2540 Luxembourg

FUND-SPECIFIC CHANGES

1. Change of fee structure for the funds **Dynamic and Equity Opportunities**

- As per the current prospectus, the funds pay to the management company a management fee, a performance fee and administrative expenses. The “administrative expenses” cover remuneration to the depositary, the central administrator, the principal paying agent and domiciliary agent. Besides this, the funds pay other costs (together referred to below as “other costs”) such as remuneration to the registrar agent, taxes levied on the assets of the funds and its income, out-of-pocket fees, cost of printing, preparing, translating and distributing financial reports, articles, KIIDs and prospectus, fees of registration, fees of auditor, costs of publishing the net asset value and notices, other administration and publication expenses arising from the funds’ operations, risk and compliance monitoring support, remuneration of the board of directors, costs associated with operation and distribution.
- As from 1 June 2018, the management company will take over the payment of such other costs and the funds’ payment of these other costs will be replaced by a fixed fee to the management company for each fund. The “administrative expenses” will therefore be replaced by a new charge called “operating and administrative expenses”. The operating and administrative expenses fee will, for each fund, be set at a level which, based on the level of asset under management as of 1 June 2018, corresponds to the “administrative expenses” plus “other costs” that the fund has paid historically (2016 and 2017). This change of fee structure will be cost neutral for the funds at the current level of asset under management. If the level of asset under management increases, the amount paid by the funds in relation to these “other costs” will also increase, but if the level of assets under management decreases, the amount paid by the funds will also decrease.
- The fact that the operating and administrative expenses are a fixed percentage means that the management company is entitled to keep any portion of the fee that remains unused at the end of the financial year and is obligated to cover any overages that exceed the fee amount.
- The funds will continue, as before, to pay brokerage and bank charges incurred on business transactions and securities trades and other transaction-related expenses, as well as extraordinary expenses, such as any legal or other expertise needed to defend the interest of the shareholders.
- The prospectus will display a maximum level of administrative and operating expenses as follows:
 - Dynamic: 0.40% for all share classes
 - Equity Opportunities: 0.40% for all share classes
- The actual level of administrative and operating expenses is as follows:
 - Dynamic: 0.33% for all share classes
 - Equity Opportunities: 0.40% for all share classes

2. Change of hurdle rates and use of “floor” used when calculating performance fees of the funds **Dynamic and Stable Income**

- With the aim of aligning the hurdle rates used to calculate performance fees across currencies for funds managed by Danske Invest Management Company, the hurdle rates used for the funds Dynamic and Stable Income will change as follows on the dates indicated in the table:

Class currency	Until 31 July 2018	As from 1 August 2018
DKK	<u>Stable Income:</u> 3 month Copenhagen Interbank Offered Rate (CIBOR3M)	<u>Stable Income:</u> Tomorrow/Next Interest Rate (DETNT/N*)
EUR	<u>Dynamic:</u> European Central Bank’s lending rate (repo rate) <u>Stable Income:</u> 3 month Euro Interbank Offered Rate	<u>Dynamic and Stable Income:</u> EMMI EURO Overnight Index Average (EONIA*)

	(EURIBOR3M)	
NOK	<u>Stable Income:</u> 3 month Oslo Interbank Offered Rate (OIBOR3M)	<u>Stable Income:</u> Norwegian Overnight Weighted Average Rate (NOWA*)
SEK	<u>Stable Income:</u> 3 month Stockholm Interbank Offered Rate (STIBOR3M)	<u>Stable Income:</u> Stockholm Interbank Offered Rate T/N (STIB1D*)

*Bloomberg ticker

- At the same time as the new hurdle rates will become effective, the Board of Directors has decided – until further notice – to introduce a zero percentage floor for currencies, where the actual rate would be negative. This will have a positive impact (less performance fees charged) on currencies where the actual rate is negative and a zero impact on currencies where the actual rate is positive.

Investors in the funds Dynamic and Stable Income, have the right until close of business on 31 July 2018 to request the full redemption free of charge or conversion of their shares into any other fund within Danske Invest Allocation free of charges.

If the Board of Directors decide – at a later stage – to remove the zero percentage floor, investors in the funds Dynamic and Stable Income will be given 30 days notice with the right to request full redemption free of charge or conversion of their shares into any other fund within Danske Invest Allocation free of charges.

3. Description of Performance Fee for the funds Dynamic and Stable Income

- The prospectus explanation of the performance fee has been made more descriptive. This will however not result in any change in the way performance fees are calculated or paid.

4. Changed processing schedule of subscription, switch and redemption orders for the funds Horisont Aktie, Horisont Balanserad, Horisont Försiktig, Horisont Offensiv, Horisont Ränta

- Investors in funds mentioned above will be allowed to subscribe, switch and redeem shares in the funds on all days when banks are opened in Sweden. Currently, the net asset values of the funds mentioned above are calculated on business days in Luxembourg except when banks are closed in Sweden. Cut-off for subscription, switch and redemptions are on the same day as the orders are processed. In order to facilitate calculation of net asset value and processing of orders on all business days in Sweden, RBC, the fund’s depositary and fund accountant, has agreed to calculate the net asset values on all days when banks are opened in Sweden (meaning that NAV a net asset value will be calculated if banks are opened in Sweden but closed in Luxembourg).
- New prospectus text: “**Subscriptions, switches and redemptions** Orders received and accepted by the registrar agent by 2:00 PM CET on any day that is a business day in Sweden (or by 10.00 AM CET on any day which banks are open half a day in Sweden) are ordinarily processed the same day.”

5. Changed processing schedule of subscription, switch and redemption orders for the funds Dynamic and Equity Opportunities

- Investors in funds mentioned above will be allowed to subscribe, switch and redeem shares in the funds on all business days in Luxembourg. Currently, the net asset values are calculated weekly and the cut-off for subscription, switch and redemption requests are two business days prior the order processing day.
- New prospectus text: “**Subscriptions, switches and redemptions** Orders received and accepted by the registrar agent by 5:30 PM CET any business day in Luxembourg are ordinarily processed two business days later.”

6. Clarification of investment policy in the fund Dynamic

- The fund can invest through UCITS (including UCITS ETFs) or UCIs in equities and equity-related securities. The fund's investment policy description has been clarified as follows:
 - Current text: “Up to 80% of the total assets of the Sub-Fund can be invested, through funds, in international equities.”
 - New prospectus text: “Specifically, the fund may invest up to 80% of net assets in equities and equity-related securities through UCITS (including UCITS ETFs) or UCIs.”

7. More precise explanation of portfolio hedging

- Some funds invest in or hedge their portfolios to the fund’s base currency. In order to provide more precise information, the relevant prospectus text have been rephrased as follows:
 - Horisont Balancerad, Horisont Försiktig, Horisont Offensiv, Horisont Ränta,
 - Current text: “The Sub-Fund must hedge at least 90% potential FX risk in regards to its fixed income investments.”
 - New prospectus text: “At least 90% of the fund’s investments in debt securities and other funds holding debt securities are denominated in, or hedged into, SEK. However, currency risk can still arise from any non-SEK debt securities held by underlying funds.”
 - June Balanced, June Defensive, June Moderate, June Moderate Short, June Opportunity, June Progressive
 - Current text: “At least 90% of the Sub-Fund’s investments in Debt Securities must be denominated in or hedged to EUR.”
 - New prospectus text: “At least 90% of the fund’s investments in other funds holding debt securities are denominated in, or hedged into, EUR. However, currency risk can still arise from any non-EUR debt securities held by underlying funds.”