

DNB ASSET MANAGEMENT S.A.

5, Allée Scheffler
L-2520 Luxembourg
RCS B 34518

(the "**Management Company**")

Notice to unitholders of the Sub-Funds

DNB Fund - China Century

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

and

DNB Fund - Asian Small Cap

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

both sub-funds of DNB Fund, a Luxembourg undertaking for collective investment in the form of a common fund ("*fond commun de placement*") subject to part I of the Luxembourg law dated 17 December 2010 relating to undertakings for collective investment (the "**Law of 2010**")

The Management Company would like to inform you as the unitholders of the Merging Sub-Fund or the Receiving Sub-Fund, respectively, that its board of directors (the "**Board of Directors**") has decided to merge the Merging Sub-Fund into the Receiving Sub-Fund (the "**Merger**"). The Merger is accomplished by transferring all assets and liabilities of the Merging Sub-Fund to the Receiving Sub-Fund.

1. Background and Motivation for the merger

The Board of Directors believes that it is in the interest of the unitholders of both the Merging Sub-Fund and the Receiving Sub-Fund to be managed as a single sub-fund.

The Board of Directors believes that the Merger will bring the following tangible benefits for the unitholders of the Merging Sub-Fund or the Receiving Sub-Fund, respectively:

- i. The Receiving Sub-Fund has assets under management of approximate 148,624,511 EUR as of February 11th 2016. The Merger will take the total assets of the Receiving Sub-Fund to approximately 152,399,072 EUR. This means that, after the Merger, unitholders of the Merging Sub-Fund and of the Receiving Sub-Fund will be part of a larger sub-fund and hence benefit from the increased economies of scale and cost efficiencies that this entails.
- ii. The increased size of the Receiving Sub-Fund after the Merger will allow the investment manager to allocate the sub-fund's investments more efficiently. This should result in improved performance levels and lower ongoing charges for unitholders over the long term.

The Board of Directors believes that the Merger of the Merging Sub-Fund and the Receiving Sub-Fund is in the interest of the unitholders. However, the unitholders of the Merging Sub-Fund and the

Receiving Sub-Fund should consider whether their investment continues to meet their individual needs.

Further, the Merger may create tax consequences for the unitholders concerned. Therefore, unitholders are advised to consult their professional advisers about the consequences of the Merger on their individual tax position.

2. Effective Date

The effective date of the merger will be April 4th, 2016 (the "**Effective Date**"). From the Effective Date on, the Receiving Sub-Fund will take over the economic activities of the Merging Sub-Fund.

With the Effective Date, the Merging Sub-Fund ceases to exist.

The exchange ratio will be calculated on April 4th, 2016.

3. Material Differences between the Merging and the Receiving Sub-Fund

DNB ASSET MANAGEMENT AS, Oslo, is acting as investment manager of both, the Merging and the Receiving Sub-Fund.

The main differences between the Merging and the Receiving Sub-Fund can be found in the table below.

DNB Fund - China Century	DNB Fund - Asian Small Cap
<p>The main objective of the Merging Sub-Fund is the realisation of long-term growth coupled with security of the underlying assets</p> <p>Emphasis is placed on investments in small and mid-capitalization companies in China, and especially in listed equities or equity-related securities (such as convertible bonds, global depositary receipts and participatory notes). Nonetheless, the Merging Sub-Fund may hold up to 10% of its total assets in unlisted securities. The Merging Sub-Fund may also invest in larger capitalization companies at times when this is thought to be in the best interest of Unitholders. Derivatives (including in particular options and futures contracts) on the above mentioned listed equities might also be used, on an ancillary basis, in order to obtain exposure to the Chinese equity market.</p> <p>The above mentioned stock markets qualify either as stock exchanges or as regulated markets which operate regularly and are recognized and open to the public in the meaning of Article 41 (1) of the Law of 2010. The stocks which are not dealt on stock exchanges or regulated markets as described hereabove are subject to Article 41 (2) of the Law of 2010.</p> <p>Investments in the Chinese A-share market will</p>	<p>The main objective of the Receiving Sub-Fund is the realisation of long-term growth coupled with security of the underlying assets</p> <p>Emphasis is placed on investments in small and medium capitalization companies in Asia ex-Japan, and especially in listed equities or equity-related securities (such as convertible bonds, global depositary receipts and shares).</p>

only be made indirectly through other instruments such as p-notes (also known as low strike price warrants). In this respect, the Merging Sub-Fund may, as a general principle, not have an exposure of more than 35% of its net assets to Chinese A-shares.	
The Merging Sub-Fund's benchmark index is MSCI China.	The Receiving Sub-Fund's benchmark index is MSCI AC Asia Pacific ex Japan Index Net.
The Merging Sub-Fund's Synthetic and Risk Reward Indicator is set as of 7.	The Receiving Sub-Fund's Synthetic and Risk Reward Indicator is set as of 6.
The Merging Sub-Fund's ongoing charges over the preceding year represent 1.59%.	The Receiving Sub-Fund's ongoing charges over the preceding year represent 1.86%.
The management fee is 1.50 % per annum of the Merging Sub-Fund's net assets, paid monthly. In addition a performance fee of 20% of the excess yield in relation to the Merging Sub-Fund's benchmark index could be levied.	The management fee is 1.75% per annum of the Receiving Sub-Fund's net assets, paid monthly. No performance fee will be levied.

4. Expected Impact of the Merger on the unitholders of the Merging and of the Receiving Sub-Fund

The Board of Directors does not believe that the Merger will have a negative impact on the unitholders of either the Merging or the Receiving Sub-Fund. However, it is brought to the attention of the unitholders of the Merging Sub-Fund, that the management fee in the Receiving Sub-Fund is higher than the management fee in the Merging Sub-Fund. However, no performance fee is levied within the Receiving Sub-Fund.

The Merger will not have a material impact on the portfolio of the Receiving Sub-Fund due to the fact that the investment manager of the Merging Sub-Fund will endeavour to sell such assets that are incompatible with the Receiving Sub-Fund's investment policy.

No rebalancing of the Receiving Sub-Fund's portfolio will be undertaken before or after the Effective Date.

The investment policy of the Receiving Sub-Fund will not be amended for the purposes of the Merger.

The performance fee of the Merging Sub-Fund will be calculated until the Effective Date. Shall the performance fee be due and payable on the Merging Sub-Fund as of the Effective Date, the performance fee will be crystallized and recorded in the Merging Sub-Fund accounts as a payable amount. This amount will be further recorded and accrued in the Receiving Sub-Fund.

The performance fee will be audited by Ernst & Young Luxembourg S.A. as part of the Merger audit on the Effective Date.

According to Article 74 of the Law of 2010 any legal, advisory or administrative costs associated with the preparation and the completion of the Merger shall neither be charged to the Merging, the Receiving Sub-Fund nor to any of their unitholders. These costs will be paid by the Management Company.

5. Procedural aspects of the Merger

Each unitholder in the Merging Sub-Fund will receive on the Effective Date, in exchange for each unit held by such unitholder in the Merging Sub-Fund, a proportionate number of units in the Receiving Sub-Fund as determined by a merger exchange ratio calculated by dividing the net asset value per

unit of the sole unit class of the Merging Sub-Fund by the net asset value per unit of the sole unit class of the Receiving Sub-Fund.

The Management Company will entrust Ernst & Young Luxembourg S.A. to validate the following:

- The criteria adopted for valuation of the assets and the liabilities on the date for calculating the merger exchange ratio; and
- The calculation method of the exchange ratio as well as the actual exchange ratio determined as at the date for calculation that ratio.

The Merger will be governed by the provisions of Chapter 8 of the Law of 2010. The assets and liabilities of the Merging Sub-Fund will be transferred to the Receiving Sub-Fund on the Effective Date. On such date, the Merging Sub-Fund will cease to exist. The units of the Merging Sub-Fund will automatically be converted into units of the Receiving Sub-Fund. The unitholders of the Merging Sub-Fund who continue to hold their units in the Merging Sub-Fund at the end of the merger process will become unitholders of the Receiving Sub-Fund and will participate in the profits and losses of the Receiving Sub-Fund.

Where the application of the merger exchange ratio will not lead to the issuance of full units, the unitholders of the Merging Sub-Fund will receive fractions of units in the receiving Sub-Fund, as determined up to one thousandth of a unit

6. Unitholders' Rights in relation to the Merger

The unitholders of the Merging and the Receiving Sub-Funds have the right to request without any charge other than those retained to meet disinvestment costs, the redemption of their units.

This right shall become effective from the moment that the unitholders of the Merging Sub-Fund and those of the Receiving Sub-Fund have been informed of the Merger and shall cease to exist five working days before the date of calculating the Merger exchange ratio. Thus, dealing with units of the Merging and Receiving Sub-Fund will be suspended with effect as of March 24th, 2016. The Receiving Sub-Fund will be re-opened for subscriptions and redemptions with effect as of the Effective Date.

The Merger will be binding on all the unitholders of the Merging Sub-Fund and the Receiving Sub-Fund who have not exercised their right to request the redemption of their units.

Furthermore, the unitholders have the right to obtain free of charge a copy of the report of the approved statutory auditor and of the confirmation of the depositary bank as specified in Article 70 and 71 of the Law of 2010 from the Management Company. Further, the prospectus of DNB Fund may be obtained free of charge at the registered office of the Management Company. A key investor information document of the Receiving Sub-Fund is attached to this notice. Unitholders are invited to carefully read such important document.

Luxembourg, 23 February 2016

On behalf of the Board of Directors


Olivier HUMBLET
Operations

APPENDIX

Key Investor Information Document of the Receiving Sub-Fund