

GFG Funds

Société d'Investissement à Capital Variable
Registered office: 5, Allée Scheffer, L-2520 Luxembourg
R.C.S. Luxembourg: B60668
(the „Fund“)

24 March 2021

Dear shareholder,

Re: Change of management company, depositary, administration agent, domiciliary agent

We hereby wish to inform you that the board of directors (the “**Board**”) has resolved pursuant to resolutions dated 24 March 2021 to migrate the Fund to new service providers for the different services which are provided to the Fund (the “**Migration**”). The Migration will trigger certain material changes to the Fund’s prospectus (the “**Prospectus**”) in relation to the description of the service providers of the Fund and the fees charged to the Fund and its Sub-Funds, all of which have been duly approved by the *Commission de Surveillance du Secteur Financier* (“**CSSF**”).

The investors are informed that the material changes disclosed under sections I and II of the present notice will take effect from 3 May 2021 (the “**Effective Date**”).

Terms not defined herein shall have the meaning ascribed to them in the Prospectus.

I. Migration and other changes to the Prospectus

After undertaking a global review of the provision by service providers (the “**Service Providers**”) of, management, depositary, paying, domiciliary, registrar, transfer and administrative agent services, the Board has decided to proceed with the following replacements:

- Replacement of Pharus Management Lux S.A. with, Multiconcept Fund Management S.A as management company of the Fund;
- Replacement of CACEIS Bank, Luxembourg Branch with Credit Suisse (Luxembourg) S.A. as depositary of the Fund;
- Replacement of CACEIS Bank, Luxembourg Branch with Credit Suisse Fund Services (Luxembourg) S.A. as domiciliary agent of the Fund;
- Replacement of CACEIS, Luxembourg Bank with Credit Suisse Fund Services (Luxembourg) S.A. as registrar, transfer and administrative agent of the Fund.

As a result of the Migration, the following agreements were executed with effect as of the Effective Date:

- A management agreement between Multiconcept Fund Management S.A. and the Fund;
- An investment management agreement between Multiconcept Fund Management S.A and GFG Groupe Financier de Gestion (Monaco) SAM;
- A domiciliary agent agreement between Credit Suisse Fund Services (Luxembourg) S.A. and the Fund;
- An administration agent agreement between Credit Suisse Fund Services (Luxembourg) S.A. and Multiconcept Fund Management S.A.
- A depositary and paying agent agreement between the Fund and Credit Suisse (Luxembourg) S.A.

Consequently, the Fund will terminate all the agreements in force with CACEIS Bank, Luxembourg Branch and Pharus Management Lux S.A as of the Effective Date. Any sub-delegation performed by these entities will be terminated accordingly.

II. Fees

a. Changes to the fees in relation to the Migration

| Service providers | Until 3 May 2021 | As from 3 May 2021 |
|--|--|---|
| Depository and paying agent | up to 0.05% per annum of the Fund's assets. | up to 0.045% per annum of the Fund's assets, subject to a minimum annual fee, charged at the umbrella level, up to EUR 23'500 per each active sub-fund. a depository control and monitoring annual fee, charged at the Fund level, up to EUR 5'000 per Sub-Fund (plus any applicable taxes, if any) and a variable fee for transactions |
| Registrar, transfer and administrative agent | 0.12% p.a. from each sub-fund subject to a minimum fee of EUR 24,000 | up to 0.04% per annum of the Fund's assets, subject to a minimum annual fee, charged at the umbrella level, up to EUR 20'000 per each active sub-fund an annual registrar and transfer agency fee, charged at the Fund level, for its services as registrar and transfer agent of up to 3'000 EUR p.a. per Share Class, plus a variable amount for transactions and account maintenance depending on the actual number of transactions and accounts (each plus any applicable taxes, if any). |
| Management company | 0.07% p.a. from each sub-fund subject to a minimum fee of EUR 10,000. Additional EUR 10,000 p.a. per sub-fund for risk management services | up to 0.04% per annum of the Fund's assets, subject to a minimum annual fee, charged at the umbrella level, up to EUR 20'000 per each active sub-fund |
| Domiciliary agent | An annual fee of EUR 2,500 per sub-fund will be charged, with a minimum annual fee of EUR 5,000 per the whole structure and a maximum annual fee of EUR 10,000 per the whole structure | An annual fee of EUR 6,000 per sub-fund will be charged, |

The costs incurred in relation with the Migration shall be borne by the Fund.

We would like to bring to the Investor's attention that the above described changes in relation to the Migration represent an overall decrease of the fees charged to the Fund for the services covered in the above table.

b. Other changes to fees charged to the Fund

Investors are also informed of the following additional changes to the fees charged to the Fund and its Sub-Funds and reflected in the section “Fund Expenses” of the Prospectus:

- The Fund will be submitted to the assessment of LuxFLAG, a Luxembourg independent agency for the purpose of receiving various labels in the field of ESG and Impact finance. As part of the assessment procedure and receipt of the relevant labels, a fixed fee will be paid out of the Fund assets to LuxFLAG;
- Fees applicable for the Portfolio Management System and Order Routing Systems employed by the Investment Manager;
- Fees related to ESG research and to Investment research.
- The Shareholder Servicing Fee is increased from a maximum of 0,03 % to maximum of 0,10 % per annum of the applicable Sub-Fund’s average net asset.

c. Performance fee

The Investor’s attention is drawn to the fact that the European Securities and Markets Authority has issued on 5 November 2020 its guidelines on performance fees in UCITS and certain types of AIFs (the “**ESMA Guidelines**”). The purpose of the ESMA Guidelines is to establish consistent, efficient and effective supervisory practices and to promote greater convergence and standardisation in the field of performance fees and promote convergent supervision by competent authorities. In particular, they aim to ensure that performance fee models used by the management companies comply with the principles of acting honestly and fairly in conducting their business activities and acting with due skill, care and diligence, in the best interest of the fund that they manage, in such a way as to prevent undue costs being charged to the fund and its investors. In this context, the following changes were made to the performance fee disclosure, in line with ESMA Guidelines (please note that below table does not reproduce the full description of the performance fees of each sub-fund but only the relevant changes thereto):

i. GFG Funds – Income Opportunity

| <u>Current Prospectus</u> | <u>Amended Prospectus</u> |
|---|---|
| <p>The Investment Manager will receive a performance fee, accrued on each Valuation Date, paid quarterly, based on the net asset value (NAV), equivalent to 15 % of the performance of the NAV per share (measured against the reference NAV) during the current period with the high water mark calculation. The quarterly performance fee and the high-water mark calculation will become applicable at the start of the Sub-Fund.</p> <p>[...]</p> <p>The reference NAV is defined as the higher NAV per share reached by the Sub -Fund or the initial NAV per share for the first calculation period.</p> | <p>The Investment Manager will receive a performance fee, accrued on each Valuation Date, paid yearly, based on the net asset value (NAV), equivalent to 15 % of the performance of the NAV per share (measured against the reference NAV) during the current period with the high water mark calculation. The high water mark calculation has been applicable since the start of the Sub-Fund and the performance fee payable on quarterly basis. As of the date of this Prospectus, the performance fee of the Sub-Fund (including the performance fee already accrued for the year 2021) is payable yearly.</p> <p>[...]</p> <p>The reference NAV is defined as the highest of the NAVs per share corresponding to the end of the last five Calculation Periods. If the Sub-Fund was launched less than 5 years before, the reference NAV is defined as the highest among the NAV per share at launch in 2017 and the NAVs per share corresponding to the end of the Calculation Periods that occurred since launch.</p> |
| | <p>This adjustment amount is equal to <u>based on</u> the product of the number of subscribed shares</p> |

| | |
|--|--|
| | by the positive difference between the subscription price and the reference NAV applicable to the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period |
| Concrete examples of the calculation of the performance fee have included in the Sub-Fund Appendix | |

ii. GFG Funds - Global Enhanced Cash

| <u>Current Prospectus</u> | <u>Amended Prospectus</u> |
|---|--|
| The Performance fee, based on the net asset value (NAV), will be equivalent to 15% of the performance of the NAV per share (measured against the Reference NAV) over the maximum between zero and the performance of the Reference Index during the current Calculation Period. | The Performance fee, based on the net asset value (NAV), will be equivalent to 15% of the performance of the NAV per share (measured against the Reference NAV) over the maximum between zero and the performance of the Reference Index during the current Calculation Period <u>from the date corresponding to the Reference NAV.</u> |
| [...] The Reference NAV is defined as NAV per share at the end of the last Calculation Period or as the NAV per share at the launch date if the current year is the Launch Year. | [...] The Performance Reference Period is the time horizon over which the performance fee may only be charged on the basis of achieving a new High-Water Mark, at the end of which the mechanism for the compensation for past underperformance (or negative performance) can be reset. The Performance Reference Period is set to 5 years, starting from the launch date of the Sub-Fund. The Performance Reference Period started on the Launch Year of the Sub-Fund. The lifetime of the Sub-Fund is defined as the amount of time from the launch date of the Sub-Fund. The Reference NAV is defined as the NAV per share corresponding to the end of the last Calculation Period where a performance fee has been paid, within the current Performance Reference Period, or as the NAV per share corresponding to the last date of the previous Performance Reference Period if no performance fee was paid during the current Performance Reference Period. If the lifetime of the Sub-Fund is lower than the Performance Reference Period length, and no performance fee was paid in the current Performance Reference Period, the Reference NAV is set as the NAV at the launch date of the Sub-Fund |

| | |
|--|---|
| | [...] |
| The Launch Year is the year in which the Sub-Fund has been launched. | The Launch Year is <u>2020</u> . |
| <p>Gains that have not been realized may be considered in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the outperformance of the NAV per share against the reference NAV until the subscription date is not considered in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the reference NAV applicable to the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> | <p>Gains that have not been realized may be considered in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the outperformance of the NAV per share against the reference NAV until the subscription date is not considered in the performance fee calculation. This adjustment amount is equal to <u>based on</u> the product of the number of subscribed shares by the positive difference between the subscription price and the reference NAV applicable to <u>the date of the subscription adjusted by the performance of the Reference Index at</u> the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> |
| <p>The formula for the calculation of the performance fee is as follows:</p> <ul style="list-style-type: none"> o If $[B/D - 1] < 0$ <ul style="list-style-type: none"> ➤ Perf = 0 | <p>The formula for the calculation of the performance fee is as follows:</p> <ul style="list-style-type: none"> o If $[(B/D - 1) - \max (E/F - 1, 0)] < 0$ <ul style="list-style-type: none"> ➤ Perf = 0 |
| Concrete examples of the calculation of the performance fee have included in the Sub-Fund Appendix. | |
| A reference has been added to reflect the fact that the administrator of the Reference Index is registered on the ESMA register of benchmark administrator, pursuant to EU regulation 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds. | |

III. ESG Updates

Following the entry into force of regulation 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (the “**SFDR**”), financial market participants are required for each financial product they manage to make certain disclosures in relation to the sustainable objectives pursued or the environmental or social characteristics promoted by each Sub-Fund, as well as how sustainability risks are integrated in investment decisions and how principal adverse impact are considered on sustainability indicators. The investors are informed that each sub-fund has been categorised as an Art. 8 product within the meaning of the SFDR and the environmental or social characteristics promoted by each sub-fund is disclosed in each sub-fund’s Appendix and the Prospectus reflects the manner in which sustainability risks are integrated in the investment decisions of the Investment Manager and the likely impact of such sustainability risks on the returns of the sub-funds.

Investors are informed that Multiconcept Fund Management S.A delegates the portfolio management function of the funds under management and as such does not currently have access to sufficient

ESG information for determining and weighting with adequate accuracy the negative sustainability effects across all its delegated portfolio managers. Therefore, Multiconcept Fund Management S.A has decided not to consider directly and at its level the adverse impacts of investment decisions on sustainability factors (PASI) according to Art. 4 SFDR.

Such adverse impacts may be considered by the Investment Manager in relation to the sub-funds of the Fund in the future and the Prospectus will be updated in accordance with Art. 7 of the SFDR as per the timing prescribed therein, as further described in each sub-fund Appendix.

IV. Other Changes

Mr Stefano Zavaglia has been replaced by Mrs Simona Ingnoli as chairman of the Board. Furthermore, the Prospectus has been subject to other, non-material changes in order notably to reflect the above changes to the Service Providers and to update the sections of the Prospectus pertaining to the identity of the Service Providers, the services they perform and other corporate and regulatory information.

Finally, the investment objectives and policy of each sub-fund have been updated in accordance with the Q&A released in March 2019 by the European Securities and Markets Authority (ESMA) on the application of the Undertakings for the Collective Investment in Transferable Securities Directive, to clarify that the sub-funds are all actively managed.

V. New prospectus and Key Investor Information Documents

The updated prospectus and key investor information documents reflecting the above-mentioned changes will be available from the Effective Date at the registered office of the Fund and on the website of the Multiconcept Fund Management S.A. at the following address: <https://www.credit-suisse.com/microsites/multiconcept/en.html>, on the website of GFG Groupe Financier de Gestion (Monaco) SAM at the following address: <https://gfggroupe.com/funds/> and on the website of the Fund www.gfgfunds.it.

Please note that the following options are available to you: you may continue holding your shares or you may apply to redeem your shares, free of charge and in accordance with the provisions of the Prospectus. To allow for an orderly migration in the best interest of the shareholders, it has been decided that subscription and redemption requests will only remain possible up to and including 29 April 2021 at 12:00 pm. The possibility to request subscriptions and redemptions will resume as of 3 May 2021 onwards, at which point Credit Suisse (Luxembourg) S.A. will manage subscription and redemption requests in replacement of CACEIS Bank, Luxembourg Branch. There will be no redemption charges on redemptions effected after the date of this letter and up to and including 29 April 2021 at 12:00 pm. The redemption proceeds will be paid to you in accordance with the provisions of the Fund's prospectus.

Dealings will resume normally after the Effective Date.

A redemption of your shares may affect your tax position. You should therefore seek guidance from your professional advisers on any applicable taxes in the country of your respective citizenship, domicile or residence.

The Board accepts responsibility for the accuracy of the contents of this letter. For any other request of information, you may contact directly Pharus Management Lux SA via email at info@pharusmanco.lu or via phone at +352 28 55 69 1

Luxembourg,

The Board of Directors

