

AZ FUND MANAGEMENT S.A.

Société anonyme

35, avenue Monterey

L-2163 Luxembourg

R.C.S. Luxembourg B 73 617

acting in its capacity of management company of AZ FUND 1
(the "**Management Company**")

Notice to unitholders of the sub-funds Asset Power, Asset Plus, American Trend, Global Growth Selector, Alternative Cash and Dividend Premium (together the "Sub-Funds") of AZ Fund 1 (the "Fund")

Luxembourg, 23 November 2019

The board of directors of the Management Company (the "**Board**") would like to inform you about the below described changes in relation to the Sub-Funds which will be implemented with effect as from 1 January 2020 (the "**Effective Date**").

1. Investment Policies and names of Sub-Funds

The description of the investment policies and the applicable restrictions of each Sub-Fund will be reformulated and enhanced, mainly with the aim of clarifying and simplifying their reading for investors. The revised investment policies will include further details as to investment strategies, the applicable investment restrictions, the main types of financial derivative instruments which are used, as well as the exposure of currencies and hedging against currency risks.

The denomination of each Sub-Fund will be amended in order to better reflect the applicable investment strategy.

For some of the Sub-Funds, certain changes will be made to the investment policy, as further described below. The aim of these changes is mainly to adapt the investment policies to the current market conditions and to enable the Sub-Fund to be managed in the best interest of investors. Despite these changes, the Board is of the view that the risk profiles of the Sub-Funds will not change materially.

a) Sub-fund Asset Power

The new name of the sub-fund will be "AZ Allocation – Balanced FoF".

The investment policy of the sub-fund will be clarified, especially to explicitly disclose some investment limits. The sub-fund will also be able to invest directly up to 10% of its net assets in equity securities.

The above-mentioned clarifications and changes will not have any material impact on the allocation of the assets or the risk profile of the sub-fund.

The expected level of leverage of the sub-fund will be increased from 200% to 400%. This is mainly due to an increased use of financial derivative instruments (FDIs) for hedging purposes (e.g. currency and duration risk hedging) and the fact that the use of FDIs to manage currency exposures needs to be included in the leverage figures.

The new investment policy of the sub-fund is available on the following website: www.azfund.com.

b) Sub-fund Asset Plus

The new name of the sub-fund will be "AZ Allocation – Conservative FoF".

The investment policy of the sub-fund will be clarified especially to explicitly disclose some investment limits. The sub-fund will also be able to invest directly up to 5% of its net assets in equity securities.

The above-mentioned clarifications and changes will not have any material impact on the allocation of the assets or the risk profile of the sub-fund.

The expected level of leverage of the sub-fund will be increased from 200% to 350%. This is mainly due to an increased use of financial derivative instruments (FDIs) for hedging purposes (e.g. currency and duration risk hedging) and the fact that the use of FDIs to manage currency exposures needs to be included in the leverage figures.

The new investment policy of the sub-fund is available on the following website: www.azfund.com.

c) Sub-fund American Trend

The new name of the sub-fund will be "AZ Equity – America".

The investment policy of the sub-fund will specify that the sub-fund will invest at least 80% of its net assets in equity securities of US domiciled issuers. The sub-fund will no longer have the flexibility to reduce its net exposure to US equities below that limit.

The revised investment policy of the sub-fund will provide that it may invest up to 10% of its net assets in Canadian equity securities and up to 10% of its net assets in equity securities outside of the US and Canada. The investment policy of the sub-fund will further provide that it may invest up to 20% of its net assets in debt securities of developed market issuers.

The above-mentioned changes will not have any material impact on the allocation of the assets or the risk profile of the sub-fund.

The reference currency of the sub-fund will change from Euro to US dollar (USD) due to the fact that the majority of the underlying assets of its portfolio are denominated in USD. [The currency of each of the units classes and their features will remain unchanged]

The expected level of leverage of the sub-fund will be decreased from 300% to 200%.

The new investment policy of the sub-fund is available on the following website: www.azfund.com.

d) Sub-fund Global Growth Selector

The new name of the sub-fund will be "AZ Equity - Global Growth".

The sub-fund invests between 80% and 100% of its net assets in equity securities worldwide and up to 30% of its net assets in equity securities of emerging market issuers (instead of up to 100% of its net assets in equity securities, without any constraint).

The investment policy of the sub-fund will be amended to provide for the possibility to invest up to 20% of its net assets in debt securities of developed market issuers. The investment policy of the sub-fund will further be amended to clarify some investment limits.

The above-mentioned changes will not have any material impact on the allocation of the assets or the risk profile of the sub-fund.

The expected level of leverage of the sub-fund will be increased from 120% to 200%. This is mainly due to an increased use of financial derivative instruments (FDIs) for hedging purposes (e.g. currency and duration risk hedging) and the fact that the use of FDIs to manage currency exposures needs to be included in the leverage figures.

Lastly, the unit classes AZ FUND TW USD (ACC) and B-AZ FUND TW USD (ACC) will no longer be hedged.

The unit class A-AZ FUND USD (ACC) will be renamed "A-AZ FUND USD (ACC) [Hedged]" as it is already hedged.

The new investment policy of the sub-fund is available on the following website: www.azfund.com.

e) Sub-fund Alternative Cash

The new name of the sub-fund will be "AZ Alternative – Capital Enhanced" to be more in line with the investment policy of the sub-fund, which is to provide for capital appreciation in short to mid-term horizon using option strategies.

The investment policy of the sub-fund will be clarified to better describe how the options-based strategy of the sub-fund is implemented as well as the use of cash by the sub-fund. More stringent

rating constraints will be included regarding the investments of the sub-funds in securities rated sub-investment grade.

The above-mentioned clarifications and changes will not have any material impact on the allocation of the assets or the risk profile of the sub-fund.

The new investment policy of the sub-fund is available on the following website: www.azfund.com.

f) Sub-fund Dividend Premium

The new name of the sub-fund will be "AZ Allocation – Global Income".

The investment policy of the sub-fund will be amended so that the sub-fund will no longer be able to invest in REITS.

The investment policy of the sub-fund will further be amended to provide that the sub-fund invest between 20% and 70% of its net assets in equities with high dividend yield (instead of from 0% to 70%). The sub-fund will be able to invest up to 80% of its net assets in debt securities and money market instruments (instead of up to 100%) due to the fact that at least 20% of its net assets will be invested in equity securities.

The investment policy of the sub-fund will also be clarified to better describe the use of cash by the sub-fund and some investment limits.

The above-mentioned changes will not have any material impact on the allocation of the assets or the risk profile of the sub-fund.

The expected level of leverage of the sub-fund will be increased from 150% to 200%. This is mainly due to an increased use of financial derivative instruments (FDIs) for hedging purposes (e.g. currency and duration risk hedging) and the fact that the use of FDIs to manage currency exposures needs to be included in the leverage figures.

The new investment policy of the sub-fund is available on the following website: www.azfund.com.

2. Changes to calculation methodology of the additional variable management fee

In order to bring the methodology for the calculation of the additional variable management fee of the Sub-Funds in line with industry best practice and consistent with IOSCO's Good Practice for Fees and Expenses of Collective Investment Schemes, the current provisions with respect to the Sub-Funds are to be amended and updated with effect as from [1 January 2020].

According to this methodology, the additional variable management fee will apply as a percentage of the excess performance on top of the hurdle rates (please refer to the table below). The

performance fee accruals will be adjusted daily and the performance fee will be crystalized once a year (year-end) with no high water mark.

The additional variable management fee is recalculated as of each valuation day during the calculation period and the provisions made (if any) with respect to the previous valuation day are cancelled. The performance fee will be payable only in case of a positive performance on the last valuation day.

Please find below a table describing for each sub-fund the reference index which will be used in this context:

Sub-fund	Reference index
Asset Power For all unit classes	3 mois Euribor + 2% for NON HEDGED unit classes 3 mois Euribor + 2% + hedging fees for HEDGED unit classes
Asset Plus For all unit classes	3 mois Euribor + 1,5% for NON HEDGED unit classes 3 mois Euribor + 1,5% + hedging fees for HEDGED unit classes
American Trend For all unit classes	3 mois Libor USD + 4% for NON HEDGED unit classes 3 mois Libor USD + 4% + hedging fees for HEDGED unit classes
Global Growth Selector For unit classes A-AZ FUND (ACC), B-AZ FUND (ACC), A-AZ FUND USD (ACC), A-INSTITUTIONAL EURO (ACC) and A-INSTITUTIONAL USD (ACC) No performance fee for unit classes AZ FUND TW (ACC), B-AZ FUND TW (ACC), A-AZ FUND TW USD (ACC) and B-AZ FUND TW USD (ACC)	3 mois Euribor + 4% for NON HEDGED unit classes 3 mois Euribor + 4% + hedging fees for HEDGED unit classes
Alternative Cash For all unit classes	3 mois Euribor + 0,5% for NON HEDGED unit classes 3 mois Euribor + 0,5% + hedging fees for HEDGED unit classes
Dividend Premium For unit classes A-AZ FUND (ACC), A-AZ FUND (DIS), B-AZ FUND (ACC), B-AZ FUND (DIS), A-AZ FUND USD (ACC), A-AZ FUND USD (DIS), A-INSTITUTIONAL EURO (ACC), A-INSTITUTIONAL EURO (DIS), A-INSTITUTIONAL USD (ACC) and A-INSTITUTIONAL USD (DIS) No performance fee for unit classes A-AZ FUND (YEN Hedged - ACC), B-AZ FUND (YEN Hedged - ACC), A-AZ FUND (YEN Hedged - DIS), B-AZ FUND	3 mois Euribor + 2% for NON HEDGED unit classes 3 mois Euribor + 2% + hedging fees for HEDGED unit classes

(YEN Hedged - DIS), A-AZ FUND (YEN non-Hedged - ACC), B-AZ FUND (YEN non-Hedged - ACC), A-AZ FUND (YEN non-Hedged - DIS) and B-AZ FUND (YEN non-Hedged - DIS)	
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The new performance fee wording in the prospectus of the Fund will read as follows:

["La commission de gestion variable additionnelle est égale à [20%] de la différence - si positive - entre le Rendement de Parts et le Rendement de l'Indice de Référence durant la Période de Calcul.*

**[10% for unit classes A-INSTITUTIONAL EURO (ACC) and A-INSTITUTIONAL USD (ACC) of the sub-fund Global Growth Selector and A-INSTITUTIONAL EURO (ACC), A-INSTITUTIONAL EURO (DIS), A-INSTITUTIONAL USD (ACC) and A-INSTITUTIONAL USD (DIS) of the sub-fund Dividend Premium]*

Durant chaque Période de Calcul, la commission de gestion variable additionnelle est calculée et accumulée à chaque Jour d'Evaluation étant précisé que, pour écarter le moindre doute, la commission de gestion variable accumulée (le cas échéant) au Jour d'Evaluation précédent durant la Période de Calcul concernée n'est plus prise en considération.

La commission de gestion variable accumulée (le cas échéant) est cristallisée au dernier Jour d'Evaluation de chaque Période de Calcul et devient payable à la Société de Gestion le premier Jour d'Evaluation suivant cette Période de Calcul.

Si les Parts sont rachetées durant une Période de Calcul, la commission de gestion variable accumulée mais pas encore payée, calculée pour ces Parts le Jour d'Evaluation auquel ces Parts sont rachetées, sera cristallisée et deviendra payable à la Société de Gestion le premier Jour d'Evaluation suivant la Période de Calcul durant laquelle les Parts ont été rachetées.

« Indice de Référence » signifie:

[please refer to the table above]

« Rendement de Parts » signifie la différence – si positive - entre la Valeur Nette d'Inventaire de Référence par Part à chaque Jour d'Evaluation et la Valeur Nette d'Inventaire de Référence par Part du dernier Jour d'Evaluation de la Période Calcul précédente. Pour la première Période de Calcul d'une classe de Parts nouvellement lancée, « Rendement de Parts » signifie la différence – si positive - entre la Valeur Nette d'Inventaire de Référence par Part à chaque Jour d'Evaluation et la Valeur Nette d'Inventaire de Référence par Part du premier Jour d'Evaluation de cette Période de Calcul.

« Rendement de l'Indice de Référence » signifie la différence entre l'Indice de Référence à chaque Jour d'Evaluation et l'Indice de Référence du dernier Jour d'Evaluation de la Période de Calcul précédente. Pour la première Période de Calcul, « Rendement de l'Indice de Référence » signifie la différence entre l'Indice de Référence à chaque Jour d'Evaluation et l'Indice de Référence du premier Jour d'Evaluation de cette Période Calcul.

« Valeur Nette d'Inventaire de Référence » désigne, à chaque Jour d'Evaluation, la Valeur Nette d'Inventaire de la classe de Parts concernée, calculée ce Jour d'Evaluation, augmentée par la commission de gestion variable accumulée (le cas échéant) et des distributions (dividendes), s'il y en a, durant la Période de Calcul concernée.

« Période de Calcul » désigne la période du 1er janvier au 31 décembre de chaque année, à condition que la première Période de Calcul commence à la date de lancement de la classe de Parts et se termine le 31 décembre suivant son lancement.

« Coûts de Couverture » signifie les coûts de couverture entre la devise de référence de la classe de Parts et la devise de base du Compartiment, correspondant à la différence (en termes de pourcentage), à chaque Jour d'Evaluation, entre (i) le prix du taux de change à 3 mois d'échéance entre la devise de référence de la classe de Parts et la devise de base du Compartiment, et (ii) le taux au comptant du même taux de change."]

If you are not in agreement with the changes described above, you may redeem your units free of charge until 27 December 2019 in accordance with the usual redemption procedure foreseen in the Prospectus.

The Prospectus will be updated to *inter alia* reflect the changes described in this notice. A copy of the draft Prospectus and of the revised key investor information documents will be available free of charge upon request at the registered office of the Management Company.

We thank you for your continued support and investments into our Fund. Please do not hesitate to contact us or your financial advisor if you require any further clarification.

The Board