AZ FUND MANAGEMENT S.A.
Société anonyme
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acting in its capacity of management company of AZ FUND 1
(the "**Management Company**")

Notice to unitholders of the sub-funds Solidity, Emerging Market Latin America, Lira Plus, Commodity Alpha Trading, Emerging Markets Hard Currency Bond, Emerging Markets Local Currency Bond, CGM Opportunistic Corporate Bond, CGM Opportunistic USD Corporate Bond and Global Emerging Markets Equity (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.

(A) Investment policies and names of Sub-Funds

With effect as from 1 January 2020, 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 to currencies and hedging against currency risks.

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-Funds 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.

1. Sub-fund Solidity

The new name of the sub-fund will be "AZ Bond – Euro Aggregate Short Term".

The investment policy of the sub-fund will be amended so that it will no longer be able to invest into equity securities and will invest at least 60% of its net assets in European investment grade debt securities (instead of at least 50% previously).

The sub-fund will only be able to invest in debt securities with maturities or first call date within 5 years and its overall portfolio duration will be lower than 3 years.

Furthermore, the investment limits of the sub-fund will be explicitly disclosed.

In light of the above, the new investment policy of the sub-fund will provide that it may invest up to 40% of its net assets in bonds of issuers domiciled outside of Europe, up to 10% of its net assets in sub-investment grade debt securities (up to 30% in case Italy will be downgraded to sub-investment grade), up to 10% of its net assets in emerging markets bonds, up to 20% of its net assets in hybrid and/or perpetual bonds, up to 10% of its net assets in contingent convertible bonds, and up to 20% in cash and money market instruments ("**MMIs**").

The above-mentioned clarifications and changes will not have any material impact on the risk profile of the sub-fund. A limited portion of the portfolio of the sub-fund will need to be aligned with the new investment policy.

The expected level of leverage of the sub-fund will be increased from 100% to 150%. 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.

AZ Swiss & Partners S.A. will act as investment manager of the sub-fund, whilst Azimut Capital Management SGR S.p.A. will no longer act as investment advisor of the sub-fund. AZ Swiss & Partners S.A. has a deep expertise and track record in managing fixed income products.

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

2. Sub-fund Emerging Market Latin America

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

The sub-fund is currently a fund of funds. The investment policy of the sub-fund will be fully restated so that it will be transformed into a long-only traditional sub-fund investing directly in equity securities issued in Latin America.

As a consequence, the fee for selection, reporting and monitoring of counterparties will no longer be applied.

The revised investment policy of the sub-fund will further provide that it will invest at least 80% of its net assets in Latin America equities and equity-related securities (instead of 50% previously).

The revised investment policy of the sub-fund will provide that it may invest up to 10% of its net assets in UCITS and/or other UCIs.

Investments in cash will be limited up to 10% of the sub-fund's net assets.

The whole portfolio of the sub-fund will be rebalanced.

However, the above-mentioned changes will not have any material impact on the risk profile of the sub-fund as the underlying strategy will remain the same.

The reference currency of the sub-fund will change from the euro to the US dollar (USD) due to the fact that this is the standard for sub-funds investing in emerging market countries, as oftentimes emerging markets currencies are not freely exchangeable. The currency of each of the unit classes and their features will remain unchanged.

AZ Quest Investimentos Ltda will act as investment manager of the sub-fund, whilst Azimut Capital Management SGR S.p.A. will no longer act as investment advisor of the sub-fund. AZ Quest Investimentos Ltda has a deep expertise and track record in managing Brazilian and Latin American strategies.

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

3. Sub-fund Lira Plus

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

The investment policy of the sub-fund will be amended so that it will be able to invest up to 100% of its net assets in equity securities to allow it to be a fully flexible sub-fund.

Investment limits will be better defined. It this respect, the investment policy of the sub-fund will provide that the sub-fund may invest up to 25% of its net assets in hybrid and/or perpetual bonds, up to 20% of its net assets in contingent convertible bonds, up to 10% of its net assets in distressed securities and up to 30% of its net assets in cash.

The reference currency of the sub-fund will change from the euro to the US dollar, due to the fact that this is the standard for sub-funds investing in emerging market countries as oftentimes emerging markets currencies are not freely exchangeable. Unit classes denominated in USD will no longer be hedged.

The above-mentioned clarifications and changes will not have any material impact on the allocation of the assets of the sub-fund. A modest increase of the risk profile will occur, as the sub-fund will increase its maximum level of equity exposure from 50% to 100% of its net assets.

AZIMUT PORTFÖY A.Ş will continue to act as investment advisor of the sub-fund, but indirectly through Azimut (DIFC) Ltd which will act as investment manager of the sub-fund. Azimut (DIFC) has an expertise in the MENAT (Middle East, North Africa and Turkey) region.

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

4. Sub-fund Commodity Alpha Trading

The new name of the sub-fund will be "AZ Alternative – Commodity Alpha".

The sub-fund's investment policy has been slightly amended to better define the investment limits.

The investment policy of the sub-fund will provide that it will be able to invest up to 50% of its net assets in sub-investment grade debt securities, up to 50% of its net assets in emerging markets debt securities, up to 10% of its net assets in contingent convertible bonds and up to 49% of its net assets in cash.

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.

AZ Investment Management Singapore Ltd will become investment manager of the sub-fund, whilst An Zhong (AZ) Investment Management Hong Kong Ltd. will no longer act as direct investment advisor of the sub-fund. An Zhong (AZ) Investment Management Hong Kong Ltd. will continue to act as investment advisor of the sub-fund indirectly through AZ Investment Management Singapore Ltd.

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

5. Sub-fund Emerging Markets Hard Currency Bond

The new name of the sub-fund will be "AZ Bond – Emerging Hard Currency FoF".

Azimut Portföy Yonetimi A.Ş., An Zhong (Az) Investment Management Hong Kong Ltd., Az Quest Investimentos Ltda and Azimut (Difc) Ltd will no longer act as investment advisors of the sub-fund and, consequently, the sub-fund will no longer directly invest in debt securities. The sub-fund, which is currently a mixed sub-fund, will be changed into a fund of funds.

The underlying strategy of the sub-fund will remain the same.

The investment policy of the sub-fund will be amended to provide that it will be able to invest up to 30% of its net assets indirectly in debt securities of developed countries and up to 10% of its net assets in cash.

The reference currency of the sub-fund will change from the euro to the US dollar (USD) due to the fact that the majority of the underlying assets of its portfolio are denominated in USD. The unit classes "Euro hedged" will change from "cross-hedged" to "hedged" as the underlying assets of the portfolio are mainly denominated in USD.

The above-mentioned changes will not have any material impact on the risk profile of the sub-fund as the underlying strategy will remain the same. Around half of the portfolio will need to be rebalanced.

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

6. Sub-fund Emerging Markets Local Currency Bond

The new name of the sub-fund will be "AZ Bond – Emerging Local Currency FoF".

Azimut Portföy Yonetimi A.Ş., An Zhong (Az) Investment Management Hong Kong Ltd., Az Quest Investimentos Ltda and Azimut (Difc) Ltd will no longer act as investment advisors of the sub-fund and, consequently, the sub-fund will no longer directly invest in debt securities. The sub-fund, which is currently a mixed sub-fund, will be changed into a fund of funds.

The underlying strategy of the sub-fund will remain the same.

The investment policy of the sub-fund will be amended to provide that it will be able to invest up to 30% of its net assets indirectly in debt securities of developed countries and up to 10% of its net assets in cash.

The above-mentioned changes will not have any material impact on the risk profile of the sub-fund as the underlying strategy will remain the same. Around half of the portfolio will need to be rebalanced.

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

7. Sub-fund CGM Opportunistic Corporate Bond

The new name of the sub-fund will be "AZ Bond – Euro Corporate".

Investment limits will be better defined.

The sub-fund currently invests at least 50% of its net assets in investment grade corporate debt securities and MMIs denominated in euro. The sub-fund will invest at least 70% of its net assets in investment grade debt securities, at least 60% of its net assets in debt securities denominated in euro and at least 60% of its net assets in corporate debt securities from European issuers.

The investment policy of the sub-fund will further provide that it will be able to invest up to 40% of its net assets in bonds of issuers domiciled outside of Europe, of which up to 10% in emerging market debt, up to 30% in hybrid and/or perpetual bonds, up to 10% in contingent convertible bonds and up to 20% in cash and MMIs.

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 100% 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.

8. Sub-fund CGM Opportunistic USD Corporate Bond

The new name of the sub-fund will be "AZ Bond – USD Corporate".

Investment limits will be better defined.

The sub-fund currently invests at least 50% of its net assets in debt securities and MMIs denominated in US dollar and at least 50% of its net assets in investment grade corporate debt securities. The sub-fund will invest at least 70% of its net assets in investment grade debt securities, at least 60% of its net assets in debt securities denominated in US dollar and at least 60% of its net assets in corporate debt securities from US issuers.

The investment policy of the sub-fund will further provide that it will be able to invest up to 40% of its net assets in bonds of issuers domiciled outside of the USA, of which up to 10% in emerging market debt, up to 30% in hybrid and/or perpetual bonds, up to 10% in contingent convertible bonds (instead of up to 5%) and up to 20% in cash and MMIs.

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 100% 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.

9. Sub-fund Global Emerging Markets Equity

The new name of the sub-fund will be "AZ Equity – Global Emerging FoF".

Azimut Portföy Yonetimi A.Ş., AZ Investment Management Singapore Ltd, Az Quest Investimentos Ltda and Azimut (Difc) Ltd will no longer act as investment advisors of the sub-fund and, consequently, the sub-fund will no longer directly invest in equity securities. The sub-fund, which is currently a mixed sub-fund, will be changed into a fund of funds.

The underlying strategy of the sub-fund will remain the same.

The investment policy of the sub-fund will be amended so that it will need to invest (indirectly) at least 70% of its net assets in emerging market equities (instead of at least 50% previously).

The investment policy of the sub-fund will further be amended to provide that it will be able to invest up to 20% of its net assets indirectly in debt securities of developed countries and up to 10% of its net assets in cash.

The reference currency of the sub-fund will change from the euro to the US dollar, due to the fact that this is the standard for sub-funds investing in emerging market countries as oftentimes emerging markets currencies are not freely exchangeable. The currency of each of the unit classes and their features will remain unchanged.
The above-mentioned changes will not have any material impact on the risk profile of the sub-fund as the underlying strategy will remain the same. Around half of the portfolio will need to be rebalanced.

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

(B) 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
Solidity For all unit classes	3 months Euribor + 1% for NON HEDGED unit classes 3 months Euribor + 1% + cost of hedging for HEDGED unit classes
Emerging Market Latin America For all unit classes	3 months Libor USD + 5% for NON HEDGED unit classes 3 months Libor USD + 5% + cost of hedging for HEDGED unit classes
Lira Plus For all unit classes	3 months USD Libor + 2.5% for NON HEDGED unit classes 3 months USD Libor + 2.5% + cost of hedging for HEDGED unit classes

Commodity Alpha Trading For all unit classes	3 months Euribor + 2% for NON HEDGED unit classes 3 months Euribor + 2% + cost of hedging for HEDGED unit classes
Emerging Markets Hard Currency Bond For all unit classes	3 months Libor USD + 2.5% for NON HEDGED unit classes 3 months Libor USD + 2.5% + cost of hedging for HEDGED unit classes
Emerging Markets Local Currency Bond For all unit classes	3 months Euribor + 2.5% for NON HEDGED unit classes 3 months Euribor + 2.5% + cost of hedging for HEDGED unit classes
CGM Opportunistic Corporate Bond For all unit classes	3 months Euribor + 1.5% for NON HEDGED unit classes 3 months Euribor + 1.5% + cost of hedging for HEDGED unit classes
CGM Opportunistic USD Corporate Bond For all unit classes	3 months Libor USD + 1.5% for NON HEDGED unit classes 3 months Libor USD + 1.5% + cost of hedging for HEDGED unit classes
Global Emerging Markets Equity For all unit classes	3 months Libor USD + 5% for NON HEDGED unit classes 3 months Libor USD + 5% + cost of hedging for HEDGED unit classes

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.*

**[for institutional unit classes the percentage indicated above is 10%]*

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."

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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