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 International Bond, Global Equity and Core Brands (together the "Sub-Funds") of AZ Fund 1 (the "Fund")

Luxembourg, 15 May 2020

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 19 June 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 International Bond

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

The sub-fund is a fund of funds and will invest at least 70% of its net assets in units of UCITS and/or other UCIs.

The investment policy of the sub-fund will especially be amended so that it will no longer focus on funds with positive inflows and large assets under management.

The investment policy of the sub-fund will further provide that it will be able to invest directly up to 30% of its net assets in sovereign bonds of developed countries.

New investment limits will be disclosed in the investment policy of the sub-fund. The sub-fund will especially be able to invest (indirectly) up to 100% of its net assets in developed countries issuers, up to 70% of its net assets in emerging countries issuers, up to 70% of its net assets in sub-investment grade debt securities, up to 30% of its net assets in convertible bonds (excluding contingent convertible bonds) and up to 10% of its net assets in contingent convertible bonds. The sub-fund will also be able to invest up to 10% 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.

The expected level of leverage of the sub-fund will be increased from 100% to 250%. 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. Sub-fund Global Equity

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

The sub-fund is a fund of funds and will invest at least 50% of its net assets in units of UCITS and/or other UCIs.

The investment policy of the sub-fund currently provides that it indirectly invests at least 50% of its net assets in equity, without any further specification. The new investment policy of the sub-fund will provide that it will indirectly invest at least 80% of its net assets in equities.

The investment policy of the sub-fund will provide that it will invest up to 50% of its net assets (indirectly) in emerging market equities. Investments in cash will be limited up to 10% of the sub-fund's net assets.

The investment will further provide that it may invest up to 20% of its net assets in debt securities, directly or indirectly.

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 250%. 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

3. Sub-fund Core Brands

The new name of the sub-fund will be "AZ Alternative – Core Brands".

The sub-fund follows a long/short strategy mainly focused on consumer and consumer-related companies. The sub-fund's investment policy has been slightly amended to better define the investment limits.

The investment policy of the sub-fund will be amended so that there are no more geographical constraints (whereas the sub-fund was exposed to more than 50% of its net assets to the equities of companies domiciled in Europe).

The investment policy of the sub-fund will provide that it may invest up to 20% of its net assets in emerging markets equity, up to 20% of its net assets in sub-investment grade corporate bonds and up to 30% of its net assets in cash (whereas no upper limits were previously provided).

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 150% to 250%. 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) 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 1st January 2021.

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
International Bond For all unit classes	3 months Euribor + 2.0% for NON HEDGED unit classes 3 months Euribor + 2.0% + cost of hedging for HEDGED unit classes
Global Equity For all unit classes	3 months Euribor + 4.0% for NON HEDGED unit classes 3 months Euribor + 4.0% + cost of hedging for HEDGED unit classes
Core Brands 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

The new performance fee wording in the prospectus of the Fund will read as follows:

"The additional variable management fee is equal to [20%] of the difference – if positive – between the Unit Return and the Reference Index Return during the Calculation Period.*

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

During each Calculation Period, the additional variable management fee is calculated and accrued on each Valuation Date, it being specified that, for the avoidance of doubt, the variable management fee accrued (if any) on the previous Valuation Date during the relevant Calculation Period is no longer taken into consideration.

The accumulated variable management fee (if any) is applied on the last Valuation Date of each Calculation Period and becomes payable to the Management Company on the first Valuation Date following this Calculation Period.

If the Units are redeemed during a Calculation Period, the variable management fee accumulated but not yet paid, calculated for these Units on the Valuation Date on which these Units are redeemed, shall be applied and become payable to the Management Company on the first Valuation Date after the Calculation Period during which the Units were redeemed.

"Reference index" means:

[please refer to the table above]

"Return on Units" means the difference – if positive – between the Reference Net Asset Value per Unit on each Valuation Date and the Reference Net Asset Value per Unit on the last Valuation Date of the previous Calculation Period. For the first Calculation Period of a newly launched Unit Class, "Return on Units" means the difference – if positive – between the Reference Net Asset Value per Unit on each Valuation Date and the Reference Net Asset Value per Unit on the first Valuation Date of this Calculation Period.

"Reference Index Return" means the difference between the Reference Index on each Valuation Date and the Reference Index on the last Valuation Date of the previous Calculation Period. For the first Calculation Period, "Reference Index Return" means the difference between the Reference Index on each Valuation Date and the Reference Index on the first Valuation Date of this Calculation Period.

"Reference Net Asset Value" means, on each Valuation Date, the Net Asset Value of the relevant Unit class, calculated on that Valuation Date, increased by the accumulated variable management fee (if any) and distributions (dividends), if any, during the relevant Calculation Period.

"Calculation Period" means the period from 1 January to 31 December of each year, provided that the first Calculation Period begins on the launch date of the Unit class and ends on 31 December following its launch.

"Hedging Costs" means the hedging costs between the reference currency of the Unit class and the base currency of the Sub-fund, corresponding to the difference (in percentage terms), on each Valuation Date, between (i) the price of the 3-month maturity exchange rate between the reference currency of the Unit class and the base currency of the Sub-fund, and (ii) the spot rate of the same exchange rate."

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If you are not in agreement with the changes described above, you may redeem your units free of charge until 16 June 2020 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 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.

The Prospectus, the Key Investor Information Document, the Management Regulations and the latest financial reports are available free of charge, in paper form at the registered office of the management company and at the German information agent FinCo Financial Communications GmbH Grosser Burstah 42, 20457 Hamburg, Germany.

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