

Notice to shareholders of TIMEO NEUTRAL SICAV

Société d'investissement à capital variable

Registered office: 5, Allée Scheffer

L-2520 Luxembourg

R.C.S. Luxembourg B 94351

Send by Registered mail the 14.08.2017

The Board of Directors of "Fund" wishes to inform the shareholders of

- TIMEO NEUTRAL Sicav – BZ Global Asset Allocation Fund
- TIMEO NEUTRAL Sicav – BZ Conservative Wolf Fund
- TIMEO NEUTRAL Sicav – BZ Inflation Linked Bonds Fund
- TIMEO NEUTRAL Sicav – BZ New Opportunity Bonds Investment
- TIMEO NEUTRAL SICAV – BZ Volatility Fund
- TIMEO NEUTRAL SICAV - BZ Diversified Fund
- TIMEO NEUTRAL SICAV - BZ Martin Group

as follows:

1. **Changes under Sub-Fund TIMEO NEUTRAL Sicav – BZ Global Asset Allocation Fund to be denominated as of the 14.09.2017 TIMEO NEUTRAL Sicav - BZ ACTIVE INCOME FUND**

To change the investment policy of the Sub-Fund TIMEO NEUTRAL Sicav – BZ Global Asset Allocation Fund to be denominated as of the 14.09.2017 TIMEO NEUTRAL Sicav - BZ ACTIVE INCOME FUND with effect as of the 14.09.2017 as follows:

Investment Policy of the Sub-Fund before the 14.09.2017:	Investment Policy of the Sub-Fund as of the 14.09.2017:
<p>The Sub-Fund seeks to provide capital growth over the long term through an exposure to the following asset classes: equities and equity related securities, any type of debt instruments, currencies and commodities.</p> <p>The Fund will come up with an asset allocation across the entire range of asset classes (equity, fixed income, currencies and commodities) exploiting the low correlations among them along with proper management of risk contribution.</p> <p>In order to achieve its objective, the Sub-Fund will mainly invest:</p> <ul style="list-style-type: none">- directly in any type of debt instruments; and/or- in undertakings for collective investment (UCIs) having as main objective to invest or grant an exposure to the above-mentioned securities/asset classes; and/or- in any transferable securities (such as structured products) linked (or offering an exposure) to the	<p>Using a dynamic asset allocation strategy among multiple fixed income sectors, the fund seeks high current income and capital appreciation as a secondary objective. The fund can use several hedging tools to reduce the volatility.</p> <p>In order to achieve the investment objective, the portfolio of the Sub- Fund will be invested:</p> <p>Mainly in bonds and money market instrument (e.g. senior and junior bonds, subordinated, convertible bonds, alternative Tier 1, CoCos, cum warrant bonds etc...) of any type of corporate and government issuers world-wide located and in other similar debt securities, including treasury bills and treasury bonds;</p> <p>Investments in CoCos are limited to max 20% of the Sub-Fund's assets.</p>

<p>performance of the above-mentioned securities/asset classes; and/or</p> <ul style="list-style-type: none"> - in financial derivative instruments having as underlying or offering an exposure to the above-mentioned securities/asset classes; most of the time, listed options, listed futures, forward exchange contracts and contracts for difference. <p>Notwithstanding the foregoing, the following rules will apply:</p> <ul style="list-style-type: none"> - exposure to commodities (including precious metals) will only be taken via other UCIs (such as ETFs) and transferable securities (such as structured products); - all investments having an exposure to commodities (including precious metals) must be cash settled; <p>The remaining assets may be invested in any other eligible assets and financial instruments.</p> <p>For hedging and for any other purposes, the Sub-Fund can use financial derivative instruments.</p> <p>Most of the time, the Investment Manager intends to use futures, options, forward exchange contracts, CFDs, total return swaps.</p> <p>The choice of investments will neither be limited by a geographical area (i.e. invest in any country, including emerging countries), an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country (or some countries) and/or in a single currency and/or in a single economic sector.</p> <p>Furthermore, there will be no particular or predetermined weight placed on any of the aforementioned types of asset classes; asset allocation will follow a strategic approach and will be determined on the basis of the outlook for global financial markets.</p> <p>By derogation to the provisions of item VI. a) in the chapter 19 of the prospectus, the Sub-Fund may invest more than 10% of its net assets in other undertakings for collective investment (UCITS or other UCIs).</p> <p>If the Investment Manager considers this to be in the best interest of the shareholders, the Sub-Fund may also, hold, up to 100% of its net assets, liquidities such as cash deposits, money market funds and money market instruments.</p>	<p>The securities in the Sub- Fund will have a minimum average rating of “B-” (excluding not rated) by Standard & Poor’s or similarly rated by another internationally recognized rating service or determined to be of similar creditworthiness by the Investment Manager of the Sub-Fund. The Sub-Fund will limit the investment in debt securities issued by rated issuers with a Standard & Poor’s rating, or equivalent rating agency, lower than B- to 10% of the Sub-Fund’s net assets.</p> <p>Investments in distressed or defaulted securities rated by a recognized rating agency below C are not foreseen under this Sub-Fund.</p> <p>The Sub-Fund will limit the investment in unrated debt securities to 20% of the Sub-Fund’s net asset.</p> <p>6) Should the downgrade of one or more securities affect one of the three rating limits mentioned above (minimum average rating – pt 3, distressed securities – pt 4, unrated securities -pt 5), the Investment Manager will have up to 6 months to rebalance the Sub-Fund</p> <p>In general terms, the Investment Manager shall not seek any direct investment into equity securities, but, by way of exception, and with reference to subordinated bonds and convertible bonds, there is the possibility that such debt instruments under some conditions (e.g. will of supervisory authority and/or the reduction of credit rating of the issue/s) could be converted directly in equities; in such a case the Investment Manager may decide to stay invested in such equities instruments, up to 10% of its assets.</p> <p>Using macro-economic analysis, the Sub-Fund will switch from High Yields to Investment grade or Governatives securities, to adapt the risk profile to the current economic phase. So, for the avoidance of doubt, the Sub-Fund can have an exposure up to 100% in High Yields securities or investment grade securities.</p> <p>Investments will be diversified both geographically and in terms of economic sector, and they may be done in global as well as local currency, including emerging markets.</p> <p>The maximum total investments in convertible bonds will be 20% of its net assets.</p> <p>In accordance with the provisions of item VI. a) in the chapter 19 or the prospectus, the Sub-Fund shall not invest more than 10% of its net assets in other undertakings for collective investments.</p>
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	<p>The Sub-Fund may also enter into derivative contracts both for hedging purposes (typically forward agreements to hedge currency risks) as well as for investment purposes.</p> <p>The derivatives used will include but will not be limited to:</p> <ul style="list-style-type: none"> • forwards • futures • plain-vanilla options • listed options on High Yields ETFs (in detail the HYG US Equity) composed in compliance with Art 44 of the 2010 law • listed options and futures on equity indices • Credit Default Swap (CDS) <p>The Sub-Fund may invest in total return swaps and credit default swaps on single name, basket of names and credit indices (such as the ITRAXX and CDX indices composed in compliance with Art 44 of the 2010 law.</p> <p>Cash Borrowing of up to 10 % of the Sub-Fund's net assets can be undertaken in a secured or unsecured basis provided that such borrowings are made only on a temporarily basis.</p>
<p>To change the Risk monitoring of the Sub-Fund TIMEO NEUTRAL Sicav – BZ Global Asset Allocation Fund to be denominated as of the 14.09.2017 <u>TIMEO NEUTRAL Sicav - BZ ACTIVE INCOME FUND</u> with effect as of the 14.09.2017 as follows:</p>	
<p>Risk monitoring of the Sub-Fund before the 14.09.2017:</p>	<p>Risk monitoring of the Sub-Fund as of the 14.09.2017:</p>
<p>The Sub-Fund's global risk exposure is monitored by using the Value-at-Risk ("VaR") approach which aims to estimate the maximum potential loss that the Sub-Fund could suffer within a certain time horizon (one month) and with a certain confidence level (99% confidence interval), in normal market conditions. More specifically,</p> <p>the Sub-Fund uses the absolute VaR option, whereby the Sub-Fund's VaR is limited to 20%.</p> <p>Furthermore, the leverage of the Sub-Fund shall be calculated using the "Sum of notionals" method, in compliance with relevant Luxembourg laws and regulation and European Securities and Market Authorities (ESMA) guidelines.</p> <p>The Maximum expected leverage is set at 300 %.</p>	<p>The global risk exposure (calculated through the "Commitment Approach") to markets linked and deriving from these derivative contracts may not exceed the Net Asset Value of the Sub-Fund.</p> <p>The Sub-Fund may also use techniques and instruments in accordance with the rules set out in CSSF Circular 08/356 as amended from time to time and in accordance with the paragraph 3.4.2 "Other Special Investment Techniques and Instruments".</p>
<p>To change the Risk Profile of the Sub-Fund TIMEO NEUTRAL Sicav – BZ Global Asset Allocation Fund to be denominated as of the 14.09.2017 <u>TIMEO NEUTRAL Sicav - BZ ACTIVE INCOME FUND</u> with effect as of the 14.09.2017 as follows:</p>	
<p>The Sub-Fund is subject to the specific risks linked to investments in undertakings for collective investment as well as to commodity indices and interest rates risks linked to</p>	<p>The Sub-Fund is subject to the specific risks linked to investment in debt securities, Contingent Convertible Instruments and Currency Risks.</p>

<p>investment in debt securities and market volatility linked to the investment in financial derivative instruments. The Sub-Fund may also have these additional risks related to foreign investments as well as to investments in currencies.</p> <p>Since the assets of the Sub-Fund are risk exposed to one, several or all of the above asset types, the risk will be varying from low to high.</p> <p>Investors are advised to refer to Chapter 20 of the prospectus for further details in this connection.</p>	<p>Since the assets of the Sub-Fund are risk exposed to one, several or all of the above asset types, the risk will be varying from low to high.</p> <p>Investors are advised to refer to Chapter 20 of the prospectus for further details in this connection.</p>
<p>To change the Profile of the Typical Investor of the Sub-Fund TIMEO NEUTRAL Sicav – BZ Global Asset Allocation Fund to be denominated as of the 14.09.2017 <u>TIMEO NEUTRAL Sicav - BZ ACTIVE INCOME FUND</u> with effect as of the 14.09.2017 as follows:</p>	
<p>Medium risk vehicle aiming at providing capital growth.</p> <p>Investors who are seeking capital growth over the long term and who are able to tolerate moderate price fluctuation.</p>	<p>The Sub-Fund has been designed for investors who are seeking income from a global and well diversified fixed income fund and who are comfortable with a certain amount of volatility.</p> <p>Due to specific nature of the fixed income market in term of rating, duration, capital structure and currency risk, the Sub-Fund is suitable for investor who can afford to set aside the capital for at least a 5 years' investment horizon.</p>

2.1. The Board would like to add with effect of the 14.09.2017 the following sentences in the investment policy of the Sub-Fund TIMEO NEUTRAL Sicav – BZ Conservative Wolf Fund:

“The Sub-Fund may also invest in structured products, such as but not limited to notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the grand-ducal regulation dated 8 February 2008 (including indices on volatility, commodities, precious metals, etc.), currencies, exchange rates, transferable securities or a basket of transferable securities or an undertaking for collective investment, at all times in compliance with the grand-ducal regulation.

In compliance with the grand-ducal regulation, the Sub-Fund may also invest in structured products without embedded derivatives, correlated with changes in commodities (including precious metals) with cash settlement.

Those investments may not be used to elude the investment policy of the Sub-Fund.”

2.2. Further he Board would like to clarify on the Sub Fund TIMEO NEUTRAL Sicav – BZ Conservative Wolf Fund as follows:

“The Sub-Fund may invest up to 20 % of its assets in contingent convertible bonds while investments in convertible bonds will not represent more than 40% of the Sub-Fund’s net assets.”

3. The Board would like to add with effect of the 14.09.2017 the following sentences in the investment policy of the Sub-Fund TIMEO NEUTRAL Sicav – BZ Inflation Linked Bonds Fund.

“The Sub-Fund may also invest in structured products, such as but not limited to notes, certificates or any other transferable securities whose returns are correlated with changes in inflation indexes.”

4. The Board would like to add with effect of the 14.09.2017 the following sentences in the investment policy of the Sub-Fund TIMEO NEUTRAL Sicav –BZ New Opportunity Bonds Investment.

“Investments in asset-backed securities and mortgage-backed securities can be made up to 20% of the net assets of the Sub-Fund.”

5. The Board would like to add for clarification reasons that equity indices need to be composed in compliance with Art 44 of the 2010 Law under the Sub-Fund TIMEO NEUTRAL SICAV – BZ VOLATILITY FUND.
6. The Board would like to add for clarification reasons that equity indices need to be composed in compliance with Art 44 of the 2010 Law under the Sub-Fund TIMEO NEUTRAL SICAV - BZ DIVERSIFIED FUND.

Further the Board would like to add for clarification reasons under the same Sub-Fund's Investment Policy as follows:

"The underlying of the embedded derivatives contained in such a structured product can only consist in instruments being eligible under the 2010 Law."

7. The Board would like to add for clarification reasons that equity indices need to be composed in compliance with Art 44 of the 2010 Law under the Sub-Fund TIMEO NEUTRAL SICAV - BZ MARTIN GROUP.

Further the Board would like to add for clarification reasons under the same Sub-Fund's Investment Policy as follows:

"The underlying of the embedded derivatives contained in such a structured product can only consist in instruments being eligible under the 2010 Law."

In light of the aforementioned changes referenced above under points 1, 2.1, 2.2, 3, and 4 shareholders of the effected Sub-Funds may redeem their shares free of charge during one month following the publication of the present notice.

The update version of the Prospectus dated 14. September 2017 reflecting the above may be obtained, free of any charges, at the Registered Office of the Fund, at the Registered Office of the Management Company.

This document is also available at the website of the Management Company: <http://www.pharusmanco.lu>.

Shareholders having any question relating to the above changes should not hesitate to contact their financial advisor or Pharus Management Lux S.A.

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Luxembourg, 14.08.2017

The Board of Directors

TIMEO NEUTRAL SICAV