SIDERA FUNDS
SICAV

Luxembourg, 02.12.2021

Subject: Notice to shareholders of the Sidera Funds SICAV (the "Fund")

The board of directors of the Fund (the "**Board**") hereby informs the shareholders of the Fund that it is contemplated to implement the following changes in the prospectus of the Fund (the "**Prospectus**"). The changes shall be effective as of Monday, 3 January 2022.

I. Changes to the general part of the Prospectus

- <u>Performance Fee update</u>

The Board has decided to update section 9.3 "Performance Fee" of the general part of the Prospectus in order to comply with the ESMA Guidelines on performance fees in UCITS and certain types of AIFs dated 3 March 2020 (the "**ESMA Guidelines**"). Two models, both in line with the ESMA Guidelines, have been determined, depending on the type of Sub-Funds: (i) the Benchmark model for market Sub-Funds (the "**Benchmark Model**") and (ii) the Index cum spread + High-on-High ("**HoH**") model for total/absolute return Sub-Funds (the "**Index Cum Spread + HoH Model**").

- Under the Benchmark Model, the reference period coincides with the financial year of the Fund and the crystallisation date is the last Net Asset Value date of each financial year.

  The Performance Fee will be calculated and accrued at each Valuation Day and the amount accrued shall be paid to the Investment Manager on the first (1st) working day following the crystallisation date. The amount of the Performance Fee to be charged will depend on the total return performance of the Net Asset Value per Share of the relevant Share Class compared to maximum of zero and the performance of the relevant Benchmark (i.e. over-performance). Any underperformance incurred over a lookback period of five (5) years shall be recovered before a Performance Fee becomes payable.

  A Performance Fee shall be paid for the reference period only if the following cumulative conditions are met: (i) the Share Class performance is positive; and (ii) the over-performance net of previous underperformance is positive. The amount of Performance Fee equals 20% of the over-performance net of previous underperformance.

  The Benchmark Model will apply to (i) Sidera Funds – Euro Credit Alpha and (ii) Sidera Funds – Equity Europe Active Selection.

  The numeric example below will be inserted in sub-section 9.3.1 of the general part of the Prospectus to have a better understanding on how the Performance Fee will be calculated under the Benchmark Model.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Portfolio return (1)	3.00%	-2.00%	-1.00%	-0.70%	2.00%	1.50%	2.50%	20.00%
Benchmark return (2)	1.00%	-1.70%	-0.40%	-0.30%	1.00%	1.00%	1.00%	9.00%
Active return = (1) - max[(2),0]	2.00%	-2.00%	-1.00%	-0.70%	1.00%	0.50%	1.50%	11.00%
Loss to be recovered in the current year	0.00%	0.00%	-2.00%	-3.00%	-3.70%	-2.70%	-1.70%	-0.20%
% Management fee	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
% Performance fee before fee cap	0.40%	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	2.16%
% Performance fee after fee cap	0.40%	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	2.00%
Average NAV	97,682,749	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	112,278,884
NAV	103,000,000	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	126,362,750
€ Performance fee (crystallized)	390,731	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	2,245,578

- Under the Index Cum Spread + HoH Model, the Performance Fee shall be accrued and crystallised daily whereby its total amount shall be paid to the Investment Manager at the beginning of each month, provided that the reference period is equal to the whole life of the Fund and it cannot be reset. The Performance Fee rate equals 20% of the minimum between the over-performance net of previous underperformance and the total return performance relative to the HoH. Any underperformance incurred since inception is recovered before a Performance Fee becomes payable, thereby Performance Fees cannot be accrued or paid more than once for the same level of performance over the whole life of the Fund.

  A Performance Fee shall be paid for the reference period only if the following cumulative conditions are met: (i) the Share Class performance is positive; (ii) the over-performance net of previous underperformance is positive; and (iii) the performance relative to the HoH is positive.

  The Index Cum Spread + HoH Model will apply to (i) Sidera Funds – Equity Global Leaders and (ii) Sidera Funds – Balanced Growth. Shareholders can report to the numeric example inserted in sub-section 9.3.2 of the general part of the Prospectus to have a better understanding on how the Performance Fee will be calculated under the Index Cum Spread + HoH Model.

  The numeric example below will be inserted in sub-section 9.3.2 of the general part of the Prospectus to have a better understanding on how the Performance Fee will be calculated under the Index Cum Spread + HoH Model.

	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8
NAV per share (including distributed dividends)	5.10	5.05	5.02	5.04	5.12	5.21	5.25	5.85
Portfolio return (1)	2.00%	-0.98%	-0.59%	0.40%	1.59%	1.76%	0.77%	11.43%
Target return (2)	0.50%	-0.50%	-0.40%	0.35%	0.60%	0.40%	0.30%	1.00%
Active return = (1) - max[(2),0]	1.50%	-0.98%	-0.59%	0.05%	0.99%	1.36%	0.47%	10.43%
Loss to be recovered	0.00%	0.00%	-0.98%	-1.57%	-1.53%	-0.54%	0.00%	0.00%
High-on-High	5.00	5.10	5.10	5.10	5.10	5.10	5.21	5.25
% Management fee	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
% Performance fee before fee cap	0.30%	not applicable	not applicable	not applicable	not applicable	0.16%	0.09%	2.09%
% Performance fee after fee cap	0.30%	not applicable	not applicable	not applicable	not applicable	0.16%	0.09%	2.00%
Average NAV	102,584,727	not applicable	not applicable	not applicable	not applicable	94,635,918	102,734,162	112,541,037
NAV	102,000,000	not applicable	not applicable	not applicable	not applicable	104,200,000	105,000,000	117,000,000
€ Performance fee (crystallized)	306,000	not applicable	not applicable	not applicable	not applicable	155,027	96,109	2,250,821

It has also been further clarified that in case of redemption or conversion of Shares of any Class of one Sub-Fund, if a Performance Fee is accrued for those Shares, such Performance Fee will be crystallised respectively at the date of redemption or conversion and it will be considered as payable to the Investment Manager at the end of the financial year, unless the Investment Manager decides to waive the Performance Fee. In case of merger, it is now specified that the crystallisation of the Performance Fee of a merging fund should be authorised subject to the best interest of investors of both the merging and the receiving fund. In a case where all involved funds are managed by the same manager, Performance Fees should normally not crystallize, unless otherwise justified by the manager.

- <u>ESG approach of the Investments Managers</u>

Both sustainability approaches of the Investment Managers have been further clarified in the Prospectus.

Depending of the Investment Managers appointed to perform investment management function for the Sub-Funds in which they hold Shares, shareholders shall refer to either approach developed by the Investment Managers and as described under section 13 "Sustainability-related disclosures" of the general part of the Prospectus.

- Arca Fondi SGR S.p.A has developed an ESG Policy that aims at integrating Sustainability Factors and Sustainability Risks into the Sub-Funds' investment process. The Sustainability Factors integration can be pursued through ESG rating developed by the Investment Manager and based upon information collected from public and private data providers. Shareholders shall however bear in mind that all Sub-Funds, including those that do not actively promote Sustainability Factors, remain exposed to Sustainability Risks as further described in section 5.4 (Sustainability Risk) of the Prospectus. Thus, the applied risk framework may however not be specifically tailored to Sustainability Risks. Shareholders are invited to consult the investment philosophy of Arca Fondi SGR S.p.A available on the Fund website at the following link: www.siderafunds.com/en/investment-philosophy.html.
- According to the approach pursued by Goldman Sachs Asset Management International, the relevant Sub-Fund may be exposed to Sustainability Risks from time to time. Shareholders shall be aware that the universe of sustainability events or conditions is very broad, and their relevance, materiality and impact on investments will depend on a number of factors such as the investment strategy pursed by the relevant Sub-Fund, asset class, asset location and asset sector. Depending on the circumstances, examples of Sustainability Risks can include physical environmental risks, climate change transition risks, supply chain disruptions, improper labour practices, lack of board diversity and corruption. If they materialise, Sustainability Risks can reduce the value of underlying investments held within the relevant Sub-Fund and could have a material impact on the performance and returns of the relevant Sub-Fund. Goldman Sachs Asset Management International may utilise proprietary and/or third-party tools and research to assess and monitor market risks that are relevant to the relevant Sub-Fund.

II. Changes concerning only certain Sub-Funds

- Taxonomy disclosures

In accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the "**Taxonomy Regulation**"), the disclosures the Taxonomy Regulation requires have been inserted in the respective Sub-Fund's supplement, depending on whether each Sub-Fund qualifies as an article 6 or 8 product under SFDR.

It has been specified in a new sub-section 8 "Taxonomy" in the respective supplements of (i) Sidera Funds – Euro Credit Alpha and (ii) Sidera Funds – Global Income Opportunities, as article 8 funds under SFDR that:

"*This financial product promotes environmental characteristic. This financial product does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation and its portfolio alignment with such Taxonomy Regulation is not calculated. Therefore, the "do not significant harm" principle does not apply to any of the investments of this financial product*."

For all other Sub-Funds of the Fund, being classified as article 6 products under SFDR, it is disclosed in a new sub-section 8 “Taxonomy” that “*As the Sub-Fund is not identified as being subject to disclosures of articles 8 or 9 of SFDR, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.”*

- <u>Sidera Funds – Euro Credit Alpha</u>

Shareholders holding Shares in Sidera Funds – Euro Credit Alpha A Inc and/or in Sidera Funds – Euro Credit Alpha A Acc Share Classes are hereby informed that a Performance Fee will be charged in accordance with the Benchmark Model. Please refer to the above-mentioned considerations for details on the calculation model.

Furthermore, the Board, in cooperation with the Investment Manager, has decided to change the investment objective of the Sub-Fund so it qualifies as an article 8 product under SFDR.

The investment objective of the Sub-Fund will be to achieve capital growth in the medium term by investing mainly in corporate bonds and to generate a total rate of return in excess of a Benchmark ICE BofA Euro Large Cap Corporate Duration-Matched ESG Tilt Index (Bloomberg ELSE) (the “**ESG Index**”).

The Sub-Fund will promote environmental, social and governance principles by investing on a continuous basis in constituents of the ESG Index. Shareholders shall however be aware that the Investment Manager will use these Benchmarks with a significant degree of freedom meaning it has full discretion over the composition of the Sub-Fund's portfolio and may take exposure to companies, countries or sectors not included in and/or that have different weightings than the Benchmark, to the extent it does no jeopardize the high degree of sustainability investment objective of the Sub-Fund.

The Sub-Fund will aim at meeting certain eligibility criteria such as reaching at least AA rating at Sub-Fund level or having an ESG score in line or higher than the one of the ESG Index. The ESG score of the Sub-Fund’s portfolio is calculated as a weighted average of the ESG scores assigned to each security held by the Sub-Fund. Moreover, financial instruments issued by companies or governments deemed not in line with the Investment Manager's ESG Policy cannot be included in the investment portfolio. The investment policy of the Sub-Fund aims therefore at reaching and maintaining a high degree of sustainability.

In consideration of the adjusted investment policy of the Sub-Fund as described above, the Board has decided to change the name of the Sub-Fund to **Sidera Funds – Euro ESG Credit**.

- <u>Sidera Funds – Equity Europe Active Selection</u>

Shareholders holding Shares in Sidera Funds – Equity Europe Active Selection A Inc and/or in Sidera Funds – Equity Europe Active Selection A Acc Share Classes are hereby informed that a Performance Fee will be charged in accordance with the Benchmark Model. Please refer to the above-mentioned considerations for details on the calculation model.

- <u>Sidera Funds – Equity Global Leaders</u>

Shareholders holding Shares in Sidera Funds – Equity Global Leaders A Inc and/or in Sidera Funds – Equity Global Leaders A Acc Share Classes are hereby informed that a Performance

Fee will be charged in accordance with the Index Cum Spread + HoH Model. Please refer to the above-mentioned considerations for details on the calculation model.

In addition, the benchmark used by the Sub-Fund for performance comparison purpose will be changed to ICE BofA Euro Treasury Bill Index.

- Sidera Funds – Balanced Growth

Shareholders holding Shares in Sidera Funds – Balanced Growth A Inc and/or in Sidera Funds - Balanced Growth A Acc Share Classes are hereby informed that a Performance Fee will be charged in accordance with the Index Cum Spread + HoH Model. Please refer to the above-mentioned considerations for details on the calculation model.

- Sidera Funds – Global Income Opportunities

The Board, in cooperation with the Investment Manager, has decided to change the investment objective of the Sub-Fund so it qualifies as an article 8 product SFDR.

The investment objective of the Sub-Fund will be to achieve capital growth in the medium term by investing mainly in High Yield Global Bonds and Emerging Market bonds and to generate a total rate of return in excess of a composite Benchmark comprised of 50% ICE BofA Euro High Yield Duration-Matched ESG Tilt Index (Bloomberg HESD) and 50% ICEBofA 1-5 Year BBB & Lower Sovereign External Debt Carbon Reduction Constrained Index hedged (Bloomberg IVCR) (the “**ESG Indices**”).

The Sub-Fund will promote environmental, social and governance principles by investing on a continuous basis in constituents of the ESG Indices. Shareholders shall however be aware that the Investment Manager will use the ESG Indices with a significant degree of freedom meaning it has full discretion over the composition of the Sub-Fund's portfolio and may take exposure to companies, countries or sectors not included in and/or that have different weightings than the Benchmark, to the extent it does no jeopardize the high degree of sustainability investment objective of the Sub-Fund.

The Sub-Fund will aim at meeting certain eligibility criteria such as reaching at least AA rating at Sub-Fund level or having an ESG score in line or higher than the one of the ESG Indices. The ESG score of the Sub-Fund’s portfolio is calculated as a weighted average of the ESG scores assigned to each security held by the Sub-Fund. Moreover, financial instruments issued by companies or governments deemed not in line with the Investment Manager's ESG Policy cannot be included in the investment portfolio. The investment policy of the Sub-Fund aims therefore at reaching and maintaining a high degree of sustainability.

In consideration of the adjusted investment policy of the Sub-Fund as described above, the Board has decided to change the name of the Sub-Fund to **Sidera Funds – Global ESG Opportunities**.

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Capitalised terms used in this notice shall have the meaning ascribed to them in the current Prospectus, unless the context otherwise requires.

Shareholders of the Fund disagreeing with the changes described herein may redeem their Shares free of any charge from the date of this notice until Monday, 3 January 2022.

This notice, which summarises the changes of the Prospectus applicable to the Fund, should be read in conjunction with the latest updated Prospectus.

All changes shall be reflected in an updated Prospectus, such document to be dated January 2022, which will be made available to shareholders at the registered office of the Fund.

Should you have any questions or concerns about the foregoing, please contact the Fund at its registered office in Luxembourg or the representative of the Fund in your jurisdiction.

Yours faithfully,

The Board of Directors