

## **NEW CAPITAL FUND LUX**

*Société d'Investissement à Capital Variable*

19, rue de Bitbourg

L-1273 Luxembourg

R.C.S. Luxembourg B74740

(the “**Company**”)

### **NOTICE TO THE SHAREHOLDERS OF**

**New Capital Fund Lux – Sovereign Plus EUR**

**New Capital Fund Lux – EUR Shield**

**New Capital Fund Lux – Global Alpha Fund USD**

Luxembourg, 7 December 2023

Dear Shareholder,

The purpose of this notice is to inform you that the board of directors of the Company (the “**Board**”) resolved the following and to change the prospectus of the Company accordingly (the “**Prospectus**”).

#### **I. Merger of New Capital Fund Lux – Sovereign Plus EUR into New Capital Fund Lux – EUR Shield**

The Board has decided to merge New Capital Fund Lux – Sovereign Plus EUR (the “**Merging Sub-Fund**”) into New Capital Fund Lux – EUR Shield (the “**Receiving Sub-Fund**”) (the “**Merging Entities**”). The merger shall become effective on 16 January 2024 (the “**Effective Date**”) based on the closing NAV of 15 January 2024.

This notice describes the implications of the contemplated merger. Please contact your legal or financial advisor if you have any questions on the content of this notice.

Terms not defined in this notice shall have the meaning given to them in the prospectus of the Company.

#### **1. Background and rationale for the merger**

##### *1.1 Background*

The Board of Directors of the Company has decided to merge the Merging Sub-Fund into the Receiving Sub-Fund in order to proceed to an economic rationalization.

The merger may have an impact on Shareholders of the Merging Sub-Fund caused by the change of the investment policy.

The present notice provides important information you will want to know, including the reason for and details of the merger (which will be carried out in accordance with applicable Luxembourg law), the date of the merger, how it will affect you and the choices you have.

### *1.2 Rationale for the merger*

The Prospectus allows for a merger of sub-funds if the Board of Directors would deem it in the Shareholders' interest that a sub-fund should be merged with another sub-fund. The Board of Directors believes that it is in the best interests of the Shareholders of the Merging Sub-Fund to merge the Merging Sub-Fund into the Receiving Sub-Fund and focus on a single sub-fund, which will offer economies of scale to existing shareholders of the Merging Entities and should make it easier for the Receiving Sub-Fund to raise additional capital.

## **2. Summary of the merger**

- (i) The merger shall become effective and final between the Merging Sub-Fund and the Receiving Sub-Fund and *vis-à-vis* third parties on the Effective Date.
- (ii) On the Effective Date, all assets and liabilities of the Merging Sub-Fund will be transferred to the Receiving Sub-Fund. The Merging Sub-Fund will cease to exist as a result of the merger and thereby will be dissolved on the Effective Date without going into liquidation.
- (iii) Shareholders holding shares of the Merging Sub-Fund on the Effective Date will receive shares in the relevant share class of the Receiving Sub-Fund of an equivalent value to the shares they hold in the Merging Sub-Fund as at the Effective Date. Shareholders will be sent a confirmation shortly after this date detailing their new holding. For more detailed information please see section 6 (*Rights of shareholders of the Merging Entities in relation to the merger*) below.
- (iv) Other procedural aspects of the merger are set out in section 7 (*Procedural aspects*) below.

## **3. Impact of the merger on shareholders of the Merging Sub-Fund**

For the shareholders of the Merging Sub-Fund, the merger will result in such shareholders being, from the Effective Date, shareholders of the Receiving Sub-Fund.

The merger will be binding on all the shareholders of the Merging Sub-Fund who have not exercised their right to request the redemption or conversion of their shares, free of charge, within the timeframe set out below.

Shareholders who have not redeemed their shares and have thus accepted the merger will receive in exchange of the shares they hold in the Class O EUR and I EUR of the Merging Sub-Fund, shares in respectively O EUR and I EUR of the Receiving Sub-Fund.

<b>Merging Sub-Fund</b>	<b>Receiving Sub-Fund</b>
Class O EUR : LU0148517047	Class O EUR : LU2478166403
Class I EUR : LU1011100952	Class I EUR : LU2478302784

The maximum management fees chargeable will remain unchanged as reflected below:

<b>Management Fee</b>	<b>Merging Sub-Fund</b>	<b>Receiving Sub-Fund</b>
	Class O EUR : up to 0.70% p.a	Class O EUR : up to 0.70% p.a*
	Class I EUR : up to 0.45% p.a	Class I EUR : up to 0.45% p.a*

\* The current fees charged in the Receiving Sub-Fund are 0.60% p.a for class O EUR and 0.25% p.a for class I EUR.

To ease the merger, the Investment Manager / Management Company will realise the portfolios of the Merging Sub-Fund (the **Merging Portfolio**) ahead of the merger so that the assets of the Merging Sub-Fund might comprise only cash and cash equivalents by the Effective Date. As a consequence, the Merging Sub-Fund might not be compliant with their investment objective, investment policy and investment restrictions as set out above during the month preceding the Effective Date. Similarly, the Merging Portfolio may no longer be diversified in accordance with UCITS risk diversification requirements during that period.

#### 4. Characteristics of the Merging Entities

This section compares the key features of the Merging Sub-Fund to that of the Receiving Sub-Fund and highlights material differences, if any.

	<b>Merging Sub-Fund</b>	<b>Receiving Sub-Fund</b>
<b>Investment objective</b>	The long-term investment objective of the Sub-Fund is to achieve a combination of capital and income returns primarily from government and government related bonds denominated in EUR.	The long-term investment objective of the Sub-Fund is to achieve a combination of capital and income returns primarily from government and government related bonds and corporate bonds denominated in EUR with an emphasis on capital preservation.
<b>Benchmark</b>	The Sub-Fund's benchmark is the ICE BofAML 1-10 Year Euro Government Index and is used for comparative purposes.	The Sub-Fund's benchmark is the ICE BofAML 1-3 Year Euro Corporate Index and is used for comparative purposes.
<b>Investment strategy and restrictions</b> <i>(Differences between the Merging Sub-Fund and the</i>	<b><u>The Sub-Fund invests at least 90% of its assets in securities denominated in EUR. The remaining portion may be invested in securities denominated in other currencies that may be hedged back to EUR.</u></b>	

<p><i>Receiving Sub-Fund in terms of investment strategy and restrictions are reflected by <b><u>bold underlining</u></b> for new formulations and <del>strikethrough</del> for deletions.)</i></p>	<p>The Sub-Fund invests at least two thirds of its assets, in accordance with the principle of risk spreading, in Debt Securities issued by Sovereigns, Supranational, Public Local Authorities, Semi-Public Enterprises or Private Borrowers without geographical limitation. The following conditions will be respected:</p> <p><del>The Sub-Fund invests at least 70% of its assets in Sovereigns, Supranational entities, agencies and government related Debt Securities.</del></p> <p><del>The Sub-Fund may not invest more than 30% of its assets in corporate bonds.</del></p> <p>The Sub-Fund may not invest more than 25% of its assets in convertible bonds and warrants issues.</p> <p>The Sub-Fund may not invest more than 25% of its assets in subordinated Debt Securities.</p> <p><b><u>The Sub-Fund may not invest more than 15% of its assets in Contingent Convertible Bonds (equity conversion or write-down).</u></b></p> <p>The Sub-Fund may not invest more than 25% of its assets in below investment grade Debt Securities.</p> <p>The remaining portion, which may not exceed one third of the Sub-Fund’s assets, may be invested in Liquid Assets or in other instruments. The following conditions will be respected:</p> <p>Ancillary liquid assets are limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 41(1) of the 2010 Law or for a period of time strictly necessary in case of unfavourable market conditions. The holding of such ancillary liquid assets is limited to 20% of the net assets of the Sub-Fund.</p> <p>The Sub-Fund cannot purchase shares directly.</p> <p>The Sub-Fund can acquire shares, through the exercise of conversion and subscription rights, provided the total value of those shares does not exceed 10% of the Sub-Fund’s assets. Those shares have to be sold within 12 months of their acquisition.</p> <p><b><u>The Sub-Fund promotes environmental and social characteristics as further detailed in the section below titled “Classification under SFDR”.</u></b></p>
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<b>Classification under SFDR</b>	The Sub-Fund takes into account sustainable-related risk factors in its investment decision process in accordance with article 6-1 SFDR.	The Sub-Fund promotes environmental and/or social characteristics in the meaning of article 8 SFDR.
<b>Global Exposure Method</b>	Commitment	

### *1.1 Profile of typical investor*

The profile of the typical investor for the Receiving Sub-Fund is exactly the same as the one for the Merging Sub-Fund.

### *1.2 Classes of shares and currency - features and characteristics*

The reference currency of the Merging Entities is EUR.

The net asset value days and calculation, the dealing cut-off time, the cut-off time for payments of subscriptions and redemptions, the risk factors and the financial year and dividend policy remain unchanged.

Each of the share classes of the Merging and Receiving Sub-Funds has identical features in terms of distribution policy.

Minimum investment criteria will remain unchanged as reflected below:

	<b>Merging Sub-Fund</b>	<b>Receiving Sub-Fund</b>
<b>Minimum Initial Investment</b>	Class O EUR : 100 EUR	Class O EUR : 100 EUR
	Class I EUR : 100 EUR	Class I EUR : 100 EUR

## **5. Criteria for valuation of assets and liabilities**

### *Merger reports*

In accordance with article 71(1) of the Luxembourg law of 17 December 2010 on undertakings for collective investment, the merger report, which will be prepared by Deloitte Audit, the Auditor of the Receiving Sub-Fund in respect of the merger, will include a validation of the following items:

- (i) the criteria adopted for valuation of the assets and/or liabilities for the purposes of calculating the exchange ratio;
- (ii) the calculation method for determining the exchange ratio; and
- (iii) the final exchange ratio.

Copies of the merger report on items (i) and (ii) shall be made available free of charge upon request to the shareholders of the Sub-Funds. Copies of the merger report on item (iii) will be available on the Effective Date at the registered offices of the Merging Entities.

For the purpose of calculating the share exchange ratio, the rules laid down in the Articles and the Prospectus for the calculation of the net asset value will apply to determine the value of the assets and liabilities of the Merging Sub-Fund and of the Receiving Sub-Fund.

## **6. Rights of shareholders of the Merging Entities in relation to the merger**

Shareholders of the Merging Sub-Fund holding shares in the Merging Sub-Fund at the Effective Date will automatically be issued, in exchange for their shares in the Merging Sub-Fund, a number of shares of the corresponding share class of the Receiving Sub-Fund equivalent to the number of shares held in the relevant share class of the Merging Sub-Fund multiplied by the relevant share exchange ratio which shall be calculated for each class of shares on the basis of its respective net asset value as of the Effective Date in accordance with the formula set out in the Prospectus under “*How to convert shares*”.

In case the application of the relevant share exchange ratio does not lead to the issuance of full shares, the shareholders of the Merging Sub-Fund will receive fractions of shares up to three decimal points within the Receiving Sub-Fund; no cash payment is contemplated as a result of the exchange of shares.

No subscription fee will be levied within the Receiving Sub-Fund as a result of the merger.

Shareholders of the Merging Sub-Fund will acquire rights as shareholders of the Receiving Sub-Fund from the Effective Date on.

Shareholders of the Merging Entities not agreeing with the merger will be given the possibility to request the redemption, without any redemption charges (other than charges retained by the Merging Entities to meet disinvestment costs) prior to 9 January 2024.

## **7. Procedural aspects**

No shareholder vote is required in order to carry out the merger. Shareholders of the Merging Sub-Fund not agreeing with the merger may request the redemption of their shares as stated under section 6 (*Rights of shareholders of the Merging Entities in relation to the merger*) above only prior to 9 January 2024.

### *7.1 Suspensions in dealings*

In order to implement the procedures needed for the merger in an orderly and timely manner, the Board of Directors of the Company has decided that, unless previously agreed:

- Subscriptions for or conversions to shares of the Merging Sub-Fund will not be accepted or processed as of the date of this notice;
- Conversions to shares of the Receiving Sub-Fund will not be accepted or processed from 9 January 2024 on; and

- Redemptions of shares from the Merging Sub-Fund will not be accepted or processed from 9 January 2024 on.

## *7.2 Confirmation of merger*

Each shareholder in the Merging Sub-Fund will receive a notification confirming (i) that the merger has been carried out and (ii) the number of shares of the corresponding class of shares of the Receiving Sub-Fund that they hold after the merger.

## **8. Costs of the merger**

All costs of the merger (with the exception of any dealing costs, audit costs and transfer taxes on the assets associated with the transfer of assets and liabilities and the custody transfer costs which will be borne by the Merging Sub-Fund) will be entirely borne by EFG Asset Management.

## **9. Taxation**

The merger of the Merging Sub-Fund into the Receiving Sub-Fund may have tax consequences for shareholders. Shareholders should consult their professional advisers about the consequences of this merger on their individual tax position.

### **II. Renaming of the sub-fund New Capital Fund Lux – Global Alpha Fund USD to New Capital Fund Lux – Prudent Multi-Asset Fund USD**

As from the Effective Date, the sub-fund New Capital Fund Lux – Global Alpha Fund USD will be renamed into New Capital Fund Lux – Prudent Multi-Asset Fund USD. It should be noted that this change will not lead to a change in the features of this sub-fund.

A revised prospectus of the Company reflecting the above changes will be available upon request at the registered office of the Company as from the Effective Date.

For any queries in relation to the above, please do not hesitate to contact your EFG relationship manager.

Yours sincerely,

THE BOARD OF DIRECTORS

## Information for investors in Switzerland

- Country of origin of the collective investment scheme: Luxembourg.
- Swiss Representative: CACEIS (Switzerland) SA, Route de Signy 35, CH-1260 Nyon, Switzerland.
- Paying Agent: EFG Bank AG, Bleicherweg 8, CH-8022 Zurich, Switzerland.

Location where copies of the Prospectus, Key Investor Information Documents, the Memorandum and Articles of Association, and the annual and half yearly reports may be obtained: CACEIS (Switzerland) SA, Route de Signy 35, CH-1260 Nyon, Switzerland.