

ALQUITY SICAV
Société d'Investissement à Capital Variable
Registered Office: 106, route d'Arlon
L-8210 Mamer
Grand Duchy of Luxembourg
RCS Luxembourg: B 152.520
(the "**Company**")

**NOTICE TO THE CERTAIN CURRENT AND PAST SHAREHOLDERS OF
ALQUITY SICAV – ALQUITY AFRICA FUND**

Luxembourg, 08 March 2019

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF IN DOUBT, YOU SHOULD SEEK INDEPENDENT PROFESSIONAL ADVICE.

*Unless the context otherwise requires, words and expressions contained in this notice (the "**Notice**") shall bear the same meaning as in the prospectus of the Company dated April 2018 (the "**Prospectus**").*

Dear Investor,

The board of directors of the Company (the "**Board**") is writing to you as a current or former shareholder of Alquity SICAV – Alquity Africa Fund (the "**Sub-Fund**") with respect to certain past events relating to the Sub-Fund (as described below) and the compensation payable to you in connection therewith.

I. Background:

1. The TER capping mechanism:

Since the inception of the Sub-Fund until 5 November 2015, the Sub-Fund has operated a "capping" accounting system which was designed to cap the total expense ratio (the "**TER**") for each class of shares. If the actual TER of the class of shares during the year was above the capped percentage on total expenses that had been fixed by the Board ("**Capped TER**"), Alquity Investment Management Ltd (the "**Investment Manager**") provided financial support to limit the TER ("**Financial Support**") to the Capped TER. If the actual TER of the class of shares during the year was below the Capped TER, then the class of shares reimbursed to the Investment Manager the Financial Support previously provided ("**Recharge**").



The effect of the Capped TER policy was that each class of shares was bearing expenses up to the Capped TER.

The Capped TER policy ceased on 5 November 2015, and since then the Sub-Fund's shareholders have been bearing the actual TER.

2. Irregularities raised:

The *Commission de Surveillance du Secteur Financier* (the "CSSF") raised concerns to the Board as regards the annual reports and management letters for the years ended from 30 June 2011 to 30 June 2017 as well as certain disclosures in the Prospectus. In particular their main causes of concern were as follows:

- the absence of disclosure of the TER capping mechanism in the Prospectus;
- the incorrect processing of accounting entries related to the TER capping mechanism;
- the absence of disclosure of the formation expenses in the Prospectus;
- the incorrect processing of accounting entries related to the Sub-Fund's formation expenses; and
- the erroneous amounts of formation expenses related to the Sub-Fund.

Considering the above, the CSSF has required (i) some corrective measures which have since been implemented by the Board (for further details, please refer to the notes in the 2017 reissued annual accounts or the 2018 annual accounts) and (ii) a compensation plan.

II. Compensation plan:

The Board has assessed the overall impact on each investor and has determined that compensation payments need to be made to all current and past Sub-Fund's investors who had an overall "net negative impact" as a result of the irregularities linked to the application of the TER capping mechanism and the formation expenses (the "**Irregularities**") (each an "**Affected Shareholder**"). A "net negative impact" means a shareholder bearing more Recharge than the Financial Support received, in net terms.

The calculations related to the compensation plan have been reviewed and approved by the Company's auditor, namely KPMG Luxembourg (the "**Auditor**"), the Investment Manager and the Management Company.

1. Calculation of the compensation payment:

Taking into account the Irregularities for the compensation plan, the actual TER of the Sub-Fund was above the Capped TER for the following periods from its inception (i.e. 28 June 2010) to 5 November 2015, during which Financial Support was provided by the Investment Manager:



Financial Year	Financial Support provided
From 28 June 2010 to 30 June 2011	USD 299,309
From 1 July 2011 to 30 June 2012	USD 115,067
From 1 July 2012 to 30 June 2013	USD 173,559
From 1 July 2013 to 30 June 2014	Nil
From 1 July 2014 to 30 June 2015	Nil
From 1 July 2015 to 5 November 2015	Nil

Taking into account the Irregularities for the compensation plan, the actual TER of the Sub-Fund was below the Capped TER for the following periods from its inception (i.e. 28 June 2010) to 5 November 2015, during which Recharge was made to the Investment Manager:

Financial Year	Recharge made
From 28 June 2010 to 30 June 2011	Nil
From 1 July 2011 to 30 June 2012	Nil
From 1 July 2012 to 30 June 2013	Nil
From 1 July 2013 to 30 June 2014	USD 8,780
From 1 July 2014 to 30 June 2015	USD 396,266
From 1 July 2015 to 5 November 2015	USD 182,889

With respect to all Affected Shareholders, the total amount of compensation payments is USD 387,679.

2. Payment of the compensation:

The compensation payments are made at the expenses of the Investment Manager. The Auditor confirmed in its agreed upon procedures' report dated 31 December 2018 that the costs related to the compensation plan and the regularisation operations, including the costs linked to the Auditor's intervention have not been levied from the Company's assets.

As at 24 January 2019 the Investment Manager has paid the total amount of USD 387,679 to the Company's collection account.

The compensation payments described above will be paid by RBC Investor Services Bank S.A. to all Affected Shareholders on or around the date of this Notice.

The Board accepts responsibility for the accuracy of the content of this notice (the "**Notice**"). To the best of the knowledge and belief the Board (who have taken reasonable care to ensure that such is the case), the information contained in this Notice is true, accurate and not misleading in any material respect and does not omit anything likely to materially affect the import of such information.

Please feel free to contact your Company representative with any questions regarding this Notice.

BY ORDER OF THE BOARD OF DIRECTORS

