NN (L) Flex

Société d'Investissement à Capital Variable
80, route d'Esch – L-1470 Luxembourg
R.C.S. n° B 41.873
(the "**Company**")

NOTICE TO SHAREHOLDERS

The board of directors of the Company (the "**Board of Directors**") has decided the following amendments and clarifications to the Company's prospectus (the "**Prospectus**"), which will be dated December 2019.

1. **To amend the Prospectus for non-substantial amendments for coherence and clarification purposes as well as compliance with new/updated regulations purposes.**

2. **To add the following definitions into the Glossary:**
"Benchmark Regulation: Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014. An overview of indices of the Company's Sub-Funds is available in the Appendix II of the Company's Prospectus."

   "Capital Call Notice: A notice issued by the AIFM to an investor requiring it to pay to the relevant Sub-Fund a portion of its Unfunded Commitment against the issue of Shares of the relevant Class in the relevant Sub-Fund."

   "Capital Contribution: With respect to any Shareholder in the applicable Sub-Fund, the amount of contributions that such Shareholder has made to the relevant Sub-Fund with respect to its Commitment at any given time."

   "Commitment: An undertaking by an investor to subscribe for Shares of a Sub-fund up to such amount as specified in the Commitment Agreement (including any increase to such commitment during the life of the relevant Sub-fund, as provided for in the corresponding Sub-Fund factsheet)."

   "Commitment Agreement: The form of subscription agreement to Shares of a Share-Class of a Sub-Fund to be executed by each potential investor in the relevant Sub-Fund pursuant to which the investor will make a Commitment to that Sub-Fund to subscribe for Shares of the relevant Share-Class in that Sub-Fund identified in such agreement."

   "Commitment Fee: Fee charged to any investor who makes a Commitment to a Sub-Fund if stated in the relevant Sub-Fund factsheet."

   "EMIR Regulation: Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories."

   "Investment Grade: Securities rated BBB-, BBB3, Baa3 or higher according to at least one of the recognised External Credit Assessment Institutions (ECAIs) or, if not rated, securities of equivalent credit quality at the time the investment is made as determined by the AIFM using the portfolio manager's internal evaluation model."

   "Minimum Commitment Amount: Minimum Commitment Amount: The minimum amount that is required to be subscribed if relevant for the Sub-Fund. The Minimum Subscription Amount is defined in the relevant Sub-Fund factsheet."

   "Unfunded Commitment: The remaining portion of a Shareholder's Commitment not yet drawn down and to be paid to the relevant Sub-Fund upon the issue of a Capital Call Notice and which is equal to the Shareholder's Commitment reduced by its Capital Contributions to the relevant Sub-Fund."

3. **To decrease, within Part II "Sub-Fund factsheets" of the Prospectus in the sub-fund' factsheet of "NN (L) Flex – Senior Loans", the fixed service fee of the share-class "N" from "0.20%" to "0.15%".**

4. **To create a new sub-fund "NN (L) Flex – Trade Finance" in Part II "Sub-Fund factsheets" of the Prospectus, which will be launched upon decision of the Board and thus to adapt Part I and Part III of the Prospectus for this new sub-fund, as follows (additions in bold and strikethrough of the deletions):**

   - **Part I, chapter III. "Subscription, redemptions and conversion"**

   "Subscriptions

   The Company accepts subscription requests ***or Commitments (as further specified in the relevant Sub-Fund factsheet)*** *on each Valuation Day according to the cut-off rules laid down in the glossary unless otherwise stated in the Sub-Fund factsheets.*

   Shares are issued on contractual settlement date. In the case of subscriptions, Shares are issued within three (3) Business Days after acceptance of the subscription request unless otherwise stated in the relevant Sub-Fund factsheet and/or the Glossary. This period may be extended up to five (5) Business Days or reduced upon approval of the AIFM. ***In the case of Commitments, Shares are issued in accordance with the terms of the relevant Sub-Fund factsheet.*** *[…]*

   The Board of Directors of the Company may also reject any proposed Commitment, in part or in full, for any or no reason.

   The Company may limit or prohibit the acquisition of its Shares by any natural or legal person.

   The Board of Directors of the Company may set out any other subscription conditions in relation to a Sub-Fund as provided in the relevant Sub-Fund factsheet.*"*

   "Conversions

   […] ***Conversions from and to Shares of a Sub-Fund accepting subscriptions only through the execution of a Commitment Agreement are not allowed.***

   The redemption and subscription costs connected with the conversion may be charged to the Shareholder as indicated in each Sub-Fund's factsheet. […]"

- **Part I, chapter V. "Risk factors"**

"[…] In particular, investors' attention is drawn to the fact that if the objective of the Sub-Fund is long-term capital growth ***or the investor profile is dynamic****, depending on the investment universe, elements such as exchange rates, investments in the emerging markets, the yield curve trend, changes in issuers' credit ratings,* ***credit default events,*** *the use of derivatives, investments in companies or the investment sector may influence volatility in such a way that the overall risk may increase significantly and/or trigger a rise or fall in the value of the investments. A detailed description of the risks referred to in each Sub-Fund factsheet can be found in the prospectus.*

It should also be noted that the Investment Manager may, in compliance with the applicable investment limits and restrictions imposed by Luxembourg law and in the best interest of shareholders, temporarily adopt a more defensive attitude by holding more liquid assets in the portfolio. This could be as a result of the prevailing market conditions or on account of liquidation, merger events or when the Sub-Fund approaches maturity ***or as a result of subscriptions or redemptions in a less liquid fund****. In such circumstances, the Sub-Fund concerned may prove to be incapable of pursuing its investment objective, which may affect its performance."*

- **Part II, Sub-Fund factsheet**

"Typical Investor Profile

Categories	*Definitions*
Defensive	*[…]*
Neutral	*[…]*
Dynamic	*Sub-Funds in the Dynamic category are typically suitable for investors with a long term investment horizon* ***(irrespective of the duration of the underlying assets)****. These Sub-Funds are intended to provide additional exposure for more experienced investors where a high proportion of the assets may be invested in equity, or equity–related securities, ~~or~~ in bonds****, loans, or other debt instruments*** *rated below Investment Grade in markets which may be subject to high volatility* ***or higher credit risks."***

- **Part III, chapter II. "Risk and Liquidity Management"**

"Leverage

[…] While the net approach takes into account netting and hedging arrangements, the gross approach does not take into account such arrangements, hence triggering results that are generally higher and not necessarily representative from an economic exposure point of view. Irrespective of the approach used, the expected maximum level of leverage is an indicator and not a regulatory limit. A Sub-Fund's level of leverage may be higher than the expected maximum level as long as it remains in line with its risk profile. Depending on market movements, the expected maximum level of leverage may vary over time. In case no derivatives positions ***or borrowings*** *are included in the portfolio, the base value for the leverage is "1" (i.e. 100%). […]"*

"Liquidity Management
The AIFM maintains a liquidity management process to monitor the liquidity risk of the Sub-Funds, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional liquidity conditions. ***For some Sub-Funds the underlying investments are not liquid because they are hard (or impossible) to sell. The primary source of liquidity for those Sub-Funds is the (self) liquidating nature of (redemptions) of the underlying assets.*** *[…]"*

- **Part III, chapter III. "Risk linked to the investment universe: detailed description"**

"General remarks regarding risks

Investments in the Shares are exposed to risks, which may include or be linked ***(but not limited)*** *to equity, bond, currency, interest rate, credit,* ***default, performance, fraud, country,*** *volatility,* ***counterparty, commodity, liquidity*** *and political risks. Each of these risks may also occur in conjunction with other risks. Some of these risk factors are described briefly below. Investors must have experience in investing in instruments used in the context of the investment policy described. […]*

Company Shares are ***transferable*** *securities whose value is determined on the basis of fluctuations in the price* ***and performance*** *of the ~~transferable securities~~* ***assets*** *held by the Company. The value of Shares may therefore go up or down in relation to their initial value. […]"*

"Interest rate risk

Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro-economic factors, speculation and ***country or region specific*** *central bank and government policies or intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Shares. […]"*

"Currency risk

The value of investments may be affected by exchange rate fluctuations in the Sub-Funds where investments are allowed in a currency other than the Sub-Fund's reference currency. ***The value of investments may be affected indirectly by the local currency exposures of the underlying assets or obligors."***

"Credit risk

[…] If the issuer of bonds or debt securities runs into financial or economic difficulty, the value of the bonds or debt securities (which may become null and void) and the payments made on account of these bonds or debt securities (which may become null and void) may be affected. ***Credit risk could be defined into (1) Credit Spread Risk, (2) Credit Migration Risk, and (3) Credit Default Risk.***

*~~Risk of issuer default~~****(1) Credit Spread Risk, is the risk that the market reprices the Credit Risk differently than the moment a trade was entered. This will effectively/theoretically lead to a MTM loss.***

(2) Credit Migration Risk, is the risk of a change (deterioration) of the implied credit risk profile (credit rating), of a transaction, resulting in a changed (higher) probability of default and a changed risk premium (credit spread) for the risk.

(3) Credit Default Risk: *~~I~~in parallel to the general trends prevailing on the financial markets, developments particular to each issuer can affect the value of an investment. Even a careful selection of transferable securities cannot eliminate the risk of losses caused by the inability of an issuer to face its contractual* *payment obligations.* ***Specifically for trade finance an obligor could also be unwilling to make its contractual payment obligation for various reasons (for example quality, delivery, fraud issues, etc.).*** *"*

*"****Non-Performing Nature of Debt***

Securities acquired or underwritten by the relevant Sub-Fund may become non-performing after investment for a wide variety of reasons. Such non-performing securities may require workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loans (or other Securities). However, even if a restructuring were successfully accomplished, a risk exists that upon maturity of such Security, replacement financing will not be available. Purchases of participations in securities raise many of the same risks as investments in securities and also carry risks of illiquidity and lack of control. It is possible that the AIFM may find it necessary or desirable to foreclose on collateral securing one or more securities purchased by the relevant Sub-Fund. The foreclosure process can be lengthy and expensive. In some countries, foreclosure actions can take up to several years or more to litigate. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the foreclosure process. In such an event the Sub-Fund may decide to sell the position which could result in an earlier prepayment materially below the par value of the underlying.

Also, depending on the laws and regulations of the relevant countries in which the Sub-Fund may invest, the Sub-Fund may hold a claim on a collateral which is junior in comparison to other creditors' claims such as tax and social security authorities. Therefore, in case of default of the debtor the Sub-Fund may not be able to recover part or all of its claim from the assets (if any) given as collateral in consideration for the security.

Legal costs resulting from non-performing debts could have an important impact on the performance of the Sub-Fund. *"*

"Liquidity risk

[…] Reduced liquidity due to these factors may have an adverse impact on the Net Asset Value of the Sub-Fund and on its ability to meet redemption requests in a timely manner. ***This Sub-Fund is highly subject to both types of liquidity risk. First of all the Sub-Fund could most likely not sell its securities at the theoretical MTM price used to calculate the Sub-Fund's Net Asset Value during the life of the transaction. As a result the Sub-Fund's liquidity is subject to the underlying (self) liquidating (redemptions) of the underlying transactions. This means that the funding liquidity is at best (subject to portfolio management considerations to protect the investors of the Sub-Fund) equal to the repayment of the underlying loans. Besides that, Trade Finance portfolios typically are facing some delinquency risk: which is the risk that payments are received later than contractually agreed for various reasons."***

"Counterparty Risk

In its daily dealings, the Company and the AIFM may have multiple relationships with financial institutions, including brokerage firms and banks, with which the Sub-Fund do business, enter into participation agreements, or to which securities will be entrusted for custodial purposes by the Company. There is a possibility that such financial institutions encounter financial difficulties that may impair their operational capabilities or result in losses to the Company.

In addition, the Sub-Fund may also bear the risk of settlement default. This exposes the Sub-Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Sub-Fund to suffer a loss. *"*

*"****Concentration and Diversification***

Provided compliance with applicable diversification rule, it is possible that the Sub-Fund will make only a limited number of investments, so that there may be a concentration in a particular issuer, industry, country, region, commodity and/or currency. Consequently, such Sub-Fund will become more susceptible to fluctuations in value resulting from adverse economic conditions affecting that particular issuer, industry or country, so that the aggregate return of such Sub-Fund may be substantially adversely affected by the unfavourable performance of even a single investment or highly correlated investments. *"*

*"****Key Persons***

The success of the Company or of its Sub-Fund will largely depend on the experience, relationships and expertise of the key persons within the AIFM, which have experience in the respective area of investment. The performance of the Company or any Sub-Fund may be negatively affected if any of the key persons involved in the management or investment process of the Company or particular Sub-Fund would for any reason cease to be involved. Furthermore, the key persons might be involved in other businesses, including in similar projects or investment structures, and not be able to devote all of their time to the Company or the respective Sub-Fund. In addition, the involvement in similar projects or investment structures may create a source for potential conflicts of interest. *"*

*"****Changes in Applicable Law***

The Company and the Sub-Fund must comply with legal requirements in various jurisdictions, including Luxembourg. Should any of these laws change over the scheduled term of the Company and/or the Sub-Fund, the legal requirements to which the Company, the Sub-Funds and its investors may be subject could differ substantially from current requirements. Changes to the current legal, regulatory or tax framework may impact the investors differently. Some type of underlying investments might have a local policy component, for example government subsidies, increasing the risk related to it and the returns it might provide in case of policy change. *"*

*"****Competitive Environment***

Each Sub-Fund will operate in a competitive environment in which there will be a degree of uncertainty in identifying and completing investment transactions. There may be other investment vehicles that have similar or identical objectives that will target similar assets. *"*

*"****No Operating History***

Some Sub-Funds have been newly formed and does not have an operating history or any track record for investment. There is no guarantee that the Sub-Fund will realise their investment objective or that its investors will receive any return on, or the return of, their invested capital. *"*

*"****Risk of Fraud***

There exists a possibility of material misrepresentation or omission on the part of the Issuer/obligor. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the securities or may adversely affect the ability of the Sub-Fund to perfect or effectuate a lien on the collateral securing the security. The Sub-Fund will rely on the accuracy and completeness of representations made by the Issuers to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Sub-Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance of a preferential payment."

*"****Tax Considerations***

Tax laws are complex and quite often not completely clear, and the tax consequences of a particular structure chosen might be questioned or might be subject to challenge by the relevant tax authority in the country concerned. Furthermore, tax laws may change, so that the tax consequences of a particular investment may adversely change after it has been made.

The Sub-Fund's intermediate subsidiary companies or its investors may be subject to income taxes or other taxes in multiple jurisdictions outside of their country. In addition, withholding tax or other taxes may be imposed on earnings of the Sub-Funds from investments in such jurisdictions. Local tax incurred in various jurisdictions by the Sub-Funds or entities through which they invest may not be creditable to or deductible by its investors."

*"**Segregated Liability between Sub-Funds***

While the provisions of the Law of 2010 provide for segregated liability between Sub-Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims. Accordingly, it is not free from doubt that the assets of any Sub-Fund may be exposed to the liabilities of other Sub-Funds. As at the date of this prospectus, the AIFM is not aware of any existing or contingent liability of any Sub-Fund."

- **Part III, chapter IV. "Investment restrictions"**

"[…] Unless stated otherwise in the relevant Sub-Fund particulars, the Company may borrow with respect to each Sub-Fund an amount equal to a maximum of 25% of its net assets.

Without prejudice to the above, the Company is subject to and will conduct its investment operations in compliance with the general investment restrictions that are set out in IML Circular 91/75 as amended by CSSF Circulars 02/80 on specific rules applicable to Luxembourg undertakings for collective investment pursuant alternative investment strategies and 05/177 on the revision and remodelling of the rules to which Luxembourg undertakings for collective investment are subject (or any other CSSF's circular replacing it)."

- **Part III, chapter XII. "Net Asset Value"**

*"[…] The Sub-Fund has engaged an independent pricing service to provide quotations from dealers in loans and to calculate values under this proxy procedure**. If a market price is not available for a particular loan or other similar illiquid asset, such asset may be valued at fair value or amortized cost under procedures established by the AIFM considering that amortized cost is only acceptable for Sub-Funds accepting subscription through the execution of a Commitment Agreement, as described in the Sub-Funds factsheets. The amortized cost valuation methodology implies that any capitalized expenses and premiums or discounts to take into account impairement to par value related to the acquisition of the loans will be amortized over the period from the date of acquisition to the maturity, the disposal or the settlement date of the relevant loan. The loans will therefore not be valued at fair value. In such circumstances, a fair value approach employing "mark-to-model" techniques is considered likely to risk generating inappropriate volatility in the Net Asset Value of the Sub-Fund over its life, particularly in the absence of any nonperforming loans In the Sub-Fund's portfolio.** ~~If a market price is not available for a particular loan, the loan will be valued at fair value under procedures established by the AIFM.~~ […]".*

Unless specifically mentioned otherwise, the above changes will not affect the level of fees currently applicable. Those changes will be reflected in the new version of the Prospectus to be dated December 2019. The Prospectus and the relevant Key Investor Information Documents (KIIDs) will be available upon request free of charge at the registered office of the Company.

The Board of Directors