

Mitteilung an alle Anteilseigner der Melchior Fonds:

Anbei finden Sie die Information der Fondsgesellschaft, folgender Fonds ist betroffen:

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Details können Sie der beigefügten Anlage entnehmen. Falls Ihre Kunden diesen Änderungen nicht zustimmen und die Möglichkeit besteht, die Anteile ohne Gebühren seitens der Fondsgesellschaft zurückzugeben, können Sie den Verkauf der Anteile direkt in MoventumOffice erfassen.

Bitte nehmen Sie zur Kenntnis, dass für die Abwicklung dieser Aufträge die im Preis- und Leistungsverzeichnis von Moventum ausgewiesenen Gebühren und die auf MoventumOffice angegebenen Annahmeschlusszeiten gelten.

MELCHIOR SELECTED TRUST
Société d'Investissement à Capital Variable
20, Boulevard Emmanuel Servais
L-2535 Luxembourg
R.C.S. Luxembourg B 114.615

NOTICE TO SHAREHOLDERS OF MELCHIOR SELECTED TRUST

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

By registered mail, 19 August 2020

Dear Shareholder,

The board of directors (the "**Board**") of Melchior Selected Trust (the "**Fund**") would like to advise you as a shareholder of one of the sub-funds of the Fund (the "**Sub-Fund**", together, the "**Sub-Funds**") that it has decided to amend and to update the prospectus of the Fund dated July 2018 (the "**Prospectus**").

Please be informed that most of the different changes introduced in the Prospectus do not require the approval of the shareholders of the Fund (the "**Shareholders**"). However, some changes do require the approval of the relevant Shareholders and the latter are entitled to redeem or convert free of charge for a period of thirty (30) days as from the date of this notice. As a result, we recommend you to read this letter so you are aware of the changes.

i) Amendments to the Prospectus concerning all the shareholders of the Fund ("Introduction" and "Part A: General Fund Information")

1. The following simplifications have been made to the Prospectus:

- a) Section VII "*Risk Management Process*" has been amended by the removal of the lists of the Sub-Funds using the commitment method and the ones using the value-at-risk method. There is now a reference made to the method for calculating the global exposure in to the relevant appendices of each Sub-Fund.
- b) Section X "*The Shares*" has been amended significantly in order to disclose all information on all types of share classes within only one table summarising the features of the relevant share classes. This will simplify the reading of the Prospectus and allow you to have a better view of the possibilities to invest. Please note that a website (<http://www.daltonsp.com>) and by selecting the appropriate Sub-Fund under the "Our Funds" page) will provide a full list of all available share classes within each Sub-Funds with all characteristics. For the avoidance of doubt, there is no change made to the share classes offering.

2. The following amendments have been made to the Prospectus:

- a) Section "*Introduction*" has been expanded with new wordings regarding (i) the responsibility of the board of directors of the Fund in respect of the content of the Prospectus and (ii) the capital risk linked to the investment into the Fund.
- b) The "*Directory*" Section has been amended to reflect that:
 - a. Mr. Yves Kuhn has been appointed as a new member of the Board as well as chairman of such Board as from 8 November 2018;
 - b. Mr. Geoffroy Linard de Guertechin has stepped down from his role of chairman of the Board as from 8 November 2018;

- c. Mr P. Ulrich Lichtenberg resigned from the Board on 8 November 2018; and
- d. the composition of the board of directors and the conducting persons of the management company of the Fund have changed.

- c) As a result of the Luxembourg law of 13 January 2019 on the register of beneficial owners, the "Glossary" and the Section XI "*Procedure of subscription, conversion and redemption*" have been amended in order to include new wordings regarding the beneficial owners of the Fund and the related disclosure on the Luxembourg register of beneficial owners.
- d) As a result of the 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 (the "BMR"), the "Glossary" and the Section XIX "*General Information*", and more particularly sub-section 8 "*Benchmarks Regulation*", have been amended by the insertion of new wordings relating notably to the status of the administrators of the benchmarks used by the relevant Sub-Funds (please refer to the relevant Sub-Funds under section II. of this notice). In addition, the information on the benchmark contingency plan has been amended by indicating that (i) it is drawn by the management company of the Fund and the Board rather than by Dalton Strategic Partnership LLP, and (ii) it is available to all investors upon request to the management company of the Fund and the Fund.
- e) As a result of the update of the ESMA Q&As on the application of the UCITS Directive issued on 29 March 2019 (the "ESMA Q&A"), the "Glossary" has been added several definitions (i.e. "*Comparator Benchmark*", "*Constraining Benchmark*" and "*Target Benchmark*"). The Prospectus now clearly states that the Sub-Funds are not restricted by a "Target Benchmark" or a "Constraining Benchmark", however, their performance may be assessed using a "Comparator Benchmark" which allows to compare the performance of a particular Sub-Fund against the value or price of an index or indices or any other similar factor.
- f) As a result of the FAQ CSSF on the swing pricing mechanism issued on 1 July 2019, the Section XI "*Procedure of subscription, conversion and redemption*" and more particularly the wordings for swing pricing and the anti-dilution levy have been expanded in order to give to the Shareholders more information on both mechanisms such as the thresholds and the factors taken into account to determine such thresholds.
- g) Section XIV "*Charges and Expenses*" has been amended with the redrafting of the paragraph "*Commission Sharing Arrangements*" which is being renamed "*Research Account Provision*".
- h) Following a full review, Section XVIII "*Taxation*" has been updated to the most latest standards.
- i) The "Glossary" has finally been updated mostly to reflect the changes mentioned in this notice but also for consistency purposes.

II) **Amendments to the Prospectus concerning the Sub-Funds of Melchior Selected Trust ("Part B: Specific Information")**

- 1. All the supplements have been amended as follows:
 - a) All supplements have been also redrafted in order to rationalise the information provided and to delete redundant information as well.

- b) The reference stating there may be times in light of adverse conditions when the manager will wish to hold positions in cash or near-cash instruments has been replaced for all Sub-Funds with the following reference:

"Notwithstanding the above provisions, on a temporary basis and if justified by exceptional market conditions, the Sub-Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions, invest up to 100% of its net assets in cash and cash equivalents, term deposits, money market instruments and money market funds pursuant to the MMF Regulation."

- c) The reference to financial derivatives instruments has been standardised across all Sub-Funds, as follows:

"The Sub-Fund may use financial derivative instruments to achieve its investment objectives, for efficient portfolio management and hedging purposes. The Sub-Fund may use in particular but not limited to currency forward contracts, contracts for difference, warrants and futures contracts and equity index options."

except for the Velox Fund which is going to be more detailed, as follows:

"The Sub-Fund may use financial derivative instruments to achieve its investment objectives including initiating both long and short positions. Such instruments in particular currency forward contracts, warrants, convertible bonds and futures contracts and equity index options may be used to hedge against market, region and currency risks, as well as for efficient portfolio management, within the limits provided in the Section "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives."

- d) The investment policies of all Sub-Funds have been clarified in respect of the ESMA Q&A as they either do not reference a benchmark or reference one for comparative purposes only, as follows:
- a. Melchior European Opportunities Fund: MSCI Europe NR Index;
 - b. Melchior Japan Advantage Fund: TOPIX Dividend Index;
 - c. Melchior Global Multi-Asset Fund: none;
 - d. Melchior European Absolute Return Fund: none;
 - e. Melchior European Enhanced Absolute Return Fund: none;
 - f. Melchior Global Conservative Fund: none;
 - g. Melchior Asian Opportunities Fund: MSCI AC Far East ex Japan Index;
 - h. Melchior Global Equity Fund: MSCI ACWI Index; and
 - i. Velox Fund: MSCI Europe Net Total Return (NTR) Index Future.

2. Melchior European Opportunities Fund – Appendix I

- a) The investment policy of the Sub-Fund has been clarified as follows (removed wording has been struck through and the new wording has been put in bold):

*"[...] The percentage of the portfolio comprised of ~~shares-equities~~ **(directly or indirectly held)** will exceed 51% of total assets.*

[...]

*The Sub-Fund may also invest up to 25% of its total assets in bonds issued by supranational organisations worldwide and **non-European equities** ~~without any geographical restriction~~.*
[...]"

3. Melchior Japan Advantage Fund – Appendix II

- a) The sub-delegation with Dalton Capital (Japan) Inc. acting as sub-investment manager will be terminated on 7 September 2019 and all references to this entity will be deleted from the Prospectus. As a result, on the effective date of the termination of the sub-delegation, the investment management function for the Sub-Fund will be carried out by Dalton Strategic Partnership LLP, the investment manager of the Fund.

4. Melchior European Absolute Return Fund – Appendix III

- a) The investment policy of the Sub-Fund has been clarified as follows:

*"The investment objective of the European Absolute Return Fund is to achieve longer-term capital growth, without undue risk through diversified investment in equities of companies, or using derivatives to generate exposure to such equities. **The percentage of the portfolio comprised of equities will exceed 51% of total assets** which are listed on a stock exchange in the European region or of companies that have their registered office, or carry out a predominant portion of their economic activity in the European region. [...]"*

- b) A reference to the status of the administrator of the benchmark used for the calculation of the performance fees of the Sub-Fund (i.e. LIBOR (also known as ICE LIBOR) has been added in Section XIX "General Information", and more particularly sub-section 8 "Benchmarks Regulation". For the time being, the administrator of such benchmark is listed in the register referred to in Article 36 of the BMR as an administrator authorised pursuant to Article 34 of the BMR.

5. Melchior European Enhanced Absolute Return Fund – Appendix IV

- a) The investment policy of the Sub-Fund has been clarified as follows:

*"The investment objective of the European Enhanced Absolute Return Fund is to achieve longer-term capital growth, without undue risk through diversified investment in equities of companies, or using derivatives to generate exposure to such equities. **The percentage of the portfolio comprised of equities will exceed 51% of total assets** which are listed on a stock exchange in the European region or of companies that have their registered office, or carry out a predominant portion of their economic activity in the European region. [...]"*

- b) A reference to the status of the administrator of the benchmark used for the calculation of the performance fees of the Sub-Fund (i.e. LIBOR (also known as ICE LIBOR) has been added in Section XIX "General Information", and more particularly sub-section 8 "Benchmarks Regulation". For the time being, the administrator of such benchmark is listed in the register referred to in Article 36 of the BMR as an administrator authorised pursuant to Article 34 of the BMR.

6. Melchior Asian Opportunities Fund – Appendix VI

- a) The investment policy of the Sub-Fund has been clarified as follows:

*"The investment objective of the Asian Opportunities Fund is to achieve longer-term capital growth, from a portfolio primarily made up of the shares of Asian companies or using derivatives to generate exposure to such equities. **The percentage of the portfolio comprised of equities** ~~shares~~ **will exceed 51% of total assets.** The Sub-Fund will have a blend of investments in larger, medium and smaller sized companies. On an ancillary basis the Sub-Fund may also invest in ~~other transferable securities~~, **but not limited to**, short-duration government bonds, units in collective investment schemes, money market instruments and deposits. [...]"*

7. Melchior Global Equity Fund – Appendix VII

- a) The investment policy of the Sub-Fund has been clarified as follows:

"The investment objective of the Global Equity Fund is to achieve longer-term capital growth, without undue risk, through diversified investment in listed equities. The percentage of the portfolio comprised of shares will exceed 51% of total assets. The Sub-Fund may also invest in collective investment schemes to gain exposure to Equities. [...]"

8. Velox Fund – Appendix VIII

- a) The investment policy of the Sub-Fund has been clarified as follows:

*"The investment objectives are to achieve consistent capital growth on low volatility and independent of equity market movements utilising a **predominantly** European based equity long-short strategy with a short to medium term trading focus and an investment process that combines fundamental, technical and systematic techniques.*

The Sub-Fund may ~~initiate both long and short positions through the use of financial derivative instruments, both for hedging as well as for to achieve its investment objectives including initiating both long and short positions purposes.~~

On an ancillary basis, the Sub-Fund may also invest in financial derivative ~~Such instruments outside of the in particular currency forward contracts, warrants, convertible bonds and futures contracts and equity asset class for hedging and for investment purposes or for index options may be used to hedge against market, region and currency risks, as well as for efficient portfolio management, within the limits provided in the Section "Techniques and Instruments" and consistent with the Sub-Fund's investment objectives.~~

[...]

The Sub-Fund may also invest up to 10% in non-European equities or using derivatives to generate exposure to such equities. [...]"

III) Amendments to the Prospectus for your information only

1. Removal of non-launched Sub-Funds

The following Sub-Funds have been removed from the Prospectus since they have not been launched within a period of eighteen (18) months after their creation:

- a) Melchior Continent European Opportunities Fund;
- b) Melchior Global Equity Dividend Fund;
- c) Melchior Global Equity Long Short Fund;
- d) Melchior North American Long Short Fund; and
- e) Melchior European Advantage Fund.

2. Removal of Melchior Credit Risk Premia Fund further to its liquidation on 31 March 2020.

3. Removal of Melchior Systematic Global Macro Fund further to the full redemption of its shareholders and its closure effective on 20 February 2020.

For your complete information, the CSSF requires that newly created sub-funds be launched within a period of eighteen (18) months after their creation. Otherwise they must be removed from the prospectus of a fund unless for duly motivated reason. **Further information:**

The changes to the Prospectus will become effective on 19 September 2020, i.e. one month after the sending of this notice. Shareholders of the Sub-Funds shall have until 18 September 2020 to request the redemption of their Shares, without any fees, if they do not agree with the proposed changes. The decisions of the Board shall also be reflected in the updated Prospectus of the Fund which shall be at the disposal of the shareholders at the registered office of the Fund on or about 19 September 2020.

If you would like additional information regarding the changes or wish to discuss any of our Sub-Funds, please contact your financial adviser in the first instance or your local Dalton Capital office by using the following contact info@daltonsp.com. For further information on our Sub-Funds, visit our website www.daltonsp.com.

All defined terms in this letter shall have the same meaning as those defined terms as set out in the Prospectus of the Fund. Copies of the Fund's Prospectus, the Key Investor Information Document and the articles of incorporation of the Fund may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg or via the co-promoter's website (www.daltonsp.com).

The Directors of the Fund are responsible for the accuracy of the contents of this letter. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly. We thank you for your investment in the Fund.

Yours faithfully,

For the board of directors of Melchior Selected Trust