

**SIFTER FUND**  
**Société d'Investissement à Capital Variable**  
**11, rue Aldringen, L-1118 Luxembourg**  
**R.C.S. Luxembourg: B 93438**

**Merger notice to shareholders of the sub-funds SIFTER FUND - Dividend Income (hereafter x1) and Sub-Fund SIFTER FUND - Global (hereafter x2)**

Shareholders are hereby informed that the Board of Directors of Sifter Fund has decided, in consultation with the Custodian Bank and the Central Administration of the company, and in agreement with the provisions under Article 23 of the company's statutes, to merge the sub-fund x1 ("the merging sub-fund/share classes") with the sub-fund x2 (the "target sub-fund/share classes") with effect from **01.04.2016** (the "merger date"). The reason for the merger is the sinking of the sub-fund x1 below a minimum volume of sub-fund assets, which means it is no longer economically viable to operate the merging sub-fund.

**The merger of the affected share classes will take place as follows:**

Merging Sub-Fund / Share Classes of SIFTER FUND Dividend Income		Absorbing Sub-Fund / Share Classes of SIFTER FUND - Global	
X1		X2	
Share class	ISIN-Code	Share class	ISIN-Code
R-Class	LU1194077290	R-Class	LU0168736675
I-Class	LU1194077530	I-Class	LU0168577939
PI- Class	LU1194077969	PI- Class	LU1194076995

The merger of the sub-funds/share classes involves both contributions in kind and cash contributions to the target sub-fund/share classes.

**Characteristics of the merging sub-fund x1 and its share classes: SIFTER FUND Dividend Income**

Share Classes*	ISIN	Redem ption Fee	Sale Commis- sion	Manage ment Compan y Fee	Investme nt Manage ment Fee	Dividend Policy	Minimum Initial Subscription and Minimum Holding Amount	Performanc e Fee
R-Class	LU1194077290	Max. 1.5%	Max. 2%	0,20 %	1.20%	Accumulatio n Shares	EUR 25,000	Yes.
I-Class	LU1194077530	Max. 1.5%	Max. 2%	0.20 %	1.20 %	Accumulatio n Shares	EUR 100,000	Yes.
PI-Class	LU1194077969	N/A	Max. 2%	0.20%	0.80%	Accumulatio n Shares	10,000,000 EUR	Yes.

**Investment policy of the sub-fund x1**

SIFTER FUND Dividend Income's investment objective is to provide steady, long-term capital appreciation driven by shareholder yield, measured in EUR, through investments in listed equities issued by companies around the world. The Sub-Fund's investment strategy is to purchase equities globally, while focusing on companies with certain proprietary specifics, and without using any alternative or derivative instruments as part of its investment policy. Certain techniques and financial instruments will occasionally be used only for hedging foreign exchange exposure. The Sub Fund is a long only sub-fund which uses no leverage. If an unusual systemic crisis appears, the Sub-Fund may temporarily switch part of its portfolio into cash and other liquid assets within the limits provided in Part I Clause 8 "Investment Restrictions". The Sub-Fund's investment strategy is based on a consistent company analysis involving a two-tiered process: The first tier of analysis of the Investment Manager involves a screening of its global investment universe that aims to retain only "quality" businesses. This means that companies must fulfil strict set of criteria in order to pass the first sifter. This set of criteria has been developed by in-house investment professionals over the past 25 years based on their experience in listed and unlisted equities. The most important investment policy criteria include: return on capital employed, free cash flow generation or leverage, through the Economic cycle (among others).

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This above mentioned process is helped by a sophisticated and proprietary stock monitoring software (Stocksifter™), which involves a systematic and disciplined stock screening strategy developed and constantFly fine-tuned over the past 25 years. Stocksifter provides the Sub-Fund with real-time rankings of 15,000 quoted companies in the world. As a result, the Sub-Fund's Investment Manager can monitor stocks globally, and rapidly spot potential candidates. Stocksifter converts different accounting conventions into a uniform one, which ensures that valuation parameters are consistent with, and comparable to, each other. Stocksifter allows the Investment Manager to screen stocks in real-time by sector, country, size, sales growth, or any other valuation or relevant measure. Secondly, once the screening process has been completed, the analysis of the "potentially worthy" equities is based on extensive bottom-up research focusing on company fundamentals (a fundamental value philosophy). The Investment Manager analyses companies by looking at variables that influence economic performance over the long term, by assessing intrinsic characteristics such as return (cash) of invested capital (ROIC) or growth of invested capital, organic growth potential through the economic cycle, normalized free cash flow generation, ability of the company to increase prices taking into account Industry entry barriers, operating margins evolutions and drivers, recurring profit, etc. The Investment Manager is agnostic to the forecasts or behavior of other investors or the relevance of short term analysis (e.g. the next twelve months earnings per share growth). In this second tier process, the Sub-Fund looks for a company with an efficient business model, a strong and competitive position in its industry, supported by a sound strategy. Valuation is approached with a "safety margin", particularly for volatile ROIC/growth firms. Companies with the largest gap between their current market price and their determined intrinsic value are chosen. The Sub-Fund will primarily invest in well-managed companies with a liquid stock and a market capitalization of more than EUR 500 million. The Sub-Fund will primarily invest into companies that are yielding a dividend and/or that are purchasing their own shares thanks to their free cash flow. The result is a higher than average shareholder yield. Another consequence of such investment policy should be a lower risk portfolio, as measured by volatility, than the Market.

**Characteristics of the absorbing sub-fund x2 and its share classes: SIFTER FUND - Global**

Share Classes	ISIN	Sale Commission*	Redemption Fee	Management Company Fee**	Investment Management Fee	Dividend Policy	Minimum Initial Subscription and Minimum Holding Amount	Performance Fee
R-Class	LU0168736675	Max. 2%	Max. 1.5%	0.20%	1.20%	Accumulation Shares	EUR 25,000	Yes.
I-Class	LU0168577939	Max. 2%	Max. 1.5%	0.20%	1.20%	Accumulation Shares	EUR 100,000	Yes.
PI- Class	LU1194076995	Max. 2%	N/A	0.20%	0.80%	Accumulation Shares	10,000,000 EUR	Yes.

**Investment policy of the sub-fund x2:**

SIFTER FUND Global's investment objective is to provide steady long-term capital appreciation, measured in EUR, through investment in listed equities issued by companies around the world. The long-term goal is an annual capital appreciation that depends on potential economic growth but that should be more than 8 per cent. The Sub-Fund's investment strategy is to purchase equities globally, while focusing on companies with certain proprietary specifics, and without using any alternative or derivative instruments as part of its investment policy. Certain techniques and financial instruments will occasionally be used only for hedging foreign exchange exposure. The Sub Fund is a long only sub-fund which uses no leverage. If an unusual systemic crisis appears, the Sub-Fund may temporarily switch part of its portfolio into cash and other liquid assets within the limits provided in Part I Clause 8 "Investment Restrictions". The Sub-Fund's investment strategy is based on a consistent company analysis involving a two-tiered process: The first tier of analysis of the Investment Manager involves a screening of its global investment universe that aims to retain only "quality" businesses. This means that companies must fulfil strict set of criteria in order to pass the first sifter. This set of criteria has been developed by in-house investment professionals over the past 25 years based on their experience in listed and unlisted equities. The most important investment policy criteria include: return on capital employed, free cash flow generation or leverage, through the Economic cycle (among others). This above mentioned process is helped by a sophisticated and proprietary stock monitoring software (Stocksifter™), which involves a systematic and disciplined stock

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screening strategy developed and constantly fine-tuned over the past 25 years. (Stocksifter™) provides the Sub-Fund with real-time rankings of 15,000 quoted companies in the world. As a result, the Sub-Fund's Investment Manager can monitor stocks globally and rapidly spot potential candidates. Stocksifter converts different accounting conventions into a uniform one, which ensures that valuation parameters are consistent with, and comparable to, each other. Stocksifter allows the Investment Manager to screen stocks in real-time by sector, by country, by size, by sales growth, or by any other valuation or relevant measures. Secondly, once the screening process has been completed, the analysis of the "potentially worthy" equities is based on extensive bottom-up research focusing on company fundamentals (a fundamental value philosophy). The Investment Manager analyses companies by looking at variables that influence economic performance over the long term, by assessing intrinsic characteristics such as return (cash) of invested capital (ROIC) or growth of invested capital, organic growth potential through the economic cycle, normalized free cash flow generation, ability of the company to increase prices taking into account industry entry barriers, operating margins evolutions and drivers, recurring profit, etc. The Investment Manager is agnostic to the forecasts or behavior of other investors or the relevance of short term analysis (e.g. the next twelve months earnings per share growth). In this second tier process, the Sub-Fund looks for a company with an efficient business model, a strong and competitive position in its industry, supported by a sound strategy. Valuation is approached with a "safety margin", particularly for volatile ROIC/growth firms. Companies with the largest gap between their current market price and their determined intrinsic value are chosen. The Sub-Fund will primarily invest in well-managed companies with a liquid stock and a market capitalization of more than EUR 200 million.

**Synthetic risk and reward indicators**

The synthetic risk and reward indicator of the sub-fund x1 is 4 and of the sub-fund x2 is 5. The principal risks of both sub-funds are similar. Please refer to the Key Investor Information Document for more information.

**Special settlement procedures**

- During the time of the 24.03.2016 5.00 PM CET until the 31.03.2016, the Central Administration will not accept subscription requests for the merging sub-fund or conversion requests associated with the acquisition of shares by investors.
- During the time of the 24.03.2016 5.00 PM CET until the 31.03.2016, the Central Administration will also no longer accept redemption requests for the merging sub-fund or conversion requests associated with the redemption of shares by investors.
- During the time of the 24.03.2016 5.00 PM CET until the 31.03.2016, will not permit any trades for the merging sub-fund on the part of the investment manager.
- With regard to the absorbing sub-fund, on 01.04.2016, no subscription, conversion or redemption requests will be executed.
- All subscription, conversion and redemption requests received for the absorbing sub-fund on 01.04.2016 will be executed on 04.04.2016.

Shareholders which are not agreeing to the aforementioned proceeding / Merger can request to redeem their shares cost freely from the 24.02.2016 until the 24.03.2016 05:00 PM CET.

**Shareholders of the merging and absorbing sub-funds may redeem their shares free of charge between 28.02.2016 and 25.03.2016 05 p.m. CET at the net asset value per share without incurring any redemption fees.**

**Conversion rules:**

On 01.04.2016, the last net asset value will be calculated for 01.04.2016 relating to the merging share classes of x1 and x2.

The calculation of the net asset value of the merging share classes of x1 and x2 follows the general principles for the calculation of the net asset value which are also applied in the current calculation of the net asset value of these sub-funds.

The exchange ratio of the merging of the share classes of x1 is set by establishing the ratio of the net asset value per share class to the net asset value of the share classes of the target sub-fund.

Shareholders of the merging sub-fund receive an overall number of shares in the target sub-fund which is calculated as follows:  
Exchange ratio \* number of shares held (rounded to four decimal places).

**Allocation of the costs of the mergers**

The Costs of the Merger will be borne equally by the shareholders of the Merging and the absorbing Sub-Funds and the costs will be registered in the 1<sup>st</sup> Net Asset Value after the Merger. There are no not amortized costs.

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**Involvement of Auditor**

The Auditor of Fund (Ernst & Young) will audit the Merger. Audit costs for the merger will be borne equally by the shareholders of the merging and the absorbing Sub-Funds and the costs will be registered in the 1st Net Asset Value after the Merger.

**Effects of the Performance Fees**

Performance Fees of the Merging Sub-Fund / Share Classes of SIFTER FUND Dividend Income will be crystallized on the Merger Date and paid thereafter.

With the Merger Date it is planned to implement a new performance fee wording for the absorbing Sub Fund.

With this new implemented performance fee wording effective as of the Merger Date a fair treatment also for those shareholders who previously held shares in the merging Sub Fund will be ensured.

**Effects of the merger:**

The merger does not result in any taxes on the “merging sub-fund/share classes” and the absorbing “target sub-fund/share classes” in Luxembourg.

However, shareholders may be subject to taxes in their domiciles or in other countries in which they pay taxes. As the legal situation varies significantly in the different countries, shareholders are strongly encouraged to seek the advice of their tax advisor regarding the tax consequences of the merger in their specific case. In certain circumstances, shareholders may be subject to income tax upon the merger of certain sub-funds in Luxembourg.

There are no plans to restructure the portfolio of the sub-fund X2 before the merger takes effect.

It is not anticipated that the merger will have significant effects on the portfolio of the sub-fund x2. Nor are there any plans to restructure the portfolio of the sub-fund x2 before or after the merger.

**If shareholders have any questions about the merger, they should consult with their current contact at their broker.**

The Prospectus and the annual and semi-annual reports of the company are available free of charge at the Central Administration, Principal Paying Agent, Domiciliary Agent and Registrar:

Kredittrust Luxembourg S.A.

11, rue Aldringen,

L - 2960 Luxembourg

Grand Duchy of Luxembourg

, as well as on the website of the management company of Sifter Fund [www.pharusmanco.lu](http://www.pharusmanco.lu). The auditor's report on the merger is available free of charge at Kredittrust Luxembourg S.A. Shareholders will receive a copy of this report upon request.

Shareholders are encouraged in particular to read the Key Investor Information for the different share classes of the sub-fund x2. The Key Investor Information Document is attached to this notice and is also available free of charge on the websites of the management company [www.pharusmanco.lu](http://www.pharusmanco.lu).

**Luxembourg, 24 February 2016**

The Board of Directors of SIFTER FUND