

SIFTER FUND
Société d'investissement à capital variable
11, rue Aldringen, L-1118 Luxembourg
R.C.S. Luxembourg: B 93438

(the "Company")

Luxembourg, 26 February 2016
by registered mail

NOTICE TO THE SHAREHOLDERS OF SIFTER FUND – Global

ALSO TO BE TAKEN INTO ACCOUNT BY THE SHAREHOLDERS OF – SIFTER FUND -Dividend Income, which will be merged into the SIFTER FUND -Global the 1st of April 2016.

Dear Shareholders,

The Board of Directors of the Company (the "**Board**"), in the course of its regular review of the Company has examined the performance fee wording of SIFTER FUND- Global and decided to proceed with implementing the following changes (the "**Changes**"):

1. The basis of reference, calculation and payment of the performance fee, will be amended from yearly to quarterly (the "**Performance Fee Modification**").

Therefore, under the next available prospectus of the Company (the "**Prospectus**"), the modified wording under section "1.6. Performance Fee" of the SIFTER FUND- Global Sub-Fund particular shall change as follows:

From:

Performance Fee is payable for all share classes and is based on the last NAV per Share calculated at the end of each Financial Year (the **Last Yearly NAV**).

If the NAV per Share appreciates since the Last Yearly NAV of the preceding Financial Year for more than the maximum between the Euribor 12 months or the 5% (the Hurdle Rate) and since the highest Last Yearly NAV of all preceding Financial Years (the Annual All-Time-High), the Investment Manager is entitled to receive 15 % of the excess increase of appreciation of the NAV per Share.

The Hurdle Rate will be calculated anew at the beginning of each Financial Year.

The performance fee will only be payable if the NAV per Share (i) has reached the Annual All-Time-High at the end of the current Financial Year and (ii) at the same time has surpassed the Hurdle Rate (High Water Mark system).

The period for which such performance fee is calculated will be based on the Financial Year of the Sub-Fund. The performance fee will be payable on the outstanding Shares at the end of the relevant Financial Year.

For the purpose of calculating the performance fee, the NAV per Share will be calculated by the Administrative Agent on the relevant Business Day by determining the NAV of the Sub-Fund by the method outlined in Part I, Clause 10.1 "NAV Determination", divided by the number of Shares in issue on that Business Day.

In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per Share against the Annual All-Time-High until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed Shares by the positive difference between the subscription price and the Annual All-Time-High adjusted by the Hurdle Rate at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during such period.

If any Shares are redeemed or converted into Shares of another Sub-Fund during the calculation period, the cumulative performance fee accrued during the calculation period in respect of those Shares shall be crystallized and become payable to the Investment Manager even if no accrual for performance fees is done at the date of the payment. For distribution Shares, if a dividend was distributed during the relevant Financial Year, this dividend per Share is added to the current NAV per Share in order to determine the variation of NAV to be taken into account.

The Annual All-Time-High for the High Water Mark system is currently set as the Last Yearly NAV of the Financial Year ending on 31 August 2007.

To:

The Performance Fee is payable for all share classes and is based on the last NAV per Share calculated at the end of each calendar quarter (the **Last Quarterly NAV**).

If the NAV per Share appreciates during the quarter by more than 1,25%, or by the Euribor (12 month) rate Bloomberg (BBG) code EUCV12M applicable at the beginning of the quarter for the quarter, whichever is higher, (the Hurdle Rate), relative to the latest All Time High NAV per share, the Investment Manager is entitled to receive 15 % of the increase of appreciation of the NAV per Share in excess of the Hurdle Rate.

The All Time High NAV per share is always the latest NAV per share based on which a Performance Fee has been paid.

The performance fee will only be payable if the Last Quarterly NAV per Share has reached the latest All Time High NAV per share and has surpassed it by the Hurdle Rate (High Water Mark system).

The performance fees will be payable on the outstanding Shares at the end of the relevant quarter and become due for payment after the end of the quarter.

For the purpose of calculating the performance fee, the NAV per Share will be calculated by the Administrative Agent on the relevant Business Day by determining the NAV of the Sub-Fund by the method outlined in Part I, Clause 10.1 "NAV Determination", divided by the number of Shares in issue on that Business Day.

In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. This adjustment is applied to the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during such period.

If any Shares are redeemed or converted into Shares of another Sub-Fund during the calculation period, the cumulative performance fee accrued during the calculation period in respect of those Shares shall be crystallized and become payable to the Investment Manager, even if no accrual for performance fees is otherwise due, after the end of the relevant quarter.

For distribution Shares, if a dividend was distributed during the relevant Financial Year, this dividend per Share is added to the current NAV per Share in order to determine the variation of NAV to be taken into account.

The Performance Fee Modification will come into force starting from the second quarter of 2016.

SHAREHOLDERS OF – SIFTER FUND -Dividend Income, which will be merged into SIFTER FUND -Global the 1st of April 2016 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 |

should also explicitly take into account the changed Performance Fee wording under the SIFTER FUND – Global, as it will also impact their future treatment of Performance Fees in the absorbing Sub-Fund / share classes of SIFTER FUND – Global.

In light of the aforementioned change of the Performance Fee wording, the shareholders of

- (i) SIFTER FUND – Global
- (ii) SIFTER FUND -Dividend Income being shareholders in this sub fund before 01.04.2016 (the “merger date”).
- and
- (iii) the shareholders which have been merged from SIFTER FUND Dividend Income into the SIFTER FUND –Global at the merger date

may redeem their shares free of charge until the 08th of April 2016.

This cost free redemption period until the 08th of April 2016 takes into account the special settlement procedures during the merger of SIFTER FUND -Dividend Income, which will be merged into SIFTER FUND –Global.

These special settlement procedures have been determined by the Board of the Company as follows:

Special settlement procedures during the merger of SIFTER FUND Dividend Income into SIFTER FUND - Global.

- 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.

An updated version of the prospectus dated April 2016 may be obtained, free of any charges, at the Registered Office of the Fund (11, rue Aldringen, L-1118 Luxembourg) or at Pharos Management Lux S.A. 16 Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg.

Shareholders having any question relating to the above changes should not hesitate to contact their financial advisor or Pharos Management Lux S.A.

Luxembourg, 26.02.2016

The Board of Directors