

# TIMEO NEUTRAL SICAV

*Société d'investissement à capital variable*

Registered office: 5, Allée Scheffer

L-2520 Luxembourg

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Notice to the shareholder of the below listed Sub Funds:

## 1. Change of the Investment Policy of the Sub-Funds:

### **TIMEO NEUTRAL SICAV – BZ GLOBAL INDEX WOLF FUND**

### **TIMEO NEUTRAL SICAV – BZ GLOBAL ASSET ALLOCATION FUND**

As of the 23.12.2015 the investment policy of the Sub-Fund TIMEO NEUTRAL SICAV – BZ GLOBAL INDEX WOLF FUND should read of follows:

Investment objective and policy:	<p>The Sub-Fund seeks to achieve capital appreciation by investing <del>primarily</del> in financial derivative instruments having as underlying an index of equities (such as exchange traded futures on equities index), undertakings for collective investment which replicate or have an exposure to an index of equities (such as exchange traded funds) and assimilated index-based transferable securities. <u>The Sub-fund invests the cash in short term bonds in order to enhance the return of the liquidity. Such investments can compose a substantial part of the Sub-Fund`s portfolio.</u></p> <p>The Sub-Fund's strategy is to have an exposure to global equity markets, trying to invest in the best ones, while maintaining a good degree of differentiation. Investments in the different markets are done by buying securities representing their index, instead of single stocks. The most efficient and cheapest means of investing are researched. Usually these are equity index futures and Exchange Traded Funds.</p> <p><u>The Sub-Fund's cash will be invested mostly in short term bonds, included but not limited to government bonds, corporate bonds and commercial paper, with a maturity up to two year in order to limit both the effect of the interest rates and credit spreads.</u></p> <p>The choice of investments (directly or indirectly, <u>equity or fixed income</u>) will neither be limited by a geographical area (investments in any country, including emerging markets), an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country (or some countries) and/or in a single currency and/or in a single economic sector.</p> <p>By derogation to the provisions of item VI. a) in the chapter 19 of the prospectus, the Sub-Fund may invest more than 10% of its net assets in other undertakings for collective investment (UCITS or other UCIs).</p> <p>The remaining assets may be invested in any other eligible assets and financial instruments.</p> <p>For hedging and for any other purposes, the Sub-Fund can use financial derivative instruments which will be, most of the time listed equities indices futures and forward exchange contracts.</p> <p>When using CFDs, total return swaps and CDS, this is only on an opportunistic, ancillary basis and not as part of the core strategy.</p> <p>If the Investment Manager considers this to be in the best interest of the shareholders, the Sub-Fund may also hold up to 100% of its net assets liquidities as among others cash deposits, money market funds and money market instruments.</p>
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As of the 23.11.2015 the investment policy of the Sub-Fund TIMEO NEUTRAL SICAV – BZ GLOBAL ASSET ALLOCATION FUND should read of follows:

<p>Investment objective and policy:</p>	<p>The Sub-Fund seeks to provide capital growth over the long term through an exposure to the following asset classes: equities and equity related securities, any type of debt instruments, currencies and commodities.</p> <p>The Fund will come up with an asset allocation across the entire range of asset classes (equity, fixed income, currencies and commodities) exploiting the low correlations among them along with proper management of risk contribution.</p> <p>In order to achieve its objective, the Sub-Fund will mainly invest:</p> <ul style="list-style-type: none"> <li>- directly in any type of debt instruments; and/or</li> <li>- in undertakings for collective investment (UCIs) having as main objective to invest or grant an exposure to the above-mentioned securities/asset classes; and/or</li> <li>- in any transferable securities (such as structured products) linked (or offering an exposure) to the performance of the above-mentioned securities/asset classes; and/or</li> <li>- in financial derivative instruments having as underlying or offering an exposure to the above-mentioned securities/asset classes; most of the time, listed options, listed futures, forward exchange contracts and contracts for difference.</li> </ul> <p>Notwithstanding the foregoing, the following rules will apply:</p> <ul style="list-style-type: none"> <li><del>- there will be no direct holding of equities or equity related securities;</del></li> <li>- exposure to commodities (including precious metals) will only be taken via other UCIs (such as ETFs) and transferable securities (such as structured products);</li> <li>- all investments having an exposure to commodities (including precious metals) must be cash settled;</li> <li><del>- UCIs will be used when no direct investments or indirect investments via financial derivative instruments (e.g. futures) are available at a reasonable cost and liquidity.</del></li> </ul> <p>The remaining assets may be invested in any other eligible assets and financial instruments.</p> <p>For hedging and for any other purposes, the Sub-Fund can use financial derivative instruments.</p> <p>Most of the time, the Investment Manager intends to use futures, options, forward exchange contracts, CFDs, total return swaps. <del>When using total return swaps and CDS, this is only on an opportunistic, ancillary basis and not as part of the core strategy.</del></p> <p>The choice of investments will neither be limited by a geographical area (i.e. invest in any country, including emerging countries), an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country (or some countries) and/or in a single currency and/or in a single economic sector.</p> <p>Furthermore, there will be no particular or predetermined weight placed on any of the aforementioned types of asset classes; asset allocation will follow a strategic approach and will be determined on the basis of the outlook for global financial markets.</p> <p>By derogation to the provisions of item VI. a) in the chapter 19 of the prospectus, the Sub-Fund may invest more than 10% of its net assets in other undertakings for collective investment (UCITS or other UCIs).</p> <p>If the Investment Manager considers this to be in the best interest of the shareholders, the Sub-Fund may also, hold, up to 100% of its net assets, liquidities such as cash deposits, money market funds and money market instruments.</p>
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## 2. Clarification of the Investment Policy wording applicable to:

### **TIMEO NEUTRAL SICAV – CFO EUROPA 38** **TIMEO NEUTRAL SICAV – CFO AMERICA 38**

Shortly after the launch of the Sub-Funds TIMEO NEUTRAL SICAV – CFO EUROPA 38 & TIMEO NEUTRAL SICAV – CFO AMERICA 38 the Investment Manager and the Stock Picking Investment Manager of the Sub-Funds has informed the Management Company and the Board of the SICAV after further consultation with the Auditor of the SICAV (hereafter all aforementioned entities are commonly referred to as "the Parties") that it is the Investment Manager's and the Stock Picking Investment Manager's firm intention to manage the Sub-Funds in a manner which ensures without considering any netting/hedging that a maximum commitment/exposure of 100% would be possible through futures, provided the difference between equity exposure and future exposure stays below 50% in absolute terms.

Net exposure is to be understood in this context as the sum of direct long exposure through equity and "indirect" short exposure through derivatives.

Due to this it has been considered by the Parties after explicit consultation on this with Auditor of the SICAV that the afore-stated strategy can be applied under the current wording of the Prospectus dated the 15<sup>th</sup> of June 2015.

Notwithstanding this it is recommended to further clarify the Investment Policy wording of the Sub Funds

### **TIMEO NEUTRAL SICAV – CFO EUROPA 38** **TIMEO NEUTRAL SICAV – CFO AMERICA 38**

which is notified herewith the shareholders of the two aforementioned Sub-Funds.

Due to the interpretations and coordination undertaken with the Investment Manager and the Auditor of the Fund the investment policies should read as follows:

#### **Applicable to the Sub Fund TIMEO NEUTRAL SICAV – CFO EUROPA 38:**

Investment objective and policy:	<p>The Sub-Fund's objective is to provide investors an absolute positive return with a volatility lower than equity markets in which the Sub-Fund invests in.</p> <p>The Sub-Fund's assets mainly consist of direct investments in up to 38 different company stock pickings of issuers, whose headquarters are located in Western Europe Countries.</p> <p>Whereas required, the Sub-Fund may incur into the use of other eligible financial derivative instruments such as but not limited to forex exchange forwards and options.</p> <p>The strategy of the Sub-Fund aims to generate a return equal to Euribor + 350 bps.</p> <p>The Sub-Fund uses a long / short strategy with variable bias of the market, going "long" through direct investment within a selection of 38 titles composing the DJ Stoxx 600 index or via a short exposure by selling corresponding derivatives.</p> <p>The Sub-Fund will buy equities of the DJ Stoxx 600 Index and sell futures on the same index in order to hedge the equity exposure from 0% up to 150%.</p> <p>Notwithstanding this the investment Manager uses futures also to obtain a long exposure <del>which can be up to 150%</del>. <u>within the limits foreseen by applicable laws and regulations.</u></p> <p>So the future could be used both for</p>
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	<p>(i) hedging purposes and (ii) to have a long and short position in the Sub-Fund`s portfolio.</p> <p>Investment decisions are mainly conceived by internal research and proprietary quantitative screening instruments, complemented by a direct knowledge of the company and sell-side available researches as well as quality evaluation elements.</p> <p>The goal of the Sub-Fund is to select within each sector the two most attractive companies from a fundamental and technical point of view according to the ICB super-sector classification.</p> <p>The gross equity exposure will be determined depending on the market trend.</p> <p>The dimension of the positions will mainly be determined according to the weight each sector holds for capitalization in the benchmark index (with the DJ 600 Index).</p> <p>The Sub-Fund aims to have a net exposure to invested equity markets variable between + / - 50%, <u>being the sum of direct long exposure through equity and "indirect" short exposure through derivatives</u>, remaining market neutral in contexts in which an interpretation of the market might be difficult.</p> <p><u>Notwithstanding this without considering any netting/hedging a maximum commitment/exposure of 100% is eligible through futures, provided the difference between the equity exposure and the future exposure stays below 50% in absolute terms.</u></p> <p>In extreme conditions, the Sub-Fund may not have gross exposure (i.e. it may be 100% liquid assets).</p> <p>The Sub-Fund can invest up to 10% of the Sub-Fund`s net assets in UCITS and/or other UCIs, including ETFs qualifying as UCITS and/or UCIs.</p> <p>The Sub-Fund may use derivative techniques and instruments for efficient portfolio management, within the limits specified in the investment restrictions.</p>
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#### **Applicable to the Sub-Fund TIMEO NEUTRAL SICAV – CFO AMERICA 38:**

Investment objective and policy:	<p>The Sub-Fund`s objective is to provide investors an absolute positive return with a volatility lower than equity markets in which the Sub-Fund invests in.</p> <p>The Sub-Fund`s assets mainly consist of direct investments in up to 38 different company stock pickings of issuers, whose headquarters are located in North America.</p> <p>In addition the Sub-Fund is authorized to invest residually in fixed income Securities including bonds and money market instruments of any kind of issuers globally.</p> <p>Whereas required, the Sub-Fund may incur into the use of other eligible financial derivative instruments such as but not limited to forex exchange forwards, and options.</p> <p>The strategy of the Sub-Fund aims to generate a return equal to Euribor + 350 bps.</p> <p>The Sub-Fund uses a long / short strategy with variable bias of the market, going "long" through direct investment within a selection of 38 titles composing the S&amp;P500 index or via a short exposure by selling corresponding derivatives.</p> <p>The Sub-Fund will buy equities of the S&amp;P 500 Index and sell futures on the same index in order to hedge the equity exposure from 0% up to 150%.</p> <p>Notwithstanding this the investment Manager uses futures <u>also to obtain a long exposure <del>which can be up to 150%.</del> within the limits foreseen by applicable laws and regulations.</u></p>
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	<p>So the future could be used both for</p> <ul style="list-style-type: none"> <li>(i) hedging purposes and</li> <li>(ii) to have a long and a short position in the sub fund`s portfolio.</li> </ul> <p>Ideas are mainly conceived by internal research and proprietary quantitative screening instruments, complemented by a direct knowledge of the company and sell-side available researches as well as quality evaluation elements. The goal of the Sub-Fund is to select within each sector the two most attractive companies from fundamental and technical point of view according to the ICB super-sector classification.</p> <p>The gross equity exposure will be determined depending on the market trend. The dimension of the positions will mainly be determined according to the weight each sector holds for capitalization in the benchmark index (which is the S&amp;P 500 Index).</p> <p>The Sub-Fund aims to have a net exposure to invested equity markets varying between + / - 50%, <u>being the sum of direct long exposure through equity and "indirect" short exposure through derivatives</u>, remaining market neutral in contexts in which an interpretation of the market might be difficult.</p> <p><u>Notwithstanding this without considering any netting/hedging a maximum commitment/exposure of 100% is eligible through futures, provided the difference between the equity exposure and the future exposure stays below 50% in absolute terms.</u></p> <p>In extreme conditions, the Sub-Fund may not have gross exposure (i.e. it may be 100% liquid assets).</p> <p>Generally exposure to currency will be completely neutralized, except for the possibility, according to a strongly positive view in the U.S.A. dollar performance, not to proceed to full covering of exchange rate risk.</p> <p>The Sub-Fund can invest up to 10% of the Sub-Fund's net assets in UCITS and/or other UCIs, including ETFs qualifying as UCITS and/or UCIs.</p> <p>The Sub-Fund may use derivatives to hedge currency exposures.</p> <p>The Sub-Fund may use derivative techniques and instruments for efficient portfolio management, within the limits specified in the investment restrictions.</p>
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3. To change the expected level of leverage under the below listed Sub-Funds as determined below:

**Applicable to the Sub-Fund TIMEO NEUTRAL SICAV – BZ INFLATION-LINKED BONDS FUND:** The expected level of leverage of this Sub-Fund should be 230% (gross commitment) instead of 130 % as disclosed before.

**Applicable to the Sub-Fund TIMEO NEUTRAL SICAV – BZ NEW OPPORTUNITY BOND INVESTMENT:** The expected level of leverage of this Sub-Fund should be 205% (gross commitment) instead of 130 % as disclosed before.

**Applicable to the Sub-Fund TIMEO NEUTRAL SICAV – BZ GLOBAL INDEX WOLF FUND:** The expected level of leverage of this Sub-Fund should be 200% (gross commitment) instead of 100 % as disclosed before.

**Applicable to the Sub-Fund TIMEO NEUTRAL SICAV – BZ GLOBAL ASSET ALLOCATION FUND:** The expected level of leverage of this Sub-Fund should be 300% (gross commitment) instead of 150 % as disclosed before.

**Applicable to the Sub-Fund TIMEO NEUTRAL SICAV – BZ VOLATILITY FUND:** The expected level of leverage of this Sub-Fund should be 220% (gross commitment) instead of 120 % as disclosed before.

**Applicable to the Sub-Fund TIMEO NEUTRAL SICAV-BZ DIVERSIFIED FUND:** The expected level of leverage of this Sub-Fund should be 250% (gross commitment) instead of 150 % as disclosed before.

Under all aforementioned Sub-Funds the following should be taken into account and has therefore been added explicitly under the applicable section of the aforementioned Sub-Funds` Sub-Fund particulars.

***“A degree of leverage of up to 100 % of the afore-determined expected level of leverage can be attributed to transactions related to the hedged Classes of the Sub-Fund and is not due to the investment strategy of the Sub-Fund.”***

Luxembourg, 20 November 2015

**The Board of Directors**