

**NOTICE TO SHAREHOLDERS OF KBI FUNDS ICAV**

**THIS NOTICE IS IMPORTANT. IT IS FOR INFORMATION PURPOSES ONLY AND NO ACTION IS REQUIRED.**

**IF YOU ARE IN ANY DOUBT AS TO ITS CONTENTS OR ANY ACTION REQUIRED, PLEASE CONTACT YOUR PROFESSIONAL ADVISER.**

March 14th, 2024

***To all Shareholders of KBI Funds ICAV***

***Re: KBI Funds ICAV (the "ICAV")***

Dear Shareholder,

We refer to the ICAV, which is registered pursuant to the provisions of the Irish Collective Asset-management Vehicles Act, 2015 (the "**ICAV Act**") and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011), as amended, with segregated liability between its sub-funds.

Amundi Ireland Limited acts as UCITS management company of the ICAV (the "**Manager**"). KBI Global Investors Limited acts as investment manager of the Fund (the "**Investment Manager**").

We are writing to you to inform you, as a shareholder of the ICAV, of the proposed introduction of swing pricing instead of the existing anti-dilution levy, further details of which are set out below. The Prospectus of the ICAV will be updated to reflect the introduction of swing pricing and also to reflect recent regulatory / taxation updates and ancillary matters.

Defined terms used herein shall have the meaning set out in the Prospectus of the ICAV.

**Anti-Dilution Levy**

As set out in the Prospectus of the ICAV, the ICAV currently has the right to impose "an anti-dilution levy" representing a provision for market spreads (the difference between the prices at which assets are valued and/or bought or sold) and duties and charges and other dealing costs relating to the acquisition or disposal of assets in the event of receipt for processing of net subscription or

redemption requests exceeding 1% of the Net Asset Value of a Fund including subscriptions and/or redemptions which would be effected as a result of requests for conversion from one Fund into another Fund. Any such provision is added to the price at which Shares are issued in the case of net subscription requests exceeding 1% of the Net Asset Value of the Fund and deducted from the price at which Shares are redeemed in the case of net redemption requests exceeding 1% of the Net Asset Value of the Fund including the price of Shares issued or redeemed as a result of requests for conversion.

As set out in each Fund Supplement, the anti-dilution levy in respect of each existing Fund of the ICAV is limited to 0.25% of redemption proceeds or subscription proceeds (as the case may be), with the exception of the KBI Emerging Markets Equity Fund, where it is limited to 0.5% of redemption proceeds or subscription proceeds. The anti-dilution levy is paid into the account of the relevant Fund.

### **Introduction of Swing Pricing in place of Anti-Dilution Levy**

Following due consideration by the Board of the ICAV, in conjunction with the Manager, it is no longer proposed to charge an anti-dilution levy in the circumstances outlined above.

The anti-dilution levy will be replaced by a swing price adjustment, known as a “swing factor”, as further described below.

#### *Swing Pricing*

Under certain circumstances (for example, large volumes of deals), costs related to the investment and/or disinvestment in assets may have an adverse effect on the Shareholders’ interests in a Fund. In order to prevent this effect, called “dilution”, the Directors may, where disclosed in the relevant Supplement, determine that a “swing pricing adjustment” based on pre-determined estimates of the impact on the relevant Fund applies so as to allow for the Net Asset Value per Share to be adjusted upwards or downwards by dealing and other costs and fiscal charges associated with the purchase or sale of assets of the relevant Fund.

#### *Description of the swing pricing methodology*

If the Net Capital Activity (as defined below) on a given Dealing Day leads to a net inflow of assets in the relevant Fund in excess of a threshold agreed by the Manager and the ICAV, the Net Asset Value per Share used to process all subscriptions, redemptions or conversions in that Fund will be adjusted upwards by the swing factor set by the Directors from time to time.

If the Net Capital Activity on a given Dealing Day leads to a net outflow of assets in the relevant Fund in excess of a threshold agreed by the Manager and the ICAV, the Net Asset Value per Share used to process all subscriptions, redemptions or conversions in that Fund will be adjusted downwards by the swing factor set by the Directors from time to time.

“Net Capital Activity” means the net cash movement of subscriptions and redemptions into and out of a particular Fund across all Share Classes on a given Dealing Day (taking into account

subscriptions and/or redemptions which would be effected as a result of requests for conversion from one Fund into another Fund).

The Directors have determined that the swing factor percentage limits per Fund will equal the existing anti-dilution levy percentage limits, as detailed in the relevant Fund Supplement. For the purposes of calculating the fees and expenses of the Fund, the Administrator will continue to use the un-swung Net Asset Value.

The threshold referenced above (below which a swing factor will not be applied) will no longer be disclosed in the Prospectus and will be determined by the Manager and the ICAV in accordance with a framework as agreed with the Investment Manager and will be calculated based on a percentage of the net assets of the relevant Fund. The threshold will be based on objective criteria such as the dealing costs and the volume of flows at each Fund level and may be revised from time to time.

### **Effective Date**

Subject to approval of the Central Bank of Ireland, the changes outlined above will take effect from on or around April 4th, 2024 (the “**Effective Date**”) and will be reflected in a revised Prospectus of the ICAV which may be obtained free of charge from the registered office of the Manager once same has been issued on the Effective Date.

### **Queries**

For any queries regarding this letter, please contact the Investment Manager ([pat.cassells@kbigi.com](mailto:pat.cassells@kbigi.com)) who will be able to answer any questions which you may have.



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**Director**  
**For and on behalf of**  
**KBI Funds ICAV**