

**IMPORTANT: This document requires your immediate attention. If you have any questions about the content of this document, you should seek independent professional advice. All terms used in this document have the same meanings as in the Prospectus unless otherwise herein defined.**

21 September, 2020

To: Shareholders of the Commodity Fund, Generali Invest CEE Plc

***RE: Generali Invest CEE plc– Proposed Merger of the Oil and Energy Industry Fund, Generali Invest CEE Plc and the Commodity Fund, Generali Invest CEE Plc***

Dear Shareholder,

We are writing to advise you of a proposed merger between Oil And Energy Industry Fund, Generali Invest CEE Plc (the “**Merging Sub-Fund**”) and Commodity Fund, Generali Invest CEE Plc (the “**Receiving Sub-Fund**”) (the “**Merger**”).

The Merging Sub-Fund and the Receiving Sub-Fund are sub-funds of Generali Invest CEE Plc (the “**Company**”), an umbrella investment company fund with segregated liability between sub-funds and variable capital incorporated in Ireland and authorised by the Central Bank of Ireland (the “**Central Bank**”) as a UCITS.

Subject to approval of the Shareholders of the Merging Sub-Fund, it is proposed that the Merging Sub-Fund be merged with the Receiving Sub-Fund. The Merger will result in the property of the Merging Sub-Fund becoming the property of the Receiving Sub-Fund in exchange for the issue of Shares in the Receiving Sub-Fund to the Shareholders in the Merging Sub-Fund, as more particularly described in the Appendix hereto.

Subject to approval of the Shareholders of the Merging Sub-Fund of the Merger, it is also proposed to (i) change the name of the Receiving Sub-Fund to the Balanced Commodity Fund, Generali Invest CEE plc and (ii) reduce the management fees in the Receiving Sub-Fund, as detailed further below with effect from the Effective Date (as defined in the Appendix to this Notice).

### **Background and Rationale for Proposed Merger**

The Manager of the Company (the “**Manager**”) (which also acts as Investment Manager of the Merging Sub-Fund) has conducted a detailed review of the Merging Sub-Fund. As a result of this detailed review and upon the advice of the Manager, the Directors of the Company believe that the Merger is in the best interests of the Shareholders in the Merging Sub-Fund for the following reasons:

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Directors: David Hammond (Irish), Simon O’Sullivan (Irish), Martin Broz (Czech), Patrik Hudec (Czech), Andrea Hovancova (Czech)

Registered Office: 33 Sir John Rogerson’s Quay, Dublin 2, Ireland

Place of registration: Dublin, Ireland

A variable capital umbrella investment company with segregated liability between sub-funds; incorporated with limited liability in Ireland under the Companies Act 2014 with registration number 468417; and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended.

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- The Merger is aimed to benefit the Shareholders of the Merging Sub-Fund through economies of scale in terms of fund size and ongoing operating costs in the longer run.
- Given that the investment objectives of the Merging Sub-Fund and Receiving Sub-Fund are similar, the Directors believe that the investment objective of the Merging Sub-Fund can be pursued in a more efficient way.
- The investment policies of the Merging Sub-Fund and the Receiving Sub-Fund are also similar (though not identical) as the focus of both the Merging Sub-Fund and Receiving Sub-Fund is inter alia, investment in securities (being equity securities in the case of the Merging Sub-Fund and debt securities in the case of the Receiving Sub-Fund) of companies engaged in the extraction, production, processing and/or trading of oil or other energy products worldwide such as gas, coal etc. and as more fully described in the Supplements. The differences between the investment policies of the Merging Sub-Fund and the Receiving Sub-Fund are set out in more detail in Appendix C of the Circular.

Following the Merger, it is considered that Shareholders in the Merging Sub-Fund will benefit from continuity of investment management.

#### **Impact on Shareholders of the Receiving Sub-Fund**

If the Merger is approved, it is proposed to suspend subscriptions and redemptions in the Receiving Sub-Fund for a period of 2 business days immediately after the Effective Date to facilitate the calculations and confirmations required in relation to the implementation of the Merger.

As noted above, subject to the approval of the Shareholders of the Merging Sub-Fund of the Merger, the change of name of the Receiving Sub-Fund and reduction in management fees in the Receiving Sub-Fund will take effect on the Effective Date (as defined in the Appendix to this Notice).

The current maximum management fees that may be charged shall be reduced from 3.00% per annum to 2.50% of Net Asset Value of the Fund with effect from 16 December, 2020 (the “**Effective Date**”).

#### **Action to be taken**

The Merger is proposed take effect at 00.01a.m. on the Effective Date, (the “**Effective Time**”) and does **not** require your approval to take effect.

The change of name of the Receiving Sub-Fund and reduction in management fees will take effect on the Effective Date (as defined in the Appendix to this Notice) and do **not** require your approval to take effect.

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This notice is merely for information purposes and is aimed at providing you with sufficient information to enable you to make an informed judgment on the impact of the Merger on your investments.

We recommend that you read the details of the proposed Merger in full.

If you do not wish to remain in the Receiving Sub-Fund you may redeem your Shares in the Receiving Sub-Fund on any Dealing Day of the Receiving Sub-Fund in accordance with the procedures set out in the Prospectus. No redemption charge will be payable for redemption of Shares in the Receiving Sub-Fund.

**Further information**

If you have any queries please contact your financial adviser or, for procedural matters, the Company Secretary, on +353 1 667 0022. Telephone calls may be recorded to confirm your instructions.

We thank you for your investments in Generali Invest CEE Plc's funds and we hope to continue to serve your investment needs in the years ahead.

The Directors accept responsibility for the accuracy of this notice.



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Director

For and on behalf of

**GENERALI INVEST CEE PLC**

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**APPENDIX: DETAILS OF THE MERGER**

**1. SUMMARY OF THE MERGER**

- (i) The Merger is proposed to take effect on or about the Effective Date.
- (ii) The directors of the Company believe that the Merger is in the best interests of Shareholders of the Receiving Sub-Fund.
- (iii) The Merger has been approved by the Central Bank.
- (iv) You are not required to vote on the Merger. The Merger is, however, subject to the investors in the Merging Sub-Fund voting in favour of the Merger.
- (v) The Merger will lead to the closure of the Merging Sub-Fund.
- (vi) Please refer to the 'Action to be Taken' section of this Notice for a description of your options in relation to the Merger, including, in particular, your right to redeem your investment in the Receiving Sub-Fund before the Merger without any charge.
- (vii) It is proposed to suspend subscriptions and redemptions in the Receiving Sub-Fund for a period of 2 business days immediately following the Effective Date of the Merger.
- (viii) Shareholders of the Merging Sub-Fund will acquire rights as Shareholders of the Receiving Sub-Fund from the Effective Date. After the Effective Date, investors in the Merging Sub-Fund will hold Shares in the Receiving Sub-Fund and may continue to deal as usual from 21 December, 2020.
- (ix) The Merger will not have a material impact on the portfolios of the Receiving Sub-Fund; nor will the Merger have a material impact on the investment policies of the Receiving Sub-Fund.

**2. Transfer of Property of the Merging Sub-Fund**

- 2.1 As at the Effective Time, Shares in the Receiving Sub-Fund will be issued to Shareholders in the Merging Sub-Fund in exchange for the transfer of the property of the Merging Sub-Fund to the Receiving Sub-Fund by way of a contribution in kind to the Receiving Sub-Fund, to be held by the Depositary of the Receiving Sub-Fund on behalf of the Receiving Sub-Fund. The property of the Merging Sub-Fund will be valued in accordance with clause 5 below.
- 2.2 The Depositary, starting from the Valuation Point on the last dealing day (being 8 December 2020) (the "**Last Dealing Day**") until the Effective Time of the Merger, will retain out of the property of the Merging Sub-Fund such amount of cash as shall equal the Retained Amount. If, in the opinion of the Directors (upon consultation with the Depositary and the auditors of the Company) the Retained Amount (together with income thereon) exceeds the liabilities of the Merging Sub-Fund, then such excess shall, within 60 days upon termination of the Merging Sub-Fund, be distributed to the Shareholders of the Merging Sub-Fund on a pro-rata basis present

as at the Effective Time. In the event, however, the Retained Amount is insufficient to meet the liabilities of the Merging Sub-Fund, the Investment Manager will be responsible for the shortfall.

### **3. Issue of Shares and Dealings in the Receiving Sub-Fund**

- 3.1 As at the Effective Time, Shareholders of the Merging Sub-Fund will receive corresponding Shares in the Receiving Sub-Fund.
- 3.2 The number of Shares in the Receiving Sub-Fund to be issued to Shareholders in the Merging Sub-Fund shall be determined by the Administrator of the Company in accordance with the following formula:

$$S = \frac{R \times NAV}{SP}$$

where:-

- S = the number of Shares in the Receiving Sub-Fund that will be issued at the Effective Time;
- R = the number of Shares held by the Shareholder in the Merging Sub-Fund immediately prior to the Effective Time;
- NAV= the last Net Asset Value per Share of the relevant Share Class in the Merging Sub-Fund calculated as at the Valuation Point on the Last Dealing Day preceding the Effective Date of the Merger, calculated in accordance with the Memorandum and Articles of Association of the Company;
- SP= the price per Share of the relevant Share Class in the Receiving Sub-Fund immediately prior to the Effective Time.

### **4. Valuation**

- 4.1 For the purpose of the Merger, the value of the property of the Merging Sub-Fund will be calculated as at the Valuation Point on the Last Dealing Day preceding the Effective Date of the Merger by the Administrator in accordance with the relevant provisions of the Memorandum & Articles of Association of the Company, which value will be audited by the auditors of the Company.
- 4.2 When valuing the Merging Sub-Fund for the purpose of the Merger, the Administrator will make provision for such amount specified by the Directors of the Company (after consultation with the Depositary) as shall equal the amount of all liabilities of the Merging Sub-Fund.

**5. Auditor Validation**

The auditors of the Company will validate the following as at the Effective Time:

- (i) the criteria adopted for the valuation of the assets and liabilities as at the Effective Time; and
- (ii) the calculation method of the exchange ratio referred to in clause 4.2 above as well as the actual exchange ratio determined at the Effective Time.

**6. Costs, Charges and Liabilities**

The total costs and expenses in relation to the Merger, including the costs of the Extraordinary General Meeting of the Shareholders of the Merging Sub-Fund (and any adjournments), the costs of closure of the Merging Sub-Fund and any costs associated with the transfer of the property of the Merging Sub-Fund to the Receiving Sub-Fund will be borne by the Manager and will not be borne by either the Merging Sub-Fund or the Receiving Sub-Fund. Any Rebalancing Costs, which are expected to be immaterial and up to 0.25% of the Net Asset Value of the Merging Sub-Fund, will be borne by the Merging Sub-Fund.

The Merging Sub-Fund has no unamortized preliminary expenses as at the date of this notice.

**7. Cancellation of Shares and Termination of the Merging Sub-Fund**

Following the Merger, all of the Shares of the Merging Sub-Fund will be cancelled and contract notes held by Shareholders in the Merging Sub-Fund will no longer be valid. Thereafter, the Merging Sub-Fund will be terminated and wound-up in accordance with the Memorandum & Articles of Association of the Company and application will be made by the Central Bank to seek withdrawal of approval of the Merging Sub-Fund.

**8. Conditions**

The Merger in respect of the Merging Sub-Fund is conditional upon: -

- (i) approval of the Merger by way of Special Resolution of the Shareholders of the Merging Sub-Fund at an Extraordinary General Meeting of the Shareholders of the Merging Sub-Fund; and
- (ii) clearance and approval of the Merger by the Central Bank.

**9. Amendments**

In circumstances where it becomes necessary or advisable to do so, alterations in the terms and method of implementation of the Merger in respect of the Merging Sub-Fund may be made in accordance with the requirements of the Central Bank provided that any such alterations are, in the opinion of the Directors and in consultation with the Depositary and the auditors of the Company, of a non-material nature.

**10. Definitions****Retained Amount**

means such amount of cash specified by the Directors (after consultation with the auditors of the Company and the Depositary) as shall equal the net amount deducted for liabilities of the Merging Sub-Fund when valuing the property of the Merging Sub-Fund in accordance with clause 5 above;

**Special Resolution**

means a special resolution of the Shareholders of the Merging Sub-Fund in Extraordinary General Meeting passed by a majority consisting of 75% or more of the total number of votes cast at such a meeting;

**Valuation Point**

means 11.00 p.m. (Irish time) on the relevant Dealing Day or such other times as the Directors may determine and notify Shareholders provided that the Valuation Point shall not be prior to the Dealing Deadline.