

Mediobanca Management Company S.A.
Société anonyme
Registered office: 2, Boulevard de la Foire
L-1528 Luxembourg
R.C.S. Luxembourg: B 138740
(the “**Management Company**”)

acting on behalf of

Palladium FCP
Fonds commun de placement
R.C.S. Luxembourg: K 1320

(the “**Fund**”)

NOTICE TO UNITHOLDERS
of the sub-fund “Palladium FCP- Crescita Protetta”
(the “**Sub-Fund**”)

Luxembourg, 14 December 2020

Dear Unitholders,

The board of directors of the Management Company (the “**Board**”) hereby informs you that it is intended to make the following changes to the supplement of the Sub-Fund:

- To amend the investment policy of the Sub-Fund by stating that the investment objective of the Sub-Fund is to achieve capital appreciation whilst offering a protection equal to at least 90% of the highest Net Asset Value reached in the twelve (12) months rolling after 15 January 2021;
- To replace Mediobanca S.p.A. with Morgan Stanley as approved counterparty;
- To foresee that the protection will be available from 15 January 2021 and that the Sub-Fund will endeavour to extend the maturity of the put option periodically;
- To amend the section “Specific investment policy and restrictions” in order to reflect the changes of the investment policy, to change the composition of the basket portfolio and make other changes in relation to the put option;
- To foresee that the monthly performance of the basket portfolio might be limited at 5.0% of the level of the basket portfolio on the last business day of the previous month, as determined from time to time by the investment manager of the Sub-Fund;
- To amend the expected percentage of the assets subject to the TRS that will be 200% instead of 100%;
- To amend the average level of leverage that is expected to be approximately 200% instead of 100%, as previously stated;
- To amend the section “Fees”, by stating that
 - (i) An all-in fee of 2% includes all costs at charge of the Fund. In case the real costs exceed the only fee threshold, the delta is paid by the Management Company in favor of the Fund. In the opposite case, the delta is paid by the Fund in favor of the Management Company;
 - (ii) An investment management fee is payable to the Management Company and/or the investment manager of the Fund; and
 - (iii) The all-in fee includes, in addition to the management fees as set out in Part A of the Prospectus, an advisory fee up to 0.10% p.a. which is payable to the investment manager of the Sub-Fund in exchange for the construction of the basket portfolio.

- To define the approved counterparty for all OTC derivatives which will be Morgan Stanley or any of its affiliates or subsidiaries that are eligible as further described in Part A, A.1. III of the Prospectus;
- To clarify that the approved counterparty does not have discretion over the Sub-Fund's assets;
- To add a specific section on "Sustainability related disclosures", stating that the investments underlying this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities; and
- To make other minor changes due to consistency purposes.

The aforementioned changes shall be reflected in an updated version of the prospectus of the Fund (the "**Prospectus**"), which will be made available to the unitholders of the Sub-Fund at the registered office of the Management Company and on the website of the Management Company (<https://www.mediobancamanagementcompany.com/en/palladium-fcp>).

Any terms with capital letters but not defined herein shall have the meaning given to them in the Prospectus.

Affected unitholders disagreeing with the change listed above may redeem their units free of any charge from the date of this notice until 14 January 2021.

Yours sincerely,

The Board