YELLOW FUNDS SICAV
Société Anonyme qualifying as a
Société d'Investissement à Capital Variable
60, avenue J.F. Kennedy, L – 1855 Luxembourg
R.C.S. Luxembourg B 175534
(the "**Fund**")

Notice to Shareholders:

YELLOW FUNDS SICAV – Difesa by Mediobanca SGR

(the "**Receiving Sub-Fund**")

IMPORTANT:
THIS LETTER REQUIRES YOUR IMMEDIATE ATTENTION.
IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENT OF THIS LETTER, YOU SHOULD SEEK INDEPENDENT PROFESSIONAL ADVICE.

18 May 2020

Dear Shareholders,

In compliance with article 14 of the restated articles of association dated 10 October 2018 of the Fund (the "**Articles**"), the board of directors of the Fund (the "**Board of Directors**") has decided to merge the sub-fund "**YELLOW FUNDS SICAV – Cedola by Mediobanca SGR**" (the "**Merging Sub-Fund**") with the Receiving Sub-Fund in compliance with article 1(20)(a) of the law of 17 December 2010 on undertakings for collective investment as amended (the "**2010 Law**"). The Fund has designated Mediobanca Management Company S.A. with registered office at 2 boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg as management company of the Fund (the "**Management Company**").

The merger shall become effective on 26 June 2020 (the "**Effective Date**").This notice describes the implications of the contemplated merger. Please contact your financial advisor if you have any questions on the content of this notice. The merger may impact your tax situation. Shareholders should contact their tax advisor for specific tax advice in relation to the merger.Capitalized terms not defined herein have the same meaning as in the prospectus of the Fund.

A. The Merger

1. Background and rationale for the merger

The Board has decided, in the best interest of the shareholders of the Merging Sub-Fund and the Receiving Sub-Fund respectively, to merge the Merging Sub-Fund into the Receiving Sub-Fund to increase the size of the managed portfolio, to allow for an expected higher adjusted return / risk ratio, and, accordingly, to lower expected fees and to allow for greater diversification.

In light of the assets under management of the Merging Entities combined, whereas for some of them are particularly small, the Board considers it opportune to merge the Merging Sub-Fund in the Receiving Sub-Fund to achieve the objective stated in the foregoing paragraph.

In light of the compatibility of the investment objective, strategy, target assets and risk profile of the Merging Sub-Fund and the Receiving Sub-Fund, the Board strongly believes in the synergies to be created by this merger, including, but not limited to, more efficient management thereby benefiting the Merging Sub-Fund and Receiving Sub-Fund's shareholders, as stated earlier.

Summary of the merger

(i) The merger shall become effective and final between the Merging Sub-Fund and the Receiving Sub-Fund and *vis-à-vis* third parties on the Effective Date.

(ii) On the Effective Date, all assets and liabilities of the Merging Sub-Fund will be transferred to the Receiving Sub-Fund. The Merging Sub-Fund will cease to exist as a result of the merger and thereby will be dissolved on the Effective Date without going into liquidation.

(iii) No general meeting of shareholders shall be convened in order to approve the merger and shareholders are not required to vote on the merger.

(iv) Shareholders holding shares of the Merging Sub-Fund on the Effective Date will automatically be issued shares of the Receiving Sub-Fund in exchange for their shares of the Merging Sub-Fund, in accordance with the relevant share exchange ratios and participate in the results of the respective Receiving Sub-Fund as from such date. Shareholders will receive a confirmation note of their holding in the Receiving Sub-Fund as soon as practicable after the Effective Date. Please see section 4 (*Rights of shareholders in relation to the merger*) below;

(v) Subscriptions, redemptions and/or conversions of shares of the Receiving Sub-Fund will still be possible until 18 June 2020 (close of business) and will then be suspended as indicated under section 5 (*Procedural aspects*) below;

(vi) Other procedural aspects of the merger are set out in section 5 (*Procedural aspects*) below.

(vii) The merger has been approved by the *Commission de Surveillance du Secteur Financier* (the **"CSSF"**).

(viii) The timetable below summarises the key steps of the merger.

Notice sent to shareholders	18 May 2020
Dealings closed in the Receiving Sub-Fund and in the Merging Sub-Fund at close of business	18 June 2020 COB
Suspension of dealings in the Receiving Sub-Fund and in the Merging Sub-Fund	18 June 2020 COB – 25June 2020
End of current accounting period of the Receiving Sub-Fund and of the Merging Sub-Fund	30 June 2020
Valuation of Merging Sub-Fund and Receiving Sub-Fund	25 June 2020
Calculation of share exchange ratios	26 June 2020 (based on a NAV dated on 25 June 2020)
Effective Date	26 June 2020

2. Impact of the merger on the shareholders of the Receiving Sub-Fund

Minor changes will be made to the investment objective and policy or other terms of the Receiving Sub-Fund as a result of the merger as described under Section B herebelow.

The merger will be binding on all the shareholders of the Receiving Sub-Fund who have not exercised their right to request the redemption of their shares, free of charge, within the timeframe set out in section 4 (*Rights of shareholders in relation to the merger*) below.

A rebalancing of the Receiving Sub-Fund's portfolio will be carried out after the merger.

3. Criteria for valuation of assets and liabilities

For the purpose of calculating the relevant share exchange ratios, the rules laid down in the Articlesand the prospectus of the Fund for the calculation of the net asset value will apply to determine the value of the assets and liabilities of the Merging Sub-Fund and of the Receiving Sub-Fund.

4. Rights of shareholders in relation to the merger

No shareholder vote is required in order to carry out the merger under article 24 of the Articles.

Shareholders of the Receiving Sub-Fund not agreeing with the merger will be given the possibility to request the redemption of their shares of the Receiving Sub-Fund at the applicable net asset value, without any redemption charges (other than charges retained by the Receiving Sub-Fund to meet disinvestment costs) during at least 30 calendar days following the date of the present notice.

5. Procedural aspects

5.1 Suspensions in dealings

In order to implement the procedures needed for the merger in an orderly and timely manner, the Board of Directors has decided that subscriptions for, redemptions of, and conversions of shares of the Merging Sub-Fund and the Receiving Sub-Fund, as well as conversions to or from the Merging Sub-Fund and the Receiving Sub-Fund, will no longer be accepted or processed as of 18 June 2020 COB until 25 June 2020.

5.2 Confirmation of merger

Each shareholder in the Merging Sub-Fund will receive a notification confirming (i) that the merger has been carried out and (ii) the number of shares of the corresponding class of shares of the Receiving Sub-Fund that they hold after the merger.

5.3 Publications

The merger and its Effective Date shall be published on the central electronic platform of the Grand Duchy of Luxembourg, the *Recueil électronique des sociétés et associations (RESA)*, before the Effective Date. This information shall also be made publicly available, when mandatory by applicable regulation, in other jurisdictions where shares of the Merging Sub-Fund is distributed.

5.4 Approval by competent authorities

The merger has been approved by the CSSF which is the competent authority supervising the Fund in Luxembourg.

6. Costs of the merger

The management company of the Fund, Mediobanca Management Company S.A., will bear the legal, advisory and administrative costs and expenses associated with the preparation and completion of the merger.

7. Taxation

The merger of the Merging Sub-Fund into the Receiving Sub-Fund may have tax consequences for shareholders. Shareholders should consult their professional advisers about the consequences of this merger on their individual tax position.

8. Additional information

8.1 Merger reports

Ernst & Young, the authorised auditor of the Fund in respect of the merger, will prepare a report on the merger which shall include a validation of the following items as set out in section 8.2. (c):

1) the criteria adopted for valuation of the assets and/or liabilities for the purposes of calculating the share exchange ratios; and

2) the calculation method for determining the share exchange ratios.

8.2 The exchange ratio for each share will be calculated on the Effective Date and an auditor report will be drawn up.

8.3 Additional documents available

The following documents are available to the shareholders of the Receiving Sub-Fund at the registered office of the Fund on request and free of charge as from 18 May 2020:

(a) the common draft terms of the merger drawn-up by the Board of Directors containing detailed information on the merger, including the calculation method of the share exchange ratios (the "**Common Draft Terms of Merger**");

(b) a statement by the depositary bank of the Fund confirming that they have verified compliance of the Common Draft Terms of the Merger with the terms of the 2010 Law and the Articles;

(c) a copy of the report prepared by Ernst & Young, to validate the conditions foreseen in article 71(1) items a) and c) of the 2010 Law;

(d) the prospectus of the Fund in redline; and

(e) the KIID of the Receiving Sub-Fund.

B. The amendment to the Fund's investment policy

The Board would like to inform the shareholders of the Receiving Sub-Fund of the following changes concerning the Receiving Sub-Fund in order to optimise the merger and which will enter into force with effect as of 26 June 2020, as further set out in the prospectus of the Fund.

This follows a review of the Fund's policies and strategies and aims at providing a consolidation between the Merging Sub-Fund and the Receiving Sub-Fund at the occasion of the merger.

As of 26 June 2020, the Receiving Sub-Fund's investment policy has been amended to henceforth read the following:

Prospectus	Section	Investment Objective
PART B: Specific information Sub-Fund: YELLOW FUNDS SICAV – Difesa by Mediobanca SGR	3. Specific investment policy and restrictions	The Sub-Fund will seek to achieve the investment objective by having a flexible approach to asset allocation. This means that the Investment Manager of the Sub-Fund will actively manage the Sub-Fund exposures to a variety of asset classes and sectors as described further below, and adjust these tactically, as determined appropriate, to maintain a conservative level of risk. The main strategy which the Investment Manger intends to pursue in order to assist it in achieving the investment objective is a fundamental diversified growth strategy. These strategies are generally based on the assessment and analysis of the core characteristics of a country's or region's economic, monetary and risk environment, which is combine to a review of its corporate landscape (such as earnings, price valuations, business growth and operational efficiency), with the objective of increasing exposure to assets that present an investment opportunity and decreasing exposure to those with unfavourable prospects. ~~Furthermore, in order to reduce or mitigate the impact of market risk (i.e. the risk associated with the market moving in one direction, up or down) and therefore lower its sensitivity to market movements, t~~**The** Sub-Fund

Prospectus	Section	Investment Objective
		may invest up to ~~100% of its net asset value in money market funds or use financial derivative instruments (FDIs), as further described below under the section entitled "Financial derivative instruments".~~ **10% of its net assets in UCITS and//or non-UCITS collective investment schemes which might be selected from funds managed or advised by the Investment Manager and/or its affiliates.**
		The range of asset classes in which the Sub-Fund will invest include, but is not necessarily limited to, equity, government bond**s**, corporate bond**s** (investment grade and non-investment grade), commodity and real estate. It will also include alternative asset classes, often considered to include~~,~~ high yield bond**s**, emerging market sovereign bond**s**, emerging market corporate bond**s** and commodity assets. The Sub-Fund has no geographic, industry or market capitalization focus and has the ability to investment globally in the full spectrum of permitted investments. Within a conservative risk profile, the Sub-Fund typically expects to invest between 10% and 35% of its total assets in instruments providing exposure to equity, equity-related securities, real estate and commodities, with the remainder of the Sub-Fund's exposure in fixed income, fixed income-related securities, cash and alternatives as described earlier. Equity and equity-related securities typically include company stocks, units of undertaking for collective investments or exchange trade funds that are primarily investing in company stocks in developed and emerging markets. For the attainment of its objective, the undertaking for collective investments or exchange trade funds in which the Sub-Fund invest in may be allocated to and invested in mortgage backed securities (MBS), commercial mortgage backed securities (CMBS), asset backed securities (ABS) and securities equivalent in nature to such securities. Similarly, fixed income and fixed income related securities include bonds (issued by government or corporates in developed and emerging markets), units of undertaking for collective investments or exchange trade funds that are primarily investing in bonds. Real estate and commodity exposures will be achieved indirectly, via purchasing units of collective investment schemes or exchange traded fund authorised as UCITS, as well as FDIs on commodities indices. Example**s** of commodity FDIs are provided in the section entitled "Financial derivative instruments". FDI's indices will not exceed 10% of the net assets. There can be no guarantee that the Sub-Fund will attain a conservative level of risk at all times, especially during periods of unusually high or low market volatility, nor that the Sub-Fund will maintain an exposure of 10% to 35% of its total assets in instruments providing exposure to equity,

Prospectus	Section	Investment Objective
		equity-related securities, real estate and commodities.
		The Sub-Fund will however gain investment exposures primarily via investment in units of undertaking for collective investments and exchange traded funds, which means that the Sub-Fund will not seek to have direct exposure to transferable securities such as company stocks, bonds issued by a government or corporate entity. ~~Moreover, a predominant part, of up to 100%, might be selected from funds managed or advised by the Investment Manager and/or its affiliated.~~
		Efficient portfolio management: Efficient portfolio management transactions relating to the assets of the Sub-Fund may be entered into by the Investment Manager with one of the following aims: (a) a reduction of risk (including currency exposure risk); (b) a reduction of cost (with no increase or minimal increase in risk); and (c) generation of additional capital or income for the Sub-Fund with a level of risk consistent with the risk profile of the Sub-Fund. In relation to efficient portfolio management operations, the Investment Manager will look to ensure that the techniques and instruments used are economically appropriate in that they will be realized in a cost-effective way. ~~The Sub-Fund will not make use of efficient portfolio management techniques subject to SFTR.~~ **The Sub-Fund will neither make use of securities financing transactions (i.e. (i) repurchase transactions, (ii) securities or commodities lending and securities or commodities borrowing, (iii) buy-sell back transactions or sell-buy back transactions, and (iv) margin lending transactions) nor of total return swaps.**
		Financial derivative instruments: As described in the investment policy, the Sub-Fund may invest in financial derivatives nstruments ("FDIs") for investment and/or hedging purposes. It is anticipated that the Sub-Fund will be able to have a long or short exposure to equities through the use of FDIs. The FDIs used by the Sub-Fund will consist of exchange traded FDIs only and may include: currency forwards, equity index futures, bond futures and commodity futures. ~~The Sub-Fund will not make us of FDIs subject to SFTR.~~

Shareholders disagreeing with the changes described in Section B above may redeem their shares of the Receiving Sub-Fund free of any charge from the date of this notice and until 18 June 2020.

The above mentioned changes will be reflected in an updated prospectus, dated 26 June 2020. The revised prospectus and comparison version showing all changes made is available free of charge on request from the Fund's registered office.

Please contact your financial adviser or the registered office of the Fund if you have questions regarding this matter.

Yours faithfully,

The Board of Directors