

EAST CAPITAL

Société d'investissement à capital variable

Registered office: 11, rue Sainte-Zithe, L-2763 Luxembourg,
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B 121.268
(the "**Fund**")

NOTICE TO THE SHAREHOLDERS OF EAST CAPITAL EASTERN EUROPE

20 July 2023

To be sent by registered mail to all shareholders of the Sub-Fund

Dear Shareholder,

We are writing to you in relation to the sub-fund East Capital Eastern Europe (the "**Sub-Fund**").

As announced in the notice to shareholders dated 1 March 2022, the calculation to the Net Asset Value of the Sub-Fund is suspended since 1 March 2022 due to ongoing difficulties to trade and settle under reliable conditions in Russian assets and assets impacted by the conflict between Russia and Ukraine (the "**Russian Assets**"). Prior to the suspension of the Net Asset Value of the Sub-Fund, the Russian Assets represented approximately 60% of the net assets of the Sub-Fund.

The board of directors of the Fund (the "**Board**") together with East Capital Asset Management S.A. (the "**Management Company**"), the management company of the Fund, undertook a review on possible actions to be undertaken in order to seek to preserve the remaining value in the Sub-Fund, and assess options in the best interests of the shareholders while maintaining fair treatment for all shareholders.

As a result of this review, the Board is proposing to isolate Russian Assets from the remaining liquid assets (i.e. other than Russian Assets) ("**Other Assets**"), in newly created separate share classes.

This will enable shareholders to retain an interest in the Russian Assets should their value return in the future and to obtain liquidity options with respect to the Other Assets by lifting the suspension of the calculation to the Net Asset Value of the existing share classes.

The Board proposes to reorganise the assets of the Sub-Fund by creating new mirror share classes (one per existing share class) to which the Russian Assets will be allocated (the "**Russian Share Classes**") (the "**Split**") effective as of 27 September 2023 at midnight (the "**Effective Date of the Split**"), therefore isolating the Sub-Fund's Russian Assets from the Other Assets. Each Russian Share Class will have the same denomination as the corresponding existing share class and will be designated by a reference to the addition of the letter "Q".

The Russian Share Classes, to which the portfolio of Russian Assets will be allocated, will still be closed for subscriptions and redemptions and the calculation of the Net Asset Value will remain suspended until such times as the suspension can be lifted.

Shares in the Russian Share Classes will be allocated to shareholders to reflect their pro rata entitlements to the Russian Assets.

Each shareholder will be allocated a number of shares in the Russian Share Classes that reflects their percentage holding in the Sub-Fund's last officially calculated total Net Asset Value as of 25 February 2022. To effect the foregoing, the existing shares held by shareholders have been valued using the official Net Asset Value per share as of 25 February 2022. On the Effective Date of the Split, all shareholders of the Sub-Fund will accordingly be entitled to receive shares calculated on a pro rata basis reflecting their exposure to the Russian Assets, through the Russian Share Classes. Shares in the Russian Share Classes will be issued on a 1-1 basis, e.g. investors who held 100 shares of an existing share class of the Sub-Fund on 25 February 2022 will receive 100 shares in a Russian Share Class relating to the Russian Assets.

The voting rights of the Russian Share Classes will be the same as those of the existing share classes of the Sub-Fund. Each shareholder has the right to one vote for each whole share held.

As from the Effective Date of the Split, the suspension of the calculation of the Net Asset Value of the existing share classes will be lifted, and investors will be able to subscribe and redeem shares in the existing share classes of the Sub-Fund with the Other Assets in accordance with the provisions of the prospectus of the Sub-Fund.

The liquid part (i.e. non-Russian assets) of the existing Share Classes, i.e. the Other Assets, will be charged management and administration rates and other costs related to the Sub-Fund as a whole accrued since 1 March 2022, all in accordance with the provisions of the prospectus of the Fund.

Effective March 1, 2022, the Russian Assets will be charged class specific charges in connection with dedicated portfolio maintenance activities performed by the Investment Manager as well as charges for depositary, administration, legal services, audit services and the Luxembourg *taxe d'abonnement* at the applicable rate and other costs related to the Sub-Fund as a whole, all charged at cost only and in accordance with the provisions of the prospectus of the Fund.

The charges received for depositary, administration, legal services, audit services and the Luxembourg *taxe d'abonnement* at the applicable rate and other costs related to the Russian Assets is equivalent to 10 bps on respective assets under management of the Russian Assets (as of 25 February 2022).

The Investment Manager will charge for portfolio maintenance activities on the Russian Assets based on actual time spent by investment professionals within the team. Such activities include, but are not limited to, contact with local authorities and key market participants, representation by the Sub-Fund at portfolio company shareholder meetings, safeguarding shareholder interests and engaging with portfolio companies. At the same time, the Investment Manager secures that expert resources are always available, with sufficient skills, experience and infrastructure to carry out such tasks. The intention is to distribute proceeds related to the Russian assets to investors, either as dividends or redemption, in accordance with the prospectus of the Sub-fund at the time of distribution.

The Investment Manager charges an hourly rate of 250 EUR. The charge related to the activity performed on the Russian Assets prior to the Split is equal to 32 bps on the respective Russian Assets under management (as of 25 February 2022).

The board of directors has decided to include a provision for such costs and charges with respect to the Russian Share Classes for a 5-year period following the Split. The costs for third party charges are estimated at 96,380 EUR per year. The cost for portfolio maintenance is estimated at 59,905 EUR per year.

The board of directors will at all times ensure the costs are closely monitored, correctly calculated and, to the extent possible, minimized by ongoing dialogue with each of the service providers. At the point