

VAM Funds (Lux)
Société d'Investissement à Capital Variable
Registered office: 26, avenue de la Liberté, L-1930 Luxembourg
R.C.S. Luxembourg B 107.134
(the "**Company**")

**NOTICE TO SHAREHOLDERS OF
VAM FUNDS (LUX) – FRONTIER MARKETS FUND**

Luxembourg, 10 August 2017

Dear Shareholder,

We are writing to inform you of some important changes to VAM Funds (Lux) – Frontier Markets Fund (the "**Merging Fund**"), a sub-fund of the Company.

The board of directors of the Company (the "**Board**") has decided to merge the Merging Fund into VAM Funds (Lux) – Emerging Markets Growth Fund (the "**Receiving Fund**"), a sub-fund of the Company (the "**Merger**").

The Merger will be effective on 22 September 2017 (the "Effective Date").

The purpose of this letter is to describe the Merger, in accordance with section "LIFETIME, MERGER AND LIQUIDATION OF THE FUND AND COMPARTMENTS" of the prospectus of the Company (the "**Prospectus**"), as well as the merger procedures applicable under the law of 17 December 2010 on undertakings for collective investment, as amended (the "**2010 Law**").

If you do not agree with the planned Merger, you may take this opportunity to redeem your shares free of charge or convert them under the same conditions, from the Merging Fund to any other sub-fund within the Company until 14 September 2017 at 4 p.m. CET ("**Cut-off**").

The Merging Fund is closed to new subscriptions and conversions into the Merging Fund as from the date of this notice. Redemptions and conversions out of the Merging Fund will no longer be accepted within the Merging Fund after the Cut-off as the Merging Fund will suspend all dealing in its shares thereafter.

A detailed comparison between the Merging Fund and the Receiving Fund is set out in the Appendix to this letter.

If you have any questions, please contact VAM Global Management Company SA, 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg, Tel: +352 20 60 0484, vamglobalmanco@vamgrouplux.com.

1. REASON FOR AND ADVANTAGE OF THE PROPOSAL

A significant investor in the Merging Fund has indicated its intention to redeem its shares in the Merging Fund. As a consequence, the Merging Fund will no longer be economically viable.

By merging the Merging Fund into the Receiving Fund, shareholders of the Merging Fund should benefit from the advantages associated with superior scale due to the increased size of assets under management following the Merger whilst continuing to be exposed to emerging markets (which include frontier markets). The Merger should, therefore, provide economies of scale, with the expectations that this should ensure relatively lower costs in the future.

For the above reasons, the Board believes that the decision of the Board, taken in accordance with Article 5 of the articles of association of the Company (the "**Articles**"), to merge the Merging Fund into the Receiving Fund best serves the interests of the shareholders of the Merging Fund.

2. SHAREHOLDERS' RIGHTS

Shareholders who have not requested redemption or switching of their Shares by 4 p.m. CET on 14 September 2017 will receive a number of shares of such class in the Receiving Fund as disclosed under point 5 hereafter. The specific features of the relevant share classes are set out in the Appendix to this letter.

Shareholders may also continue to participate and exercise their voting rights in shareholder meetings, request redemption and switching of their shares on any valuation day. Shareholders who currently hold accumulation shares will be issued with accumulation shares in the Receiving Fund and will therefore not be eligible for distributions.

A schedule of the principal differences between the Merging Fund and the Receiving Fund is set out in the Appendix to this letter.

3. INVESTMENT OBJECTIVE AND POLICIES OF THE MERGING FUND AND OF THE RECEIVING FUND, AND RELATED RISKS

The Receiving Fund and the Merging Fund have the same investment objective, as both are seeking to maximize capital appreciation over each full market cycle. Additionally, both funds are suitable for investors seeking long-term growth through capital appreciation, wishing to diversify their investment portfolio and having an investment horizon of at least 5 to 7 years.

Investors are informed that the Merging Fund and the Receiving Fund have different risk profiles.

The Synthetic Risk and Reward Indicator mentioned in the Key Investor Information Documents of the Receiving Fund is 5 while the Synthetic Risk and Reward Indicator

mentioned in the Key Investor Information Documents of the Merging Fund is 4. This means that investors in the Receiving Fund may be subject to higher volatility and as such they may face higher risks but may also expect higher rewards.

Shareholders should refer to the Prospectus and the attached Key Investor Information Documents ("**KIIDs**") of the Receiving Fund, which set out a detailed description of the investment policies and specific risk factors. In addition, the differences between the Merging Fund and the Receiving Fund are detailed in the Appendix to this letter.

The portfolio of assets of the Merging Fund will be adjusted before the Merger, in order that it is consistent with the investment objective and policy of the Receiving Fund, or will be realised in order to be contributed in part by cash. As a consequence, the Merging Fund may not remain compliant with its investment objective, investment policy and investment restrictions as set out in the Company's prospectus during the prior notice period preceding the Merger. The Receiving Fund's investment portfolio will not require any adjustment after the Effective Date other than the investment of the cash contributed by the Merging Sub-Fund.

You should consider whether the Receiving Fund meets your personal investment requirements. If it does not, you may redeem your shares free of charge or convert them under the same conditions, from the Merging Fund to any other sub-fund within the Company until 14 September 2017 at 4 p.m. CET ("**Cut-off**").

If you are in any doubt as to the action to be taken, you should consult your independent financial adviser, stockbroker, bank manager, solicitor, attorney or other professional adviser.

4. FEES AND EXPENSES

The implementation of the Merger will not have an effect on any kind of fees. For more detailed information please refer to the Appendix to this letter.

5. TERMS

The Merger will be effective on the Effective Date.

Upon the Effective Date, the Merging Fund will transfer all its assets and liabilities to the Receiving Fund. Shares in the Merging Fund will be cancelled and shareholders of the Merging Fund who have not instructed redemption or exchange of their shares in the Merging Fund will receive in exchange shares in the Receiving Fund, which will be issued without charge, without par value and in registered form (the "**New Shares**"). The total value of the New Shares will correspond to the total value of the shares held in the Merging Fund calculated on the basis of the respective net asset values of the Merging Fund and Receiving Fund on the Effective Date. The overall value of the Merging Fund shareholders' holdings will remain the same and shareholders of the Merging Fund may receive a different number of

shares in the Receiving Fund equal in value to the number of shares held in the Merging Fund.

Shareholders of the Merging Fund who have not requested to redeem or to convert their shares out of the Merging Fund prior to 4 p.m. CET on 14 September 2017 will be part of the Merger and will become shareholders of the Receiving Fund.

Following the Merger, shares in the Receiving Fund will be allotted according to the following table:

Merging Fund	Receiving Fund
Class A ACC USD LU1047356065	Class A ¹ USD LU0293692165
Class C ACC USD LU1047361909	Class C ¹ USD LU0293693130
Class E ACC USD LU1341902309	Class E ¹ USD LU0443655294

The Merging Fund has not issued shares in Class B or Class D.

In case the application of the exchange ratio will not lead to the issuance of full shares, the shareholders of the Merging Fund will receive fractions of shares up to three decimal points within the Receiving Fund.

As of the Effective Date, all of the assets and liabilities of the Merging Fund shall be deemed transferred to the Receiving Fund as aforesaid.

As a result of the Merger, the Merging Fund shall cease to exist and all its shares in issue shall be cancelled.

Registration

Shareholders are advised that the Receiving Fund has been registered in each of the countries in which the Merging Fund is currently registered.

¹ Note: Please note that the Receiving Fund's Class A USD, Class C USD and Class E USD shares are also accumulation shares.

Merger reports and availability of documents

In accordance with article 71 (1) of the 2010 Law, the merger reports will be prepared by Ernst & Young S.A. and will include a validation of the following items:

- (i) the criteria adopted for valuation of the assets and/or liabilities for the purposes of calculating the exchange ratio;
- (ii) the calculation method for determining the exchange ratio; and
- (iii) the final exchange ratio.

Copies of the merger report on items (i) and (ii) shall be made available free of charge from the date of this notice upon request to the shareholders of the Merging Fund. Copies of the merger report on item (iii) will be available on the next business day following the Effective Date. In order to obtain the merger reports, please contact VAM Global Management Company SA whose contact details are mentioned on the first page of this notice.

The Common Merger proposal and the KIIDs of the Receiving Fund are enclosed with this letter.

Copies of the latest annual and semi-annual reports and the material contracts of the Company may be obtained and/or inspected free of charge at the registered office of the Company.

Final Accounts of the Merging Fund

The final accounts of the Merging Fund covering the period from 1 January 2017 to the Effective Date will be included in the Annual Audited Report for the Company as at 31 December 2017.

Costs of the Merger

All the Merger expenses as referred to in the 2010 Law, including the legal, audit and regulatory charges, will be borne by VAM Global Management Company SA.

The portfolio of assets of the Merging Fund will be adjusted prior to the Effective Date, in order that it is consistent with the portfolio of assets of the Receiving Fund, or will be realised in order to be contributed in part by cash. As a consequence, please note that the Merging Fund may not remain compliant with its investment objective, investment policy and investment restrictions as set out in the Company's prospectus as from the date of this letter.

Any dealing costs in adjusting the portfolio of assets of the Merging Fund prior to the Effective Date will be borne by the Merging Fund and ultimately by investors in the Merging Fund. The dealing costs of investing the cash transferred to the Receiving Fund as a result of the Merger, will be borne by the Receiving Fund and ultimately by all investors in the Receiving Fund, including the shareholders of the Merging Fund having participated in the Merger.

Any additional liabilities accruing after 4 p.m. CET (Luxembourg time) on the Effective Date, will be borne by the Receiving Fund.

Tax impact

The Merger will not subject the Merging Fund or the Receiving Fund to taxation in Luxembourg. Investors may however be subject to taxation in their tax domiciles or other jurisdictions where they pay taxes.

If you are in any doubt regarding your taxation position as a result of the Merger you should consult your own professional adviser as to the implications of the Merger under the laws of the country of your nationality, residence, domicile or incorporation. You should also refer to the summaries of the anticipated tax treatment of the Receiving Fund and its shareholders in the Prospectus.

The Board accepts responsibility for the accuracy of the information contained in this notice as at the date of the mailing.

Yours faithfully,

On behalf of the Board of VAM Funds (Lux)

Appendix: Main differences between the Merging Fund and the Receiving Fund

Shareholders should read the Prospectus and the attached KIIDs for more detailed information (including risks and fees and expenses) on the Receiving Fund.

Unless stated otherwise, the terms used in this Appendix are as defined in the Prospectus.

PRODUCT FEATURES	VAM FUNDS (LUX) – Emerging Markets Growth Fund (the Receiving Fund)	VAM MANAGED FUNDS (LUX) – Frontier Markets Fund (the Merging Fund)
Name	VAM Funds (Lux) – Emerging Markets Growth Fund	VAM Funds (Lux) – Frontier Markets Fund
I. OPERATIONAL DETAILS		
Valuation Day	Each day that is a full bank business day in Luxembourg and the New York Stock Exchange is normally open for business.	The last day of each week that is a full bank business day in Luxembourg and the New York Stock Exchange is normally open for business.
Issue Price	The issue price for Shares in each Compartment is equal to the net asset value of each Share in that Compartment, calculated on the relevant Valuation Day.	unchanged.
Reference Currency	USD	unchanged
Risk management methodology	Commitment	unchanged
II. INVESTMENT OBJECTIVES AND POLICIES, AND RELATED RISKS		
Objectives and Investment Policy	<p>The investment objective of the Compartment is to maximize capital appreciation over each full market cycle. To achieve this objective the Compartment will invest primarily in equity securities of companies in emerging markets. The Compartment may invest in companies with limited operating histories.</p> <p>The Compartment uses a growth style of investment by investing in stocks the Investment Manager believes have some or all of the following characteristics:</p> <ul style="list-style-type: none"> - dominant products or market niches - improved sales outlook or opportunities - demonstrated sales growth and earnings - cost restructuring programmes which are 	<p>The investment objective of the Compartment is to maximize capital appreciation over each full market cycle. To achieve this objective the Compartment will invest primarily in equity and equity related securities (such as depositary receipts which fulfil eligibility criteria of Article 41(1) of the Law) of companies domiciled in frontier markets that are dealt on an Eligible Market. The Compartment may invest in companies with limited operating histories.</p> <p>The Compartment will invest primarily in companies domiciled in frontier markets and companies not domiciled in frontier markets but that derive a substantial portion of their revenues from frontier markets. The Compartment will hold a diversified portfolio of equity securities unconstrained as to geography,</p>

PRODUCT FEATURES	VAM FUNDS (LUX) – Emerging Markets Growth Fund (the Receiving Fund)	VAM MANAGED FUNDS (LUX) – Frontier Markets Fund (the Merging Fund)
	<p>expected to positively affect company earnings</p> <p>- increased order backlogs, new product introductions, or industry developments which are expected to positively affect company earnings.</p> <p>The Compartment may hold liquid assets on an ancillary basis. Under normal market conditions, investment in liquid assets and debt instruments of any kind will not exceed 15% of the Compartment's net assets.</p> <p>The Compartment will invest in securities of issuers of emerging countries and investors should be aware that such investments are more speculative and subject to greater risk than those in securities of issuers of developed countries. Emerging markets may be volatile and illiquid and the investments of the Compartment in such markets may be subject to significant delays in settlement. The risk of significant fluctuations in the net asset value and of the suspension of redemptions in the Compartment may be higher than for Compartments investing in major world markets. In addition, there may be a higher than usual risk of political, economic, social and religious instability and adverse changes in government regulations and laws in less developed or emerging markets. The assets of the Compartment, as well as the income derived therefrom, may also be affected unfavourably by fluctuations in currency rates and exchange control and tax regulations and consequently the net asset value of the Compartment's Shares may be subject to significant volatility. Some of these markets may not be subject to accounting, auditing and financial reporting standards and practices</p>	<p>sector or market capitalisation.</p> <p>For the purpose of this Compartment, frontier markets are countries that are represented in the MSCI Frontier Markets Index and/or classified as frontier markets by MSCI. The Compartment does not intend to replicate or track the MSCI Frontier Markets Index. The list of countries classified as Frontier Markets is available under http://www.msci.com/products/indexes/tools/index_country_membership/frontier_markets.html.</p> <p>On an ancillary basis, the Compartment may invest in equity securities of issuers worldwide, including of issuers domiciled in emerging markets.</p> <p>The Compartment may hold liquid assets and/or invest in investment grade sovereign or corporate debt instruments of issuers worldwide on an ancillary basis.</p> <p>The Compartment will invest in securities of issuers of frontier and/or emerging countries and investors should be aware that such investments are more speculative and subject to greater risk than those in securities of issuers of developed countries. Frontier/emerging markets may be volatile and illiquid and the investments of the Compartment in such markets may be subject to significant delays in settlement. The risk of significant fluctuations in the net asset value and of the suspension of redemptions in the Compartment may be higher than for Compartments investing in major world markets. In addition, there may be a higher than usual risk of political, economic, social and religious instability and adverse changes in government regulations</p>

PRODUCT FEATURES	VAM FUNDS (LUX) – Emerging Markets Growth Fund (the Receiving Fund)	VAM MANAGED FUNDS (LUX) – Frontier Markets Fund (the Merging Fund)
	<p>comparable to those of more developed countries and the securities markets of such markets may be subject to unexpected closure. In addition, there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more developed securities markets. There are no specific limitations on the percentage of assets that may be invested in the securities of issuers located in any one country at a given time; the Compartment may invest significant assets in any single emerging market country.</p> <p>Foreign securities may include securities of companies located outside of the United States, American Depositary Receipts (ADRs) Global Depositary Receipts (GDRs), exchange traded funds and other international and global investment instruments providing an exposure to the assets described above.</p> <p>There can be no assurance that the Compartment will achieve its objective.</p>	<p>and laws in less developed or frontier/emerging markets. The assets of the Compartment, as well as the income derived therefrom, may also be affected unfavourably by fluctuations in currency rates and exchange control and tax regulations and consequently the net asset value of the Compartment's Shares may be subject to significant volatility. Some of these markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those of more developed countries and the securities markets of such markets may be subject to unexpected closure. In addition, there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more developed securities markets. There are no specific limitations on the percentage of assets that may be invested in the securities of issuers located in any one country at a given time; the Compartment may invest significant assets in any single frontier market country.</p> <p>Foreign securities may include securities of companies located outside of the United States, American Depositary Receipts (ADRs) Global Depositary Receipts (GDRs), exchange traded funds and other international and global investment instruments providing an exposure to the assets described above.</p> <p>There can be no assurance that the Compartment will achieve its objective.</p>
III. SHARE CLASSES AND MINIMUM INVESTMENT AND HOLDING REQUIREMENTS		
Share Classes	Class A, Class B, Class C, Class D, and Class E Shares may be made available in various currencies as the Board of Directors may decide from time to time. These Classes of Shares may be offered either as accumulation ("acc.") or distribution ("distr.") Shares and may or may not be hedged ("NH").	unchanged

PRODUCT FEATURES	VAM FUNDS (LUX) – Emerging Markets Growth Fund (the Receiving Fund)	VAM MANAGED FUNDS (LUX) – Frontier Markets Fund (the Merging Fund)
Minimum Initial Subscription	<p>Class A Shares – USD 10,000</p> <p>Class B Shares – USD 20,000</p> <p>Class C Shares - No subscription minimum applies to Class C</p> <p>Class D Shares – USD 100,000</p> <p>Class E Shares - USD 1,000,000</p>	unchanged
Minimum holding	<p>Class A Shares - USD 10,000</p> <p>Class B Shares – USD 20,000</p> <p>Class C Shares – No holding minimum applies to Class C</p> <p>Class D Shares – USD 100,000</p> <p>Class E Shares - USD 1,000,00</p>	unchanged
IV. FEES TO BE BORNE BY THE SHAREHOLDERS		
Subscription fee	<p>Unless specifically provided otherwise in the Appendix for any specific Compartment, a subscription fee of up to 5% of the subscription proceeds (representing up to 5.26% of the net assets value of the Shares being subscribed) may be charged for the benefit of distributors and other financial intermediaries.</p> <p>No subscription fee is applied to Class C or Class D Shares.</p>	unchanged
Redemption fee	No redemption charge will be levied.	unchanged
V. FEES PAID OUT OF THE FUND ASSETS		
Management Fee	<p>Class A Shares up to 1.75% per annum</p> <p>Class B Shares up to 1.75% per annum</p> <p>Class D Shares up to 0.85% per annum</p> <p>Class E Shares up to 1.00% per annum</p> <p>Class C Shares up to 0.75% per annum</p> <p>calculated on the Net Asset Value of the relevant Share Class on the relevant Valuation</p>	unchanged

PRODUCT FEATURES	VAM FUNDS (LUX) – Emerging Markets Growth Fund (the Receiving Fund)	VAM MANAGED FUNDS (LUX) – Frontier Markets Fund (the Merging Fund)
	Day.	
Performance Fee	<p>In addition to the Management Fee, a performance fee may be paid to the Management Company on a quarterly basis in relation to Class A, Class B, Class C and Class D Shares. The Management Company will be entitled to a performance fee calculated and due in relation of each Valuation Day for each Share and fraction thereof in issue, unless specifically provided otherwise in the Appendix for any specific Compartment, at the rate of 15% of the difference – if positive – between:</p> <ul style="list-style-type: none"> - the Net Asset Value per Share before deduction of the daily performance fee to be calculated, but after deduction of all other fees attributable to the respective Class of Shares, including but not limited to the Management Fee; and - the greater of ("High Water Mark") <ul style="list-style-type: none"> (i) the highest Net Asset Value per Share of the Class recorded on any preceding day during the same financial year of the Fund, and (ii) the last Net Asset Value per Share of the Class recorded for the immediately preceding financial year of the Fund, each of them increased on a prorata temporis basis by a rate of 12% p.a. (the "hurdle rate"). <p>In relation to Classes of Shares launched during the financial year of the Fund, the</p>	unchanged

PRODUCT FEATURES	VAM FUNDS (LUX) – Emerging Markets Growth Fund (the Receiving Fund)	VAM MANAGED FUNDS (LUX) – Frontier Markets Fund (the Merging Fund)
	<p>initial High Water Mark shall be equal to the initial subscription price of such Class of Shares. Performance of Classes of Shares in currencies other than the reference currency of the Compartment shall be measured in the currency of such Classes of Shares.</p> <p>The amounts so accumulated during each calendar quarter shall be paid to the Management Company after each calendar quarter end.</p> <p>No performance fee is due in relation to Class E Shares.</p>	
Custodian and Management Company Fees	The Depository Bank, the Management Company and the Administrative Agent are entitled to further fees of an aggregate maximum of 0.5% per annum of the net assets of the Fund, payable on a monthly basis.	unchanged
VI. SERVICES PROVIDERS		
Investment Manager	Driehaus Capital Management LLC 25 East Erie Street, Chicago, Illinois 60611, USA	unchanged