

Paerel Funds

Société d'investissement à capital variable under the form of a *société anonyme*

50, avenue J.F. Kennedy

L – 2951 Luxembourg

(the **Company**)

Registered with the Luxembourg trade and companies register under number B 132.950

Vermogensbeheer

NOTICE TO THE SHAREHOLDERS OF THE COMPANY

With this Notice we would like to draw your attention to the resolutions of the board of directors of the Company (the **Board**) on June 14, 2010 regarding amendments to the issuing document of the Company (the **Prospectus**).

1. Investment restrictions

Regarding the current investment restrictions of the Company the Board has decided:

- 1.1 to remove the investment restrictions about being able to invest only up to a maximum of 25% of the assets of a sub-fund in one underlying fund. Specifically:
 - (a) to remove the following text in the first part of section 1.2a of Part A of the Prospectus: *"For the purpose of this 20% limit..... less than 50% of the net assets of the relevant Sub-Fund."*
 - (b) to remove the last line of section 1.2a of Part A of the Prospectus: *"A Sub-Fund cannot hold more than 25% of the units or shares issued by a relevant Underlying Fund."*
- 1.2 to change the limit for investing in precious metals from 10% to 20% and to change the respective provision in section 1.2e of Part A of the Prospectus.
- 1.3 to allow the Company to invest up to 20% of its Net Asset Value in assets which are not compliant with the investment policy and to change the respective provision in section 1.3 of Part A of the Prospectus.

2. Expected total investment return

The Board has decided to change the expected total investment return on an investment period exceeding 3 years to be *"equal to"* (instead of: exceeds) 2% per year the investment return including dividends of the MSCI AC in Euro, with a standard deviation *"less than or equal to"* (instead of: which does not exceed) 2% per year the standard deviation of the total investment return including dividends of the MSCI AC in Euro and to change the respective provision in section 2.2 of Part A of the Prospectus. In addition the Board decides to remove the following line stating that *"The quantities are calculated twice...must be considered as a guideline only"*.

3. Listing of shares

The Board has decided to take back his decision to seek for listing of the shares of the Company with the Luxembourg Stock Exchange and in consequence has decided to erase section 10 (Listing of Shares) of each sub-fund section.

4. Management Fee

The Board has decided to specify the high water mark applicable to the management fee of the respective investment manager with a maximum look-back period of three years. The last paragraph of section 11 (Management Fee) of each sub-fund section has therefore been amended as follows:

*"A high water mark will be applied (the **High Water Mark**). The High Water Mark is defined as the highest end of period Net Asset Value of the preceding three years."*

5. Further amendments

In addition to the changes set out in 1. to 4. the Board has introduced several minor changes to the wording of the Prospectus in order to specify and/or update the Prospectus. Shareholders should notice that the Company will cease the publication of its net asset value in the *Luxemburger Wort*. Instead, the respective numbers will be published on the promoters webpage (www.paerel.nl).

The aforementioned changes may take effect at the earliest after positive approval of each shareholder at the date of the reception of the last approval by the Company. If a shareholder does not respond to this letter within 30 days of its sending his consent shall be considered as approved as of this moment. Up until that date, shareholders who do not agree to these changes may request redemption of their shares in the relevant sub-funds at no charge. After that date, redemption applications will be executed in accordance with the provisions of the relevant sales prospectus.

If you have any questions or require supplementary explanations, please contact us at 50, avenue J.F. Kennedy, L – 2951 Luxembourg.

After the abovementioned changes have entered into force, shareholders will be able to obtain the updated Prospectus from the relevant paying and information agents.

The Board of Directors

Samenvatting in het Nederlands van de wijzigingen in de Paerel Funds SICAV

Interpretatie van de beheerder

1 De restrictie dat één van de Paerelfondsen maximaal 25% van de aandelen van een onderliggend fonds mag aankopen komt te vervallen
Deze wijziging is belangrijk om startkapitaal aan fondsmanagers te kunnen verschaffen. Voordeel hiervan is dat de belegger niet alleen een financieel rendement krijgt maar ook een rendement dat afhangt van het totaal door de startende manager beheerde vermogen.

2 De rendement- en risicoambities zijn licht gewijzigd
In de huidige doelstelling leggen we meer de nadruk op de beheersing van risico's.

3 De beursnotering aan de Luxemburgse beurs is uit het prospectus gehaald
Vanuit kostenbesparing is ervoor gekozen om af te zien van een Luxemburgse beursnotering. Operationeel levert een Luxemburgse beursnotering geen meerwaarde op.

4 De performance fee kende een high water mark met een oneindige looptijd. Dit is gewijzigd in drie jaar
Dit betekent dat als één van de Paerelfondsen een hogere koers neerzet dan de hoogste koers in de drie voorgaande jaren het betreffende Paerelfonds recht heeft op performance fee. Deze wijziging zorgt er voor dat de positieve prikkel die uitgaat van de performance fee niet verloren gaat in een periode van langjarige koersdaling. De periode van drie jaar biedt participanten voldoende tijd om te beoordelen of de daling van de koers verkoop van het fonds rechtvaardigt..

Deze wijzigingen zullen op zijn vroegst kunnen worden geïmplementeerd als alle ingeschreven beleggers in het register in Luxemburg akkoord zijn. Beleggers hebben de mogelijkheid gedurende 30 dagen na het versturen van dit bericht zonder kosten uit te stappen. De Stichting ISB Effectengiro en BinckBank zullen namens de participanten hun stem uitbrengen. U hoeft daarom zelf geen actie te ondernemen en kunt deze brief als louter informatief beschouwen.