



Dear Shareholder

As the whole world is very well aware, tensions between Russia and Ukraine have escalated dramatically over the past two weeks. As a result, the USA and most of what is deemed to be the ‘Western’ world, including the European Union, have responded with a series of economic sanctions targeting Russia, including major Russian individuals, banks and companies that have disrupted the normal function of major worldwide equity markets resulting in a state of extreme price volatility, illiquidity and settlement uncertainty. Understandably, this stands particularly true for the Russian equity market where, as at time of writing, the Russian Stock Exchange remains closed.

Before the conflict, the FMG (EU) Rising 3 Fund (the “**Fund**”) was already very prudently holding a, historically, underweight allocation to Russia, equivalent to approximately 15% of the total assets of the Fund. This exposure is held via one single investment in a fund, the Russian Prosperity Fund (the “**RPF**”), managed by a very experienced manager and team that have a long track record in investing in Russian companies since the late 90s.

On the 28 February 2022, as a result of the escalated conflict, the manager of the RPF, informed the Fund that the board of directors of the RPF had decided to suspend *(i) the determination of net asset value per share and (ii) the issue and redemption of shares of the Fund with immediate effect*, citing the fund’s inability to accurately determine the fund’s net asset value and the fact that any disposal of a substantial part of the fund’s investments would not be reasonably practicable and might seriously prejudice the shareholders of the Fund as the main reasons.

In these circumstances, and on the recommendation of its Alternative Investment Fund Manager of the Fund (the ‘**Manager**’), FMG Malta Ltd, the board of directors (the “**BoD**”) of the FMG Funds SICAV plc (the “**SICAV**”) which holds the Fund have decided to side pocket the Fund’s investment in the RPF until it will eventually lift its NAV suspension and starts trading again. The BoD of the SICAV intends to provide the shareholders with a more detailed letter explaining thoroughly the creation of the necessary side-pocket shares and its implications, along with the exact details of the magnitude of the exposure of the Fund to the RPF in the coming days once the Administrator of the Fund, Apex Fund Services Malta Ltd, will officially extract the NAV of the Fund as at 25<sup>th</sup> February 2022, the last NAV of the Fund being issued where it incorporates the final tradeable price of the Russian Prosperity Fund.

The BoD of the SICAV is aware that the Manager is in daily contact with manager of the RPF to discuss the fluid situation; however, the BoD is also aware that unless the scenario improves, hopefully quickly and peacefully, the RPF will most likely remain suspended for the foreseeable future.

In the meantime, the BoD would also like to report that as result of the Manager’s prudent asset allocation during the first 2 months of the year and the higher cash holdings held in the Fund, the Fund’s performance during the first 2 months of this year has been quite satisfactory relative to the combined performance of the major equity indices of the 3 regions that the Offering Supplement of the Fund obliges it to expose itself to i.e. China, India and Russia.

The BoD would like to note that its decision to side pocket this investment was taken pursuant to the right given to it by the clause/provision titled “Side Pocketing” as highlighted on page 33 of the latest Offering Memorandum of the SICAV as approved by the MFSA.

The Board would also like to inform the shareholders that the MFSA have still not yet approved the BoD’s requested changes to Offering Documentation of the Fund, nor to the change in the name of the Fund as highlighted in our letter dated 14 January 2022. On the other hand, the Board understands that the MFSA have no objection to these changes and will provide it with its final approval in the coming days.

FMG Funds SICAV plc  
Quad Central, Q3 Level 9, Triq L-Esportaturi, Zone 1, Central Business District, Birkirkara, CBD 1040, Malta  
T: +356 2014 1220 F: +356 2014 1203  
Co. Reg. No. SV87

[www.fmgfunds.com](http://www.fmgfunds.com)

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The Board regrets the necessity of this decision; however, it strongly assesses it to be in the best interests of the Fund and its shareholders.

If you have any questions regarding the above, please contact Ms Sharon Said on [info@apexfunds.com.mt](mailto:info@apexfunds.com.mt).

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Paulianne Nwoko', written over a faint circular stamp or watermark.

Date: 09 March 2022

Director: Paulianne Nwoko

**FMG Funds SICAV p.l.c.**

FMG Funds SICAV plc  
Quad Central, Q3 Level 9, Triq L-Esportaturi, Zone 1, Central Business District, Birkirkara, CBD 1040, Malta  
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