

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product Name: FONDACO ITALIAN LOANS PORTFOLIO FUND

AIFM: Fondaco Lux S.A.

ISIN Code: LU1643564344

Call +352 28 488 402 for more information.

National Competent Authority: Commission de Surveillance du Secteur Financier (CSSF)

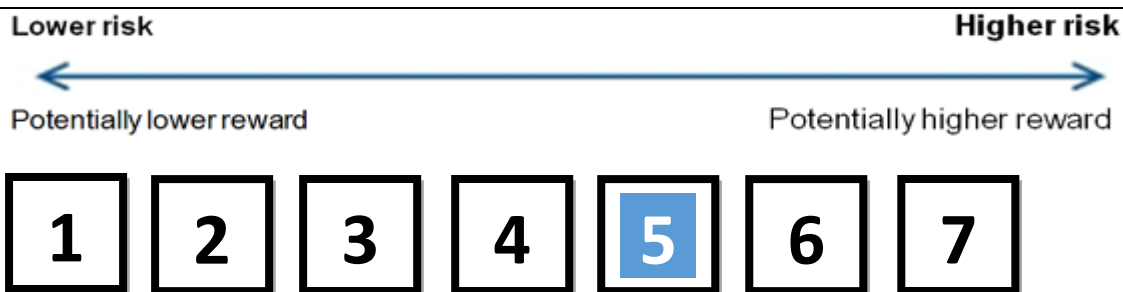
This document is accurate at its production date (19/02/2020).

Alert: You're about to purchase a product that is not simple and may be difficult to understand.

What is this product?

| | |
|---------------------------------|--|
| Type | FONDACO ITALIAN LOANS PORTFOLIO FUND, is a sub-fund of FONDACO THEMATIC SIF, which has been established by the AIFM as a common fund qualifying as specialised investment fund, <i>fonds commun de placement - fonds d'investissement spécialisé</i> , under the laws of the Grand Duchy of Luxembourg. |
| Objectives | The Product primarily invests in portfolios of loans secured mainly on residential or commercial real estate (performing, modified or non-performing) and related assets originated by financial institutions operating in Italy. For the purposes thereof it will typically but not exclusively acquire notes issued by several Italian intermediary securitization vehicles (SPVs). |
| Product terms | The Investment Period for the Product shall be the period starting on the First Closing and ending on the second anniversary of the Final Closing and which may be extended for a maximum of a one additional year period upon resolution of the AIFM and prior consent of the Investor Committee. The First Closing is the date determined by the AIFM in its sole discretion. The First Closing shall occur provided the AIFM has received and accepted Capital Commitments in aggregate amounting to a minimum of EUR €150 million unless the AIFM determines a lower amount may allow for an efficient launch of the Sub-fund. From time to time after the First Closing, but no later than the last Full Banking Business Day of the month in which the date falling fifteen (15) months after the First Closing occurs, one or more additional Closings may be held on a monthly basis, generally on the first day of each calendar month to accommodate the admission of additional Investors or to permit any existing Investors to increase their Capital Commitment in which case such existing Investors will be treated as Subsequent Investors with respect to their additional Capital Commitment. |
| Intended retail investor | Due to the nature of the Products this fund may not be appropriate for investors who plan to withdraw their money within 6 years. |

What are the risks and what could I get in return?



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets.

We have classified this product as 5 out of 7, which is a medium risk class. This rates the potential losses from future performance at a medium level.

Subject to a number of risks investors in the fund must be aware of the fact that such a medium level risk investment may result in a situation where the invested amounts will be partly or totally lost and that investors may not be refunded part or all of their investment. .

Performance Scenarios

| Invested Amount: € 1000 | | 1 year | 6 years (holding period) |
|-------------------------|--|--------------|-----------------------------|
| Favorable scenario | What you might get back after costs Average return each year | 1 150 15% | 2 313 131% |
| Moderate scenario | What you might get back after costs Average return each year | 1 100 10% | 1 771 77% |
| Unfavourable scenario | What you might get back after costs Average return each year | 1 050 5% | 1 340 34% |
| Stress scenario | What you might get back after costs Average return each year | 950 -5% | 735 -24% |

This table shows the money you could get back over the next 6 years, under different scenarios, assuming that you invest € 1,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. They are based on the return of invested capital, including distribution during the period. What you get will vary depending on how the Product's underlying investments perform and how the overall market performs. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the Product is not able to pay you on its liquidation.

What happens if Fondaco Italian Loans Portfolio Fund is unable to repay?

If Fondaco Italian Loans Portfolio Fund becomes insolvent, investors should in the worst case be prepared to suffer a total loss of their investment, The Product is not covered by any statutory or other deposit protection scheme.

What are the costs?

Costs over the time

| | |
|--|--------------|
| Invested amount: € 1000 | After 1 year |
| Scenario | |
| Total Costs | 21.6 |
| Impact on return (RIY) per year | 2.16% |

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself. The figures assume you invest €1,000. The figures are estimates and may change in the future.

Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- The meaning of the different cost categories.

| | | | |
|-------------------------|-----------------------------|-------|--|
| One-off costs | Entry costs | 0.00% | The impact of the costs you pay when entering your investment. |
| | Exit costs | 0.00% | The impact of the costs of exiting your investment when it matures. |
| Ongoing costs | Portfolio transaction costs | 0.13% | The impact of the costs of us buying and selling underlying investments for the product. |
| | Other ongoing costs | 1.90% | The impact of the costs that we take each year for managing your investments. |
| Incidental costs | Performance fees | 20.0% | We take 20% of performance fees if the product outperforms a fixed 8% hurdle rate per annum. |
| | Carried interests | | The Management Company will retain a carried interest after the investors have received cumulative distribution in excess of 20% of investor's return of capital |

Other ongoing costs of 1.90% includes: 0.40% ongoing charges and 1,5% of Management fees

How long should I hold it and can I take money out early?

Due to the nature of the investment strategy, the holding period is 6 years. The Product is a closed-end alternative investment fund with a 6 years life, which could be extended for two additional years.

How can I complain?

Investors in Fondaco Italian Loans Portfolio Fund do not have the right to complain to the Commission de Surveillance du Secteur Financier (CSSF) about the management of Fondaco Italian Loans Portfolio Fund. Complaints about the Company or any of its related documentation should be sent to the Compliance Officer of the AIFM. For further information on complaints, please visit our website <https://www.fondacosgr.it/eng/Fondaco-Lux>.

Other relevant information

The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules. The Risk Indicator and Performance Scenarios are based on estimated unit price returns considering all dividend distributions. What you get back will vary depending on how the Product's underlying investments perform and how the overall market performs. The stress scenario shows what you might get back in extreme market circumstances but does not take account of the situation where the Product is unable to pay you on its liquidation. The Performance Scenarios do not represent the upper or lower limits of potential returns.