

## KEY INFORMATION DOCUMENT ('KID')

### 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

**Blue Diagonal EM Fixed Income Fund – Class A Shares (EUR), ISIN: CYF00000937, (the “Shares”)**  
An investment compartment (“Sub-fund”) of Blue Diagonal AIF V.C.I.C. PLC (the “Fund”)

The Fund is authorised in Cyprus, and manufactured by Blue Diagonal Capital Limited (the “Manager”)

For more information, please contact the Manager by calling +357 25338008, or visit [www.bluediagonalcapital.com](http://www.bluediagonalcapital.com)

The Cyprus Securities and Exchange Commission (CySEC) is responsible for supervising Blue Diagonal Capital Limited in relation to this Key Information Document.

Blue Diagonal Capital Limited is authorised in Cyprus and regulated by The Cyprus Securities and Exchange Commission (CySEC).

This document was last updated on **31 December 2022**.

### What is the product?

#### Type

The Sub-fund is an investment compartment of an umbrella fund, Blue Diagonal AIF V.C.I.C. PLC, a public company limited by shares incorporated under the Companies Law, Cap.113 as a Variable Capital Investment Company, authorised as an Alternative Investment Fund by Cyprus Securities and Exchange Commission on 15 May 2017.

#### Term

The Fund has no maturity date, and the Manager has the option to terminate the fund unilaterally.

#### Objectives

The objective of the fund is to provide positive absolute returns over a typical market cycle (rolling 3-y period) by investing in emerging market fixed income securities.

The Fund employs active asset allocation across a wide spectrum of the debt universe of emerging markets. The fixed income securities portfolio will primarily be comprised of internationally traded euroclearable fixed income securities denominated in hard currency (mainly USD and EUR) issued by sovereigns, quasi-sovereign entities, and corporates in emerging market countries.

Investments into fixed income securities are restricted to securities with an initial issuance (plus subsequent taps) amount of more than USD 100 million (or EUR equiv.) The Fund will not invest in hard-to-value assets.

Although it is expected that the Fund will trade with a long credit bias and thus maintain a long credit exposure at most times, there may be times when it has a neutral or short credit bias.

The investment strategy uses a bespoke investment methodology. The investment manager determines the risk appetite for the portfolio based on the manager's views on developed and emerging economies, and on the outlook and relative value of various asset classes. Subsequently, the investment manager constructs the portfolio by employing fundamental sovereign and corporate credit analysis with the help of a series of proprietary analytic models and frameworks.

The methodology aims to identify those credits, which on a relative basis, in the absolute discretion of the investment manager, demonstrate an ability and willingness to repay that is not fully priced by markets.

To keep the price volatility of NAV per share relatively low, the manager may maintain a relatively low credit duration and interest rate sensitivity at portfolio level.

The Fund can use derivatives for hedging, efficient portfolio management and/or investment purposes which are used as an active investment management instrument to gain exposure to markets. The total leverage of the Fund shall not exceed 300% of its NAV, using the commitment approach.

**Benchmark:** The benchmark of the Fund is the JP Morgan EMBI Global Index. The benchmark is used solely as a reference for Investors to compare against the Fund's performance, and the benchmark is neither used as a constraint on how the Fund's portfolio is to be constructed nor set as a target for the Fund's performance to beat. The Fund can deviate from the benchmark.

**Distribution Policy:** The Fund does not intend to pay dividends. Returns will be generated from capital growth.

**Redemption and Dealing:** The Fund provides monthly liquidity. Investors can buy or sell units at the Net Asset Value (NAV) per Share on the first business day of each month.

**Depositary:** Eurobank Cyprus Ltd, Cyprus

**Currency:** Your shares are denominated in Euro but are hedged to USD, and the price and performance of the class reflects a USD performance.

**More Information:** You may get further information about the Fund, including the prospectus, and financial reports which are available at and free of charge on request from: Blue Diagonal Capital Ltd, Zavos Kristelina Tower - Office 202, 12 Archiepiskopou Makariou III Avenue, 4000 Mesa Geitonia, Limassol, Cyprus.

The Net Asset Value of the Fund is available at [www.blue-diagonal.com](http://www.blue-diagonal.com) and the shares are listed on the Cyprus Stock Exchange.

#### Intended Retail Investor

The Fund is intended to be marketed to professional, and well-informed investors. Retail investors who wish to invest in the Fund must qualify as well-informed investors who have sufficient experience and knowledge of fixed income funds, who are seeking exposure to an investment which are able to bear the loss of their entire investment and who have a long-term investment horizon

## What are the risks that I could get in return?

### Risk Indicator



← Lower Risk

Higher Risk →



The risk indicator assumes you keep the product for 3 years.

The actual risk can vary significantly if you cash in at an early stage and you may get back less

The summary risk indicator (SRI) 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 or because we are not able to pay you.

We have classified this product as class 4 out of 7, which is a medium risk class. This rates the potential losses from future performance at a medium level, and poor market conditions could affect the value of your investment. This classification is not guaranteed and may change over time and may not be a reliable indication of the future risk profile of the Fund. The lowest category does not mean risk free.

**Be aware of currency risk.** If you receive payments in a currency that is different to the product's base currency, the final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Beside the risks included in the risk indicator, other risks may affect the Fund's performance. Please refer to the Fund's prospectus.

This product does not include any protection from future market performance so you could lose some or all of your investment.

### Performance Scenarios

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back. What you will get from this product depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted. The unfavourable, moderate, and favourable scenarios shown are illustrations using the worst, average, and best performance of the product, which may include input from benchmark(s) and/or a proxy, over the last ten years. Markets could develop very differently in the future.

Scenarios Recommended holding period: 3 years Example Investment: EUR 10,000	1 year	3 years (Recommended holding period)
<b>Minimum</b>	<b>There is no minimum guaranteed return. You could lose some or all of your investment</b>	
<b>Stress*</b>	<b>What might you get back after costs</b>	<b>3,721</b>
	Average return each year	-62.79%
<b>Unfavourable</b>	<b>What might you get back after costs</b>	<b>8,022</b>
	Average return each year	-19.78%
<b>Moderate</b>	<b>What might you get back after costs</b>	<b>10,443</b>
	Average return each year	4.43%
<b>Favourable</b>	<b>What might you get back after costs</b>	<b>11,339</b>
	Average return each year	13.39%
* The stress scenario shows what you might get back in extreme market circumstances		
Unfavourable scenario: This type of scenario occurred for an investment between the 30.11.2019 and 30.11.2022		
Moderate scenario: This type of scenario occurred for an investment between 30.09.2016 to 30.09.2019		
Favourable scenario: This type of scenario occurred for an investment between 31.05.2015 and 31.05.2018		

### What happens if Blue Diagonal EM Fixed Income Fund is unable to pay out?

The investor may not face a financial loss due to the default of the PRIIP Manufacturer. The securities holdings of the Fund are held separately by the Fund's appointed depositary, in segregated client accounts at an international central securities depository (ICSD) in Luxembourg. The depositary is liable to the Fund or its shareholders for losses caused by its negligent or intentional failure to fulfill its safekeeping or record-keeping obligations. (Cash could however be lost in case of default of the depositary or its delegates).

There is no compensation or guarantee scheme protecting you from a default of the Fund's depositary.

A separate pool of assets is invested and maintained for each Sub-Fund. The assets and liabilities of the Sub-Fund are segregated from those of other sub-funds as well as from those of the management company, and there is no cross-liability among any of them. The Sub-Fund would not be liable if the Management Company or any delegated service provider were to fail or default.

## What are the costs?

The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.

The tables show the amounts that are taken from your investment to cover different types of costs. The Sub-fund's currency denomination is EUR, and costs are reflected in EUR. These amounts depend on how much you invest, how long you hold the product, how well the product does and currency fluctuations between USD and EUR. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

We have assumed:

- In the first year you would get back the amount that you invested (0% annual return). For the other holding periods we have assumed the product performs as shown in the moderate scenario.
- EUR 10,000 is invested

### Costs over Time

Investment Scenarios USD 10,000	If you exit after 1 year	If you exit after 3 years
<b>Total Costs</b>	EUR 159.33	EUR 464
<b>Annual Cost impact (*)</b>	1.59%	1.47%

(\*) This illustrates how costs reduce your return each year over the holding period. For example, it shows that if you exit at the recommended holding period your average return per year is projected to be 2.67% before costs and 1.20% after costs.

We may share part of the costs with the person selling you the product to cover the services they provide to you. They will inform you of the amount.

Please note that the figures shown here do not include any additional fees that may be charged by your distributor, advisor or any insurance wrapper in which the fund may be placed.

Fixed transaction costs are based on transactions of EUR 125,000 (EUR 50), restated for EUR 10,000 equivalent (EUR 4). Fixed transaction costs are levied on each subscription and each redemption transaction.

### Composition of costs

One-off costs upon entry or exit		If you exit after 1 year
<b>Entry costs</b>	Processing fee of 50 euro flat that equates to 0.04% of EUR 125,000 minimum investment when entering this investment.  An Anti-dilution levy of up to max 0.25% of the value of the investment and accrues to the fund. This is the maximum you will pay, and you could pay less. The person selling you the product will inform you if he levies additional charges*.	4 EUR /10,000 investment  up to 25 EUR
<b>Exit costs</b>	Processing fee of 50 euro flat that equates to 0.04% of EUR 125,000 minimum investment when entering this investment.  An Anti-dilution levy of up to max 0.25% of the value of the investment and accrues to the fund. This is the maximum you will pay, and you could pay less. The person selling you the product will inform you if he levies additional charges*.	4 EUR /10,000 investment  Up to 25 EUR
<b>Ongoing costs taken every year</b>		
<b>Management fees and other administrative or operating costs</b>	1.25% of the value of your investment per year. This is an estimate based on the actual costs over the last year.	125 EUR
<b>Transaction costs</b>	0.046% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.	4.6 EUR
<b>Incidental costs taken under specific conditions</b>		
<b>Performance fees</b>	0.217% of the value of your investment as aggregated cost estimation above includes the average over the last 5 years.  10% of the outperformance over the hurdle rate. Past underperformances over the last 2 years should be clawed back before any new accrual of performance fee. The actual amount will vary depending on how well your investment performs and if the product outperforms its hurdle rate.	21.7 EUR
<b>Carried interests</b>	The impact of carried interest is 0%. We do not take any additional fees above the Performance fees.	0 EUR

\*An additional subscription/redemption charge of up to 3% may be applied under certain circumstances as specified in the Prospectus and Supplement. It is not the intention to apply an additional subscription/redemption charge in the normal course of business.

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

### Recommended minimum holding period: 3 years

This Product has no minimum required holding period. Based on the investment policy and the risk profile of the sub-fund, a holding period of 3 years is recommended. Investors can sell the investment at any time, irrespective of the recommended holding period, without additional cost on any dealing day by providing notice as per the Prospectus. Exit costs are presented above.

## How can I complain?

If you are dissatisfied with any part of the service you have received you may contact the Head of Investor Relations at the address below. All complaints will be dealt with in accordance with our internal complaints handling procedures. A copy of our complaints handling procedure is available on <https://bluediagonalcapital.com>

Email: [investor\\_relations@blue-diagonal.com](mailto:investor_relations@blue-diagonal.com)

Address: Blue Diagonal Capital Ltd, Zavos Kristelina Tower - Office 202, 12 Archiepiskopou Makariou III Avenue, 4000 Mesa Geitonia, Limassol, Cyprus.

## Other relevant information

Further information can be found in the Fund Introduction document and in the Fund's Prospectus and Supplement that are available at <https://blue-diagonal.com> or from the manager on request.

### Contact Details:

Email: [admin@blue-diagonal.com](mailto:admin@blue-diagonal.com) | Tel: +357 25 338 008

All calls may be recorded. Call charges will vary.

**Past performance:** You find the past performance of the Fund over the last 5 years at <https://bluediagonalcapital.com>

**Performance scenarios:** You can find previous performance scenarios updated on a monthly basis at <https://bluediagonalcapital.com>

The state of the origin of the fund is Cyprus. In Switzerland, this document may only be provided to qualified investors within the meaning of art. 10 para. 3 and 3ter CISA. In Switzerland, the representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, 8050 Zurich, Switzerland, whilst the paying agent Banque Cantonale Vaudoise, place St-François 14, CH-1003 Lausanne, Switzerland. The basic documents of the fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative.