

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.

GAMCO INTERNATIONAL SICAV
Société d'investissement à capital variable
6H, route de Trèves
L-2633 Senningerberg, Grand-Duché de Luxembourg
R.C.S. Luxembourg B155657
(the "Company")

NOTICE TO SHAREHOLDERS

Luxembourg, 28 June 2018

Dear shareholder,

Notice is hereby given to you, as a shareholder of the Company, that:

1. the address of the registered office of the Company has been changed as of 3 February 2017:

from: 6C, route de Trèves L-2633 Senningerberg, Grand-Duché de Luxembourg

to: 6H, route de Trèves L-2633 Senningerberg, Grand-Duché de Luxembourg

2. the address of J.P. Morgan Bank Luxembourg S.A., the Administrator, Domiciliary and Corporate Agent and Registrar Agent as well as Depositary and Paying Agent of the Company has been corrected in the new prospectus of the Company:

from: 6C, route de Trèves L-2633 Senningerberg, Grand-Duché de Luxembourg

to: 6, route de Trèves L-2633 Senningerberg, Grand-Duché de Luxembourg

3. the sub-section "Use of Derivatives or Other Investment Techniques and Instruments" in the Investment Policy of the sub-fund "GAMCO INTERNATIONAL SICAV – GAMCO MERGER ARBITRAGE" will be changed to read as follows in order to include the possibility for the Investment Manager to take long/short positions:

"Use of Derivatives or Other Investment Techniques and Instruments"

This Sub-Fund will make use of financial derivatives instruments in order to create synthetic shorts.

The Sub-Fund may use listed financial derivative instruments to hedge exposure to fluctuations in the acquiring company's stock when some or all of the merger consideration is to be paid in shares. The Investment Manager may also choose to hedge market exposure through the purchase of exchange traded funds (the "ETFs") that replicate the performance of various market indices, or employ listed financial derivative instruments based on those ETFs.



The Sub-Fund may use financial derivative instruments for hedging, efficient portfolio management, or other risk management purposes, as described under “*Swap Agreements and Efficient Portfolio Management Techniques*” below.

In this context, the expected and maximum proportions of the Net Asset Value of the Sub-Fund which may be subject to EPMT are as follows:

	Expected proportion	Maximum proportion
a) securities lending and borrowing transactions (<i>opérations de prêt de titres</i>)	0 %	5 %
b) repurchase transactions (<i>opérations de mise en pension</i>)	0 %	5%
c) reverse repurchase transactions (<i>opérations de prise en pension</i>)	0%	5 %
d) repurchase agreement transactions (<i>opérations à réméré</i>)	0%	5%
e) TRORS or investments in other FDIs with similar characteristics, including contracts for difference	70%	100% ¹

In order to effect the Sub-Fund’s merger arbitrage strategy, the Investment Manager may take a short position in the shares of the acquiring company and a long position in the shares of the target company. The Investment Manager may create this exposure through contracts for difference whereby the Sub-Fund purchases units that will increase in value if the shares of the acquiring company decline in value and units that will increase in value if the shares of the target company increase in value.

In addition, in the event that the Investment Manager believes that a transaction is unlikely to be consummated, the Investment Manager may take a short position in the shares of the target company and a long position in shares of the acquiring company. The Investment Manager may create this exposure through contracts for difference whereby the Sub-Fund purchases units that will increase in value if the shares of the acquiring company increase in value and units that will increase in value if the shares of the target company decline in value.

The counterparty to TRORS or other FDIs with similar characteristics will (i) be a first class institution with a minimum credit rating of investment grade quality, having its registered office in one of the OECD countries, (ii) be subject to prudential supervision and (iii) belong to the categories approved by the Regulatory Authority. The counterparty to the above-mentioned contracts for difference is always a prime broker to the Sub-Fund selected by the Investment Manager. Counterparties to TRORS do not have any discretion over the composition or management of the Sub-Fund’s investment portfolio or over the assets underlying the TRORS, and no approval of the counterparty is required in relation to any investment portfolio transaction of the Sub-Fund.”

4. as from 1 August 2018, the performance fee terms and conditions will be changed (the “Performance Fee Change”) as follows:

¹ The Investment Manager may subject the Sub-Fund at any point in time to the maximum amount of derivative exposure permitted by the rules of The Committee of European Securities Regulators Guidelines on Risk Measurement and the Calculation of Global Exposure and Counterparty Risk for UCITS.

Current performance fee mechanism (the “Current Performance Fee Mechanism”)	Performance fee mechanism applicable as from 1 August 2018 (the “New Performance Fee Mechanism”)
<p><i>Performance Fee</i></p> <p>The Investment Manager will receive a performance fee, if applicable as described in each Sub-Fund’s characteristics section, accrued on each Valuation Day, paid yearly, based on the Net Asset Value, equivalent to 20% of the performance of the Net Asset Value per Share expressed in the Base Currency exceeding the high water mark (as defined hereafter). The Investment Manager may waive the performance fee at its discretion.</p> <p>Except for hedged classes of Shares, the performance fee is calculated on the basis of the Net Asset Value expressed in the Base Currency after deduction of all expenses, liabilities, and Management Fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>For hedged classes of Shares, the performance fee is calculated on the basis of the Net Asset Value expressed in the Pricing Currency after deduction of all expenses, liabilities, and Management Fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the outperformance of the Net Asset Value per Share multiplied by the number of Shares in circulation during the calculation period.</p> <p>No performance fee will be due if the Net Asset Value per Share before performance fee turns out to be below the high water mark for the calculation period in question.</p> <p>The high water mark is defined as the greater of the following two figures:</p> <ul style="list-style-type: none"> - The last highest Net Asset Value per Share on which a performance fee has been paid; and - The initial Net Asset Value per Share. 	<p><i>Performance Fee</i></p> <p><i>Performance Fee Calculation</i></p> <p>Subject to the satisfaction of the Performance Conditions (as described below), the Investment Manager will receive a performance fee, if applicable as described in each Sub-Fund’s characteristics section, equal to 15% of the Total Return (as defined below) for each class of Shares not denominated in the Base Currency and 20% of the Total Return for each class of Shares denominated in the Base Currency. The Investment Manager may waive the performance fee at its discretion.</p> <p>The performance fee will be calculated on the basis of the Net Asset Value expressed in the Base Currency before results, costs and expenses associated with the use of any currency hedging techniques for any hedged class of Shares, but after deduction of all other expenses, liabilities, and Management Fees (but not performance fee), and is adjusted to take account of all subscriptions, redemptions and distributions.</p> <p><i>Performance Fee Conditions</i></p> <p>The Investment Manager's entitlement to a performance fee in respect of any Performance Period (adjusted to take account of all subscriptions and redemptions) shall be conditional on (i) the Total Return and (ii) the Closing NAV per Share being in excess of respectively the Performance Hurdle and the High Water Mark, in each case on the last Business Day of such Performance Period (the “Performance Conditions”):</p> <p><u>Definitions</u></p> <p>For the purpose of calculating the performance fee:</p> <p>(i) “Closing NAV per Share” means the Net Asset Value per Share on the</p>

14382/00030/54382 03 05



<p>The high water mark will be decreased by the dividends paid to Shareholders.</p> <p>Provision will be made for this performance fee on each Valuation Day. If the Net Asset Value per Share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If Shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the Shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the Net Asset Value per Share against the high water mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed Shares by the positive difference between the subscription price and the high water mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar year.</p> <p>Performance fees are payable within 15 business days following the closing of the year accounts.</p>	<p>last Business Day of the relevant Performance Period (which shall not, for the avoidance of doubt, be adjusted for any performance fee accrued in relation to such Performance Period);</p> <p>(ii) “Net Asset Value per Share” means, for each class of Shares, the Net Asset Value of such class divided by the number of Shares of such class in issue (for the avoidance of doubt, excluding any redeemed Shares which would not have been cancelled) at the relevant time;</p> <p>(iii) “Performance Hurdle” means, the Starting NAV per Share increased by the rate of return on 13 week Treasury Bills published by the US Department of the Treasury over the Performance Period, less the Starting NAV per Share;</p> <p>(iv) “Performance Period” means, for each Sub-Fund; (i) the period commencing on the date of this Prospectus and ending on December 31, 2018 (the “2018 Performance Period”) and thereafter (ii) each period commencing on January 1st and ending on December 31st of the same year (inclusive); provided, that, the last Performance Period will end on any date on which the Investment Management Agreement is terminated;</p> <p>(v) “Starting NAV per Share” means the Net Asset Value per Share on the first Business Day of each Performance Period (which, for the avoidance of doubt, shall be net of any accrued but unpaid performance fees for any previous Performance Periods);</p> <p>(vi) “Total Return” means, in relation to each Performance Period, the difference between the Closing NAV per Share and the Starting NAV per Share, adjusted to take account of all subscriptions, redemptions and</p>
--	--

distributions.

High Water Mark

For each class of Shares, the High Water Mark is defined as the greater of the following two figures:

- The last highest Net Asset Value per Share on which a performance fee has been paid; and
- The initial Net Asset Value per Share.

However, the High Water Mark in relation to each hedged class of Shares will be reset at the close of business on the date immediately preceding the commencement of the 2018 Performance Period to the Net Asset Value as of the Valuation Day immediately preceding the commencement of the 2018 Performance Period translated from the relevant Pricing Currency into the Base Currency. On that basis, if e.g. the date of this Prospectus is August 1, 2018 the High Water Mark in relation to each hedged class of Shares denominated in Euro will be reset to the Net Asset Value for such share class at the close of business on July 31, 2018, converted into USD at the "Euro to USD" exchange rate in effect at the close of business on such date. With respect to the non-hedged, non USD denominated classes of Shares, the High Water Mark will remain unchanged but, from the date of this Prospectus, the performance fee will be calculated in the Base Currency. The High Water Mark with respect to USD denominated classes of Shares will remain unchanged.

For the purposes of the immediately preceding paragraph, the translation from the relevant Pricing Currency into the Base Currency will be made at the exchange rate applicable to the relevant Pricing Currency as of the Valuation Day immediately preceding the commencement of the 2018 Performance Period.

The High Water Mark will always be



expressed in the Base Currency.

The High Water Mark will be decreased by the dividends paid to Shareholders.

Miscellaneous

Provision will be made for the performance fee on each Valuation Day. If the Net Asset Value per Share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly.

If Shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the Shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.

In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the Net Asset Value per Share against the High Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed Shares by the positive difference between the subscription price and the High Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.

The calculation period shall correspond to each Performance Period. Performance fees are payable within 15 business days following the last date of each Performance Period.

For the avoidance of doubt, the Current Performance Fee Mechanism will be applicable for the period started on 1st January 2018 until 31 July 2018 (the “2018 Initial Performance Fee Period”). The performance fees with respect to the 2018 Initial Performance Fee Period, if any, shall crystallize and will be payable to the Investment Manager within 15 business days following the end of the 2018 Initial Performance Fee Period.

The New Performance Fee Mechanism will be applicable as from 1 August 2018 and performance fees with respect to the performance period commencing on such date and ending on 31 December 2018, if any, will be payable to the Investment Manager within 15 business days following the end of the year 2018.

5. as from 1 August 2018, the paragraph describing the depositary fees will be changed to read as follows:

“Depositary Fees

Under the Depositary Agreement, the Depositary receives annual custody and settlement fees, according to the agreed schedule with the Fund in respect of each Sub-Fund, the rates for which vary according to the country of investment. The custody and safekeeping fees are calculated at the end of each month based on the month end market value of the assets and the transaction fee is calculated based on the volume of transactions executed on behalf of the Fund and based on the instructions received by the Depositary from the Fund during a month. These fees vary depending upon the markets in which the assets of the Sub-Fund are invested and typically range from 0.0050% of the net assets of the Fund in developed markets to a maximum of 0.10% of the net assets of the Fund in less developed markets (excluding transaction charges and reasonable disbursements and out-of-pocket expenses). These fees may be raised or lowered from time to time to reflect current market practice if agreed between the Fund and the Depositary in which case this Prospectus will be updated accordingly.

In addition, the Depositary receives a fee for providing fiduciary services to the Fund. These fiduciary fees are calculated at an ad valorem rate on the aggregate Net Asset Value of the Fund and are proportionally allocated to each Sub-Fund in accordance with the Net Asset Value of such Sub-Fund, subject to a minimum fee of EUR 10,000 per Sub-Fund. On aggregate Net Asset Value of lesser than or equal to USD 500,000,000, a fee of 0.0080% will be payable to the Depositary by the Fund. On aggregate Net Asset Value of greater than USD 500,000,000, a fee of 0.0050% will be payable to the Depositary by the Fund. Such fee will be payable on a monthly basis to the Depositary.”

What to do next

IF YOU WISH TO CONTINUE TO INVEST IN THE COMPANY, YOU DO NOT NEED TO TAKE ANY FURTHER ACTION.

Shareholders who do not agree with the changes sub 3., 4. and 5. above have the option of redeeming their shares, free of charge, by sending a redemption notice, in accordance with the Company’s prospectus, until 4:00 p.m. (Luxembourg time) on 31 July 2018 to the Company’s Registrar Agent:



J.P. Morgan Bank Luxembourg S.A.
European Bank & Business Center
6, route de Trèves
L-2633 Senningerberg
Grand-Duchy of Luxembourg

That notice must include the following:

- The Shareholder's name, as it appears on the Shareholder's account, his or her address and account number;
- The settlement currency and ISIN code;
- The number of Shares of each class of Shares to be redeemed; and
- Bank details of beneficiary of redemption proceeds.

The above-mentioned changes will be reflected in the new prospectus of the Company to be dated August 1, 2018 which will be available upon request at the registered office of the Company.

For additional information, please contact your relationship manager or our registered office with any questions regarding this matter.

BY ORDER OF THE BOARD OF DIRECTORS