

## **SUPPLEMENT 3**

### **InRIS CFM DIVERSIFIED**

**Dated 16 June, 2022**

**to the Prospectus issued for InRIS UCITS PLC**

This Supplement (which replaces the Supplement dated 4 January, 2022) contains information relating specifically to InRIS CFM DIVERSIFIED (the “**Fund**”), a sub-fund of InRIS UCITS PLC (the “**Company**”), an open-ended umbrella investment company with segregated liability between funds authorised by the Central Bank of Ireland (the “**Central Bank**”) on 19 July, 2013 as a UCITS pursuant to the UCITS Regulations.

The Directors of the Company, whose names appear under the heading “**DIRECTORS**” in the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 16 June, 2022 as may be amended from time to time (the “Prospectus”).**

The launch of various Classes within the Fund may occur at different times and therefore at the time of the launch of given Class(es), the pool of assets of the Fund to which a given Class relates may have commenced to trade. Financial information in respect of the Fund will be published from time to time, and the most recently published audited and unaudited financial information will be available to potential investors upon request following publication.

**The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term.**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**The Fund may, at any one time, be significantly invested in financial derivative instruments. The Fund may use financial derivative instruments for investment and hedging purposes. Leverage will be generated by the Fund through the leverage generally inherent in derivative instruments. For more information on the use of derivative instruments please refer to the “Financial Instruments Derivatives” section of this Supplement.**

**The Fund may invest substantially in money market instruments and deposits with credit institutions. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are**

not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

Investors should read and consider the section entitled “Risk Factors” in the Prospectus and Supplement before investing in the Fund.

**Profile of a Typical Investor:** A typical investor has an investment horizon of 3 to 5 years and is prepared to accept a level of volatility which is under normal market conditions expected to be lower than that of traditional market indices such as S&P 500 (as detailed further in Section 7 entitled “Investment Strategy”). It is not expected that the Fund will have high volatility under normal market conditions.

The Fund is actively managed with an absolute return approach. Solely by virtue of the fact that it uses a composite of the Stoxx 600 Net Total Return Index (30%) and the Bloomberg Barclays Euro Aggregate Total Return Index Value Unhedged (70%) (the “**Composite Benchmark**”) for performance comparison purposes only, the Fund is considered to be actively managed in reference to the Composite Benchmark. However, the Trading Advisor has full discretion over the composition of the Fund’s portfolio, which is not constructed with any reference to the Composite Benchmark. The performance fee is not calculated with reference to the Composite Benchmark.

## 1. Interpretation

The expressions below shall have the following meanings:

“ <b>Administrator</b> ”	means RBC Investor Services Ireland Limited whose principal place of business is at 4th Floor, One George’s Quay Plaza, George’s Quay, Dublin 2, Ireland.
“ <b>Business Day</b> ”	means any day, except Saturday, Sunday, or public holidays in Dublin, Luxembourg or New York or such other day or days as may be determined by the Directors and notified in advance to Shareholders.
“ <b>Depositary</b> ”	means RBC Investor Services Bank S.A., Dublin Branch, whose principal place of business is at 4th Floor, One George’s Quay Plaza, George’s Quay, Dublin 2, Ireland.
“ <b>Dealing Day</b> ”	means every Business Day and/or such other day or days as the Directors may from time to time determine and notify to Shareholders in advance provided that there shall be one Dealing Day per fortnight.
“ <b>Redemption Dealing Deadline</b> ”	means for all redemption requests sent to the Administrator, 11 am Irish time two (2) Business Day preceding the relevant Dealing Day.

<b>“Subscription Dealing Deadline”</b>	means for all subscription documents sent to the Administrator, 11 am Irish time two (2) Business Day preceding the relevant Dealing Day.
<b>“Trading Advisor”</b>	means Capital Fund Management S.A. whose principal place of business is at 23 rue de l’Université, 75007, Paris, France.
<b>“Trading Advisory Agreement”</b>	means the Amended and Restated Trading Advisory Agreement made between Innocap Global Investment Management (Ireland) Ltd. and the Trading Advisor dated 18 May, 2017, as novated by an agreement between the Manager, Innocap Global Investment Management (Ireland) Ltd. and the Trading Advisor dated 1 June, 2021, as may be amended from time to time.
<b>“Valuation Point”</b>	means 10 pm (Irish Time) on the relevant Valuation Day.
<b>“Valuation Day”</b>	means the Business Day immediately preceding the Dealing Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Classes of Shares

Class	Currency of Denomination
Class F Euro	Euro
Class I Euro	Euro
Class I2 Euro	Euro
Class C Euro	Euro
Class I CHF hedged	CHF
Class C CHF hedged	CHF
Class I GBP hedged	GBP
Class I JPY hedged	JPY
Class C JPY hedged	JPY
Class I USD hedged	USD
Class C USD hedged	USD
Class M Euro	Euro
Class NI Euro	Euro
Class NI GBP hedged	GBP
Class NC Euro	Euro
Class R Euro	Euro
Class G Euro	Euro
Class G AUD Hedged	AUD
Class SI CHF Hedged	CHF

Class SI Euro	Euro
Class SI GBP Hedged	GBP
Class SI USD Hedged	USD
Class SI2 Euro	Euro

In relation to hedged Classes, it is the intention of the Manager to hedge (or cause a third party FX hedging provider to hedge) the currency exposure at Class level between the denominated currency of the relevant Class and Euro (the Base Currency of the Fund). Further, where the Manager acting in respect of the Fund seeks to hedge against such currency exchange fluctuations at Class level, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside of the control of the Manager.

The conditions in relation to the use of such hedging strategies are described in the section of the Prospectus entitled "Hedging of Currency Exchange in Relation to Some Classes of Shares". Investors' attention is also drawn to the risks relating to the adoption of currency hedging strategies, which are described in the section of the Prospectus entitled "Share Currency Designation Risk".

### **3. Base Currency**

The Base Currency of the Fund shall be Euro.

### **4. Trading Advisor**

The Manager has appointed Capital Fund Management S.A. ("CFM") as Trading Advisor to manage the assets of the Fund in accordance with the investment objective and policy of the Fund.

CFM is a systematic quantitative investment firm founded in 1991, focused on quantitative trading based on in-depth research, state-of-the-art IT infrastructure and experienced risk management. CFM invests in applied scientific research and sophisticated information technology systems to extract value across global securities, futures, foreign exchange, commodities, options and derivatives markets.

CFM was initially organized as a French partnership in January 1991 and was subsequently incorporated in 1993. On 5 May 1992, CFM registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a Commodity Trading Advisor. On 6 July 1993, CFM registered with the Commission des Opérations de Bourse (the predecessor to the Autorité des Marchés Financiers ("AMF")) as a portfolio manager under MiFID. CFM's MiFID licence was revoked by the AMF on 17 October, 2017. CFM is now authorized by the AMF as a UCITS management company under the UCITS Directive. On 7 April 2003, CFM registered with the U.S. Securities and Exchange Commission ("SEC") as a investment adviser and on 1 January 2013, CFM registered with the CFTC as a Commodity Pool Operator. If applicable, CFM will treat the Fund as a 4.7 exempt pool for the purpose of the CFTC rules. As of 1 July 2017, CFM was trading a notional amount of US\$8.4 billion on behalf of clients. Headquartered in Paris, CFM has subsidiaries in London, New York and Tokyo.

The Trading Advisory has been cleared by the Central Bank to act in a discretionary investment management function. Any sub-trading advisors will be cleared by the Central Bank to act as discretionary investment managers and appointed in accordance with the Central Bank's requirements.

## **5. Investment Objective**

The investment objective of the Fund is to achieve long-term capital appreciation through trading strategies that seek to have a return profile different from that of traditional asset classes such as stocks and bonds.

## **6. Investment Policy**

In seeking to achieve the Fund's investment objective, the Fund will primarily trade financial derivative instruments (Equity Index Futures, Options on Equity Index Futures, Options on Equity Indices, Fixed Income Futures, Options on Fixed Income Futures, Fixed Income Options, Interest Rate Futures, Options on Interest Rate Futures, Interest Rate Options, Interest Rate Swaps, Currency Futures, Currency Forwards, Options on Currency Futures, Currency Options, Currency Swaps, Futures on Volatility Indices, Options on Volatility Indices, Credit Default Swap Indices, Total Return Swaps on Equity, Total Return Swaps on Equity Indices, Single Stock Swaps and Contracts For Differences) to gain exposure to a diversified portfolio of global fixed income securities (including government bonds and notes), global interest rates, global currencies, global equities, global stock indices, global volatility indices and global credit, as further detailed below. The Fund will therefore be significantly invested in financial derivative instruments for investment and hedging purposes at any one time. For hedging purposes the Fund may use financial derivative instruments to seek to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates and market interest rates, as further described in the section below entitled "Financial Derivative Instruments".

The Fund may also invest in other collective investment schemes and ancillary liquid assets, as further detailed below.

There is no geographic or industry limitation to the investment universe and investment may be made in emerging markets (under normal market conditions investment in emerging markets will be less than 15% of net assets) and the Fund will not invest more than 20% of its NAV in emerging markets.

It is expected that the total gross long positions will not exceed 3,000% of the Net Asset Value of the Fund and the total gross short positions will not exceed 3,000% of the Net Asset Value of the Fund. However, the total gross long positions and the total gross short positions may exceed or fall below these percentages depending on changes directed by the Program (as defined below).

The securities to which the Fund will have exposure will be listed or traded on a Regulated Market (subject to a 10% limit in unlisted securities).

## **7. Investment Strategy**

The Fund is a quantitative trading fund, meaning that the Fund selects assets based on models and mathematical formulas which are systematic in nature. The Fund aims to achieve its investment objective by investing according to the CFM Institutional Systematic Diversified Program (the "Program") designed by CFM and adapted to conform with UCITS Rules (currently by exclusion of commodities exposures and modification of leverage). The Program consists of a series of systematic trading models,

as further described below. The Program will deploy its strategy by investing in FDIs, as specifically described below for each model. The models used by the Program apply proprietary algorithms that seek to predict the future prices and risks of financial instruments. Each model will typically be applied to one or more asset classes or a subset of an asset class described below. For each instrument that the Program trades, these models use various inputs including market data such as price and volatility, fundamental data such as company financial information, macro economic data, to assess whether the price of an instrument is likely to rise or fall. These assessments are made within global equity, currency, fixed income, interest rate, volatility and credit markets. The opportunities identified by these models are evaluated in the light of trading cost and risk and may result in the Program taking either directional or spread positions in the instruments described herein and the holding period of positions taken will vary.

The investment universe shall consist of some or all of the financial instruments and asset classes set out in the section entitled "Investment Policy" above. The Program trades the financial markets on a global basis focusing on developed markets which provide sufficient liquidity. The Program trades financial instruments (set out in the section entitled "Investment Policy" above) in order to implement the models of the Program as described below under the sub-section entitled "Description of each model".

The models used by the Program are developed, tested and validated using CFM's proprietary tools. In production, the models are continuously fed with price and fundamental data that is collected electronically, checked for consistency and pre-processed for standardisation. The models process the data and generate automated signals proposing a risk exposure relative to each traded instrument. Based on the trading signals and risk constraints, an optimal portfolio is determined. The optimal portfolio is compared with the portfolio held, generating orders when differences exceed tolerances. The optimum position in each instrument is continuously re-assessed by the Program. The portfolio construction mechanism seeks to minimize risk and deliver an acceptable level of volatility, which is expected to be lower than that of traditional market indices such as S&P 500. Trades are executed using proprietary execution algorithms that factor in the cost of trading. The trading activity is generally conducted electronically, using CFM's proprietary execution platform.

As the use of derivatives is an important part of the approach of the Fund, the Fund may at any one time have significant cash balances to invest. Such cash balances may be invested in money market funds (notably collective investment schemes) and money market instruments, including, but not limited to, certificates of deposit, fixed or floating rate notes and fixed or variable rate commercial paper (which are considered investment grade or above as rated by the principal rating agencies) and in cash deposits denominated in such currency or currencies as the Manager may determine. The Fund's assets may also be invested in sight, term and time deposits of banks (which are considered investment grade or above by the principal rating agencies). The residual maturity of each investment described in this paragraph may not exceed one year. Such investment is made in order to manage the cash held by the Fund which is required for investment in derivatives outlined above. For example, investing in long and short equity swaps in equal measure may leave a cash balance which should be invested for there not to be any drag on the performance of the Fund. It is for this purpose that the instruments discussed in this paragraph will be used.

Though investment in money market funds and money market instruments is not a primary investment focus of the Fund, the Fund may at times be invested in money market funds and money market instruments in order to manage the cash held by the Fund. Investment in collective investment schemes (including open-ended Exchange Traded Funds (“ETFs”)) shall be subject to the limits set out in the section below entitled “Investments in Collective Investment Schemes”.

The Program includes directional components, where a model suggests a view on the direction of a certain market risk element, as well as relative value components, where a model suggests a view on the relationship between two or more market risk elements.

The Program is designed to apply a balanced allocation between each model. The exact allocation between the models described below will be determined from time to time by the investment committee of CFM.

The Trading Advisor continuously researches new models that may be added to the Program in the future. Any changes to the Program will be reflected in an updated Supplement for the Fund. The following models are included in the Program:

### **Trends**

Trends includes the long term-trend following model and the value model. The long term-trend following model seeks to extract profits from long-term trends. The value model seeks to extract profits by selling assets that are perceived to have a high valuation and buying assets perceived to have a low valuation. The models take exposures in futures and other derivatives on benchmark indicators, such as futures on bonds, short-term interest rates, stock indices, currencies and global volatility indices as well as through foreign currency forwards, interest rate swaps and Credit Default Swap Indices. The models will not invest directly in securities but gain exposure to securities through FDIs and ETFs. The models use the following FDIs (as described in section 11): Equity Index Futures, Fixed Income Futures, Interest Rate Futures, Interest Rate Swaps, Currency Futures, Currency Forwards, Currency Swaps, Futures on Volatility Indices, Credit Default Swap Indices, and Total Return Swaps on Equity Indices. The portfolios are exposed to the financial markets on a global basis focusing on markets that provide sufficient liquidity. The liquidity of markets is determined by the model by assessing the bid and ask spread of each financial instrument. The bid and ask spread is the difference between the bid price for a financial instrument and its ask (or offer) price. The bid and ask spread represents the difference between the highest price that a buyer is willing to pay (bid) for a financial instrument and the lowest price that a seller is willing to accept for it. The models are based on price and econometric data and are statistical and systematic in nature. A range of technical and/or market specific systems are employed within the models.

### **Risk Premia**

Risk Premia includes the volatility premium model and the generalized carry model. The volatility premium model systematically issues protection to volatility exposure in exchange for a premium while seeking to maintain a stable risk profile, with a view to earning a profit when the premium is higher than the realised risk. The generalized carry model consist of holding a long exposure (through the use of FDIs) to assets that have relatively higher yields and establishing synthetic short positions (also through

FDIs) in assets that have lower yields, whilst seeking to control the risk of an adverse price movement. The models seek to rebalance their holdings when the measured portfolio risk diverges from the target risk level; the level of exposure is thus aimed to decrease in times of increasing volatility, and vice versa. The models will not invest directly in securities but gain exposure to securities through FDIs. The models invest in the following FDIs, as described in section 11: Equity Index Futures, Options on Equity Index Futures, Options on Equity Indices, Fixed Income Futures, Options on Fixed Income Futures, Fixed Income Options, Interest Rate Futures, Options on Interest Rate Futures, Interest Rate Options, Interest Rate Swaps, Currency Futures, Currency Forwards, Options on Currency Futures, Currency Options, Currency Swaps, Futures on Volatility Indices, Options on Volatility Indices, Credit Default Swap Indices, and Total Return Swaps on Equity. Depending on market conditions, the models may invest in all the FDIs listed above or may select one or more FDIs to invest in from this list.

### **Market Neutral Equity**

The market neutral equity model takes views on the relation between the value of individual equities. The model is market neutral in the sense that it does not take a view on overall market directions but seeks to exploit investment opportunities unique to individual groups of equities. The model builds its portfolio as a global long/short equity book constrained by market and sector neutralities. It is intended that typically the synthetic short exposure will match the long exposure with the aim of achieving market neutrality. The model will not invest directly in securities but will gain its exposure by investing in FDIs through total return swaps, single stock swaps and contracts for differences. The trading decisions are the result of an automated trading system fed with historical price, corporate and economic data. The model includes sub-strategies based on momentum (long term trend following on stock residuals), quality (assessing stock quality using fundamental data) and value (long positions in value stocks and short positions in growth stocks). The stock universe analysed by the model is composed of exchange traded stocks in the Americas, Asia/Pacific, Europe and South Africa. The model invests in the following FDIs, as described in section 11: Equity Total Return Swaps, Single Stock Swaps and Contracts for Differences.

## **8. Efficient Portfolio Management**

Where considered appropriate, the Fund may utilise techniques and instruments for efficient portfolio management (e.g. to protect against exchange risks), within the conditions and limits laid down by the Central Bank from time to time. Such techniques and instruments include repurchase agreements, reverse repurchase agreements, spot transactions and/or forward foreign currency exchange contracts.

Efficient portfolio management transactions relating to the assets of the Fund may be entered into with one of the following aims: (a) a reduction of risk (including currency exposure risk); (b) a reduction of cost (with no increase or minimal increase in risk); and (c) generation of additional capital or income for the Fund with a level of risk consistent with the risk profile of the Fund and the diversification requirements in accordance with the UCITS Regulations and as disclosed in Appendix I to the Prospectus.

Notwithstanding the foregoing, efficient portfolio management will be used primarily for currency hedging purposes and forward foreign currency exchange contracts may be used for such purposes. The Fund may also use forward foreign currency exchange contracts to alter the currency characteristics of financial instruments held by the Fund where the Fund considers it appropriate to



retain the exposure of a particular financial instrument but wishes to obtain a currency exposure consistent with the Fund's investment objective and policy. Because the currency of the assets held by the Fund may not correspond with the currencies of the obligations of the Fund, performance may be influenced by movements in foreign exchange rates.

The Fund may enter into forward currency contracts to purchase or sell a specific currency at a future date at a price set at the time of the contract. As noted above, the Fund may enter into these contracts to hedge against changes in currency exchange rates arising as a result of the fluctuation between the denominated currency of the Fund and the currencies in which the Fund's investments are denominated. The Fund may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated.

In order to reduce currency risk, the Fund may also employ spot foreign exchange transactions to purchase or sell a specific amount of a currency in return for an alternative currency at the prevailing market exchange rate and for which delivery will typically occur within two days of the trade date (t+2).

Subject to the conditions and limits set out in the Central Bank UCITS Regulations, the Fund may use repurchase agreements and/or reverse repurchase agreements to generate additional income for efficient portfolio management purposes only. Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price.

## **9. Investments in Collective Investment Schemes**

As set out above, the Fund may invest in collective investment schemes for cash management purposes. Investment in collective investment schemes will be in accordance with the Central Banks' requirements. Investment in collective investment schemes shall not exceed 10% of the Net Asset Value of the Fund. The Fund may invest in collective investment schemes domiciled in Ireland which are authorised as UCITS by the Central Bank. The Fund shall not invest in collective investment schemes which are not authorised as UCITS.

## **10. Total Return Swaps and Securities Financing Transactions**

As noted above, the Fund may enter into securities financing transaction such as repurchase agreements and/or reverse repurchase agreements in accordance with the limits and requirements of the Central Bank. In addition, the Fund may also enter into total return swaps.

All types of assets which may be held by the Fund in accordance with its investment objectives and policies may be subject to a securities financing transaction or total return swap.

The maximum proportion of the Fund's assets which can be subject to securities financing transactions and/or total return swaps is 100% of the Net Asset Value of the Fund.

The expected proportion of the Fund's assets which will be subject to securities financing transactions and/or total return swaps is between 30% and 40% of the Net Asset Value of the Fund's assets. The proportion of the Fund's assets which are subject to total return swaps at any given time will depend on prevailing market conditions and the value of the relevant investments. The amount of assets engaged in total return swaps, expressed as an absolute amount and as a proportion of the Fund's assets, as well as other relevant information relating to the use of total return swaps shall be disclosed in the annual report and semi-annual report of the Company.

Further information relating to securities financing transactions and total return swaps is set out in the Prospectus at Section 1 – “*The Company*”, sub-sections entitled “*Securities Financing Transactions*” and “*Investment in Financial Derivative Instruments – Total Return Swaps*”.

## **11. Financial Derivative Instruments**

As described in the sections above entitled “Investment Policy” and “Efficient Portfolio Management”, the Fund invests in Financial Derivatives Instruments (“FDIs”) for investment and hedging purposes. It is anticipated that the Fund will be able to have a long or short exposure to equity, fixed income, interest rate, currency, volatility and credit underlyings through the use of some or all of the below FDIs. Depending on market conditions, the Fund may invest in all the FDIs listed below or may select one or more FDIs to invest in from the list below. The FDIs used by the Fund will consist, as described above and further detailed below, of equity index futures, options on equity indices, equity total return swaps, single stock swaps, contracts for differences, fixed income futures, fixed income options, interest rate futures, interest rate options, interest rate swaps, currency futures, currency forwards, currency options, currency swaps, options on currency futures, options on fixed income bond futures, options on interest rate futures, options on equity index futures, futures and options on volatility indices and credit default swaps on indices.

*Equity Index Futures:* The Trading Advisor may enter into equity index futures as a means of gaining long or short exposure to equity indices. It may also enter into equity index futures to hedge the equity exposure of the Fund.

*Options on Equity Indices and Options on Equity Index Futures:* Options on equity index futures, equity indices and ETFs may be used to gain exposures to price and volatility movements in equity indices. The Fund may enter into both long as well as short positions of options on equity indices. It may also enter into options on equity indices to hedge the equity exposure of the Fund.

*Equity Total Return Swaps, Equity Indices Total Return Swaps, Single Stock Swaps and Contracts for Differences:* The Trading Advisor may enter into equity total return swaps, equity indices total return swaps, single stock swaps and contracts for differences as a means of gaining long or short exposure to movements in equities. It may also enter into equity swaps, equity indices swaps, single stock swaps or contracts for differences to hedge the equity exposure of the Fund.

*Fixed Income Futures and Interest Rate Futures:* The Trading Advisor may enter into fixed income futures and interest rate futures as a means of gaining long or short exposure to bonds, notes or interest

rates. It may also enter into fixed income futures and interest rate futures to hedge the fixed income instruments or interest rate exposure of the Fund.

*Fixed Income Options, Options on Fixed Income Futures, Interest Rate Options and Options on Interest Rate Futures:* The Trading Advisor may employ fixed income options, options on fixed income bond futures, interest rate options and options on interest rate futures as a means of gaining long or short exposure to price and volatility movements in fixed income instruments and interest rates. The Trading Advisor may also employ fixed income options, options on fixed income bond futures, interest rate options and options on interest rate futures for the purpose of hedging the fixed income or interest rate exposure of the Fund.

*Interest Rate Swaps:* The Trading Advisor may enter into interest rate swaps as a means of gaining long or short exposure to movements of interest rates. The Trading Advisor may also employ interest rate swaps for the purpose of hedging the interest rate exposure of the Fund.

*Currency Futures and Currency Forwards:* The Trading Advisor may employ currency futures and currency forwards as a means of gaining long or short exposure to foreign exchange rate movements. The Trading Advisor may also employ currency futures or currency forwards for the purpose of hedging the foreign exchange exposure of Fund.

*Currency Options and Options on Currency Futures:* The Trading Advisor may employ currency options and options on currency futures as a means of gaining long or short exposure to price and volatility movements in foreign exchange rates. The Trading Advisor may also employ currency options and options on currency futures for the purpose of hedging the foreign exchange exposure of the Fund.

*Currency Swaps:* The Trading Advisor may enter into currency swaps as a means of gaining long or short exposure to foreign exchange movements. It may also enter into currency swaps to for the purpose of hedging the foreign exchange exposure of the Fund.

*Credit Default Swap Indices:* Credit default swap indices are indices that track the credit default swap market and are comprised of a basket of credit default swaps. Indices which the Fund may gain exposure to through credit default swap indices are listed below. Credit default swap indices are standardised, centrally cleared derivatives contracts, that may be bought and sold over swaps execution facilities or over the counter through the executing brokers of the Fund. The Trading Advisor may enter into trades in credit default swap indices as a means of gaining long or short exposure to movements in credit risk. It may also enter into trades in credit default swap indices for the purpose of hedging the credit risk exposure of the Fund.

*Futures on Volatility Indices:* The Trading Advisor may enter into futures on volatility as a means of gaining long or short exposure to movements in volatilities. It may also enter into futures on volatility for the purpose of hedging the volatility exposure of the Fund.

*Options on Volatility Indices:* The Trading Advisor may enter into option on volatility index as a means to gain exposure to movements in volatilities. It may also enter into option on volatility index for the purpose of hedging the volatility exposure of the Fund.

*Swaps and Total Return Swaps:* A swap is a derivatives contract where two parties exchange sequences of cash flows from a specific instruments for a set period of time. Swaps are tailored and negotiated over-the-counter or on a bilateral basis with counterparties and therefore are traded over-the-counter. A total return swap is when the economic performance of a single security, a basket of securities or an index over a specific period of time is obtained by the Fund in exchange for a physical cash payment between the Fund and the counterparty.

The Trading Advisor may from time to time enter into swap agreements which reference listed equity, debt securities, indices and interest rates, including the use of total return swaps. Indices which the Fund may gain exposure to, through the use of total return swaps, are listed below. The use and exposure to total return swaps will be subject to the UCITS Regulations and as disclosed in Appendix I to the Prospectus. Swaps are used in this strategy to gain long or short exposure to indices (listed below), collective investment schemes, debt securities of single companies and baskets of equity securities, as a means of implementing the Fund's investment policy and strategy. Swaps may also be used to hedge against changes in the values of securities held by the Fund or markets to which the Fund is exposed.

*Indices:* The Fund, through the use of equity index futures, options on equity indices futures on volatility indices and total return swaps, may gain exposure to indices such as and including their sub-indices, the S&P500, the FTSE 100, the FTSE 250, the NASDAQ, the CBOE Volatility Index, the EuroStoxx, the S&P/ASX 200, the DAX, the Hang Seng, the KOSPI 200, the NASDAQ 100, the MSCI indices, the SMI, the Nikkei 225, the CDX North America Investment Grade, the CDX North America High Yield, the ITRAXX Europe and the ITRAXX Crossover indices. The Fund may also gain exposure to the Markit CDX and iTraxx credit indices.

It is not possible to list comprehensively the actual indices to which exposure may be taken, as they will change from time to time, but the annual accounts of the Company will include details of the indices to which exposures are taken during the relevant period. The indices to which the Fund may gain exposure shall comply with UCITS Regulations, Central Bank UCITS Regulations and the ESMA Guidance on ETFs and other UCITS issues. The Fund will generally gain exposure to such indices both for hedging and for speculative purposes, to access various markets and sectors.

The S&P500 is widely regarded as a gauge of large capitalization US equities and includes 500 companies, capturing 80% of available market capitalization. Information on this index and its sub-indices may be found at <http://ca.spindices.com/index-finder/>.

The FTSE 100 comprises the 100 most highly capitalised blue chip companies listed on London Stock Exchange. It is used extensively as a basis for investment products, such as derivatives and exchange-traded funds. The FTSE 250 comprises mid-capitalised companies not covered by the FTSE 100, and represents approximately 15% of UK market capitalisation. Information on these indices and their sub-indices may be found at [http://www.ftse.com/products/indexmenu?\\_ga=1.143766002.679158211.1485892776](http://www.ftse.com/products/indexmenu?_ga=1.143766002.679158211.1485892776).

The NASDAQ is the second largest stock exchange by market capitalization in the world. More information can be found on this index and its sub-indices at <http://www.nasdaq.com>.

The CBOE Volatility Index is a popular measure of the implied volatility of S&P 500 index options. It is a measure of the market's expectation of stock market volatility calculated over a period of 30 days. Additional information on this index may be found at <http://www.cboe.com/micro/VIX/vixintro.aspx>.

The Eurostoxx is Europe's blue-chip index for the Eurozone, providing a Blue-chip representation of sector leaders in the European Union. Additional information on this index and its sub-indices may be found at <http://www.stoxx.com/indices>.

The S&P/ASX 200 is the primary investment benchmark for the Australian stock market and contains the top 200 S&P/ASX listed companies by way of float-adjusted market capitalisation. The high percentage of market representation gives the index a dual function: To provide an accurate benchmark for the stock market as a whole and give institutional investors a highly liquid and tradable index. Additional information on this index may be found at <http://www.asx.com.au/products/sp-asx200-vix-index.htm>.

The DAX Index tracks the largest and most important companies (blue chip) on the German equities markets. It is comprised of the 30 largest and most liquid companies on the Frankfurt Stock Index in the Prime standard segment. The index represents around 80% of the aggregated prime standard's market capitalization. Additional information on this index and its sub-indices may be found at <http://dax-indices.com/EN/MediaLibrary/Document/Factsheet%20DAX%20USD.pdf>.

The Hang Seng Index (HSI) is a free-float capitalization-weighted index of a selection of companies from the Stock Exchange of Hong Kong. The components of the index are divided into four sub-indices: Commerce and Industry, Finance, Utilities, and Properties. Additional information on this index and its sub-indices may be found at [http://www.hsi.com.hk/HSI-Net/static/revamp/contents/en/dl\\_centre/factsheets/FS\\_HSIe.pdf](http://www.hsi.com.hk/HSI-Net/static/revamp/contents/en/dl_centre/factsheets/FS_HSIe.pdf).

The KOSPI 200 Index is a capitalization-weighted index of 200 Korean stocks which make up 93% of the total market value of the Korea Stock Exchange. Additional information on this index and its sub-indices may be found at <https://www.hsi.com.hk/HSI-Net/>.

The MSCI indices are widely recognised indices that are free-float adjusted market capitalization weighted indices that are designed to track different equity market performances of listed securities across different regions and globally. Additional information on this index may be found at <https://www.msci.com/indexes>.

The SMI is a blue chip index which is comprised of the 20 largest Swiss stocks. The SMI represents about 85% of the total capitalisation of the Swiss equity market. It is a free-float-adjusted index. Additional information on this index and its sub-indices may be found at [https://www.six-swiss-exchange.com/indices/overview\\_en.html](https://www.six-swiss-exchange.com/indices/overview_en.html).

The Nikkei 225 index is a price-weighted equity index, which is comprised of 225 stocks selected from domestic common stocks in the first section of the Tokyo Stock Exchange. Additional information on this index and its sub-indices may be found at <http://indexes.nikkei.co.jp/en/nkave/index>.

The Markit CDX indices are indices that track different parts of debt markets across North America. The indices are made up of the most liquid entities of the single-name CDS market. The Markit CDX credit default indices cover multiple sectors, with the main indices being Markit CDX North American Investment Grade, Markit CDX North American Investment Grade High Volatility and Markit CDX North American High Yield. As these indices are not market capitalisation weighted but are equally weighted constituents and are rebalanced semi-annually, this should have no impact on the Fund's cost. No constituent should exceed permitted investment restrictions. Additional information on these indices may be found at <http://www.markit.com/Product/CDX>.

The Markit iTraxx indices are a family of European, Asian and Emerging Market tradable credit default swap indices. The European Markit iTraxx indices trade 3, 5, 7 and 10-year maturities, and a new series is determined on the basis of liquidity every six months. The benchmark Markit iTraxx Europe index comprises 125 equally-weighted European names. The Markit iTraxx Crossover index comprises the 75 most liquid sub-investment grade entities. These indices measure the performance of the respective on-the-run Markit iTraxx CDS contracts. Additional information on these indices may be found at <http://www.markit.com/Product/iTraxx>.

Counterparties to OTC FDIs (including forwards & swaps) that the Fund may enter into will be counterparties authorised in accordance with the process set forth in the section of the Prospectus entitled "Investment in Financial Derivative Instruments" and "Eligible Counterparties". The Fund will only enter into OTC FDIs on behalf of the Fund with counterparties which are subject to prudential supervision and are within categories approved by the Central Bank or otherwise provided for in the Prospectus. It is not possible to comprehensively list in this Supplement all of the counterparties as they may change from time to time. Counterparties would typically be required to be leading institutions in the particular type of OTC FDI and have good credit worthiness based on financial ratios credit spread, rating, stock performance, etc. The credit risk attributable to such counterparties is monitored by the Manager in order to perceive any material degradation and that, when possible, relevant actions are taken in a timely manner. Since the underlying assets will either be single stocks, baskets of stocks, market indices, fixed income securities, interest rates, currencies, volatility indices, and credit default indices, the counterparty to any OTC FDI will not have any discretion over the composition or the management of the Fund.

The global exposure of the Fund, including FDIs, is calculated by an absolute VaR approach. The use of exchange-traded and OTC derivatives forms an important part of the investment policy of the Fund and will result in the Fund being leveraged. Market risk exposure is monitored through the use of absolute VaR. The market risks generated by the Fund through the use of instruments will be measured through the use of a Value at Risk ("**VaR**") measure. Absolute VaR is measured over a holding period (of 20 days) and should not be greater than 20% of the Net Asset Value of the Fund. The VaR will be calculated using a one-tailed 99% confidence level. Leverage will be generated by the Fund through the leverage that is inherent in the FDIs and shall be calculated as the sum of the notional amounts of the FDIs used. Under normal market conditions, the Fund is expected to employ leverage of approximately 3,000% of Net Asset Value of the Fund over most periods of time, which includes the leverage that shall be created via exposure to FDIs on the indices listed below. However the Fund may exceed or fall below this level at times. The expected level of leverage may be exceeded in times of rising volatility in the markets where the Trading Advisor may increase (or decrease) its use of FDIs (from the list of FDIs set out above) or vary its exposure to any such FDIs to hedge specific risks within

the portfolio, resulting in an increase (or decrease) in the volume of FDIs used and a higher (or lower) leverage. The Trading Advisor may also increase (or decrease) its use of FDIs in order to capture temporary opportunities in the market, which may also lead to a temporary increase (or decrease) in the leverage of the Fund. The use of certain strategies such as short dated interest rate strategies may result in a significant contribution to the sum of the notional calculation so the use of such strategies will contribute more heavily to the sum of the notional calculation even though the underlying economic and market risk arising from these strategies exposure may be low in comparison to the size of the portfolio. Such strategies may be used, for instance, to protect the Fund against extreme stressed credit conditions or to take opportunities in line with the Fund's investment objective.

**The use of derivatives entails certain risks to the Fund including those set out under "Risk Factors" in this Supplement.** Investors are also encouraged to read the section of the Prospectus entitled "Financial Derivative Instrument" which describes the types of derivatives which the Company may use, the purposes of their intended use and their effect.

## **12. Collateral Management Policy**

The collateral management policy employed by the Manager in respect of the collateral requirements arising from FDI transactions provides that cash and non-cash will be permitted collateral for such transactions. The level of collateral required in respect of each financial derivative transaction varies in accordance with each FDI's perceived risk profile, its liquidating value as well as the Fund's perceived risk profile. Collateral payments are generally claimed whenever such collateral amount reaches USD250,000 or more. Please refer to the section of the Prospectus entitled "*The Company*", subparagraph "*Collateral Management*" for additional details of the collateral management policy applicable to the Fund.

The Manager has appointed State Street Global Advisors Ireland Limited ("**SSGA**"), pursuant to the terms of an investment management agreement, dated 1 June, 2021, (the "**IMA**") to provide cash and collateral management services to the extent set out in the IMA to the Fund on a discretionary basis (the "**Services**"). The fees of SSGA will be paid out of the Manager's Fee.

SSGA is a limited liability company incorporated under the laws of Ireland, having its registered office at 78 Sir John Rogerson's Quay, Dublin 2, Ireland, registered no. 145221. SSGA is authorised and regulated by the Central Bank as an investment firm within the meaning of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended, supplemented or replaced from time to time) and its principal activity is that of investment management.

The Manager shall hold harmless and indemnify SSGA against all actions, proceedings and claims (including claims of any person purporting to be the beneficial owner of any part of the assets of the portfolio) and any claims made by the parties set out in the IMA in connection with the execution and settlement of any transaction, and against all charges (including negative interest rate charges), costs, demands and expenses (including legal and professional expenses) arising therefrom and which may be brought against, suffered or incurred by SSGA by the reason of performance of SSGA's duties under the terms of the IMA save where such actions, proceedings, claims, cost demands or expenses arise as a result of the Manager's negligence, fraud or wilful default in the performance of its duties under the IMA.

The Manager shall indemnify SSGA against any loss, liability, damage, or expense which SSGA suffers

as a result of the acts or omissions of, or any claims made by by the parties set out in the IMA in connection with the execution and settlement of any transaction, except to the extent that such loss, liability, damage or expense is caused by SSGA's negligence, wilful default or fraud.

The Manager may terminate the IMA at any time by giving SSGA written notice to that effect in accordance with the IMA. SSGA may terminate the IMA on three months' written notice to the Manager or at any time by giving the Manager written notice to that effect if so required by any competent regulatory authority. SSGA is authorised by the Central Bank to act in a discretionary investment management function. SSGA may delegate the Services in accordance with the requirements of the Central Bank and subject to such delegate being approved by the Central Bank to provide discretionary investment management services to Irish authorised collective investment schemes.

### **13. Risk Management Process**

The Fund will employ a risk management process based on a value-at-risk approach which will enable it to monitor, measure and seek to manage the risks attached to FDIs and details of this process have been provided to the Central Bank. The Fund will not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

### **14. Offer**

#### *Initial Offer*

The Initial Offer Period in respect of Class F Euro, Class I GBP hedged, Class I Euro, Class M Euro, Class R Euro, Class NC Euro, Class C Euro, Class I CHF hedged, Class I USD hedged, Class NI Euro and Class SI Euro has now closed.

Shares in (a) Class G Euro will be offered from 8:00am (Irish time) on 3 April, 2017 to 11:00am (Irish time) on 2 December, 2021, (b) Class I2 Euro, Class SI CHF Hedged, Class SI GBP Hedged and Class SI USD Hedged will be offered from 8:00am (Irish time) on 20 July, 2017 to 11:00am (Irish time) on 2 December, 2021; (c) Class SI2 Euro will be offered from 8:00am (Irish time) on 11 October, 2017 to 11:00am (Irish time) on 2 December, 2021; (d) Class NI GBP hedged and Class G AUD hedged which are re-launching will be offered from 8:00am (Irish time) on 2 June, 2021 to 11:00am (Irish time) on 2 December, 2021 and (e) Shares in the remaining Classes of the Fund will be offered from 8:00 am (Irish time) on 23 February, 2015 to 11:00am (Irish time) on 2 December, 2021, or in the case of (a), (b), (c) and/or (d) the Closing Date (as defined below), whichever occurs first (the "**Initial Offer Period**") at the Initial Offer Price set out below (plus any applicable duties or charges) and subject to acceptance of applications for the remaining Classes of Shares by the Company and will be issued for the first time on the first Dealing Day after expiry of the Initial Offer Period. The Closing Date means the date on which the Minimum Class Size is received in respect of the relevant Class. Investors should note that if the Minimum Class Size is not received before the close of the Initial Offer Period, the Directors may in their sole discretion return subscription proceeds to investors.



### *Closure of Classes*

The Directors may close some or all of the Classes in the Fund to subscriptions from existing and/or new Shareholders. The Directors may subsequently re-open some or all of the Classes in the Fund to further subscriptions from existing and/or new Shareholders at their discretion and the process of closing and potentially, re-opening the Classes may be repeated thereafter as the Directors may determine from time to time.

Shareholders may ascertain the closed or open status of the Classes of the Fund and if those Classes are open to existing and/or new Shareholders by contacting the Administrator. Closing the Fund to new subscriptions will not affect the redemption rights of Shareholders and Shareholders will be permitted to convert into other Classes as outlined in the Prospectus of the Company.

### *Initial Offer Price*

<b>Class</b>	<b>Initial Offer Price</b>
Class I JPY hedged	JPY 10,000
Class C USD hedged	\$100
Class C JPY hedged	JPY 10,000
Class C CHF hedged	CHF100
Class G Euro	€100
Class I2 Euro	€100
Class SI CHF Hedged	CHF100
Class SI GBP Hedged	£100
Class SI USD Hedged	\$100
Class SI2 Euro	€100
Class G AUD Hedged	AUD100
Class NI GBP Hedged	£100

The Initial Offer Period may be extended or shortened by the Directors. The Central Bank will be notified in advance of any such extension if subscriptions for Shares have been received during the Initial Offer Period and otherwise on a yearly basis.

### *Subsequent Offer*

After closing of the Initial Offer Period, the Classes of Shares of the Fund will be issued at their Net Asset Value per Share (plus any applicable duties or charges).

### *Share Class Restrictions*

Class F Shares are available to all investors but are more specifically designed for the Distributor's partners and asset management companies. Class F Shares are offered in Euro. Class I Shares are available to all investors but are more specifically designed for institutional investors and collective investment schemes. Class I Shares are offered in the following currencies: Euro, GBP, CHF, JPY and USD. Class I2 Shares are offered in Euro. Class C Shares are available to all investors but are more specifically designed for investors in relation to which the Distributor or its delegates have acted. Class

C is offered in the following currencies: Euro, CHF, JPY and USD. Class NI (save for Class NI GBP Shares) and NC Shares are no longer available for subscription. Class M Shares are restricted to the Trading Advisor, its partners and employees, affiliates and the partners and employees of its affiliates as well as any fund organised for the purposes of a company savings plan for the benefit of the partners and employees of such entities and to partners, officers and employees of the Distributor and its affiliates, including funds organised for the purposes of the company savings plan. Class R Shares are restricted to the Distributor (and its affiliates) as well as collective investment schemes (including funds of funds) managed by the Distributor and/or any of its affiliates. Class M Shares and Class R Shares are only available up to a maximum aggregate net amount of subscriptions of US\$200m, thereafter Class M Shares and Class R Shares will be closed to further subscriptions. Class G Shares are available to all investors but are more specifically designed for institutional investors and collective investment schemes. Only a potential investor in Australia in respect to whom the offer of shares does not need disclosure under Part 6D.2 of the Corporations Act 2001 (Cth) (the "Corporations Act") may make an offer to subscribe for Class G AUD Hedged Shares under this Supplement. This Supplement is not a product disclosure statement or prospectus (as these terms are defined in the Corporations Act). Accordingly, this Supplement is not required to, and does not, contain all of the information which would be required to be included in a product disclosure statement or a prospectus. This Supplement has not been lodged with the Australian Securities & Investments Commission & Investments Commission. Any person to whom Class G AUD Hedged Shares are issued or sold pursuant to an exemption from the disclosure requirements provided by the Corporations Act must not, within 12 months after the issue, offer those Class G AUD Hedged Shares for sale in Australia unless that offer is itself made pursuant to a disclosure document under Part 6D.2 of the Corporations Act or is itself made in reliance on an exemption from the disclosure requirements provided by the Corporations Act. Class G Shares are available in Euro and in AUD. Class SI Shares are available to all investors but are more specifically designed for institutional investors. Class SI Shares are offered in the following currencies: Euro, GBP, CHF and USD. Class SI2 Shares are available to all investors but are more specifically designed for institutional investors. Class SI2 Shares are offered in Euro.

## 15. Minimum Subscription

The Directors are entitled to impose minimum subscription requirements in respect of each Class of Shares. To date the minimum subscription in respect of each Class of Shares is as follows:

<b>Class of Shares</b>	<b>Minimum Holding for existing Shareholders as of 2 January, 2018</b>	<b>Minimum Subscription (Inclusive of Sales Charge) and Minimum Holding</b>	<b>Minimum Amount for Subsequent Subscriptions</b>
Class F Euro	One Share	One Share	None
Class I Euro	€500,000	€ 2,000,000	None
Class I2 Euro	€ 500,000	€ 2,000,000	None
Class I CHF hedged	CHF 700,000	CHF 2,800,000	None
Class I GBP hedged	£450,000	£1,800,000	None
Class I JPY hedged	¥ 50,000,000	¥ 200,000,000	None
Class I USD hedged	USD 700,000	USD 2,800,000	None
Class C Euro	€5,000	€5,000	None
Class C CHF hedged	One Share	One Share	None

Class C JPY hedged	One Share	One Share	None
Class C USD hedged	One Share	One Share	None
Class M Euro	One Share	One Share	None
Class NI Euro	€500,000	€500,000	None
Class NI GBP Hedged	£450,000	£450,000	None
Class NC Euro	€5,000	€5,000	None
Class R Euro	One Share	One Share	None
Class G Euro	€50,000	€50,000	None
Class G AUD Hedged	AUD 500,000	AUD 500,000	None
Class SI CHF Hedged	CHF 40,000,000	CHF 40,000,000	None
Class SI Euro	€40,000,000	€40,000,000	None
Class SI GBP Hedged	£40,000,000	£40,000,000	None
Class SI USD Hedged	\$40,000,000	\$40,000,000	None
Class SI2 Euro	€40,000,000	€40,000,000	None

The Directors have the right in their discretion, with respect to any investor, to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Amount for Subsequent Subscriptions requirements outlined in the table above (if any) at any time, provided that Shareholders in the same position in the same Class shall be treated equally and fairly.

These minimum subscription requirements are in addition to Minimum Class Size requirements, as follows:

<b>Class of Shares</b>	<b>Minimum Class Size</b>
Class F Euro	€4,000,000
Class I Euro	€4,000,000
Class I2 Euro	€4,000,000
Class I CHF hedged	CHF5,000,000
Class I GBP hedged	£3,250,000
Class I JPY hedged	¥ 500,000,000
Class I USD hedged	\$5,000,000
Class C Euro	€4,000,000
Class C CHF hedged	CHF5,000,000
Class C JPY hedged	¥ 500,000,000
Class C USD hedged	\$5,000,000
Class M Euro	€100,000
Class NI Euro	€4,000,000
Class NI GBP hedged	£3,250,000
Class NC Euro	€1,000,000
Class R Euro	€1,000,000
Class G Euro	€1,000,000
Class G AUD Hedged	AUD1,000,000
Class SI CHF Hedged	CHF 5,000,000
Class SI Euro	€4,000,000
Class SI GBP Hedged	£3,250,000

Class SI USD Hedged	\$5,000,000
Class SI2 Euro	€4,000,000

The Minimum Class Size requirements as described above may be varied by the Directors at their discretion, provided that Shareholders in the same position in the same Class shall be treated equally and fairly.

## **16. Application for Shares**

Applications in respect of the Fund received by the Administrator prior to the Subscription Dealing Deadline before the relevant Dealing Day will be dealt with on that Dealing Day. If any application is received after the Dealing Deadline, it will be deemed to have been received in respect of the next Dealing Day and dealt with accordingly. The Directors may, at their discretion, resolve to accept applications received after the Dealing Deadline but prior to the Valuation Point, in exceptional circumstances.

Initial applications should be made by sending an original signed Application Form to the Administrator but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed Application Form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Administrator.

No redemptions will be paid until the original Application Form and such other papers as may be required by the Administrator have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank, without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by Administrator. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

Shareholders will be subject to a maximum sales charge of up to 5% of the subscription amount.

For further information on the application procedure Investors' attention is drawn to the Section of the Prospectus entitled "The Shares" and the sub-section therein entitled "Application Procedure" which outlines further information on the application procedure to be followed.

### **Fractions**

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.001 of a Share.

Subscription monies, representing less than 0.001 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

## **Method of Payment**

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

## **Currency of Payment**

Subscription monies are payable in the currency of denomination of the relevant Class. The Company will not accept applications for Shares in currencies other than the currency of denomination of the relevant Class in which the applicant has elected to apply for Shares.

## **Timing of Payment**

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than the two (2) Business Days after the relevant Dealing Day. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may cancel the subscription. The Company reserves the right to cancel, or to instruct its delegate to cancel, without notice any contract for which payment has not been received by the settlement date and to recover any losses incurred. The Company may charge the applicant or, if the applicant is a Shareholder, redeem or sell all or part of his holding of Shares and use the proceeds thereof to satisfy and make good any loss, cost, expense or fees suffered by the Company as a result of non-receipt of such funds. In addition, settlement is conditional upon all the appropriate documentation being received by the Company or its delegate prior to the Dealing Deadline in the required format with all details correct and with valid authorization. Investors are invited to carefully review the risk factor entitled "Non-Payment of Subscription Monies", under the section "Risk Factors" of the Prospectus.

## **Confirmation of Ownership**

Written confirmation of each purchase of Shares will normally be sent to Shareholders within 2 Business Days of the relevant Dealing Day. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **17. Redemption of Shares**

### **Redemption of Shares**

Shareholders may redeem their Shares on any Dealing Day at the Net Asset Value per Share on the relevant Dealing Day (less any applicable duties or charges) (save during any period when the calculation of Net Asset Value is suspended). Redemption requests for Shares received by the Administrator before the Redemption Dealing Deadline will be dealt with on that Dealing Day. Redemption requests received after the Redemption Dealing Deadline will, at the discretion of the Directors, be deemed to have been received in respect of the next Dealing Day and dealt with accordingly. Investors' attention is drawn to the Section of the Prospectus entitled "The Shares" and the

sub-section therein entitled “Redemption of Shares” which outlines further information on the redemption procedure to be followed. The Directors may, at their discretion, resolve to accept redemption requests received after the Redemption Dealing Deadline but prior to the Valuation Point, in exceptional circumstances.

The redemption price per Share shall be the Net Asset Value per Share.

### **Method of Payment**

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing. Redemption payments following processing of instructions received by telefax will only be made to the account of record of a Shareholder.

### **Currency of Payment**

Shareholders will normally be repaid in the currency of denomination of the Class from which the Shareholder has redeemed Shares.

### **Timing of Payment**

Redemption proceeds in respect of Shares will normally be paid within four (4) Business Days of the relevant Dealing Day (and in any event should not exceed ten (10) Business Days from the relevant Dealing Deadline) provided that all the required documentation has been furnished to and received by the Administrator.

### **Withdrawal of Redemption Requests**

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

### **Compulsory/Total Redemption**

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

## **18. Conversion of Shares**

Subject to the Minimum Subscription of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”. Requests for conversion of Shares should be made to the Administrator by the Dealing Deadline by facsimile, written communication or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as

may be permitted by the Directors and should include such information as may be specified from time to time by the Administrator.

## **19. Dividend Policy**

It is not the current intention of the Directors that dividends be recommended for payment to Shareholders in the Fund. If dividends are to become payable, Shareholders will be notified in advance and full details will be provided in an updated Supplement for the Fund.

## **20. Suspension of Dealing**

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## **21. Fees and Expenses**

The fees and operating expenses of the Company are set out in detail under the heading "Fees and Expenses" in the Prospectus.

### **Establishment Expenses**

The Fund shall bore (i) its proportion of the fees and expenses attributable to the establishment and organisation of the Company as detailed in the section of the Prospectus headed "Establishment Expenses" for the remainder of the period over which such fees and expenses will continue to be amortised. The Fund shall bear; and (ii) its attributable portion of the fees and operating expenses of the Company and (iii) the fees and expenses relating to the establishment of the Fund which are not expected to exceed €100,000 and which may be amortised over the first three Accounting Periods of the Fund or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair.

### **Financial Management Fee**

The Fund shall pay to the Manager and the Trading Advisor out of its own assets, the following maximum aggregate annual fees, together with any VAT, if applicable, which shall accrue at each Valuation Point.

- Class I: 1.3% of the NAV of each of Class I Euro, Class I GBP hedged, Class I CHF hedged, Class I JPY hedged and Class I USD hedged;
- Class I2: 1.65% of the NAV of Class I2 Euro;
- Class C: 1.8% of the NAV of each of Class C Euro, Class C CHF hedged, Class C JPY hedged and Class C USD hedged;

- Class F Euro: 2.05% of the NAV of Class F;
- Class NI: 1.3% of the NAV of each of Class NI Euro and Class NI GBP hedged;
- Class NC Euro: 1.8% of the NAV of Class NC;
- Class M: 0.275% of the NAV of Class M;
- Class R: 0.275% of the NAV of Class R;
- Class G: 0.275% of the NAV of each of Class G Euro and Class G AUD Hedged;
- Class SI: 1.00% of the NAV of each of Class SI CHF Hedged, Class SI Euro, Class SI GBP Hedged and Class SI USD Hedged; and
- Class SI2: 1.35% of the NAV of Class SI2 Euro

The Manager shall also be entitled to be repaid out of the assets of the Company all of its reasonable out-of-pocket expenses which shall include legal fees, couriers' fees and telecommunication costs and expenses together with VAT, if any, thereon.

#### **Administrator and Depositary Fees**

The Fund will pay to the Administrator and to the Depositary the following fees which shall be accrued and calculated as at the relevant Valuation Point together with any VAT, if applicable, payable monthly in arrears:

<b>Consolidated net asset value in Euro of all the Funds of the umbrella fund</b>	<b>Administration and Depositary Fee</b>
First EUR 2,000,000,000	0.11%
Next EUR 2,000,000,000	0.09%
Next EUR 6,000,000,000	0.08%
Above EUR 10,000,000,000	0.07%

The above fees are subject to a minimum fee of EUR 75,000 per annum, and are exclusive of certain additional fees that the Administrator and the Depositary may charge, including, but not limited to, transaction fees, fees based on the number of share classes and whether the share classes are hedged or not, certain reporting fees, shareholder tax services fees, fees charged on assets invested in emerging or frontier markets, all of which shall be at normal commercial rates. The Depositary and the Administrator are also entitled to be reimbursed of reasonable disbursements and out of pocket expenses which are not included in the above mentioned fees.

#### **Performance Fee**

In addition, the Trading Advisor shall be entitled to receive a performance fee ("**Performance Fee**") in



respect of each Classes of Shares (excluding Class M Euro, Class NI Euro, Class NI GBP hedged, Class NC Euro, Class R Euro, Class I2 Euro, Class G Euro, Class G AUD Hedged and Class SI2 Euro). Accruals, for the purposes of the Performance Fee (the “**Accruals**”), are made on each Valuation Day, but shall only become due and payable, if and when applicable, on the Calculation Day.

The Performance Fee will be calculated and accrued on each Valuation Day as an expense of the relevant Share Class and will be payable in arrears, at the end of the Calculation Period. The Performance Fee shall be payable by reference to the NAV (excluding from such Net Asset Value, the Performance Fee incurred by the Fund since the last Valuation Day when a Performance Fee became payable) of each Share Class in excess of the Hurdle Rate (as defined below) and subject to that Share Class’s High Water Mark (as defined below) (the “**New Net Appreciation**”).

The ‘**Calculation Day**’ for the purposes of calculating the Performance Fee means:

- (a) the last Business Day of the Calculation Period (as defined below);
- (b) in respect of Shares which are redeemed, the Redemption Day on which such Shares are being redeemed;
- (c) the date of merger (subject to the requirements of the Central Bank);
- (d) the date of termination of the Trading Advisory Agreement; or
- (e) such other date on which the Company or the Fund may be liquidated or cease trading.

“**Calculation Period**” shall mean the period beginning on 1 January each year and ending on 31 December each year. However, the first Calculation Period in respect of any Class of Shares will be the period commencing on the Business Day when that Class is initially subscribed and ending on 31 December in the following year. The first value used in determining the first Performance Fee shall be the Initial Price. The Performance Fee for each Classes of Shares is payable annually in arrears in respect of each Calculation Period.

All Classes of Shares will not have the same NAV. The Performance Fee will be calculated as a percentage (10%) of New Net Appreciation attributable to each Share Class calculated by reference to each Share Class’ High Water Mark. The New Net Appreciation of a Share Class shall be calculated and shall equal the amount, if any, by which the Net Asset Value of the relevant Share Class (prior to reduction for any accrued Performance Fee, provided that in doing so it is in the investor’s best interest) as of the end of the relevant Calculation Period exceeds the Hurdle Rate and the High Water Mark.

“**Hurdle Rate**” shall mean the higher of zero (0) or the 1 Week EURIBOR (Euro Interbank Offer Rate as determined by the European Banking Federation).

For the purposes of the Performance Fee calculation, the **High Water Mark** attributable to each Class is the greater of

- (a) The highest Net Asset Value of the relevant Share Class noted as of the end of each Calculation Period since inception of the Fund adjusted for subscriptions and redemptions; or,

- (b) If no Performance Fee has ever been realised, then the Net Asset Value of the relevant Share Class at the inception of the Fund adjusted for subscriptions and redemptions.

If a redemption is made from the relevant Share Class as of a date other than 31 December, a Performance Fee (if accrued as of the date of such Redemption) shall be crystallised in respect of the Shares being redeemed. Crystallised Performance Fees shall remain in the relevant Share Class until paid and shall not be used or made available to satisfy redemptions or pay any fees and expenses of the relevant Share Class. When a redemption is made, the High Water Mark and Hurdle Amount are proportionately adjusted downwards in proportion to the change in NAV. When a subscription is made, the High Water Mark is adjusted upwards for the amount of the subscription.

If any Share Class experiences net losses after the payment of a Performance Fee in respect of such Share Class, the Trading Advisor will retain all Performance Fees previously paid to it in respect of such Share Class but will not receive a new Performance Fee in respect of such Share Class until additional New Net Appreciation is achieved by such Share Class.

The Performance Fee is calculated and accrued on each Valuation Day and paid yearly in arrears, in respect of each Calculation Period. Any Performance Fee due will generally be paid within 14 days after the end of each Calculation Period, the date of any redemption, the date of a merger (subject to the requirements of the Central Bank), the date of termination of the Trading Advisory Agreement or such other date on which the Company or the Fund may be liquidated or cease trading.

The Performance Fee for all Classes of Shares will be calculated by the Administrator and verified by the Depositary and is not open to the possibility of manipulation.

Net realised and unrealised capital gains and net realised and unrealised capital losses will be included, for all Classes of Shares, in the Performance Fee calculation as at the end of a Payment Date. As a result a Performance Fee may be paid on unrealised gains that may subsequently never be realised.

Example of how the Performance Fee is calculated:

Calendar year	NAV per Share at the end of the calendar year before PF	Performance at the end of the calendar year	Accumulated performance since last performance fee	Hurdle rate	Accumulated hurdle rate since last performance fee	High Water Mark since last performance fee	Performance Fee rate	Performance fee due	NAV per share at end of calendar year after PF
Year 1	105.00	5.00%	5.00%	1.50%	1.50%	100.00	15%	$(5.00\% - 1.50\%) \times 15\% = 0.53\%$	104.45
Year 2	104.00	-0.43%	-0.43%	1.00%	1.00%	104.45	15%	None	104.00
Year 3	103.00	-0.96%	-1.39%	0.00%	1.00%	104.45	15%	None	103.00

Year 4	106.00	2.91%	1.49%	3.00%	4.03%	104.45	15%	None	106.00
Year 5	113.00	6.60%	8.19%	1.00%	5.07%	104.45	15%	$(8.19\% - 5.07\%) \times 15\% = 0.47\%$	112.47

The initial price represents the first High Water Mark. In this case the initial price is 100 per share.

### **Anti Dilution Levy / Duties and Charges**

The Company reserves the right to impose an 'anti dilution levy' representing a provision for market spreads (the differences between the prices at which assets are valued and/or bought or sold), and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of the Fund, in the event of receipt for processing of net subscriptions and/or redemptions, including subscriptions and redemptions which would be effected as a result of requests for conversion from one Fund into another Fund. Any such provision may be added to the price at which Shares will be issued in the case of net subscription requests exceeding 10% of the Net Asset Value of the Fund and deducted from the price at which Shares will be redeemed in the case of net redemption requests exceeding 10% of the Net Asset Value of a Fund, including the price of Shares issued or redeemed as a result of requests for conversion. Any such anti-dilution levy shall not exceed 3% of the value of each relevant subscription or redemption transaction. The application of any provision will be subject to the overall direction and discretion of the Company.

## **22. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the Prospectus. In addition, the following Risk Factors are specific to the Fund:

### **General**

The risks inherent in investment by the Fund are of a nature and degree not typically encountered in investment in securities of listed companies on the major securities markets. They are additional to the normal risks inherent in investing in securities. In addition owing to the investment objectives and policies of the Fund, investment in the Funds may involve a greater degree of risk than is the case with conventional securities.

The investment policy of the Fund may result in the Net Asset Value of the Fund having a medium to high volatility. However, the Manager will strive to limit the volatility of the Fund's returns.

Investors in the Fund must recognize that, due to the inherent characteristics of the markets in which the Fund invests, directly or indirectly, the value of their investment can go down as well as up, and that they may not receive back the monies originally invested.

The liquidity in markets can vary and it may not always be possible for the Fund to disinvest or invest in any particular market.

### **No Guarantee of Profit**

No assurance may be given that the Program will provide a positive return to investors. No assurance may be either given that a fund following the trading program will not incur substantial losses.

### **Speculative Nature of the Trading Program**

The Program is speculative and involves a high degree of risk. There is no assurance that the technical and risk management techniques utilized by the Trading Advisor, as well as the investment decisions made by the Trading Advisor, will not expose an account trading the Program to risk of significant losses. In addition, the analytical techniques used by the Trading Advisor cannot provide any assurance that the trading program will not be exposed to the risk of significant trading losses if the underlying patterns of market behavior studied by the Trading Advisor and which provide the basis for its statistical models change in ways not anticipated by the Trading Advisor.

### **Investment Risk**

The Program is subject to systemic risk, which is the risk inherent to the entire market or an entire market segment and which may adversely affect the performance of an investment. The Trading Advisor cannot predict or control the general market or economic conditions, which can have a material effect on the liquidity on the market, the overall performance of the market participants and the performance of the investing strategies that the Fund seeks to follow.

### **Recession**

The Trading Advisor's investing strategies may be adversely impacted and may be significantly less likely to achieve its objectives during economic recession and/or a general slowdown in the overall economy. The Trading Advisor cannot predict whether any economic recession and/or general economic slowdown will occur, continue, remain steady or worsen and no prediction, nor can anticipation be made as to the duration of such conditions or to any structural economic changes in the near-to mid-term future. Continued and/or prolonged overall economic slowdown and recession and/or any such changes as may result could have a materially adverse effect on the performance of the Fund.

### **Market Disruptions**

The Program may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. In addition, the financing available from banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Fund. Market disruptions may cause dramatic losses for the Fund, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

### **Use of Leverage**

The Program generally uses leverage as part of its investment strategy. This generally results in the Fund's market exposure being significantly higher than its equity. The Fund may acquire leverage through investment in financial derivatives instruments. Leverage may enhance an investments return in the Fund. However, the use of leverage may expose the Fund to additional risks, including (i) greater losses from investments than would otherwise have been the case had the Fund not applied leverage, and (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions. In the event of a sudden, precipitous drop in the value of the Fund's investments, the Trading Advisor may not be able to liquidate assets quickly enough to repay its obligations, further magnifying losses.

### **Multiple Jurisdictions**

Investing in financial instruments of multiple jurisdictions involves additional risks. These include changes in exchange rates and exchange control regulations, political and social instability, terrorism, restrictions on foreign investment, changes in government policies, expropriation, imposition of foreign taxes, potentially illiquid markets and limited availability of information, higher transaction costs, foreign governmental restrictions, varying levels of government supervision (if any) of banks, exchanges, clearing houses, brokers and issuers, greater risks associated with identifying performing and credit worthy counterparties, difficulty in enforcing contractual obligations, lack of uniform legal framework for holding of assets and establishing trading, settlement, custody, pledging and reuse of assets and lack of uniform accounting, taxation and auditing standards and greater price volatility.

### **Reliance on Technical Trading Systems**

Trading decisions made by the Trading Advisor in connection with its trading methodology are based chiefly on statistical modeling techniques and technical analysis as generated by the Program. The calculations which underlie the Trading Advisor's trading system, methods and strategies involve the extensive use of computers. The Trading Advisor directs the purchase or sale of investments in accordance with computer-generated trading signals and information. The use of computers in processing information or in developing and operating a trading strategy does not assure the success of the strategy as computers merely perform a mechanical aid in processing trade information. Accordingly, no assurance is given that the computer generated trading decisions will produce profits.

### **Valuation Risk**

The Manager or any other competent person, firm or corporation selected by the Manager and approved for such purpose by the Depository, may be responsible for the valuation of certain investments where provided for in the Prospectus. Whilst there is an inherent conflict of interest between the involvement of the Manager or any other competent person that is an associate or delegate of the Manager in determining the valuation price of each Fund's investments and the Manager's or competent person's other duties and responsibilities in relation to the Funds, in engaging the services of competent persons to determine the fair value of securities the Company will direct such persons including the Manager and each competent person to follow industry standard procedures and the requirements of the Central Bank for valuing unlisted investments.

### **Performance Fee Risk**

The payment of the Performance Fee as described under “Fees and Expenses - Performance Fees” to the Trading Advisor based on the performance of the Fund may provide the Trading Advisor with an incentive to cause the Fund to make more speculative investments than might otherwise be the case. The Trading Advisor will have discretion as to the timing and the terms of the Fund’s transactions in investments and may therefore have an incentive to arrange such transactions to maximise its fees.

### **Investment in Cash and Money Market Instruments**

The Fund may invest in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

### **Investment in Equity and Equity-Related Securities**

The Fund, as well as the collective investment schemes in which the Fund invests, may invest in equity and equity-related securities traded on national securities exchanges and over-the-counter markets. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity and equity-related interests are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline. Futures and options-on equity securities and indices are subject to all the foregoing risks, in addition to the risks particularly associated with futures and derivative contracts.

### **Hedging Transactions**

The Fund may utilise financial instruments such as futures and forward contracts both for investment purposes and to seek to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in prices of equities, currency exchange rates, interest rates and volatility. Hedging against a decline in the value of the portfolio positions does not eliminate fluctuations in the values of portfolio positions nor prevent losses if the value of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the value of those positions. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. While collective investment schemes in which the Fund invests may enter into such transactions to seek to reduce equity, currency, exchange rate and, interest rate or volatility risks, unanticipated changes in currency, interest rates and equity markets may result in a poorer overall performance of the relevant collective investment schemes and hence the Fund. For a variety of reasons, the Fund may not seek to establish (or may not otherwise obtain) a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the relevant collective investment schemes to risk of loss.

## **Derivatives Trading Risk**

Substantial risks are involved in alternative strategies. The Fund may enter into listed derivatives and OTC derivative transactions such as swaps to gain economic exposure to securities, currencies or other assets or rates.

Trading risks include both counterparty risk and the risk that the financial institution used as an intermediary or counterparty might default, notably as a result of insolvency, and risks derived from the nature of transactions themselves or market risk.

Additionally, substantial risks are involved in trading financial derivatives in which the Fund intends to trade. The value of positions in derivatives is influenced by, among other things, changing supply, and demand for underlying assets, or by trade, fiscal and monetary policies of governments, foreign exchange controls as well as national and international political and economic events. In addition, governments from time to time may intervene, directly or by regulation, in certain markets. Such intervention often is intended directly to influence prices and may, together with other factors, cause all such markets to move rapidly in the same direction. Certain of the derivatives in which the Fund may invest are interest and foreign exchange rate sensitive, which means that their value and, consequently, the net asset value, will fluctuate as interest and/or foreign exchange rates fluctuate. The Fund's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates, and to utilise appropriate strategies to maximize returns to the Fund, while attempting to minimize the associated risks to its investment capital. Variance in the degree of volatility of the market from the Fund's expectations may produce significant losses to the Fund.

Illiquid markets may also make it difficult for the Fund, the Manager or the Trading Advisor, to get an order executed at a desired price.

## **Spread and Arbitrage Trading**

Certain strategies pursued by the Program involve spread positions between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably causing a loss to the spread position. The Fund's trading operations may involve arbitraging between or among two or more financial instruments (e.g., by means of "statistical arbitrage," which depends heavily on the ability of market prices to return to a historical or predicted normal). This means, for example, that the Fund may purchase (or sell) financial instruments (i.e., on a current basis) and take offsetting positions in the same or related financial instruments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavourably causing a loss to the position.

The arbitrage business is extremely competitive and many of the major participants in the business are large investment banking firms with substantially greater financial resources, larger research staffs and more traders than will be available to the Trading Advisor. Arbitrage activity by other larger firms may tend to narrow the spread between the price at which a financial instrument may be purchased by the Fund and the price it expects to receive upon consummation of a transaction.

## **Derivative Contracts May be Illiquid**

The Trading Advisor will endeavor to when available trade in recognized regulated markets and with listed futures and options contracts. However, it is not always possible to execute a buy or sell order in a future or option at the desired price due to a lack of liquidity in the markets. Illiquidity may be caused by intrinsic market conditions (e.g., lack of demand) or extrinsic factors (e.g., changes in monetary policies or exchange-imposed limits on daily permitted increase or decrease in the price of traded instruments). In such instances, the Trading Advisor could be prevented from promptly liquidating unfavorable positions and could thereby expose the trading program to losses.

Many futures exchanges limit daily price fluctuations in futures and options contracts, in which case no trades may be executed at a price beyond the daily limit. Once the price of a particular futures and options contract has increased or decreased its daily limit, positions in the futures and options contract can be neither initiated nor liquidated unless traders are willing to execute trades at or within the limit. Futures and options prices have occasionally hit their daily limit for several consecutive days with little or no trading. Similar occurrences in the future might prevent prompt liquidation of unfavorable positions and result in substantial losses, which could exceed the margin initially committed to such positions. Even in the absence of a limit price movement, it may occasionally not be possible to execute futures and options trades at favorable prices if little trading in contracts is taking place. It is also possible that an exchange or a regulator may suspend or limit trading in a particular contract, order immediate settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only.

## **Past Performance**

Past performance of the Trading Advisor is not necessarily indicative of future results. The trading program is based on statistical methods for determining position weights in future contracts and currencies. No assurances can be made that the Program will generate returns also in the future and that the methods of the Trading Advisor will perform also in future market conditions.

## **Risk of Correlation with the Traditional Asset Classes**

Even if the Program's performance is generally non-correlated with traditional asset classes, a risk exists that there will be unfavorable economic cycles during which the Program's results are similar to those of traditional asset classes, thereby causing the Program's performance to depend on market fluctuations and reducing or eliminating the Program's diversification benefits. There can be no assurance, however that the Fund's performance will be non-correlated with traditional asset classes. If the Fund is not able to diversify its portfolio or achieve a position that is uncorrelated with traditional asset classes, an investment in the Fund may increase rather than mitigate a portfolio's aggregate risks.

## **Concentration of Investments**

Although the Trading Advisor will endeavor to maintain a diversified portfolio, the Fund may hold a few, relatively large futures, options or currency positions in relation to the capital of an account. Consequently, a loss in any such position could result in significant losses to an account and a



proportionately higher reduction in the Net Asset Value of an account than if the account's capital had been spread among a wider number of positions.

### **Offsetting Investments**

The Fund may, at times, contain economically offsetting positions. In this event, no gain may be realized with respect to such positions despite incurrence of expenses.

### **Trading Costs**

The Fund may engage in a high rate of trading activity resulting in correspondingly high brokerage costs, exchange fees, regulatory fees, clearing costs or other trading related costs being incurred. These high expenses could lower the overall investment performance of the Fund.

### **Computer Systems Failures**

The Program generates a high volume of trades that can only be processed using a fully automated trading infrastructure. The Program is thus highly dependent on the proper functioning of the IT systems and processes of the Trading Advisor, the Counterparties, any administrator, any clearing brokers, exchanges, data providers, service providers, market infrastructure etc. Computers systems failures (software errors, system errors, trade errors, etc.) and in addition such strategies are highly dependent on establishing reliable electronic communication links between the above parties.

Accordingly, any IT or communication systems failure at any of the above parties or their respective contractors could lead to errors, delays or disruptions in the trading process. Any such errors, consequential errors, delays or inability to trade (even for a short period), could, in certain market conditions, cause an account to experience significant losses or to miss significant trading opportunities.

In addition, any IT or communication systems failure could lead to materially detrimental consequences for an account trading the Fund including holding erroneous positions, experiencing significant trading losses, failing to comply with trading limits and regulations as well as failing to comply with risk limits.

### **Changes in the Trading Advisor's Trading Models, Risk Systems and IT Systems**

The Trading Advisor has discretion to make certain changes in its trading models and risk systems without the approval of the investors in the Program (provided these changes do not result in a change to the investment objective of the Fund or a material change in investment policy of the Fund). A change in trading models or risk system involves a risk due to the difficulties in anticipating the future actual performance of such new models or risk systems. There may also be risks with implementing new information technology required to operate such new models and risk systems. There are several risks in implementing new models, risk systems, software and/or IT systems, including risks due to programming and/or technical errors. New or updated trading models, risk systems, software or IT systems may not function as anticipated. Investors may be subject to substantial losses, in the case such risks materialize.

### **Risk Management and Risk Controls**

Recent events, including the bankruptcy and other adverse financial results of major financial institutions, have focused attention upon the necessity for firms to maintain adequate risk controls and compliance procedures. Although the Trading Advisor has spent significant resources on developing its risk management procedures and systems, no assurance may be given that such systems and procedures will be adequate or that any proprietary technology implementing a risk management system will accurately measure and/or capture risks or prevent losses.

### **Tax and Regulatory Change**

The tax consequences to an investor, the ability of the Trading Advisor to make investments for an account as a foreign investor in certain markets, and the ability of the Trading Advisor to repatriate assets including any income and profit earned on assets are based on existing regulations, which are subject to change through legislative, judicial or administrative action in the various jurisdictions in which the Program may operate. The markets and instruments in which the Trading Advisor trades in the Fund are undergoing significant regulatory change in various jurisdictions. Changes in any of these regulations, incompatibility of changes between jurisdictions, restrictions on certain trading strategies, or increased licensing and reporting obligations could negatively affect the ability of the Trading Advisor to continue the Program or could adversely affect the return to investors of the Fund. In particular, high-frequency, algorithmic trading and over the counter derivatives have been the subject of increased regulatory scrutiny which could result in restrictive regulations that could adversely affect the Trading Advisor and the Fund. NO ADVICE IS BEING PROVIDED AND NO REPRESENTATIONS HAVE BEEN OR ARE BEING MADE (AND NONE SHALL BE INFERRED) BY THE TRADING ADVISOR OR ANY OF ITS AFFILIATES WITH RESPECT TO THE TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND OR OF ANY INVESTMENTS OR TRANSACTIONS ENTERED INTO BY THE TRADING ADVISOR FOR THE ACCOUNT. AN INVESTOR MUST SEEK AND RELY ON THE ADVICE OF HIS OWN TAX ADVISER BEFORE OPENING AN ACCOUNT AS TO THE POTENTIAL TAX CONSEQUENCES OF AN INVESTMENT.

### **Counterparty Risks**

The Fund may be a party to brokerage, clearing and swap agreements with the broker, executing broker or other counterparties (herein collectively "Counterparties"). The default of any Counterparty on any obligation to an account could have material adverse consequences. Some of the markets in which the Program effects its transactions are "over-the-counter" or "interdealer" markets. For example, swaps, OTC options and other custom instruments are subject to the risk of non-performance by the swap or option counterparty. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This may expose an account to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a client to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where an account has concentrated its transactions with a single or small group of counterparties. In addition, an account may also be subject to the risk of the failure of any of the exchanges on which an option or futures contract trades or of the related clearinghouses.

Because the performance of forward contracts on currencies is not guaranteed by an exchange or clearinghouse, forward trading may be subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the principal or agents through which the Trading Advisor may trade.

### **Conflicts of Interest**

The Trading Advisor will not be devoting its time exclusively to the management of the Fund. In addition, the Trading Advisor will perform similar or different services for other clients and may sponsor or establish other investment vehicles as well as act as an investor in other funds. The Trading Advisor, therefore, will have conflicts of interest in allocating management time, services and functions between its clients. The Trading Advisor will, however, endeavor to achieve a fair allocation of its management time, services, functions and investment opportunities between its clients.

The Trading Advisor may have conflicts of interest when allocating investment opportunities among clients. However, when making investments where a conflict of interest may arise, the Trading Advisor will endeavor to act in a fair and equitable manner amongst its clients. Specifically, when several clients of the Trading Advisor seek to purchase or sell the same futures or options, the Trading Advisor will allocate such transactions in compliance with CFTC rules. The Trading Advisor has included trade allocation functions in the design of its automated trading systems to seek to fairly allocate trades across all of its clients participating in the Program.

### **Risks of Foreign Exchange Trading**

The risk of loss in foreign exchange (“forex”) trading can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. In considering whether to trade or to authorize someone else to trade for you, you should also be aware of the following additional risks of forex trading:

- a. Forex transactions are not traded on an exchange, and those funds deposited with the counterparty for forex transactions may not receive the same protections as funds used to margin or guarantee exchange-traded futures and options contracts. If the counterparty becomes insolvent and you have a claim for amounts deposited or profits earned on transactions with the counterparty, your claim may not receive a priority. Without a priority, you are a general creditor and your claim will be paid, along with the claims of other general creditors, from any monies still available after priority claims are paid. Even customer funds that the counterparty keeps separate from its own operating funds may not be safe from the claims of other general and priority creditors.
- b. The high degree of leverage that is often obtainable in forex trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

### **Interpretation and Changes of Law and Regulations**

The Program, the Trading Advisor, as well as the service providers of the Trading Advisor are subject to numerous laws and regulations in multiple jurisdictions that may be difficult to interpret and that may be subject to change. Any change or change in the interpretation of existing laws and regulations may

have a materially adverse effect on an investment in the Program. In particular, both the US and the European Union are in the process of implementing several new regulations in relation to trading in financial instruments and derivatives which may materially impact the Fund's ability to achieve its investment objective, significantly increase costs of operating the Fund.

### **Trading for Multiple Clients**

The Trading Advisor acts as trading advisor for several different clients. While it believes that it allocates trades and opportunities in accordance with law and fairness, there may be occasions when the allocations are not pro rata or an allocation cannot be made to all clients. Further, the Trading Adviser will most likely have to aggregate the positions of all of its clients when determining the applicability of speculative position limits, which could limit the potential trading more than if the Trading Advisor only managed the Fund's portfolio.

### **Effect of Substantial Subscriptions/Redemptions**

Substantial changes in the allocation of the Fund's assets to a model could require the Trading Advisor to adjust the Fund's positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Fund.

### **The Sustainable Finance Disclosure Regulation**

The Trading Advisor takes into account sustainability risks by gradually introducing CO2 emissions based predictors to the equity market neutral portfolio within the Program, with the intention to improve the portfolio's overall risk-return profile. The Trading Advisor's research considers emissions, including Scope 3 emissions, but also transition and physical risks, in line with the Task Force on Climate-related Financial Disclosures ("TCFD framework"). The Trading Advisor uses metrics sourced from third party data providers, such as the Carbon Disclosure Project.

The Trading Advisor believes that sustainability risks may impact the price discovery mechanism, and intends to keep its investment processes aligned with this ongoing secular trend. The Trading Advisor acknowledges that the energy transition and, more generally, the increased probability of carbon taxes, further climate change regulations and/or disrupting green technologies may impact stock prices and thus portfolio returns.

The Trading Advisor believes that, at this moment, sustainability risks are not as impactful in relation to the other asset classes represented in the Program (foreign exchange, sovereign fixed income, equity indices and credit indices) due to the following reasons:

- (i) Financial materiality is not yet, in the Trading Advisor's view, clearly demonstrated between sustainability related issues and asset prices/futures contract prices of the above mentioned asset classes. However, the Trading Advisor continuously monitors this relationship and strives to refocus its research efforts in such respect, when it can establish that sustainability risks impact such asset classes in a material manner.

- (ii) It may also be the case that the dataset(s) necessary to satisfactorily explore the relationship is still lacking. The Trading Advisor strives to continuously review new datasets within this area to ensure a comprehensive and continuous monitoring of the datasets representing sustainability related risks.

As SSGA's appointment is limited to cash and collateral management, Sustainability Risks have not been specifically integrated by SSGA into its investment process as it not relevant in relation to the Service provided to the Fund.

The Manager in consultation with the Trading Advisor and SSGA has determined that the likely impact on the returns of the Fund arising from Sustainability Risk is low.

In addition, the investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities under the Taxonomy Regulation.

The Manager, in conjunction with the Trading Advisor and SSGA, does not consider the adverse impacts of its investment decisions on sustainability factors in respect of the Fund on the basis that, in the context of the investment strategies of the Fund, it is not possible to conduct detailed diligence on the adverse impacts of the investment decisions on sustainability factors.