

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

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## **CHEYNE SELECT UCITS FUND plc**

(an open-ended variable capital investment company incorporated under the laws of Ireland established as an umbrella fund with segregated liability between its sub-funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended.

### **CONSOLIDATED PROSPECTUS FOR GERMANY**

#### **Manager**

**Cheyne Capital SMC Limited**

#### **Investment Manager**

**Cheyne Capital Management (UK) LLP**

#### **Investment Advisor**

**Cheyne Capital International LP**

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**Dated: 08 February 2023**

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH POOLS WHOSE PARTICIPANTS ARE LIMITED TO QUALIFIED ELIGIBLE PERSONS, AN OFFERING MEMORANDUM FOR THIS POOL IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A POOL OR UPON THE ADEQUACY OR ACCURACY OF AN OFFERING MEMORANDUM. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS OFFERING OR ANY OFFERING MEMORANDUM FOR THIS POOL

**This is a consolidated prospectus for investors in Germany, incorporating the prospectus of Cheyne Select UCITS Fund plc dated 31 December 2021, the supplements for Cheyne Global Credit Fund dated 01 December and The Cheyne Fund (UCITS) dated 01 December 2022 and The Cheyne Dynamic Credit Fund (UCITS) dated 19 January 2023 and the German country supplement, dated 08 February 2023. It contains information relating to the funds authorized for distribution in Germany only and does not constitute a prospectus under Irish law.**

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## IMPORTANT INFORMATION

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Capitalised words and expressions are defined in the body of this Prospectus and/or under the heading “DEFINITIONS” below.

### THIS PROSPECTUS

**If you are in any doubt about the contents of this Prospectus, the risks involved in investing in the Company or the suitability of you investing in the Company, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser. Shares are offered on the basis of the information contained in this Prospectus and the documents referred to herein. Prices for Shares may fall as well as rise.**

This Prospectus and any Supplements may be translated into other languages and such translation shall contain only the same information and have the same meaning as the English language Prospectus and Supplements. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English language Prospectus/Supplements shall prevail and all disputes as to the terms thereof shall be governed by and construed in accordance with the laws of Ireland.

### THE COMPANY

This Prospectus describes Cheyne Select UCITS Fund plc (the “Company”), an open-ended umbrella type investment company with variable capital and segregated liability between its Funds incorporated in Ireland as a public limited company on 23 June 2009. The Company is constituted as an umbrella fund insofar as the share capital of the Company will be divided into different series of Shares with each series of Shares representing a separate portfolio of assets which will comprise a separate sub-fund (a “Fund”) of the Company. Shares of any particular Fund may be divided into one or more classes of Shares (“Classes”) to accommodate differing characteristics attributable to each such different class of Shares.

The Funds are listed in the Global Supplement to the Prospectus.

Each Fund will be treated as bearing its own liabilities and the Company is not liable as a whole to third parties provided, however, that if the Directors are of the opinion that a particular liability does not relate to any particular Fund or Funds, that liability shall be borne jointly by all Funds pro rata to their respective Net Asset Values at the time when the allocation is made.

This Prospectus may only be issued with one or more Supplements, each containing information relating to a separate Fund (and in the case of the Global Supplement, contain a list of the current Funds). Details relating to Classes may be dealt with in the relevant Fund Supplement or in separate Supplements for each Class. Each Supplement shall form part of, and should be read in conjunction with, this Prospectus. To the extent that there is any inconsistency between this Prospectus and any Supplement, the relevant Supplement shall prevail.

**The Company is authorised and regulated in Ireland by the Central Bank as a UCITS pursuant to the UCITS Regulations. Authorisation of the Company by the Central Bank is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. In addition, the authorisation of the Company by the Central Bank shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

Distribution of this Prospectus is not authorised in any jurisdiction after date of publication of the first semi-annual report of the Company unless accompanied by a copy of such semi-annual report and thereafter unless accompanied by a copy of the latest annual or semi-annual report. Such reports and this Prospectus and the Supplements together form the Prospectus for the issue of Shares. All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of the Constitution, copies of which are available as mentioned herein.

## **DISTRIBUTION AND SELLING RESTRICTIONS**

### **General**

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or the person making the offer or solicitation is not qualified or authorised to do so or a person receiving the offer or solicitation may not lawfully do so. No persons receiving a copy of this Prospectus or any accompanying application form in any jurisdiction may treat this Prospectus or such form as constituting an invitation to them to subscribe for Shares, nor should they in any event apply for the purchase of Shares unless in the relevant jurisdiction such an invitation could lawfully be made to them and accepted by them without compliance with any registration or other legal requirements. It is the responsibility of any person in possession of this Prospectus and of any person wishing to apply for Shares to inform themselves of and to observe all applicable laws and regulations of the countries of their nationality, residence, ordinary residence or domicile.

Under the Constitution, the Directors have the power to redeem or require the transfer of Shares held by or for the account of any person in breach of the laws or requirements of any country or government authority or by any person or persons in circumstances where the holding of such Shares may, in the opinion of the Directors, result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its Shareholders as a whole or to maintain such minimum holding of Shares as shall be prescribed from time to time to Directors.

Potential subscribers for Shares should inform themselves as to (a) the possible income tax and other taxation consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of their respective countries of nationality, citizenship, residence, ordinary residence or domicile and which might be relevant to the subscription, holding or disposal of Shares.

### **United States**

None of the Shares have been, nor will be, registered under the United States Securities Act of 1933 (the “1933 Act”) and, except in a transaction which does not violate the 1933 Act or any other applicable United States securities laws (including without limitation any applicable law of any of the States of the United States), none of the Shares may be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a U.S. Person. Neither the Company nor any Fund will be registered under the United States Investment Company Act of 1940 (the “1940 Act”) and investors will not be entitled to the benefits of such registration. Pursuant to an exemption from registration, the Company may make a private placement of the Shares to a limited category of U.S. Persons. Any re-sales or transfers of the Shares in the U.S. or to U.S. Persons may constitute a violation of U.S. law and requires the prior written consent of the Company. Applicants for Shares will be required to certify whether they are a U.S. Person and will be required to declare whether they are Irish Residents.

The offering of securities hereby has not been filed with or approved or disapproved by any regulatory authority of any country or jurisdiction, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

The Company reserves the right to accept, reject or condition applications from U.S. Persons if the Company does not receive evidence satisfactory to it that the sale of Shares to such an investor is exempt from registration under the securities laws of the United States, including, but not limited to, the 1933 Act, that such sale will not require the Company to register under the 1940 Act and, in all events, that there will be no adverse tax or other regulatory consequences to the Company or its shareholders as a result of such sale. Notwithstanding the foregoing prohibition on offers and sales in the United States or to or for the benefit of U.S. Persons, the Company may make a private placement of its Shares in compliance with the 1933 Act.

The following statements are required to be made under applicable regulations of the U.S. Commodity Futures Trading Commission (the “CFTC”). As the Company is a collective investment vehicle that may make transactions in commodity interests, the Company is considered to be a “commodity pool”. The Manager, the Investment Manager and the Investment Advisor is considered to be a commodity pool operator (“CPO”) with respect to each of the Funds.

Pursuant to CFTC Rule 4.13(a)(3), each of the Manager, the Investment Advisor and the Investment Manager is exempt from registration with the CFTC as a CPO. Therefore, unlike a registered CPO, the Manager, the Investment Advisor and the Investment Manager are not required to deliver a disclosure document and a certified annual report to investors in the Fund. The Manager, the Investment Advisor and the Investment Manager qualify for such exemption based on the following criteria: (i) the interests in the Company are exempt from registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and are offered and sold without marketing to the public in the United States; (ii) the Company meets the trading limitations of either CFTC Rule 4.13(a)(3)(ii)(A) or (B); (iii) each CPO reasonably believes, at the time a U.S. Person investor makes his investment in the Company (or at the time the CPO began to rely on Rule 4.13(a)(3)), that each U.S. Person investor in the Company is (a) an “accredited investor,” as defined in Rule 501(a) of Regulation D under the Securities Act, (b) a trust that is not an accredited investor but that was formed by an accredited investor for the benefit of a family member, (c) a “knowledgeable employee,” as defined in Rule 3c-5 under the U.S. Investment Company Act of 1940, as amended or (d) a “qualified eligible person,” as defined in CFTC Rule 4.7(a)(2)(viii)(A); and (iv) interests in the Company are not marketed as or in a vehicle for trading in the commodity futures or commodity options markets.

## **Switzerland**

### *Place of Performance and Jurisdiction*

The Company is domiciled in Ireland. The Company has not been and shall not be approved by the Swiss Financial Market Supervisory Authority (“FINMA”) as a foreign collective investment scheme pursuant to Article 120 of the Swiss Collective Investment Schemes Act of 23 June 2006 (the “CISA”), as amended. Accordingly, the Company is not subject to the supervision of the FINMA and investors do not benefit from the investor protection granted by the CISA. Furthermore, this document may only be distributed in or from Switzerland to qualified investors within the meaning of Article 10 paragraph 3 of the CISA as revised, and under Article 6 of the Swiss Federal Collective Investment Schemes Ordinance (“CISO”) (“Qualified Investors”). This document may only be issued, circulated or distributed so as not to constitute an offering to the general public in Switzerland. Recipients of the document in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional adviser, or the Swiss Representative. In respect of the Shares distributed in and from Switzerland, the place of performance and jurisdiction is at the registered office of the Swiss Representative.

### *Swiss Representative and Paying Agent*

The Company’s Representative in Switzerland is Acolin Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the Company’s Paying Agent is Banque Cantonale de Geneve, 17 quai de l’Ile, 1204 Geneve, Switzerland. The basic documents of the Company as well as the annual and semi-annual report may be obtained free of charge at the registered office of the Swiss Representative.

### *Payment of Retrocessions and Rebates*

The Investment Manager/Investment Advisor and its agent may pay retrocessions as remuneration for distribution activity in respect of the Shares in the Funds in or from Switzerland. Retrocessions are deemed to be payments and other soft commissions paid by the Investment Manager/Investment Advisor and its agents to eligible third parties for distribution activities in respect of Shares in Switzerland.

This remuneration may be deemed payment for any offering of and advertising for the Funds including any type of activity whose object is the purchase of the Funds or purchasing Shares of the Funds on behalf of clients under a discretionary mandate. Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investor.

On request, the recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distributing the investment fund to the investor concerned.

In the case of distribution activity in or from Switzerland, the Investment Manager/Investment Advisor and its agents, may upon request, pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investors in question. Rebates are permitted provided that:

- they are paid from fees received by the Investment Manager/Investment Advisor and therefore do not represent an additional charge on the assets of the Funds;
- they are granted on the basis of objective criteria;
- all investors who meet these objective criteria and demand rebates are also granted these. The objective criteria for the granting of rebates by Investment Manager/Investment Advisor are as follows:
  - i. the volume subscribed by the investor or the total volume they hold in the relevant Fund or, where applicable, in the product range of the Investment Manager;
  - ii. the amount of the fees generated by the investor;
  - iii. the investment behaviour shown by the investor (e.g. expected investment period);
  - iv. the investor's willingness to provide support in the launch phase of the Fund (early participation).

At the request of the investor, the Investment Manager/ Investment Advisor must disclose the amounts of such rebates free of charge.

### **RELIANCE ON THIS PROSPECTUS**

Shares in the Company are offered only on the basis of the information contained in this Prospectus and any Supplement, the latest audited annual accounts and any subsequent semi-annual report of the Company. Any further information or representations given or made by any dealer, broker or other person should be disregarded and, accordingly, should not be relied upon. No person has been authorised to give any information or to make any representation in connection with the Company other than those contained in this Prospectus and in any Supplements, in any subsequent semi-annual or annual report for the Company and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Manager, the Investment Manager, the Investment Advisor, the Administrator or the Depositary. Statements in this Prospectus and any Supplement are based on the law and practice currently in force in Ireland at the date hereof and are subject to change. Neither the delivery of this Prospectus nor the issue of Shares shall, under

any circumstances, create any implication or constitute any representation that the information contained in this Prospectus and any Supplement is correct as of any time subsequent to the date hereof or that the affairs of the Company have not changed since the date hereof.

This Prospectus and any Supplement may also be translated into other languages. To the extent that there is any inconsistency between the English language Prospectus/Supplement and the Prospectus/Supplement in another language, the English language Prospectus/Supplement will prevail.

## **REDEMPTION FEE**

**Shareholders may be subject to a redemption fee calculated as a percentage of redemption monies as specified in the relevant Supplement subject to a maximum of 3%. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.**

## **SALES COMMISSIONS**

Shareholders may be subject to a sales commission calculated as a percentage of subscription monies as specified in the relevant Supplement subject to a maximum of 5%. Such commission may be charged as a preliminary one-off charge.

## **INVESTMENT RISKS**

Investment in the Company carries with it a degree of risk. The value of Shares and the income from them may go down as well as up and investors may not get back the amount invested. Investment risk factors are set out under the heading “Risk Factors” and investors should read and consider this section before investing in the Company.

Some of the Funds may use financial derivative instruments for investment purposes. While the prudent use of such derivatives can be beneficial, derivatives also involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments.

## **Key Investor Information Document**

**Key Investor Information Documents are available for each Fund of the Company. In addition to summarising some important information in this Prospectus, the Key Investor Information Documents may contain information on the historical performance and the ongoing charges for each of the Funds. The Key Investor Information Documents can be obtained from the registered office of the Company which is set out under the heading “Directory”.**

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## DIRECTORY

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**Cheyne Select UCITS Fund plc**  
**2<sup>nd</sup> Floor,**  
**5 Earlsfort Terrace,**  
**Dublin D02 CK83**  
**Ireland**

**Directors:**

Peter Head  
Bronwyn Wright  
Noel Ford

**Secretary and Registered Office:**

Dechert Secretarial Limited  
2<sup>nd</sup> Floor  
5 Earlsfort Terrace  
Dublin D02 CK83  
Ireland

**Manager:**

Cheyne Capital SMC Limited  
2<sup>nd</sup> Floor  
5 Earlsfort Terrace  
Dublin D02 CK83  
Ireland

**Investment Manager and Promoter:**

Cheyne Capital Management (UK) LLP  
Stornoway House  
13 Cleveland Row  
London  
SW1A 1DH

**Board of Directors of the Manager:**

Bronwyn Wright  
Noel Ford  
Peter Head

**Depository:**

Citi Depository Services Ireland Designated Activity  
Company  
1 North Wall Quay  
Dublin D01 T8Y1  
Ireland

**Administrator:**

SS&C Financial Services (Ireland) Limited  
La Touche House  
Custom House Dock  
IFSC  
Dublin D01 T8Y1  
Ireland

**Investment Advisor:**

Cheyne Capital International L.P.  
Mercury House  
101 Front Street  
Hamilton HM 12  
Bermuda

**Auditors:**

KPMG  
1 Harbourmaster Place  
IFSC  
Dublin D01 F6F8  
Ireland

**Legal Advisers:**

*As to Irish Law*  
Dechert  
2<sup>nd</sup> Floor  
5 Earlsfort Terrace  
Dublin D02 CK83  
Ireland

**As to US and English Law**

Dechert LLP

160 Queen Victoria Street

London

United Kingdom

EC4V 4QQ

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## DEFINITIONS

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In this Prospectus, the following words and phrases have the meanings set forth below, except where the context otherwise requires:-

"Accounting Date"	means 31 December in each year;
"Accounting Period"	means a period ending on the Accounting Date and commencing, in the case of the first such period on the date of authorisation of the Company and, in subsequent such periods, on the day following expiry of the last Accounting Period;
"Act"	means the Companies Act 2014 (as amended, consolidated or supplemented from time to time) including any regulations issued pursuant thereto, insofar as they apply to open-ended investment companies with variable capital;
"Administration Agreement"	means the agreement pursuant to which the Administrator has been appointed to provide administration services to the Company;
"Administrator"	means SS&C Financial Services (Ireland) Limited or such other person as may be appointed in accordance with the requirements of the Central Bank, to provide administration services to the Company;
"Application Form"	means the application form as prescribed by the Company from time to time, to be completed by subscribers for Shares;
"Auditors"	means KPMG or such other person as may be appointed in accordance with the requirements of the Central Bank to act as auditor to the company;
"Benchmarks Regulation"	means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014;
"Base Currency"	means the currency of account of a Fund as specified in the relevant Supplement relating to that Fund;
"Benefit Plan Investor"	means as defined in Appendix III;
"Business Day"	means, in relation to a Fund, such day or days as specified in the relevant Supplement for that Fund;
"Central Bank"	means the Central Bank of Ireland or any successor regulatory authority with responsibility for the authorisation and supervision of the Company;
"Central Bank UCITS"	

Regulations”	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015;
“CFTC”	means the Commodity Futures Trading Commission;
“Class”	means a particular division of Shares in a Fund;
“Code”	means the U.S. Internal Revenue Code of 1986, as amended;
“Company”	means Cheyne Select UCITS Fund plc;
“Constitution”	means the memorandum and articles of association of the Company as amended from time to time;
"Dealing Day"	means, in relation to a Fund, such day or days as shall be specified in the relevant Supplement for that Fund, provided always that there shall be at least two Dealing Days at regular intervals every month;
"Dealing Deadline"	means, in relation to a Fund, such time as shall be specified in the relevant Supplement for the Fund;
"Delegated Regulations"	means the Commission Delegated Regulation supplementing Directive 2009/65/EU of the European Parliament and of the Council of 17 December 2015 (once finalised and directly effective in Ireland);
"Depository"	means Citi Depository Services Ireland Designated Activity Company or any successor thereto duly appointed in accordance with the requirements of the Central Bank to act as depository to the Company;
"Depository Agreement"	means the agreement pursuant to which the Depository has been appointed as depository of the Company;
"Directors"	means the directors of the Company for the time being and any duly authorised committee thereof;
"EEA"	means European Economic Area;
“ESMA”	means the European Securities and Markets Authority;
“Exchange Traded Fund”	means a fund, at least one unit or share class of which is continuously tradable on at least one Recognised Market or multilateral trading facility (MTF) with at least one market maker which takes action to ensure that the stock exchange value of its units or shares does not significantly vary from their net asset value.
“FATCA” or “Foreign Account Tax Compliance Act”	means Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, and any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of these Sections of the Code;
“FCA”	means the Financial Conduct Authority of the United Kingdom;
“Financial Account”	means a “Financial Account” as used in the intergovernmental agreement between the U.S. and Ireland for the purposes of FATCA;

“Financial Institution”	means a “Financial Institution” as defined in FATCA;
"FSMA"	means the United Kingdom Financial Services and Markets Act 2000 and every amendment or re-enactment of the same;
"Fund"	means a sub-fund of the Company established by the Directors from time to time with the prior approval of the Central Bank represented by one or more classes of Shares, the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and policies applicable to such sub-fund;
"Fund Cash Account"	an account maintained at the level of the Fund;
“GDPR”	means the EU General Data Protection Regulations (EU) 2016/679;
“Global Supplement”	means a supplement to the Prospectus listing the current Funds of the Company;
“Initial Price”	means the initial price payable for a Share as specified in the relevant Supplement for each Fund;
"Investment Advisor"	means Cheyne Capital International L.P., the investment advisor to the Company, or such other person as may be appointed, in accordance with the requirements of the Central Bank, to act as investment advisor to the Company;
"Investment Advisory Agreement"	means the agreement pursuant to which the Investment Advisor has been appointed to provide investment advisory and marketing services in respect of the Company;
"Investment Management Agreement"	means the agreement pursuant to which the Investment Manager has been appointed to provide investment management and marketing services in respect of the Company;
“Investment Manager”	means Cheyne Capital Management (UK) LLP or such other person as may be appointed in accordance with the requirements of the Central Bank, to provide investment management services to the Company;
"Irish Resident"	means "Irish Resident" as defined under the heading “Taxation”;
"Legislation"	means the Central Bank UCITS Regulations, the Delegated Regulations, the UCITS Regulations and the UCITS Rules or any of the foregoing as the context so requires;
“Manager”	means Cheyne Capital SMC Limited;
“Management Agreement”	means the agreement pursuant to which the Manager has been appointed UCITS management company of the Company;
"Member"	means a Shareholder or a person who is registered as the holder of one or more Non-Participating Shares in the Company;
"Member State"	means a member state of the European Union;

“MiFID II”	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May, 2014 on markets in financial instruments, the Markets in Financial Instruments (MiFIR) Regulation (EU) No 600/2014 and any implementing legislation or regulation thereunder;
"Minimum Holding"	in respect of each Fund or Class, means the minimum number or value of Shares which must be held by Shareholders as may be specified in the relevant Fund or Class Supplement;
"Minimum Subscription"	in respect of each Fund or Class, means the minimum initial subscription or minimum subsequent subscription for Shares as may be specified in the relevant Fund or Class Supplement;
"Money Market Funds"	means open-ended mutual funds which invest only in money market instruments which comply with the criteria for money market instruments as set out in Directive 2009/65/EC, or deposits with credit institutions;
"Money Market Instruments"	means instruments normally dealt in on the money markets which are liquid, have a value which can be accurately determined at any time and include, but are not limited to, government debt, commercial paper, bankers acceptances, certificates of deposit and other short term debt securities as ancillary liquid assets, and which are further described in the UCITS Rules;
“Net Asset Value”	means the Net Asset Value of a Fund or attributable to a Class (as appropriate) calculated as referred to herein;
“Net Asset Value per Share”	means the Net Asset Value of a Fund divided by the number of Shares in issue of that Fund or the Net Asset Value attributable to a Class divided by the number of Shares issued in that Class, which may be adjusted in the manner set out under the heading “Calculation of Net Asset Value” and rounded to such number of decimal places as the Directors may determine;
“Net Redemption Position”	means the position on any Dealing Day when total redemptions of Shares exceed total subscription of Shares;
“Net Subscription Position”	means the position on any Dealing Day when total subscriptions of Shares exceed total redemptions of Shares;
“Non-Participating Shares”	means a redeemable non-participating share in the capital of the Company issued in accordance with and having rights provided for in the Constitution;
“OECD”	means the member states from time to time of the Organisation for Economic Co-operation and Development;
“Performance Fee”	means a performance related investment management fee;
“Performance Hurdle”	means a performance related hurdle which may be applied to any Fund or Class and as may be specified in the relevant Fund or Class Supplement;
“Performance Period”	means the period in respect of which a Performance Fee may be payable;

"Prospectus"	means the prospectus of the Company and any Supplements and addenda thereto issued in accordance with the requirements of the UCITS Regulations;
"Recognised Exchange"	means the any stock exchange or markets set out in Appendix II;
"Share"	means a participating share or, save as otherwise provided in this Prospectus, a fraction of a participating share in the capital of the Company;
"Shareholder"	means a person who is registered as the holder of Shares in the Register of Shareholders for the time being kept by or on behalf of the Company;
"Supplement"	means a supplement to this Prospectus setting out information specific to a Fund and/or Classes;
"UCITS"	means an undertaking for collective investment in transferable securities within the meaning of the UCITS Regulations;
"UCITS Regulations"	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 as may be further amended, supplemented or consolidated from time to time including any condition that may from time to time be imposed thereunder by the Central Bank;  "UCITS Rules" means the Central Bank UCITS Regulations and any guidance or Q&A document issued by the Central Bank from time to time pursuant to the Central Bank UCITS Regulations; or any document published by the Central Bank which sets down all of the conditions which the Central Bank imposes on UCITS, their management companies and depositaries;
"UK"	means the United Kingdom;
"U.S. Person"	means as defined in Appendix III;
"U.S. Reportable Account"	means a Financial Account held by a U.S. Reportable Person;
"U.S. Reportable Person"	means (i) a "U.S. Taxpayer" who is not an Excluded U.S. Taxpayer or (ii) a Passive U.S. Controlled Foreign Entity. See Appendix III herein for a complete definition of U.S. Reportable Person, Excluded U.S. Taxpayer, and Passive U.S. Controlled Foreign Entity;
"U.S. Taxpayer"	means as defined in Appendix III;
"Valuation Point"	means such time as shall be specified in the relevant Supplement for each Fund;
"VAT"	means value added tax;
"1933 Act"	means the U.S. Securities Act of 1933; and
"1940 Act"	means the U.S. Investment Company Act of 1940.



In this Prospectus, unless otherwise specified, all references to “billion” are to one thousand million, to “US Dollars”, “USD”, “US\$” or “cents” are to United States Dollars or cents, to “£” or “Sterling” are to Pounds Sterling and to “€” or “Euro” are to the currency introduced at the start of the third stage of the economic monetary union pursuant to the Treaty of Rome dated 25 March, 1957 (as amended) establishing the European Union.

In this Prospectus any reference to any statute, statutory provisions or to any order or regulation shall be construed as a reference to:

- (a) that statute, provision, order or regulation as extended, amended, replaced or re-enacted from time to time;
- (b) all statutory instruments made under it or deriving validity from it;
- (c) any statutory instruments made under any enactment to be read and/or construed with any such statute, statutory provisions, order or regulation; and
- (d) any rules made by competent authorities under or pursuant to a statutory instrument.

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## THE COMPANY

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The Company was incorporated in Ireland under the Act on 23 June 2009 as an open-ended umbrella type investment company with variable capital and segregated liability between its Funds. It is authorised in Ireland by the Central Bank as an investment company pursuant to the UCITS Regulations. The Company is structured in the form of an umbrella fund consisting of different Funds comprising one or more Classes.

The Shares of each Class will rank *pari passu* with each other in all respects provided that they may differ as to certain matters including, without limitation, currency denomination, hedging strategies, if any, applied to the currency of a particular Class, dividend policy, the level of fees and expenses to be charged, subscription or redemption procedures or the Minimum Subscription and Minimum Holding applicable. The Shares of each Class established in respect of a Fund will be specified in the relevant Supplement.

### **The Funds**

The net proceeds from the issue of Shares in a Fund will be applied in the records and accounts of that Fund. The assets and liabilities and income and expenditure attributable thereto will also be applied to that Fund, subject to the provisions of the Constitution. The assets of each Fund will be separate from one another and will be invested separately in accordance with the investment objective and policies of each Fund, all as set out in the relevant Supplement. As the Company has segregated liability between Funds, any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of the Fund. A separate portfolio of assets is not maintained for each Class.

Additional Funds may be added by the Directors with the prior approval of the Central Bank. The name of each Fund, the terms and conditions of its initial offer/placing of Shares and details of any applicable fees and expenses shall be set out in the relevant Supplement to the Prospectus. Additional Classes may be added by the Directors with prior notification to and clearance by the Central Bank. Classes may be established within a Fund which may be subject to different terms including, without limitation, dividend policy, hedging strategies, higher, lower or no fees, where applicable and information in relation to the fees applicable to other Classes within a Fund will be available on request from the Administrator. This Prospectus may only be issued with one or more Supplements, each containing information relating to a separate Fund and/or Class.

Each Fund will bear its own liabilities as may be determined at the discretion of the Directors. The Company is not liable as a whole to third parties, provided, however, that if the Directors are of the opinion that a particular liability of the Company does not relate to any particular Fund, that liability shall be allocated between the relevant Funds proportionately to the Net Asset Value of each Fund.

The assets of each Fund will otherwise belong exclusively to that Fund, will be segregated from any other Funds, will not be used to discharge directly or indirectly the liabilities of or claims against any other Funds and will not be available for such purpose.

### **Investment Objective and Policies**

The specific investment objective and policies of each Fund will be set out in the relevant Supplement and will be formulated by the Directors at the time of creation of each Fund.

With the exception of permitted investments in unlisted instruments, collective investment schemes, financial derivative instruments or deposits, investments will be made on Recognised Exchanges, as listed in Appendix II hereto. Subject to the requirements set out in paragraph 3 of Appendix I, a Fund

may invest in the Shares of another Fund of the Company provided that investment is not made in the Shares of a Fund which itself holds shares in another Fund.

Pending investment of the proceeds of a placing or offer of Shares or where market or other factors so warrant, a Fund may, subject to the investment restrictions set out under the heading “Investment Restrictions” below, hold ancillary liquid assets such as Money Market Instruments and cash deposits denominated in such currency or currencies as the Directors may determine having consulted with the Investment Manager.

Each Fund is also generally permitted to use financial derivative instruments to more effectively manage the level of investment risk and to facilitate efficient investment and management of cash and liquidity on the other hand, as set out in more detail under the heading “Use of Financial Derivative Instruments” below.

The Investment Manager may also use financial derivative instruments for investment purposes as will be indicated in the relevant Supplement. Using derivatives in this way will increase the degree of leverage in a Fund relative to unlevered purchases. However, by purchasing either the right or obligation to sell a security at a price which is higher than the Investment Manager initially paid, using derivatives may reduce a Fund’s overall exposure to particular markets, individual securities or specific market factors, such as currency and interest rates. Such exposure can also be created by purchasing puts (the right to sell to a counterparty at a fixed price in the future) without holding the underlying asset. This technique is known as “going short” or “shorting” and may be more generally used for absolute return-type strategies.

Where permitted by the investment objective and policy for a particular Fund, and by the investment strategy as set out in the relevant Supplement, the Investment Manager may also use short positions to create negative exposures to certain securities or market factors, so as to benefit from falling prices, without the Fund having any corresponding or related long position.

The investments of each Fund shall at any time comply with the restrictions set out in Appendix I and investors should, prior to any investment being made, take due account of the risks of investments set out under the heading “Risk Factors” below.

The Manager and the Investment Manager operate a policy for the exercise of voting rights which may be attached to a Fund’s investments, which is available to Shareholders free of charge upon request. Shareholders may request details of the actions taken in accordance with the exercise of voting rights from the Manager or the Investment Manager.

The Directors are responsible for the formulation of each Fund’s investment objective and investment policies and any subsequent changes to those objectives or policies. The investment objective of a Fund may not be altered without approval on the basis of a majority of votes cast at a meeting of the Shareholders of the particular Fund duly convened and held. Similarly, material changes to the investment policies of a Fund will require prior approval on the basis of a majority of votes cast at a meeting of the Shareholders of the particular Fund duly convened and held or by way of unanimous written resolution of Shareholders. In this context, a “material” change shall be a change which would significantly alter the asset type, credit quality, borrowing limits or risk profile of the relevant Fund. In the event of a change of the investment objective and/or policy of a Fund, Shareholders in the relevant Fund will be given reasonable notice of such change to enable them to redeem their Shares prior to implementation of such a change. Non-material changes to the investment policy of a Fund will be notified to Shareholders in accordance with Central Bank requirements.

## **Use of Financial Derivative Instruments**

### *Efficient Portfolio Management*

The Company may, on behalf of each Fund and subject to the conditions and within the limits laid down by the Central Bank, use techniques and instruments for hedging purposes (to protect a Fund against, or minimise liability from, fluctuations in market value or foreign currency exposures) or for the purposes of efficient portfolio management (including but not limited to: forward foreign currency exchange contracts, futures contracts, options, put and call options on securities, indices and currencies, stock index contracts, swap contracts, repurchase/reverse repurchase and stock lending agreements).

The Company may engage in such techniques and instruments for the reduction of risk, cost or the generation of additional capital or income for each Fund with an appropriate level of risk, taking into account the risk profile of the Company as described in this Prospectus and the general provisions of the Central Bank UCITS Regulations.

As is required to be disclosed in this Prospectus by Regulation 58(1)(c) of the Central Bank UCITS Regulations, all revenues from efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. Direct and indirect operational costs and fees arising from efficient portfolio management techniques (which shall not include hidden revenue) will be paid to the securities lending agent or counterparty to the relevant agreement, who shall not be related to the Company, the Manager, the Investment Manager or the Depositary.

### *Direct Investment*

A Fund may also invest in financial derivative instruments as part of its investment strategy, subject to the conditions and within the limits laid down by the Central Bank, where such intention is disclosed in the Fund's investment policy. The use of financial derivative instruments by a Fund will increase the effective leverage within the portfolio.

### *Risk Management Process*

Where a Fund intends to engage in transactions in relation to financial derivative instruments, a risk management process will be submitted to the Central Bank in accordance with the Central Bank UCITS Regulations prior to the Company entering into transactions involving financial derivative instruments. The risk management process enables the Company to accurately monitor, measure and manage, on an ongoing basis, all open derivative positions and the overall risk profile of a Fund's portfolio.

## **Investment Restrictions and Borrowing Powers**

Investment of the assets of each Fund must comply with the Central Bank UCITS Regulations. No Fund will invest in any other fund or collective investment scheme except Money Market Funds (for cash management purposes) or Exchange Traded Funds (for hedging purposes), and no Fund will invest more than 10% of its Net Asset Value in Money Market Funds or Exchange Traded Funds. The Directors may impose further restrictions in respect of any Fund. The investment and borrowing restrictions applying to the Company and each Fund are set out in Appendix I. Each Fund may also hold ancillary liquid assets.

The Company may only borrow in respect of a Fund on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of the relevant Fund. Subject to this limit, the Directors may exercise all borrowing powers on behalf of the Company and may charge the relevant Fund's assets as security for such borrowings only in accordance with the provisions of the UCITS Rules.

The Company will, with respect to each Fund, adhere to any investment or borrowing restrictions herein and any criteria necessary to obtain and/or maintain any credit rating in respect of any Shares or Class in the Company, subject to the UCITS Rules.

It is intended that the Company or any Fund shall have the power (subject to the prior approval of the Central Bank) to avail itself of any change in the investment and borrowing restrictions specified in the Central Bank UCITS Regulations which would permit investment by the Company or any Fund in securities, financial derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the UCITS Rules.

## **Hedging**

### *Class Currency Hedging*

The Company may also (but is not obliged to) enter into certain currency related transactions in order to hedge the currency exposure of the assets of a Fund attributable to a particular Class into the currency of denomination of the relevant Class for the purposes of efficient portfolio management. While not the intention, over-hedged or under-hedged positions may arise due to factors outside of the control of the Company. Each Fund may employ such techniques and instruments provided that the level of the currency exposure hedged does not exceed 105% of the Net Asset Value of a Class. Hedged positions will be kept under review to ensure that over-hedged positions do not exceed this level. This review will incorporate a procedure to ensure that positions materially in excess of 100% of the Net Asset Value of a Class are not carried forward from month to month. The Company will also ensure that under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the Class which is to be hedged and shall keep any under-hedged position under review to ensure it is not carried forward from month to month. If the level of currency exposure hedged exceeds 105% of the Net Asset Value of a Class as a result of market movements in the underlying investments of the relevant Fund or trading activity in respect of the Shares of the Fund the Investment Manager shall adopt as a priority objective the managing back of the leverage to 100%, taking due account of the interests of Shareholders. Otherwise, a Fund will not be leveraged as a result of the transactions entered into for the purposes of hedging.

While the Company may attempt to hedge against currency exposure at a Class level, there can be no guarantee that the value of a Class will not be affected by fluctuations in the value of the Base Currency relative to the currency of the Class. Any costs related to such hedging shall be borne separately by the relevant Class. All gains/losses which may be made by any Class of any Fund as a result of such hedging transactions shall accrue to the relevant Class of Shares. Hedging transactions shall be clearly attributable to the relevant Class of Shares. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes. The use of Class hedging strategies may substantially limit holders of Shares in the relevant Class from benefiting if the Class currency falls against the Base Currency and/or the currency in which the assets of the relevant Fund are denominated. To the extent that hedging is successful, the performance of the Class is likely to move in line with the performance of the underlying assets and investors in a hedged Class will not benefit if the Class currency falls against the Base Currency and/or the currency in which the assets of the Fund are denominated.

The Funds may implement currency hedging strategies by using spot and forward foreign exchange contracts and currency futures, options and swap contracts.

In the case of unhedged Classes, a currency conversion will take place on subscription, redemption and conversion and any distributions at prevailing exchange rates. The value of a Share of such a Class expressed in a currency other than the Base Currency will be subject to share currency designation risk in relation to the Base Currency.

### *Fund/Portfolio Currency Hedging*

Each Fund generally operates its investment portfolio in its Base Currency as specified in the relevant Supplement. As long as a Fund holds securities or currencies denominated in a currency other than the denomination of the Base Currency of a Fund, the value of a Fund may be affected by the value of such currency relative to the Base Currency. The Company may use currency hedging techniques to remove or reduce the currency exposure against the Base Currency; however, this may not be possible or practicable in all cases. As long as a Fund holds securities denominated in a currency other than the Base Currency of the Fund, the Fund's Net Asset Value may be affected by the value of the other currency relative to the Base Currency.

### **Dividend Policy**

The Directors are empowered by the Constitution to declare and pay dividends in respect of Shares of any Class or Fund in the Company out of the net income of the Company being the income of the Company from dividends, interest or otherwise and net realised and unrealised gains (i.e. realised and unrealised capital gains net of all realised and unrealised losses) less accrued expenses of the Company, subject to certain adjustments. The dividend policy and information on the declaration and payment of dividends for each Fund, where applicable, will be specified in the relevant Supplement.

Any failure to supply the Company or the Administrator with any documentation requested by them for anti-money laundering purposes may result in a delay in the settlement of any dividend payments. In such circumstances, any sums payable by way of dividends to Shareholders shall remain an asset of the Fund until such time as the Administrator is satisfied that its anti-money laundering procedures have been fully complied with, following which such dividend will be paid.

Investors should note that any dividend income being paid out by a Fund and held in the Fund Cash Account shall remain an asset of the relevant Fund until such time as the income is released to the investor and that during this time the investor will rank as a general unsecured creditor of the Company.

### **Publication of Net Asset Value per Share**

The Net Asset Value per Share may be published in the Financial Times or such other publications or websites as the Directors may determine in the jurisdictions in which the Shares are offered for sale. In addition, the Net Asset Value per Share may be obtained from the Administrator during normal business hours.

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## **RISK FACTORS**

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**Potential investors should understand that all investments involve risks. The following risks and those described in the Supplements are some of the risks of investing in the Company, but the list does not purport to be exhaustive. Potential investors should be aware that an investment in a Fund may be exposed to other risks of an exceptional nature from time to time. Investment in the Company carries with it a degree of risk. Different risks may apply to different Funds and/or Classes. Details of specific risks attaching to a particular Fund or Class which are additional to those described in this section will be disclosed in the relevant Supplement. Potential investors should review this Prospectus and the relevant Supplement carefully and in its entirety and consult with their professional and financial advisers before making an application for Shares.**

### ***Investment Risk***

**Potential investors should note that the investments of the Company and any Fund are subject to normal market fluctuations and there can be no assurance that any appreciation in value will**

occur. The value of investments and the income from them, and therefore the value of, and income from the Shares, can go down as well as up and an investor may not get back the amount invested. Investors should also be aware that in the event of a sales commission and/or a redemption fee being charged, the difference at any time between the sale and redemption price of Shares in any Fund means that an investment should be viewed as medium to long term. Changes in exchange rates between currencies may also cause the value of the investments to diminish or increase. Past performance of the Company or any Fund should not be relied upon as an indicator of future performance. In addition, the Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed including the quantitative limits that are applied and recent developments in the risk and yield characteristics of the main categories of investments applicable to the relevant Fund.

**There can be no guarantee that the investment objective of a Fund will actually be achieved.**

#### *Dependence on the Investment Manager*

The Investment Manager is responsible for investing the assets of the Funds. The success of each Fund depends upon the ability of the Investment Manager to develop and implement investment strategies that achieve each Fund's investment objectives.

#### *Redemption Risk*

Large redemptions of Shares in a Fund might result in a Fund being forced to sell assets at a time and price at which the Investment Manager would normally prefer not to dispose of those assets possibly leading to a lower price being realised for such assets.

#### *Issuer Risk*

There can be no assurance that issuers of the securities or other instruments in which a Fund invests will not be subject to credit difficulties or other market conditions leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments.

#### *Interest Rate Risk*

The value of Shares may be affected by movements in interest rates.

The fixed-income securities in which a Fund may invest are interest rate sensitive and may be subject to price volatility due to such factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. The magnitude of these fluctuations will be greater when the maturity of the outstanding securities is longer. An increase in interest rates will generally reduce the value of fixed-income securities, while a decline in interest rates will generally increase the value of fixed-income securities. When interest rates fall, the inflow of net new money to a Fund from the continuous sale of Shares in the Fund tends to be invested in instruments producing lower yields than the balance of the obligations held by the Fund, thereby reducing the Fund's current yield. In periods of rising interest rates, the opposite can be expected to occur.

The performance of a Fund will therefore depend in part on the ability of the Investment Manager to anticipate and respond to such fluctuations in market interest rates and to utilise appropriate strategies to maximise returns, while attempting to minimise the associated risks to investment capital.

#### *Credit Risk*

A Fund will have a credit risk to the issuer of debt securities in which it invests, which will vary depending on the issuer's ability to make principal and interest payments on the obligation. Not all of the securities in which a Fund may invest that are issued by sovereign governments or political subdivisions, agencies or instrumentalities thereof, will have the explicit full faith and credit support of

the relevant Government. Any failure by any such Government to meet the obligations of any such political subdivisions, agencies or instrumentalities which default will have adverse consequences for a Fund and will adversely affect the Net Asset Value per Share in a Fund.

A Fund will also have a credit risk to the parties with which it trades. Foreign exchange, futures and other transactions involve counterparty credit risk and will expose the Fund to unanticipated losses to the extent that counterparties are unable or unwilling to fulfil their contractual obligations. With respect to futures contracts and options on futures, the risk is more complex in that it involves the potential default of the clearing house or the clearing broker.

The Investment Manager on behalf of a Fund may have contractual remedies upon any default pursuant to the agreements related to the transactions.

#### *Market Risk*

Some of the Recognised Exchanges in which a Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a Fund may liquidate positions to meet redemption requests or other funding requirements. In addition, the investments of a Fund are subject to normal market fluctuations and the risks inherent in investment in international securities markets and there can be no assurances that appreciation or preservation of capital will occur.

#### *Exchange Control and Repatriation Risk*

It may not be possible for Funds to repatriate capital, dividends, interest and other income from certain countries, or it may require government consents to do so. Funds could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

#### *Political and/or Regulatory Risks*

The value of the assets attributable to a Fund may be affected by uncertainties such as national, regional or international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

#### *Dodd-Frank Wall Street Reform and Consumer Protection Act*

With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) in the United States, there has been extensive rulemaking and regulatory changes that have affected and will continue to affect private fund managers, the funds that they manage and the financial industry as a whole. Under Dodd-Frank, the SEC has mandated new reporting requirements and is expected to mandate new recordkeeping requirements for investment advisers, which are expected to add costs to the legal, operations and compliance obligations of the Investment Manager, the Investment Advisor and the Company and increase the amount of time that the Investment Manager or the Investment Advisor spends on non-investment related activities. Until the SEC implements all of the new requirements of Dodd-Frank, it is unknown how burdensome such requirements will be. Dodd-Frank will affect a broad range of market participants with whom the Company interacts or may interact, including commercial banks, investment banks, other non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies and broker-dealers. Regulatory changes that will affect other market participants are likely to change the way in which the Investment Manager and the



Investment Advisor conducts business with its counterparties. It may take several years to understand the impact of Dodd-Frank on the financial industry as a whole, and therefore, such continued uncertainty may make markets more volatile, and it may be more difficult for the Investment Manager or the Investment Advisor to execute the investment strategy of the Company.

#### *Registration Risk*

In some emerging market countries evidence of legal title to shares is maintained in “book entry” form. In order to be recognised as the registered owner of the shares of a company, a purchaser or purchasers’ representative must physically travel to a registrar and open an account with the registrar (which, in certain cases, requires the payment of an account opening fee). Thereafter, each time that the purchaser purchases additional shares of the Company, the purchasers’ representative must present to the registrar powers of attorney from the purchaser and the seller of such shares, along with evidence of such purchase, at which time the registrar will debit such purchased shares from the seller’s account maintained on the register and credit such purchased shares to the purchaser’s account to be maintained on the register.

The role of the registrar in such custodial and registration processes is crucial. Registrars may not be subject to effective government supervision and it is possible for the Company to lose its registration through fraud, negligence or mere oversight on the part of the registrar. Furthermore, while companies in certain emerging market countries may be required to maintain independent registrars that meet certain statutory criteria, in practice, there can be no guarantee that this regulation has been strictly enforced. Because of this possible lack of independence, management of companies in such emerging market countries can potentially exert significant influence over the shareholding in such companies.

If the company register were to be destroyed or mutilated, the Company’s holding in respect of a Fund of the relevant shares of the company could be substantially impaired, or in certain cases, deleted. Registrars often do not maintain insurance against such occurrences, nor are they likely to have assets sufficient to compensate the Company and, therefore, a Fund as a result thereof. While the registrar and the company may be legally obliged to remedy such loss, there is no guarantee that either of them would do so, nor is there any guarantee that the Company would be able to bring successfully a claim in respect of a Fund against them as a result of such loss. Furthermore, the registrar or the relevant company could wilfully refuse to recognise the Company as the registered holder of shares previously purchased by or in respect of a Fund due to the destruction of the company’s register.

#### *Emerging Markets Risk*

Certain Funds may invest in securities of issuers in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscation, taxation, nationalisation, and social, political and economic instability; (ii) the smaller markets for securities of emerging markets issuers and lower volumes of trading, resulting in lack of liquidity and in greater price volatility, (iii) certain national policies which may restrict the investment opportunities available in respect of a Fund, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests and on the realisation or repatriation of foreign investment; (iv) currency instability and hyper-inflation; and (v) the absence of developed legal structures governing private or foreign investment and private property.

#### *Accounting, Auditing and Financial Reporting Standards*

The accounting, auditing and financial reporting standards of many of the countries in which a Fund invests may be less rigorous than those applicable to UK and other European Union companies.

#### *Legal Risk*

Persons interested in purchasing Shares should inform themselves as to (a) the legal requirement within their own countries of residence for the purchase of Shares, (b) any foreign exchange restrictions which

may be applicable, and (c) the income and other tax consequences of the purchase and repurchase of Shares.

### *Brexit Risk*

Following the withdrawal from the EU, the U.K. has entered a transition period, during which EU law will continue to apply in the U.K. New EU legislation that takes effect before the end of the transition period will also apply to the UK. As at the date of this Prospectus, the transition period will last until 31 December 2020. During and following the transition period there is likely to be considerable uncertainty as to the U.K.'s post-transition framework, and in particular as to the arrangements which will apply to its relationships with the EU and with other countries.

This process and/or the uncertainty associated with it may, at any stage, adversely affect the return on a Fund's investments. There may be detrimental implications for the value of a Fund's investments and/or its ability to implement the investment policy. This may be due to, among other things:

- (i) increased uncertainty and volatility in U.K., EU and other financial markets;
- (ii) fluctuations in asset values;
- (iii) fluctuations in exchange rates;
- (iv) increased illiquidity of investments located, listed or traded within the U.K., the EU or elsewhere;
- (v) changes in the willingness or ability of financial and other counterparties to enter into transactions, or the price at which and terms on which they are prepared to transact; and/or
- (vi) changes in legal and regulatory regimes to which a Fund, the Manager, the Investment Manager, certain of a Fund's assets and/or service providers are or become subject.

The U.K.'s vote to leave the EU created a degree of political uncertainty, as well as uncertainty in monetary and fiscal policy, which is expected to continue during the transition period. It may have a destabilising effect on some of the remaining members of the EU, the effects of which may be felt particularly acutely by Member States within the Eurozone.

The withdrawal of the U.K. from the EU could have a material impact on the U.K.'s economy and its future growth, impacting adversely the Fund's investments in the U.K. It could also result in prolonged uncertainty regarding aspects of the U.K. economy and damage customers' and investors' confidence. Any of these events could have a material adverse effect on a Fund.

### *Collateral Management Risk*

In seeking to reduce credit risk through the posting or receiving of collateral in OTC transactions, securities lending agreements and repurchase/reverse repurchase agreements, the management of the collateral posted/received will be subject to liquidity and counterparty risks associated with the relevant collateral instruments. Collateral is also subject to other types of risks as set out below:

Operational risks: including that the valuation of an underlying instrument which is posted is inaccurate due to inadequate or failed internal processes, people or systems which may cause the relevant Fund to have an incorrect level of margin posted or received.

Legal risks: including risks associated with contracts and changes of regulations in a relevant jurisdiction, etc. as well as the risk that collateral provided in cross-border transactions could be subject to conflicts of law preventing the Fund from recovering collateral posted or from enforcing its rights in relation to collateral to be received.

Custody risk: collateral received by the Funds on a title transfer basis will be safekept by the Depositary or by a third party depositary subject to prudential regulation and will be subject to custody risks associated with those entities. Collateral pledged by the Funds will continue to be safekept by the Depositary.

Reinvestment of Cash Collateral: cash collateral received that is reinvested may realize a loss, which would reduce the value of the collateral and result in the relevant Fund being less protected if there is a counterparty default.

While commercially reasonable efforts are utilized to ensure that collateral management is effective, such risks cannot be eliminated.

#### *Repurchase/Reverse Repurchase Agreement Risk*

Repurchase and reverse repurchase agreements are subject to counterparty risk. In the case of a repurchase agreement, the counterparty may fail to repurchase its securities which may cause the relevant Fund to suffer delays and incur costs in exercising its rights under the agreement. In addition, if the securities held by the Fund as collateral for the repurchase agreement go down in market value, this may cause a loss to the Fund.

In the case of a reverse repurchase agreement, the counterparty may fail to return the securities sold to the counterparty by the relevant Fund which may cause the Fund to lose money if it is unable to recover the securities and the value of the collateral held (including if the value of the investments made with cash collateral is less than the value of the securities).

#### *Fund Cash Account Risk*

Subscriptions monies received by a Fund in advance of the issue of Shares will be held in the Fund Cash Account in the name of the Fund and will be treated as an asset of the relevant Fund. Investors will be unsecured creditors of the relevant Fund with respect to the amount subscribed and held by the relevant Fund until such Shares are issued, and will not benefit from any appreciation in the NAV of the relevant Fund or any other shareholder rights (including dividend entitlement) until such time as Shares are issued. In the event of an insolvency of the relevant Fund, there is no guarantee that the Fund will have sufficient funds to pay unsecured creditors in full.

Payment by the relevant Fund of redemption proceeds and dividends is subject to receipt by the Administrator of original subscription documents and compliance with all anti-money laundering procedures. Notwithstanding this, redeeming Shareholders will cease to be Shareholders, with regard to the redeemed Shares, and will be unsecured creditors of the Fund, from the relevant redemption date. Pending redemptions and distributions, including blocked redemptions or distributions, will, pending payment to the relevant Shareholder, be held in the Fund Cash Account in the name of the Fund. Redeeming Shareholders and Shareholders entitled to such distributions will be unsecured creditors of the Fund, and will not benefit from any appreciation in the NAV of the relevant Fund or any other shareholder rights (including further dividend entitlement), with respect to the redemption or distribution amount held by the relevant Fund. In the event of an insolvency of the relevant Fund, there is no guarantee that the Fund will have sufficient funds to pay unsecured creditors in full. Redeeming Shareholders and Shareholders entitled to distributions should ensure that any outstanding documentation and information is provided to the Administrator promptly. Failure to do so is at such Shareholder's own risk.

#### *Withholding Tax Risk*

The income and gains of any Fund from its securities and assets may suffer withholding tax which may not be reclaimable in the countries where such income and gains arise.

## *Taxation Risk*

Any change in the Company's tax status or in taxation legislation could affect the value of the investments held by the Company and affect the Company's or any Fund's ability to provide the investor returns. Potential investors and Shareholders should note that the statements on taxation which are set out herein and in each Supplement are based on advice which has been received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of this Prospectus and each Supplement. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure indefinitely. The attention of potential investors is drawn to the tax risk associated with investing in the Company as set out under the heading "Taxation".

## *OECD BEPS*

In 2013 the OECD published its report on Addressing Base Erosion and Profit Shifting ("BEPS") and its Action Plan on BEPS. The aim of the report and Action Plan was to address and reduce aggressive international tax planning. BEPS remains an ongoing project. On 5 October 2015, the OECD published its final reports, analyses and sets of recommendations (deliverables) with a view to implementing internationally agreed and binding rules which could result in material changes to relevant tax legislation of participating OECD countries. The final package of deliverables was subsequently approved by the G20 Finance Ministers on 8 October 2015. On 24 November 2016, more than 100 jurisdictions concluded negotiations on a multilateral instrument that will amend their respective tax treaties (more than 2,000 tax treaties worldwide) in order to implement the tax treaty-related BEPS recommendations. The multilateral instrument was signed on 7 June 2017 and entered into force on 1 July 2018. The multilateral instrument will then enter into effect for a specific tax treaty at certain times after all parties to that treaty have ratified the multilateral instrument. The final actions to be implemented in the tax legislation of the countries in which the Company will have investments, in the countries where the Company is domiciled or resident, or changes in tax treaties negotiated by these countries, could adversely affect the returns from the Company.

## *U.S. Foreign Account Tax Compliance Act ("FATCA")*

Pursuant to FATCA, the Company may be obliged to report certain information in respect of U.S. investors in the Company to the Irish Revenue Commissioners who will then share that information with the U.S. tax authorities. The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 impose a 30% U.S. withholding tax on certain 'withholdable payments' made on or after 1 July 2014 unless the payee enters into and complies with an agreement with the U.S. Internal Revenue Service ("IRS") to collect and provide to the IRS substantial information regarding direct and indirect owners and account holders.

On 21 December 2012, Ireland signed an Intergovernmental Agreement ("IGA") with the U.S. to improve international tax compliance and to implement FATCA. Under the IGA Ireland agreed to implement legislation to collect certain information in connection with FATCA and the Irish and U.S. tax authorities have agreed to automatically exchange this information. The IGA provides for the annual automatic exchange of information in relation to accounts and investments held by certain U.S. investors in a broad category of Irish financial institutions and vice versa.

Under the IGA and the Financial Accounts Reporting (United States of America) Regulations 2014 (as amended) (the "Irish Regulations") implementing the information disclosure obligations, Irish financial institutions, which include the Company, are required to report certain information with respect to U.S. account holders to the Irish Revenue Commissioners. The Irish Revenue Commissioners will automatically provide that information annually to the IRS. The Company must obtain the necessary information from investors required to satisfy the reporting requirements whether under the IGA, the Irish Regulations or any other applicable legislation published in connection with FATCA and such information is being sought as part of the application process for Shares in the relevant Fund of the Company. It should be noted that the Irish Regulations require the collection of information and filing

of returns with the Irish Revenue Commissioners regardless of whether the Company holds any U.S. assets or has any U.S. investors.

If a Shareholder causes the Company to suffer a withholding for or on account of FATCA ("FATCA Deduction") or other financial penalty, cost, expense or liability, the Company may compulsorily redeem any Shares of such Shareholder and/or take any actions required to ensure that such FATCA Deduction or other financial penalty, cost, expense or liability is economically born by such Shareholder. While the IGA and the Irish Regulations should serve to reduce the burden of compliance with FATCA, and accordingly the risk of a FATCA withholding on payments to the Company in respect of its assets, no assurance can be given in this regard. As such, Shareholders should obtain independent tax advice in relation to the potential impact of FATCA before investing.

#### *The OECD Common Reporting Standard ("CRS")*

The CRS framework was first released by the OECD in February 2014. To date, more than 90 jurisdictions have publically committed to implementation, many of which are early adopter countries, including Ireland. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the "Standard") was published, involving the use of two main elements, the Competent Authority Agreement ("CAA") and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions ("FIs") relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of CRS while sections 891F and 891G of the Taxes Consolidation Act 1997 contain measures necessary to implement the CRS internationally and across the EU, respectively. The Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the "CRS Regulations"), giving effect to the CRS from 1 January 2016 came into operation on 31 December 2015.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("DAC II") implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis. Section 891 G of the Taxes Consolidation Act 1997 contained measures necessary to implement the DAC II. The Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (together with the CRS Regulations, the "2015 Regulations"), giving effect to DAC II from 1 January 2016, came into operation on 31 December 2015.

Under the 2015 Regulations, reporting financial institutions, which include the Company, are required to collect certain information on accountholders and on certain controlling persons in the case of the accountholder(s) being an entity, as defined for CRS purposes, (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate), the account number and the account balance or value at the end of each calendar year) to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Further information in relation to CRS and DAC II can be found on the Automatic Exchange of Information webpage on [www.revenue.ie](http://www.revenue.ie).

### *Share Currency Designation Risk*

A Class of Shares of a Fund may be designated in a currency other than the Base Currency of the Fund. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value of such Shares as expressed in the designated currency.

### *Currency Risk*

Currency fluctuations may adversely affect the value of a Fund's investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of an investment in Shares.

A significant portion of a Fund's assets may be denominated in a currency other than the base currency of a Fund or Class. There is the risk that the value of such assets and/or the value of any distributions from such assets may decrease if the underlying currency in which assets are traded falls relative to the base currency in which Shares of the relevant Fund are valued and priced. Funds are not required to hedge their foreign currency risk, although they may do so through foreign currency exchange contracts, forward contracts, currency options and other methods.

To the extent that a Fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of that Fund's assets and income could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Fund in circumstances where no such hedging transactions are undertaken.

### *Valuation Risk*

A Fund may invest some of its assets in unquoted securities or quoted securities for which there is no reliable price source available. Such investment will be valued at the probable realisation value as determined in accordance with the provisions set out under the heading "Calculation of Net Asset Value". Estimates of the fair value of such investments are inherently difficult to establish and are the subject of substantial uncertainty.

A Fund may, for the purpose of efficient portfolio management or direct investment, invest in derivative instruments and there can be no assurance that the value as determined under the heading "Calculation of Net Asset Value" will reflect the exact amount at which those instruments may be closed out.

### *Segregated Liability Risk*

The Company is structured as an umbrella fund with segregated liability between the Funds. Each Fund therefore will be treated as bearing its own liabilities and the Company will not be liable as a whole to third parties. However, if the Directors are of the opinion that a particular liability does not relate to any particular Fund or Funds, that liability shall be borne jointly by all Funds pro rata to their respective Net Asset Values at the time when the allocation is made.

Certain jurisdictions, however, other than Ireland, might not recognise such limited right of recourse inherent in the Company's segregated structure. In such a case, creditors of a particular Fund could claim to have recourse to assets of other Funds within the Company. At the date of this Prospectus, the Directors are not aware of any such circumstances or interpretation which would give rise to such an existing or contingent liability.

### *Liquidity Risk*

Not all securities or instruments invested in by the Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Funds may also encounter

difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

### *Depository Risk*

If a Fund invests in assets that are financial instruments that can be held in custody ("Custody Assets"), the Depository is required to perform full safekeeping functions and will be liable for any loss of such assets held in custody unless it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

In the event of such a loss (and the absence of proof of the loss being caused by such an external event), the Depository is required to return identical assets to those lost or a corresponding amount to the Fund without undue delay. If a Fund invests in assets that are not financial instruments that can be held in custody ("Non-Custody Assets"), the Depository is only required to verify the Fund's ownership of such assets and to maintain a record of those assets which the Depository is satisfied that the Fund holds ownership of. In the event of any loss of such assets, the Depository will only be liable to the extent the loss has occurred due to its negligent or intentional failure to properly fulfil its obligations pursuant to the Depository Agreement.

As it is likely that the Funds may each invest in both Custody Assets and Non-Custody Assets, it should be noted that the safekeeping functions of the Depository in relation to the respective categories of assets and the corresponding standard of liability of the Depository applicable to such functions differs significantly.

The Funds enjoy a strong level of protection in terms of Depository liability for the safekeeping of Custody Assets. However, the level of protection for Non-Custody Assets is significantly lower. Accordingly, the greater the proportion of a Fund invested in categories of Non-Custody Assets, the greater the risk that any loss of such assets that may occur may not be recoverable. While it will be determined on a case-by-case whether a specific investment by the Fund is a Custody Asset or a Non-Custody Asset, generally it should be noted that derivatives traded by a Fund over-the-counter will be Non-Custody Assets. There may also be other asset types that a Fund invests in from time to time that would be treated similarly. Given the framework of Depository liability under the UCITS Regulations, these Non-Custody Assets, from a safekeeping perspective, expose the Fund to a greater degree of risk than Custody Assets, such as publicly traded equities and bonds.

### *MiFID II Regulatory Risk*

MiFID II took effect on 3 January 2018. The requirements introduced by MiFID II will have a direct or indirect impact on a wide range of market participants, including brokers, operators of regulated markets and trading venues, portfolio managers, direct and indirect clearing members and others. MiFID II will affect the structure and operation of financial markets, trading activities and practices, including post-trading processes such as clearing, as well as the sale and promotion of financial products and conflicts of interest, including the receipt and payment of monetary and non-monetary benefits from third parties. Some provisions under the MiFID II Directive may be applied by the regulatory authorities in the different Member States to persons and activities not generally subject to MiFID II. In addition, different approaches of regulatory authorities in different Member States to determining which entities and activities fall within the scope of regulation may result in uneven application of the requirements under MiFID II to persons operating on a cross-border basis. Consequently, the operating costs of the Company may significantly increase as a result of the increased scope of and expense associated with regulatory compliance, which may have a material and adverse effect on the investment returns of each Fund. Further, brokers and counterparties of the Investment Manager may be subject to restrictions affecting their own ability to undertake transactions on behalf of or with the Investment Manager. This may impede the ability of the Investment Manager to achieve best execution for the Funds, and affect each Fund's return on investment. It is not possible reliably to predict the full impact of the new regulatory requirements and restrictions on market participants (including the Investment Manager)

and/or the effect of the same on the Investment Manager's ability to successfully implement each Fund's investment objective. Further, it is not possible fully to assess or predict any unforeseen or unintended effect of MiFID II on the operation and performance of the Funds, which may have a significant impact on its performance. The impact of the implementation of the requirements under MiFID II will continue for a significant time period, during which time the regulatory approach to a number of provisions under MiFID II may be confirmed or clarified which may have a favourable or adverse effect on each Fund's investment performance and the ability of the Investment Manager to achieve a return on investment.

### *EU General Data Protection Regulation*

The EU General Data Protection Regulation (the "GDPR") has direct effect in all EU Member States as of 25 May 2018 and replaces existing EU data privacy laws. Although a number of basic existing principles remain the same, the GDPR introduces new obligations on data controllers and rights for data subjects, including, among others:

- accountability and transparency requirements, which will require data controllers to demonstrate and record compliance with the GDPR and to provide more detailed information to data subjects regarding processing;
- enhanced data consent requirements, which includes "explicit" consent in relation to the processing of sensitive data;
- obligations to consider data privacy as any new products or services are developed and limit the amount of information collected, processed, stored and its accessibility;
- constraints on using data to profile data subjects;
- providing data subjects with personal data in a useable format on request and erasing personal data in certain circumstances; and
- reporting of breaches without undue delay (72 hours where feasible).

A breach of the GDPR could expose the Company or relevant service provider to regulatory sanction including potentially significant fines. The GDPR identifies a list of points to consider when imposing fines (including the nature, gravity and duration of the infringement).

The implementation of the GDPR will require substantial amendments to the Company's policies and procedures. The changes could adversely impact the Company's business by increasing its operational and compliance costs. Further, there is a risk that the measures will not be implemented correctly or that individuals within the business will not be fully compliant with the new procedures. If there are breaches of these measures, the Company could face significant administrative and monetary sanctions as well as reputational damage which may have a material adverse effect on its operations, financial condition and prospects.

### *Cyber security Risk*

Intentional cybersecurity breaches include: unauthorised access to systems, networks, or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws).

A cybersecurity breach could result in the loss or theft of customer data or funds, the inability to access electronic systems ("denial of services"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause a Fund, the Manager, the Investment Manager, or other service providers to incur



regulatory penalties, reputational damage, additional compliance costs, or financial loss. In addition, such incidents could affect issuers in which a Fund invests, and thereby cause a Fund's investments to lose value.

In addition to risks to the Company and Funds, investors are advised to ensure communication methods with the Administrator and any financial advisors, including the Manager, the Investment Manager are secure so as to prevent fraudulent change of details or fraudulent redemption requests from being submitted through, for example, their email accounts.

### *Impact of COVID-19*

In December 2019, an outbreak of a contagious respiratory virus now known as COVID – 19 occurred and it has since spread globally. The virus has resulted in government authorities in many countries (including the People's Republic of China and Hong Kong, the United States and Europe) taking extreme measures to arrest or delay the spread of the virus, including the declaration of states of emergency, restrictions on movement, border controls, travel bans and the closure of offices, schools and other public amenities such as bars, restaurants and sports facilities. This has resulted in major disruption to businesses, both regionally and globally, substantial market volatility, exchange trading suspensions and closures. While the full impact is not yet known, it is anticipated that these events will have a material adverse effect on general global economic conditions and market liquidity.

This may in turn cause material disruptions to business operations of service providers on which the Company may rely, including the Investment Manager. It may also adversely impact a Fund's investments, the ability of the Investment Manager to access markets or implement a Fund's investment policy in the manner originally contemplated, the Net Asset Value of a Fund and therefore the Shareholders. A Fund's access to liquidity could also be impaired in circumstances where the need for liquidity to meet redemption requests may rise significantly.

The impact of a health crisis such as the COVID - 19 pandemic, and other epidemics and pandemics that may arise in the future, could affect the global economy in ways that cannot necessarily be foreseen at the present time. A health crisis may exacerbate other pre-existing political, social and economic risks. Any such impact could adversely affect a Fund's performance, resulting in losses to investors.

### *Reliability of ESG Metrics*

The Investment Manager uses third party environment, social and governance ("ESG") data and its own internal due diligence when considering as part of its investment process ESG risks and their potential impact on a Fund's returns. Third party ESG data may be difficult to obtain and/or incomplete, estimated, out of date or otherwise inaccurate. In particular, data may be more readily available and/or reliable in certain countries, markets and/or industries where a Fund invests, making direct comparison of the ESG risks relevant to different investments difficult. In addition, the Investment Manager's own due diligence relies on the availability and accuracy of various sources, such as company disclosures and other third party information, which often include forward looking statements of intent and are not necessary fact-based or objectively measureable. The Investment Manager is also dependent on the subjective judgements on ESG risks of its investment analysts. Each of the foregoing means that an ESG risk relevant to a particular investment may not be identified prior to the investment being made and losses may be suffered as a result.

### *Sustainable Transition Risk*

Many industries, regions and/or countries in which a Fund invests are, and/or may in the future be, subject to a general transition to a more sustainable economy. Factors driving this transition include changes in laws, regulations and industry standards, evolving consumer preferences and influences of non-governmental organisations.

Changes in laws, regulations and industry standards, such as stricter environmental or health and safety rules, can have a material impact on the operations, costs and profitability of an investment. This may also result in measures being taken in respect of prior failings which were not identifiable when an investment was made, whilst non-compliance with such changes going forward can increase the litigation risk associated with an investment.

Pressures caused by evolving consumer preferences can also have a material impact on the reputation of an investment and/or require a business in which a Fund is invested to make material changes to its operations. Such pressures, as well as the influences of non-governmental organisations and other third parties, may require businesses in which a Fund invests to comply with standards to which it is not strictly subject under applicable laws and regulations. These changes may lead to significant costs being incurred and ultimately have a negative effect on profitability.

### *Governance Risk*

The businesses in which a Fund invests may be exposed to certain governance risks. Governance risks are typically associated with the quality, effectiveness and process for the oversight of the day to day management of the businesses in which a Fund may invest. The types of governance risks which might impact a Fund's investments can be varied and may, inter alia, relate to: (i) illegal or poor tax and/or accounting practices and lower financial reporting standards; (ii) inadequate external or internal audit processes; (iii) bribery, corruption and money laundering; (iv) lack of oversight of executive pay; (v) lack of diversity and/or independence at executive level; (vi) influence and control of majority shareholder(s); and (vii) executive focus on shareholder returns at the expense of other stakeholders, including creditors; and/or (viii) misalignment of management and shareholder interests.

The presence of such governance issues could impede the efficient operation of an investment, its ability to achieve its potential and the information available to the Investment Manager related to it (which may also impact the Investment Manager's ability to identify all relevant governance risks prior to making the investment and/or the appropriate valuation of an investment). It may also lead to regulatory penalties, third party claims and/or cause reputational damage, each of which may impact the value of a Fund's investment. The impact of such governance risks may be more pronounced in emerging markets, where principles of corporate governance may not be fully developed. In particular, the quality and reliability of official data and the information available may not be of the same standard as that of more developed countries.

### *Social Risk*

The businesses in which a Fund invests may be exposed to certain negative social factors. Such factors can be varied and may include, but are not limited to, health and safety failings, product safety shortcomings, modern slavery, human exploitation or other human rights violations, mistreatment of employees, employee and/or consumer discrimination and data protection and privacy breaches. Each of the foregoing could cause reputational, regulatory or litigation risk for a business. To the extent that any of the foregoing are prevalent in respect of an investment and the Investment Manager is unable to identify such issues prior to an investment being made by a Fund, or such issues arise after an investment has been made, the value of a Fund's investment may be impacted.

### *Performance Fee Risk*

In addition to receiving a Management Fee, a Performance Fee may be allocated between the Manager, the Investment Manager and the Investment Advisor based on the appreciation in the Net Asset Value of the relevant Share Class and accordingly, the Performance Fee will increase with regard to unrealised appreciation, as well as realised gains. Accordingly, a Performance Fee may be paid on unrealised gains which may subsequently never be realised. The Performance Fee may create an incentive for the Investment Manager to make investments for the Fund and a Fund which are riskier than would be the case in the absence of a fee based on the performance of the Fund.

## Derivatives Risk

### *General*

The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The use of derivatives techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities, and (4) the possible absence of a liquid market for any particular instrument at any particular time.

Assets deposited as collateral with brokers or counterparties may not be held in segregated accounts by the brokers or counterparties and may therefore become available to the creditors of such parties in the event of their insolvency or bankruptcy. Collateral requirements may reduce cash available to a Fund for investment.

### *Commodity Pool Operator – “De Minimis Exemption”*

While the Company may trade commodity interests (commodity futures contracts, commodity options contracts and/or swaps), including security futures products, each of the Investment Advisor and the Investment Manager is exempt from registration with the CFTC as a CPO pursuant to CFTC Rule 4.13(a)(3), with respect to the Funds. Therefore, unlike a registered CPO, the Investment Advisor and the Investment Manager are not required to deliver a CFTC disclosure document to prospective Shareholders, nor are they required to provide Shareholders with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

The potential consequence of this exemption, the so-called “de minimis exemption”, includes a limitation on the Company’s exposure to the commodity markets. CFTC Rule 4.13(a)(3) requires that a pool for which such exemption is filed must meet one or the other of the following tests with respect to its commodity interest positions, including positions in security futures products, whether entered into for bona fide hedging purposes or otherwise: (a) the aggregate initial margin, premiums, and required minimum security deposit for retail forex transactions, will not exceed 5 percent of the liquidation value of the pool’s portfolio, after taking into account unrealized profits and unrealized losses on any such positions it has entered into; or (b) the aggregate net notional value of such positions does not exceed 100 percent of the liquidation value of the pool’s portfolio, after taking into account unrealised profits and unrealised losses on any such positions it has entered into.

### *Over-the-Counter Transactions*

The Funds may invest in instruments which are not traded on organised exchanges and as such are not standardised. Such transactions are known as over-the-counter or “OTC” transactions and may include forward contracts or options. Whilst some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out or dispose of an open position.

It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by dealers in these instruments and consequently it

may be difficult to establish what is a fair price. In respect of such trading, a Fund will be subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to any such Fund.

#### *Use of Credit Derivatives and Structured Finance Instruments*

The Company expects that some or all of the Funds may invest in credit derivatives and structured finance instruments. Credit derivatives and structured finance instruments present a risk in addition to those resulting from direct purchases of obligations of the relevant reference entities, including those described under “Credit Exposure to Reference Entities” below.

#### *Credit Exposure to Reference Entities*

The obligation of a Fund, directly or indirectly through other instruments and securities, to make payments to credit default swap counterparties under credit default swaps and other similar instruments creates significantly leveraged exposure to potential credit events of the relevant reference entities and credits.

A credit default swap counterparty for a particular credit default instrument may be obliged to make a payment upon an early termination date. A Fund may be exposed to the credit risk of such credit default swap counterparties for such payments. In the event of the insolvency of any credit default swap counterparty, such Fund will be treated as a general creditor of the credit default swap counterparty and will not have any claim against the reference entity. Consequently, such Fund will be subject to the credit risk of the credit default swap counterparty as well as that of a reference entity.

Following the occurrence of a credit event with respect to a reference entity, a Fund may be required to pay an amount equal to the relevant settlement amount to the credit default swap counterparty. Certain of the reference entities and/or reference obligations may be rated below investment grade (or of equivalent credit quality). Under credit default swaps where the relevant Fund has sold protection by reference to any such reference entity or which includes any such reference obligation the likelihood of the Fund being obliged to make payment is greater.

Credit default swaps present risks in addition to those resulting from direct purchases of obligations of the reference entities. Under credit default swaps, the Fund and/or issuer of structured finance securities will have a contractual relationship only with the relevant credit default swap counterparty, and not with any reference entity. Consequently, the credit default swaps do not constitute a purchase or other acquisition or assignment of any interest in any obligation of any reference entity. The relevant Fund and/or any issuer, therefore, will have rights solely against each credit default swap counterparty in accordance with the relevant credit default swap and will have no recourse against any reference entities. No Fund will have rights to acquire any interest in any obligation of any reference entity, notwithstanding the payment by the Fund of a credit default swap floating amount to a credit default swap counterparty with respect to such reference entity of a credit default unless the terms of the specific credit default swap provide for a transfer of any obligation upon the occurrence of a credit event. No Fund will directly benefit from any collateral supporting the obligations of the reference entity and will not have the benefit of the remedies that would normally be available to a holder of any such obligation.

There is no assurance that actual payments of any credit default swap amounts will not exceed such assumed losses. If any payments of credit default swap amounts exceed such assumed losses, payment on the respective class of notes of an issuer could be adversely affected by the occurrence of synthetic credit events. Although each Fund’s portfolio will be diversified as required by the UCITS Regulations, Funds will also be exposed to a credit risk in relation to the counterparties with whom they trade and may bear the risk of counterparty default.

### *Liquidity of Futures Contracts*

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Fund from liquidating unfavourable positions.

### *Futures and Options Risk*

The Investment Manager may engage in various portfolio strategies on behalf of the Funds through the use of futures and options. Due to the nature of futures, cash to meet margin monies will be held by a broker with whom each Fund has an open position. In the event of the insolvency or bankruptcy of the broker, there can be no guarantee that such monies will be returned to each Fund. On execution of an option the Funds may pay a premium to a counterparty. In the event of the insolvency or bankruptcy of the counterparty, the option premium may be lost in addition to any unrealised gains where the contract is in the money.

### *Forward Trading*

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Fund.

### *Counterparty Risk*

Each Fund will have credit exposure to counterparties by virtue of investment positions in options, forwards and other OTC contracts held by the Fund. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Although each Fund's portfolio will be diversified as required by the UCITS Rules, Funds will also be exposed to a credit risk in relation to the counterparties with whom they trade and may bear the risk of counterparty default.

### *Exposure Risk*

Certain transactions, such as the use of forward commitments transactions, may give rise to forms of exposure for the Company and a Fund. Although the use of derivatives may create such an exposure risk, any exposure arising as a result of the use of derivatives will not exceed the Net Asset Value of the relevant Fund.

### *Trading documentation*

The terms of the trading documents governing OTC transactions will often include various termination events relating to a Fund, such as triggers relating to the Net Asset Value of a Fund, pursuant to which the relevant broker or other trading counterparty (the "Trading Counterparty") will have the option to terminate its agreement(s) with the relevant Fund if that Fund's Net Asset Value falls below certain threshold percentage levels over prescribed periods. Other common termination events include those relating to key individuals and amendments to key documents. These agreements also include, as

standard, cross-default provisions, whereby if a Fund is in default, this can trigger a termination event under other agreements with the Trading Counterparty or its affiliates.

It is common that OTC transactions are entered into with Trading Counterparties with whom a Fund has other agreements. If a Fund were to default under the trading document governing OTC transactions or any other trading agreement with a given Trading Counterparty, it will usually give the Trading Counterparty the right to terminate all other trading agreements entered into with either the Trading Counterparty itself or its affiliates and in turn that default may trigger a cross-default pursuant to the terms of trading documentation with other Trading Counterparties. A Fund therefore has a contagion risk both with respect to agreements entered into with a single Trading Counterparty, and across agreements with different Trading Counterparties. If a default did lead to a Fund having its positions closed out by a Counterparty, this would be at the relevant Fund's cost and could result in major losses to that Fund. Furthermore, the termination of trading documents by Trading Counterparties could limit a Fund's ability to access the markets and to achieve its investment strategy.

The documentation governing OTC transactions will often also provide Trading Counterparties with wide discretions with respect to key terms such as the provision of margin, both initial or upfront margin (often known as an "independent amount"), and/or variation margin. In the event of market disruption and/or volatile markets, a Fund may be required to deliver additional collateral on demand to its Trading Counterparties, calculated pursuant to the Trading Counterparty's methodologies. Satisfying such margin calls could result in a Fund having to deliver more collateral than it had expected, which, so as to ensure it does not default, may in turn lead to that Fund having to rapidly acquire cash to be posted as collateral, for example by liquidating positions at what it may perceive to be an undervalue, all of which could lead to losses to that Fund. While in accordance with the UCITS Rules a Fund has limited exposure to each OTC Trading Counterparty and seeks to pre-empt liquidity events through ongoing liquidity stress-testing, Shareholders should nevertheless note that changes in the value of the asset underlying a derivative may lead to margin calls, affecting the liquidity of that Fund.

The legal structure of collateral varies according to the type of transaction and where it is traded. For OTC transactions, title transfer is common. Any cash or securities so transferred as collateral will generally become the absolute property of the Trading Counterparty and the relevant Fund will have a right to the return of equivalent assets. That right to the return of equivalent assets is normally unsecured and the collateral will be at risk in the event of the insolvency of the Trading Counterparty. Should a Trading Counterparty insolvency occur, a Fund may be unable to secure the return of the collateral or amounts equal to the collateral, resulting in losses to that Fund.

#### *Cleared derivatives*

As is further set out below in the risk factor entitled "European Market Infrastructure Regulation", EMIR (as defined below) requires the mandatory clearing of certain derivatives in prescribed circumstances and also imposes requirements relating to the mandatory exchange of both variation and initial margin in certain cases for OTC derivative transactions. For OTC transactions where a Fund is required to comply with the mandatory clearing obligation or alternatively opts to voluntarily clear a derivative that would otherwise be uncleared, the collateral required to be posted by regulated central clearing counterparties may differ from and be greater (both in terms of quantum and in terms of the frequency that such margin must be posted) than the collateral terms negotiated with Trading Counterparties in the OTC market. Compliance with these margin requirements may increase the cost incurred by a Fund in entering into these products and impact the ability of a Fund to pursue its investment strategies. For derivatives that are cleared through a clearing house, a Fund will face the clearing house either directly or indirectly as legal counterparty and will be subject to clearing house performance and credit risk. See also the risk factor entitled "Counterparty Risk" above. Clearing in derivatives is also subject to the risk of trading halts, suspensions, exchange or clearing house equipment failures, government and/or regulatory intervention, insolvency of a brokerage firm or other disruptions of normal trading activity.

### *European Market Infrastructure Regulation*

EU Regulation No 648/2012 on over-the-counter derivatives, central counterparties and trade repositories (as amended by EU Regulation No 2019/834 of 20 May 2019, and also known as the European Market Infrastructure Regulation, or “EMIR”) introduced requirements in respect of derivative contracts by requiring certain “eligible” OTC derivative contracts to be submitted for clearing to regulated central clearing counterparties (the clearing obligation) and by mandating the reporting of certain details of OTC and ETD derivatives contracts to registered trade repositories (the reporting obligation).

In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty risk in respect of OTC derivative contracts which are not subject to mandatory clearing (the risk mitigation requirements), including the requirement to exchange variation margin and in certain circumstances initial margin in respect of uncleared OTC trades for certain EMIR counterparty types. A Fund will be a “Financial Counterparty” for the purposes of EMIR and will be subject to the clearing obligation (except to the extent it has OTC exposures that are less than the prescribed OTC clearing thresholds), the reporting obligation and the risk mitigation requirements.

The clearing obligation and the requirement to post collateral in respect of uncleared OTC trades are being phased in over a period of several years. While it is difficult to predict the long term impact of EMIR compliance on a Fund, compliance with the requirements of EMIR and the impact of any corresponding adaptations of the derivatives market may well result in an increase in the overall costs of entering into and maintaining OTC and ETD derivative contract.

### *Risk Factors Not Exhaustive*

The investment risks set out in this Prospectus do not purport to be exhaustive and potential investors should be aware that an investment in the Company or any Fund may be exposed to risks of an exceptional nature from time to time.

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## MANAGEMENT AND ADMINISTRATION

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### The Directors

The Directors are responsible for managing the business of the Company in accordance with the Constitution and the investment objective and policies of each Fund. All Directors are non-executive. For the purposes of this Prospectus, the address of all Directors is the registered office of the Company.

**Peter Head** (UK Resident) is Chief Compliance Officer of Cheyne. He joined in August 2010 and prior to this he was a Compliance Director at BlackRock, where he managed the Compliance teams responsible for fixed income portfolio management and trading and Hedge Fund products. Mr. Head joined BlackRock in 2008, from Invista Real Estate where he was a Senior Risk and Compliance Manager. Between 2000 and 2007 Mr. Head was a Senior Compliance Manager at HSBC Investment Management, where he managed the institutional fund management compliance team. Mr. Head began his career in 1996 working in a variety of departments at the Personal Investment Authority (PIA) which later became the United Kingdom Financial Services Authority (FSA). Mr. Head holds a BSc.(Hons) degree in Estate Management from Nottingham University.

**Bronwyn Wright** (Irish Resident) is currently the managing director of FS Solutions, a company through which she provides services as an independent non-executive director and acts as a consultant to international financial organisations

Ms. Wright is a former Citigroup Managing Director having worked in Capital Markets and Banking, where she was Head of Securities and Fund Services for Citi Ireland with responsibility for the management, growth and strategic direction of the securities and fund services business which included funds, custody, security finance and global agency and trust.

Due to her role in managing, leading and growing Citi's European fiduciary business, Ms. Wright has extensive knowledge of regulatory requirements and best market practice in the UK, Luxembourg, Jersey and Ireland. She has sat and chaired the boards of the applicable legal vehicles for the fiduciary businesses in each jurisdiction. She has also been engaged in pre-acquisition due diligence in Asia and led a post-acquisition integration across EMEA.

Ms. Wright holds a degree in Economics and Politics as well as a Masters degree in Economics from University College Dublin. Ms. Wright is past chairperson of the Irish Funds Industry Association committee for Trustee Services. She is a former lecturer for the Institute of Bankers in the Certificate and Diploma in Mutual Funds. She is co-author of the Institute of Bankers Diploma in Legal and Regulatory Studies. She has written numerous industry articles, chaired and participated in industry seminars in Europe and the U.S. She was on an Executive Committee for the DIT School of Accounting and Finance postgraduate doctorate programme.

**Noel Ford** (Irish Resident) has a long and established career in the international financial services industry. He is a certified investment funds director and a certified management consultant. He works with several local and international clients as an independent board director and chairman to both UCITS and Alternative Funds structures and across multiple portfolio disciplines. He is the Programme Director at the Irish Management Institute for Governance and Compliance diplomas. He is also a director with Governance Ireland Ltd, a consultancy specialising in the assessment of governance, compliance and risk systems. He is a regular contributor, author and presenter at local and international funds industry conferences. Mr. Ford is also a regular contributor to industry forums hosted by the Association of Compliance Officers in Ireland, Institute of Banking, and the Certified Investment Fund Directors Programme.



Mr. Ford was previously the Chief Executive Officer for Skandia Global Funds plc. He was also the Global Head of Operations for the Skandia Investment Group. Mr Ford has served as Chairman of Skandia Life Ireland Limited and President of Skandia America Securities Inc. Prior to joining Skandia in 2002, Mr Ford was Vice President of Operations for Hemisphere Investment Managers Limited and Managing Director at Globevest Trust Limited both specialists in hedge fund administration. Mr. Ford is a Certified Investment Funds Director and a graduate of the Institute of Banking/ University College Dublin. He holds an MBA in International Business Management from Griffith College Dublin and Nottingham Trent University in the UK. He has been a contributor to the Certified Investment Fund Directors programme and is currently a master tutor and author for the professional certificate courses with the Institute of Banking. Mr. Ford is also a serving council member of the Irish Fund Directors Association.

## **Management of the Company – General**

The Company delegates UCITS management company functions to the Manager, Cheyne Capital SMC Limited. The Central Bank UCITS Regulations refer to the “responsible person” as being the party responsible for compliance with the relevant requirements of the Central Bank on behalf of an Irish authorised UCITS. The Manager assumes the role of the responsible person for the Company.

The Directors control the affairs of the Company and have delegated certain of their duties to the Manager, which, in turn, has delegated certain of its duties to the Administrator, the Investment Manager and the Distributors. The Depositary has been appointed to hold the assets of each Fund.

## **The Manager**

The Company has appointed the Manager to act as manager to the Company and each Fund with power to delegate one or more of its functions subject to overall supervision and control of the Company. The Manager is a private limited company, was incorporated in Ireland on 3 March 2018 under registration number 635094 and is wholly owned by Cheyne Capital Holdings Limited. The Manager has been authorised by the Central Bank to act as a UCITS management company.

The Manager is responsible for the general management and administration of the Company’s affairs and for ensuring compliance with the Regulations, including investment and reinvestment of each Fund’s assets, having regard to investment objective and policies of each Fund. However, pursuant to the Administration Agreement, the Manager has delegated certain of its administration and transfer agency functions in respect of each Fund to the Administrator. Pursuant to the Investment Management Agreement, the Manager has delegated certain investment functions in respect of each Fund to the Investment Manager.

The directors of the Manager are:

### **Bronwyn Wright (Irish Resident)**

See biography for Ms Wright above.

### **Noel Ford (Irish Resident)**

See biography for Mr Ford above.

### **Peter Head (U.K Resident)**

See biography for Mr Head above.

## Remuneration Policy of the Manager

The Manager is subject to remuneration policies, procedures and practices (together, the “**Remuneration Policy**”). The Remuneration Policy complies with the Regulations and is designed to ensure that the Manager’s remuneration practices, for those staff in scope of the applicable rules: (i) are consistent with and promote sound and effective risk management; (ii) do not encourage risk taking and are consistent with the risk profiles, prospectus, or articles of association of the Company and its Funds; (iii) do not impair the Manager’s compliance with its duty to act in the best interests of those Funds; and (iv) include fixed components of remuneration. When applying the Remuneration Policy, the Manager will comply with the Regulations in a way, and to the extent, that is appropriate to the size, internal organisation to the nature, scope and complexity of the Manager’s activities.

Where the Manager delegates certain portfolio management and risk management functions in respect of the Fund, which it does to the Investment Manager, it may in its discretion decide the extent to which it will delegate portfolio management and risk management and accordingly the individual delegates may be afforded differing levels of responsibilities and remuneration,

The details of the Remuneration Policy (including how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits) are available free of charge on request.

## Investment Manager

Cheyne Capital Management (UK) LLP has been appointed as investment manager with discretionary powers pursuant to the Investment Management Agreement. Under the terms of the Investment Management Agreement, the Investment Manager is responsible, subject to the overall supervision and control of the Manager, for managing the assets and investments of the Company in accordance with the investment objective and policies of each Fund.

The Investment Manager is a limited liability partnership and was registered in England and Wales on 8 August 2006. The partnership is authorised and regulated in the conduct of its investment business in the United Kingdom as a full-scope AIFM under the rules of the FCA. The Investment Manager is also registered as an investment adviser with the SEC and is registered as a commodity trading advisor and CPO with the CFTC. The Investment Manager is a member of the NFA in such capacity and is approved as a swap firm. Cheyne Capital Management Limited, the corporate member and predecessor in interest of the Investment Manager, was incorporated in England and Wales on 25 November 1999 and commenced business in 2000. Cheyne Capital Management Limited is owned by interests associated with the families of Jonathan Lourie and Stuart Fiertz.

Cheyne was founded in 2000 by Jonathan Lourie (CEO and CIO) and Stuart Fiertz (President) after working together at Morgan Stanley. The firm is based in London.

Cheyne is known for its innovative approach and has been early and successful at delivering value to investors from important dislocations in the market place. Cheyne invests across the capital structure from the senior debt to the equity of corporates and real estate. With an investment philosophy grounded in rigorous fundamental analysis, the firm’s main areas of expertise are: Real Estate, Corporate Credit, Equities and Equity-Linked investing. Each of the contiguous business areas is run by portfolio managers whom Cheyne believes to be best-of-breed, supported by teams of seasoned experts in their fields.

Cheyne is managed by an executive committee and supported by a strong team of department heads with longstanding experience in the industry and with the firm. Approximately two-thirds of the Investment Manager’s staff work in non-investment and control functions.

Approximately 80 per cent. of the Investment Manager’s assets under management are managed on behalf of pension funds, insurance companies, sovereign wealth funds, endowments, banks, funds of

funds and other financial institutions. The remainder is managed for family offices and high net worth individuals.

Jonathan Lourie (Co-Founder, CEO, CIO & Exco member)

Jonathan Lourie is the founder, Chief Executive Officer and Chief Investment Officer of Cheyne Capital Management (UK) LLP. Under his leadership, Cheyne Capital has grown to become one of the leading alternative investment managers in Europe. The firm's main areas of expertise include real estate debt, social property impact, investment grade corporate credit, stressed/distressed credit, and equity-linked investing. Prior to the inception of Cheyne Capital in June 2000, Jonathan worked from 1985 at Morgan Stanley where he was responsible for the creation and development of the convertible bond management practice. Jonathan was educated from 1967 to 1979 at the International School of Geneva and from 1979 to 1983 at Dartmouth College in Hanover, New Hampshire, from which he graduated Phi Beta Kappa and Summa Cum Laude in 1983.

Stuart Fiertz CFA, CAIA (Co-Founder, President, Director of Research & Exco member)

Stuart Fiertz is the Co-Founder, President and Director of Research of Cheyne Capital Management (UK) LLP. From 1991 to June 2000, and prior to establishing Cheyne Capital, Stuart worked for Morgan Stanley where he was responsible for the development and implementation of customised portfolio strategies and for credit research in the convertible bond management practice. Prior to joining Morgan Stanley, Stuart was an equity research analyst for the Value Line Investment Survey, and a high yield credit analyst in Boston at Merrill Lynch and in New York at Lehman Brothers. Stuart is a CFA charterholder and a CAIA designee. He is also a council director of the Alternative Investment Management Association (AIMA), chairman of the AIMA Alternative Credit Council and a Founder & Trustee of the Standards Board for Alternative Investments. Stuart was educated at the International School of Geneva and at Dartmouth College where he was awarded a BA degree in Political Science and Economics.

### **Investment Advisor**

Cheyne Capital International L.P. has been appointed as investment advisor to provide advisory services in respect of the Company pursuant to the Investment Advisory Agreement. The Investment Advisor is a limited partnership registered in Bermuda on 10 December 2012 and is part of the Cheyne Capital group.

The responsibilities of the Investment Advisor include: (i) providing strategic investment advice with respect to the operation of the Company; (ii) meeting with, managing and providing assistance to eligible financial intermediaries and investors who may wish to invest in the Company; (iii) maintaining regular contact with financial intermediaries and investors; (iv) assisting with the marketing of the Funds; and (v) providing strategic advice as necessary in relation to the marketing of the relevant Fund(s) and Company.

### **Administrator**

SS&C Financial Services (Ireland) Limited has been appointed pursuant to the Administration Agreement to act as administrator, registrar, transfer agent and company secretary to the Company with responsibility for performing the day-to-day administration of the Company and for providing accounting services for the Company, including the calculation of the Net Asset Value and the Subscription Price and the Redemption Price of each Class of Shares pursuant to the Administration Agreement.

The Administrator was incorporated in Ireland as a private limited liability company on 18 May 2007 with registration number 439950. The Administrator is a wholly owned subsidiary of GlobeOp Financial Services S.A, which in turn is owned by SS&C Technologies Holdings Europe S.à.r.l., an indirect wholly owned subsidiary of SS&C Technologies Holdings, Inc. The ultimate parent, SS&C

Technologies Holdings, Inc., is listed on the NASDAQ stock exchange. The office of the Administrator is located at GlobeOp Financial Services (Ireland) Limited, 1st Floor La Touche House, Custom House Dock, I.F.S.C., D01 T8Y1, Ireland.

The Administrator's principal business is the provision of fund administration, accounting, registration, transfer agency and related shareholder services to collective investment schemes and investment funds.

The Administrator is a service provider to the Company and has no authority to make investment decisions, or render investment advice, with respect to any assets of any Fund. The Administrator has no responsibility for monitoring compliance by the Fund with any investment policies or restrictions to which such Fund is subject.

## **Depository**

The Company has appointed Citi Depository Services Ireland Designated Activity Company to act as depository of the Company's assets pursuant to the Depository Agreement.

The Depository is a limited liability company incorporated in Ireland on 18 September 1992. The Depository is authorised and regulated by the Central Bank. The principal activity of the Depository is to act as depository of the assets of collective investment schemes and other portfolios, such as the Company. The Depository may not delegate its fiduciary duties.

The Depository acts as the depository of the Company and, in doing so, shall comply with the provisions of the Legislation and the terms of the Depository Agreement. In this capacity, the Depository's duties include among others, the following:

- (a) ensuring that the Company's cash flows are properly monitored, and that all cash of the Company has been booked in cash accounts opened in the name of the Company or in the name of the Depository, acting on behalf of the Company with a regulated bank;
- (b) safekeeping the assets of the Company, which includes: (a) holding in custody all financial instruments that can be registered in a financial instrument account opened in the Depository's books and all financial instruments that can be physically delivered to the Depository; and (b) for other assets, verifying ownership of such assets and the maintenance of a record accordingly;
- (c) ensuring that the sale, issue, re-purchase, redemption and cancellation of Shares are carried out in accordance with the UCITS Regulations, the Prospectus and the Constitution;
- (d) ensuring that the value of the Shares is calculated in accordance with the UCITS Regulations, the Prospectus and the Constitution;
- (e) carrying out the instructions of the Manager and the Company, unless they conflict with the Legislation, the Prospectus and the Constitution;
- (f) ensuring that in transactions involving the Company's assets, any consideration is remitted to the Company within time limits which are acceptable market practice in the context of the particular transaction; and
- (g) ensuring that the Company's income is applied in accordance with the UCITS Regulations, the Prospectus and the Constitution.

Under the terms of the Depository Agreement, the Depository may delegate its safekeeping obligations provided that (i) the services are not delegated with the intention of avoiding the requirements of the

UCITS Regulations (ii) the Depositary can demonstrate that there is an objective reason for the delegation and (iii) the Depositary has exercised all due, skill, care and diligence in the selection and appointment of any third party to whom it wants to delegate parts of the services, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its safekeeping services and of the arrangements of the third party in respect of the matters delegated to it. The liability of the Depositary will not be affected by virtue of any such delegation. The Depositary has delegated to its global sub-custodians, Citibank N.A. and Morgan Stanley & Co International plc, responsibility for the safekeeping of the Company's financial instruments and cash. The global sub-custodians propose to further delegate these responsibilities to sub-delegates, the identities of which are set forth in Appendix V.

### **Reuse of Company Assets by the Depositary**

Under the terms of the Depositary Agreement the Depositary has agreed that it, and any person to whom it delegates depositary functions, may not reuse any of the Company's assets held in custody.

Reuse will be permitted in respect of the Company's assets where:

- the reuse is carried out for the account of the Company;
- the Depositary acts on the instructions of the Manager and the Company;
- the reuse of assets is for the benefit of the Company and in the interests of Shareholders;
- the transaction is covered by high quality and liquid collateral received by the Company under a title transfer arrangement, the market value of which shall, at all times, amount to at least the market value of the re-used assets plus a premium.

The information in this section will be kept up to date and is available to Shareholders upon request.

The Depositary Agreement is described in more detail in the "STATUTORY AND GENERAL INFORMATION: Material Contracts" section.

### **Distributor(s)**

Third party distributor(s) may be appointed to distribute and sell shares of the relevant Funds. Such distributor(s) may receive a fee payable from the assets of the relevant Fund or Class, as disclosed in the relevant Supplement, and may be entitled to indemnification from the Company. A distributor may have authority to delegate some or all of its duties as distributor to sub-distributors in accordance with the requirements of the Central Bank.

### **Paying Agents/Representatives**

Local laws/regulations in EEA Member States may require the appointment of paying agents/representatives/distributors/correspondent banks ("Paying Agents") and maintenance of accounts by such Paying Agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or are obliged under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to or from the Depositary (e.g. via a Paying Agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Depositary for the account of the Company or the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant Shareholder. Fees and expenses of Paying Agents appointed in respect of the Company or a Fund which will be at normal commercial rates may be borne by the Company or the Fund in respect of which a Paying Agent has been appointed.

Country supplements dealing with matters pertaining to Shareholders in jurisdictions in which Paying Agents are appointed may be prepared for circulation to such Shareholders and, if so, a summary of the

material provisions of the agreements appointing the Paying Agents will be included in the relevant country supplements.

All Shareholders of the Manager or the relevant Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by or on behalf of the Company.

### **Conflict of Interest**

The Manager, Investment Manager, the Investment Advisor, the Depositary and the Administrator, their affiliates, officers, shareholders, members, employees and agents, and any appointees of the Company (collectively “the parties”) are or may be involved in other financial, investment and professional activities or transactions which may on occasion involve or cause a potential or actual conflict of interest with the investment management and operation of the Company.

These include management of other funds, purchases and sales of securities, investment and management counselling, brokerage services, administration services, custodial services and serving as directors, officers, advisers or agents of other funds and accounts or other companies, including companies and/or funds in which the Company may invest. In particular, it is envisaged that the Investment Manager may be involved in advising and managing other investment funds which may have similar or overlapping investment objectives to or with the Company. Each of the parties will respectively ensure that the performance of their respective duties to the Company or any Fund will not be impaired by any such involvement that they may have and that any conflicts which may arise will be resolved fairly. The Directors will use reasonable endeavours to ensure that any conflict of interest is resolved fairly and in the best interests of Shareholders. In the event that there are instances where organisational or administrative arrangements for the management of conflicts of interest in place at the Company or its delegates are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interests of the relevant Fund or its Shareholders can be prevented, Shareholders will be notified of this matter by appropriate durable medium.

### **Portfolio Transactions and Investment Manager’s Share Dealing**

The Manager, the Investment Manager, the Investment Advisor, the Depositary, the Administrator and any entity related to the Manager, the Investment Manager, the Investment Advisor, the Administrator or the Depositary may:

- (i) become the owner of Shares and hold, dispose or otherwise deal with Shares; or
- (ii) deal in property of any description on their own account notwithstanding the fact that property of that description is included in the property of the Company; or
- (iii) act as principal or agent in the sale or purchase of property to or from the Depositary for the account of the Company without that person having to account to any other such person, to the Shareholders or to any of them for any profits or benefits made by or derived from or in connection with any such transaction provided that such transactions are consistent with the best interests of the Company and Shareholders in the relevant Fund and are conducted on an arm’s length basis; and are subject to;
  - (a) a certified valuation by a person approved by the Depositary (or, in the case of a transaction entered into by the Depositary, the Directors) as independent and competent; or
  - (b) execution on best terms on a organised investment exchange under their rules; or
  - (c) where (a) and (b) are not practical, execution on terms which the Depositary is (or, in the case of a transaction entered into by the Depositary, the Directors are) satisfied

conform with the principle that such transactions are conducted at arm's length and in the best interests of Shareholders in the relevant fund.

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## FEES AND EXPENSES

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### Management Fees

The Company will pay a management fee (the “Management Fee”) out of the assets of the relevant Funds to cover the management, investment management and investment advisory services provided by the Manager, the Investment Manager and the Investment Advisor respectively. The Management Fee will be allocated between the Manager, the Investment Manager and the Investment Advisor as agreed between these parties from time to time. The Management Fee shall be accrued at each Valuation Point and payable monthly in arrears at an agreed annual percentage rate of the Net Asset Value of such Fund or Class as set out in the relevant Supplement. The Manager, the Investment Manager and the Investment Advisor shall also be entitled to be reimbursed by the Company for reasonable properly vouched out of pocket expenses and vouched internal legal costs incurred by it solely on behalf of the Company and in the best interest of the Shareholders.

### Performance Fee

Each Class may charge a Performance Fee as specified in the relevant Supplement. The Performance Fee shall be allocated between the Manager, the Investment Manager and the Investment Advisor on such basis as agreed between these parties from time to time.

The Performance Fee will be a percentage of the increase in the Net Asset Value of the relevant Class over the High Water Mark during a Performance Period, disregarding any uncrystallised Performance Fee to the extent it is in Shareholders’ best interests. A Performance Hurdle may also be used to determine the Performance Fee for certain Funds. The Performance Period shall be each Accounting Period.

The “High Water Mark” ensures that, if the Class falls in value, a Performance Fee will only be payable on that part of any subsequent performance of the Class that is in excess of the current High Water Mark value.

The High Water Mark is initially the value invested in the Class, and is adjusted at each Valuation Point to take account of subscriptions, redemptions and distributions impacting the valuation at that date. The High Water Mark is increased by the value of subscriptions, reduced by the value of distributions, and prorated down by the proportion of Shares of the Class redeeming.

If the Class falls in value in relation to the High Water Mark, following payment of the Performance Fee in any previous period, all Performance Fees previously crystallised for that Class will be retained but no further Performance Fee will be charged until performance back above the High Water Mark is achieved by the Class.

The Performance Fee shall be calculated and accrue at each Valuation Point and accordingly the Net Asset Value will be adjusted to reflect such fee. Notwithstanding the foregoing, any accrued Performance Fee referable to Shares redeemed prior to the end of the Performance Period shall crystallise in due proportions on the relevant Dealing Day and become payable within 14 calendar days following such redemption.

This crystallising Performance Fee is calculated as a pro rata portion of the un-crystallised Performance Fee which forms part of the Price at which the relevant Shareholder redeemed.

A transfer of Shares that does not involve a change in beneficial ownership shall not result in a crystallisation of Performance Fees. A transfer of Shares that does result in a change of beneficial



ownership shall be treated as a redemption and subscription, resulting during the relevant Performance Period in a crystallisation of Performance Fees as at the date of transfer.

For the avoidance of doubt:

1. For the initial Performance Period of a Class, the Net Asset Value as at the commencement of the Performance Period (the “Opening NAV”) will be the initial offer price, and the High Water Mark will equal the Net Asset Value at the commencement date.
2. For Performance Periods thereafter, the Opening NAV is defined as being equal to the Net Asset Value of the relevant Class as at the date at which the last Performance Fee crystallised and became payable and, where a Performance Fee crystallised at the end of the prior Performance Period, the High Water Mark will be adjusted to match the Opening NAV at the Performance Period commencement date.

No Performance Fee will be paid/accrue until the Net Asset Value per Share exceeds High Water Mark as defined above. The Performance Fee is only payable on the increase over the High Water Mark.

The Performance Fee, if any, shall crystallise on the last Valuation Point of each Performance Period and shall become payable to and be credited to the Manager, the Investment Manager and/or the Investment Advisor. The payment of the Performance Fee, if any shall be paid as soon as practicable, and typically within 14 calendar days, after the end of the Performance Period in arrears. The Depositary shall verify the calculation of the Performance Fee, which shall not be open to manipulation, prior to payment at the end of each Performance Period.

Investors should note that where a Performance Fee is payable, it will be based on net realised and unrealised gains and losses at the end of each Performance Period; as a result, an Performance Fee may be paid on unrealised gains which may subsequently never be realised. Whilst the key objectives of the Performance Fee are to further strengthen the alignment of interest between the Investment Manager and Shareholders and to reward outperformance, the charging of a Performance Fee, if any, shall reduce the investment return of the relevant Shareholders.

### **Portfolio Support Fees**

The Investment Manager shall be entitled to receive an annual fee for providing certain middle office and operational support services to the Company (the “Portfolio Support Fee”) out of the assets of one or more Funds, accrued at each Valuation Point and payable monthly in arrears at an agreed annual percentage rate of the Net Asset Value of such Fund as set out in the relevant Supplement.

### **Administrator’s Fees**

The Administrator shall be entitled to receive out of the assets of each Fund an annual fee, based on the Net Asset Value of each Fund, as set out in the relevant Supplement.

Each Fund will bear its proportion of the fees and expenses of the Administrator.

### **Depositary’s Fees**

The Depositary shall be entitled to receive out of the assets of each Fund an annual fee, based on the number of transactions and the Net Asset Value of each Fund, as set out in the relevant Supplement.

Each Fund will bear its proportion of the fees and expenses of the Depositary.

### **Distributor’s Fees**

The Distributor shall be entitled to receive out of the assets of each Fund an annual fee, as set out in the relevant Supplement.

Each Fund will bear its proportion of the fees and expenses of the Distributor.

### **Paying Agents Fees**

Fees and expenses of any Paying Agents appointed in respect of the Company or a Fund which will be at normal commercial rates may be borne by the Company or the Fund in respect of which a Paying Agent has been appointed.

All Shareholders of the Company or the relevant Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by or on behalf of the Company.

### **Sales Commissions**

Shareholders may be subject to a sales commission calculated as a percentage of subscription monies as specified in the relevant Supplement subject to a maximum of 5%. Such commission may be charged as a preliminary once off charge. Details of any sales commission payable shall be specified in the relevant Supplement. The sales commission may be payable to the Investment Manager.

### **Redemption Fee**

Shareholders may be subject to a redemption fee calculated as a percentage of redemption monies as specified in the relevant Supplement subject to a maximum of 3%. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

### **Conversion Fee**

The Constitution authorises the Directors to charge a fee on the conversion of Shares in any Fund to Shares in another Fund up to a maximum of 5% of Net Asset Value of Shares in the original Fund.

### **Directors' Fees**

The Constitution authorises the Directors to charge a fee for their services at a rate determined by the Directors from time to time. The maximum fee per Director is £25,000 per annum which fee may, in accordance with the requirements of the Central Bank, be increased by resolution of the Directors. All Directors will be entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties.

### **Establishment Expenses**

The cost of establishing the Company, obtaining authorisation from any authority, filing fees, the preparation and printing of this Prospectus, marketing costs and the fees of all related professionals was borne by the Company and amortised over the first five years of the Company's operation and charged to the first Funds (including at the discretion of the Directors subsequent Funds established by the Company within such period) on such terms and in such manner as the Directors may at their discretion determine. The cost of establishing subsequent funds will be charged to the relevant Fund.

### **Use of Third Party Research and Other Services**

The Investment Manager may use research from brokers or a third party research provider ("third party research"). The costs of third party research may be allocated by the Investment Manager on a fair basis among its clients (or groups of its clients) including each Fund (each such allocation a "research charge"). Any such cost allocations will be based on a written policy and annual research budget set by the Investment Manager and agreed by the Manager and the Directors and an assessment of the potential value of third party research to the Investment Manager and such clients. Research charges may be paid into a separate research payment account controlled by the Investment Manager. The Investment Manager may delegate the administration of such account to a third party and arrange for payments to be credited to it in such manner as the Investment Manager considers appropriate. This may include

deducting the research charge directly from the relevant Fund's assets and then transferring it into the research payment account at periodic intervals. The purchase of third party research will be subject to control and oversight by the Investment Manager designed to ensure that the research budget is managed and used in the interests of its clients and will include regularly assessing the quality of the research purchased.

Each Fund will separately reimburse the Investment Manager for expenses incurred by the Investment Manager in obtaining market data, corporate access, analysis, pricing and valuation services and/or other similar information and/or services for the Fund, up to a maximum amount as set out in the relevant Fund Supplement.

### **Other Expenses**

The Manager, the Investment Manager, the Investment Advisor, the Depositary and the Administrator are entitled to recover reasonable out-of-pocket expenses (plus value added tax, if any, thereon), incurred in the performance of their duties out of the assets of the Company.

The Company will bear all its operating costs, expenses and fees, including but not limited to:-

- (i) all clerical expenses and stamp duty (other than any payable by an applicant for Shares or a Shareholder) or other tax or duty which may be levied or payable from time to time on or in respect of any Fund or any Class of Shares or on creation, issue or redemption of Shares or any Class of Shares or arising in any other circumstance;
- (ii) all brokerage, stamp, fiscal and purchase or fiscal and sale charges and expenses arising on any acquisition or disposal of investments;
- (iii) all expenses incurred in relation to the registration of any investments into and transfer of any investments out of the name of a Fund or the Depositary, or any sub-custodian or their nominees or the holding of any investment or the custody of investments and/or any documents or title thereto (including bank charges, insurance of documents of title against loss in shipment, transit or otherwise) and charges made by the registrar or agents of the Depositary or any sub-custodian for acceptance of documents for safe custody, retention and/or delivery;
- (iv) all expenses incurred in the collection of income and administration of the Funds;
- (v) all costs and expenses of Shareholders' meetings and preparing resolutions of Shareholders;
- (vi) all taxation payable in respect of the holding of or dealings with or income from a Fund relating to that Fund's property and in respect of allocation and distribution of income to Shareholders other than tax of Shareholders or tax withheld on account of Shareholders' tax liability;
- (vii) all commissions, charges, stamp duty, value added tax and other costs and expenses of or incidental to any acquisition, holding, realisation or other dealing in investments of any nature whatsoever and including any foreign exchange options, financial futures or of any other derivative instruments or the provision of cover or margin therefor or in respect thereof or in connection therewith;
- (viii) all stationery, telephone, facsimile, printing, translation and postage costs in connection with the preparation, publication and distribution of the Net Asset Value, any cheques, warrants, tax certificates, statements, accounts and reports made, issued or despatched;
- (ix) all legal and other professional advisory fees, including but not limited to the fees and expenses of the Company's auditors and company secretarial fees;
- (x) all investment research fees;

- (xi) any statutory fees payable, including any fees payable to the Companies Registration Office, the Central Bank or to any regulatory authority in any country or territory, the costs and expenses (including legal, accountancy and other professional charges and printing costs) incurred in meeting on a continuing basis the notification, registration and other requirements of each such regulatory authority, and any fees and expenses of representatives or facilities agents in any such other country or territory;
- (xii) all fees and costs relating to the listing or de-listing of Shares in any Fund or any Class of Shares on any stock exchange;
- (xiii) all fees and costs relating to a scheme of reconstruction and amalgamation (to the extent it has not been agreed that such expenses should be borne by other parties) under which any Fund acquires property;
- (xiv) any interest on any borrowings of the Company;
- (xv) all expenses and fees relating to any marketing material, services, advertisements and the distribution of the Company and the Shares issued or to be issued, any periodic update of the Prospectus or any other documentation relating to the Company;
- (xvi) any Directors' insurance premia; and
- (xvii) all costs and expenses incurred by the Company, the Funds, the Manager, the Depositary, the Investment Manager, the Administrator and any of their appointees which are permitted by the Constitution (including all set up expenses).

With respect to the investment research fees referenced above, the Investment Manager may purchase third party research from brokers or a third party research provider and may allocate the costs for such research to the Company and the Funds. The Investment Manager's policy on the purchase of such third party research is summarized in each Supplement under the heading "Use of Third Party Research and Other Services".

### **Allocation of Fees and Expenses**

All fees, expenses, duties and charges will be charged to the relevant Fund and within such Fund to the Classes in respect of which they were incurred. Where an expense is not considered by the Directors to be attributable to any one Fund, the expense will normally be allocated to all Funds in proportion to the Net Asset Value of the Funds or attributable to the relevant Class or otherwise on such basis as the Directors deem fair and equitable. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees or expenses on an estimated figure for yearly or other periods in advance and accrue them in equal proportions over any period.

### **Maximum Fees**

For any Fund or Class, the Manager and/or Investment Manager and/or Investment Advisor may agree to reimburse the relevant Fund or Class in circumstances where total expenses exceed a specified amount as set out in the relevant Supplement.

### **Fee Increases**

The rates of fees for the provision of services to any Fund or Class may be increased within the maximum levels stated above so long as advance written notice of the new rate(s) is given to Shareholders of the relevant Fund or Class.

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## SUBSCRIPTION, REDEMPTION AND CONVERSION OF SHARES

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### Subscription

Shares may be issued on any Dealing Day in respect of a Fund or Class.

Shares issued in a Fund or Class will be in registered form and denominated in the Base Currency specified in the relevant Supplement for the relevant Fund or a currency attributable to the particular Class.

Shares will have no par value and will first be issued on the first Dealing Day after expiry of the initial offer period specified in the relevant Supplement at the Initial Price as specified in the relevant Supplement. Thereafter, Shares shall be issued at prices calculated with reference to the Net Asset Value per Share calculated as at the Valuation Point for the relevant Dealing Day.

Details of Dealing Days and Valuation Points are set out in the relevant Supplement.

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. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

The Directors may decline to accept any application for Shares without giving any reason and may restrict the ownership of Shares by any person, firm or corporation in certain circumstances including where such ownership would be in breach of any regulatory or legal requirement or might affect the tax status of the Company or might result in the Company suffering certain disadvantages which it might not otherwise suffer.

Any restrictions applicable to a particular Fund or Class shall be specified in the relevant Supplement for such Fund or Class. Any person who holds Shares in contravention of restrictions imposed by the Directors or, by virtue of his holding, is in breach of the laws and regulations of any applicable jurisdiction or whose holding could, in the opinion of the Directors, cause the Company to incur any liability to taxation or to suffer any pecuniary disadvantage which it or the Shareholders as a whole might not otherwise have incurred or sustained or otherwise in circumstances which the Directors believe might be prejudicial to the interests of the Shareholders, shall indemnify the Company, the Manager, the Investment Manager, the Investment Advisor, the Distributor, the Depositary, the Administrator and Shareholders for any loss suffered by it or them as a result of such person or persons acquiring or holding Shares in the Company.

The Directors have power under the Constitution to compulsorily redeem and/or cancel any Shares held or beneficially owned in contravention of any restrictions imposed by them or in breach of any law or regulation.

Person will be required to provide such representations, warranties or documentation as may be required to ensure that these requirements are met prior to the issue of Shares.

The Company intends to limit the issue and transfer of Shares in each Fund, and may exercise its right to compulsorily redeem Shares, to the extent necessary, to prevent Benefit Plan Investors from owning 25% or more of the Shares in any Class, and consequently to prevent the underlying assets of the Company, each Fund or Class from being treated as "plan assets" of any plan investing in a Fund or Class.

None of the Company, the Manager, the Investment Manager, the Investment Advisor, the Administrator, the Distributor or the Depositary or any of their respective directors, officers, employees or agents will be responsible or liable for the authenticity of instructions from Shareholders reasonably believed to be genuine and shall not be liable for any losses, costs or expenses arising out of or in conjunction with any unauthorised or fraudulent instructions. The Administrator shall, however, employ reasonable procedures to confirm that instructions are genuine.

### **Application for Shares**

The terms and conditions applicable to an application for the issue of Shares in a Fund or Class and the Initial Price thereof together with subscription and settlement details and procedures and the time for receipt of applications will be specified in the Supplement for the relevant Fund or Class. Application Forms may be obtained from the Administrator. The Minimum Subscription and Minimum Holding for Shares are set out in the Supplement for each Fund.

The Directors reserve the right to reject any application in whole or in part, in which event the application monies or any balance thereof will be returned to the applicant without interest at its own risk within a reasonable period following the expiry of the relevant Initial Offer Period or subscription Dealing Day.

### *In Specie Subscriptions*

The Directors, at their discretion, reserve the right to accept subscriptions satisfied by way of in specie transfers of assets, the nature of which shall be within the investment objective and policies and restrictions of the relevant Fund.

An in specie subscription that meets the investment criteria will be valued by the Directors in accordance with the valuation procedures of the Company set out under the heading "Calculation of Net Asset Value".

The Directors reserve the right to decline to register any prospective investor on the register of Shareholders until the subscriber has been able to prove title to the assets in question and make a valid transfer thereof. Unless otherwise determined by the Directors, any in specie transfer will be at the investor's risk and the costs of such a transfer will be borne by the investor. Shares will not be issued until the investments have been vested or arrangements are made to vest the investments with the Depositary or its sub-custodian to the Depositary's satisfaction, and the number of Shares to be issued will not exceed the amount that would be issued if cash equivalent of investments had been invested and the Depositary is satisfied that the terms of such exchange shall not be such as are likely to result in any material prejudice to the existing Shareholders. Any prospective investor wishing to subscribe for Shares by a transfer in specie of assets will be required to comply with any administrative and other arrangements required for the transfer of assets specified by the Depositary and the Administrator.

### *Anti-Money Laundering Procedures*

Measures aimed at the prevention of money laundering may require a detailed verification of the investor's identity to the Administrator or the Company. The Administrator and the Company each reserve the right to request such information as is necessary to verify the identity of an investor and will not accept subscription monies from an investor until verification of identity is completed to their satisfaction. In the event of delay or failure by the investor to produce any information required for verification purposes, the Administrator or the Company may refuse to accept the application and subscription monies and/or there may be a delay in the processing/investing of subscription monies. The Administrator on behalf of the Company may reject any application in whole or in part without giving any reason for such rejection in which event the subscription monies or any balance thereof will be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account or by post at the applicant's risk.

Notwithstanding that subscription monies have come from a designated body within a prescribed country recognised by Ireland as having equivalent anti-money laundering regulations, evidence of identity must be established in accordance with the relevant anti-money laundering requirements which are advised to potential investors prior to application.

By way of example, an individual will be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, a credit institution or bank, the police or the ambassador in his country of residence, together with evidence of his address such as a utility bill or bank statement. In the case of corporate applicants, this will require production of a certified copy of the certificate of incorporation (and any change of name), bye-laws, memorandum and articles of association (or equivalent), or trust deed in the case of a trust.

### *Data Protection Information*

Information on how the Company may collect and process an investor's personal data is set out in the Company's privacy notice, which forms part of the Company's Application Form and is otherwise made available to investors from time to time.

### *Eligible Investors*

Each prospective investor is required to certify that Shares of the relevant Fund are not being acquired directly or indirectly for the account or benefit of a "Restricted Person" and such applicants will not sell or offer to transfer or sell Shares of the relevant Fund to a Restricted Person unless the Directors give their prior approval. "Restricted Person" as used in this Prospectus currently means any (i) U.S. Person (as defined under "General Information" below) and (ii) any person whose holding of Shares might result in legal, pecuniary, tax, regulatory or material administrative disadvantage to the Company or Fund or their respective Shareholders.

The Company reserves the right to accept applications for Shares of each Fund from certain qualified investors in the United States if the Company receives evidence satisfactory to it that the sale of Shares of the relevant class to such an investor is exempt from registration under the securities laws of the United States, that such sale will not require the Company to register under the 1940 Act and, in all events, that there will be no adverse tax or other consequences to the Company or its Shareholders, in the judgement of the Directors, as a result of such sale. If and when permitted, U.S. Persons subscribing on this basis should receive a supplemental disclosure document and will be required to complete a set of additional subscription documents.

## **Redemption of Shares**

### *General*

Shareholders may redeem their Shares on and with effect from any Dealing Day at a price calculated with reference to the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day in accordance with the procedures specified in the relevant Supplement (save during any period when the calculation of Net Asset Value is suspended).

The minimum value of Shares which may be redeemed in any one redemption transaction is specified in the relevant Supplement for each Fund or Class. If the redemption of part only of a Shareholder's shareholding would leave the Shareholder holding less than the Minimum Holding for the relevant Fund, the Directors or their delegates may, if it thinks fit, redeem the whole of that Shareholder's holding.

In circumstances where there is outstanding documentation on behalf of a Shareholder, the Administrator will process any redemption request received but may be unable to release the redemption proceeds to the former Shareholder. However, as the investor upon redemption is no longer the holder of the Shares in the Fund the proceeds of that redemption shall remain an asset held on behalf of the

relevant Fund and the investor will rank as a general creditor of the Fund until such time as the Administrator is satisfied that its anti-money laundering procedures have been fully complied with, following which the redemption proceeds will be released. To avoid delays in the payment of redemption proceeds, issues in relation to outstanding documentation should be addressed promptly by investors.

Shares will not receive or be credited with any dividend declared on or after the Dealing Day on which they were redeemed.

#### *Deferral of Redemption Requests*

If the number of Shares of a Fund to be redeemed on any Dealing Day equals 10% or more of the total number of Shares of that Fund in issue on that day, the Directors or their delegate may at their discretion refuse to redeem any Shares of that Fund in excess of 10% of the total number of Shares of that Fund in issue as aforesaid and, if they so refuse, the requests for redemption on such Dealing Day shall be reduced pro rata and Shares of that Fund which are not redeemed by reason of such refusal shall be treated as if a request for redemption had been made in respect of each subsequent Dealing Day until all Shares of that Fund to which the original request related have been redeemed. Redemption requests which have been carried forward from an earlier Dealing Day shall (subject always to the foregoing limits) be reduced rateably and shall be treated as if they were received on each subsequent dealing day until all Shares to which the original request related have been redeemed.

#### *Redemption in Specie*

The Directors may, with the consent of the redeeming Shareholder, satisfy any request for redemption of Shares by the transfer in specie to those Shareholders of assets of the relevant Fund having a value equal to the redemption price for the Shares redeemed as if the redemption proceeds were paid in cash less any redemption charge and other expenses of the transfer.

Where such request for redemption represents 5% or more of the Net Asset Value of the relevant Fund, the Directors may at their sole discretion satisfy the request for redemption of Shares by the transfer in specie to those Shareholders of assets of the relevant Fund having a value equal to the redemption price for the Shares redeemed as if the redemption proceeds were paid in cash less any redemption charge and other expenses of the transfer. If requested, the Directors will in turn request the sale of any asset or assets proposed to be distributed in specie and the distribution to such Shareholder of the cash proceeds of such sale, the costs of which shall be borne by the relevant Shareholder.

In the case of redemption in specie, asset allocation will be subject to the approval of the Depositary.

#### *Compulsory Redemption of Shares/Deduction of Tax*

Shareholders are required to notify the Administrator through whom Shares have been purchased immediately if they become U.S. Persons or persons who are otherwise subject to restrictions on ownership imposed by the Directors (such as Benefit Plan Investors) and such Shareholders may be required to redeem or transfer their Shares. The Company may redeem any Shares which are or become owned, directly or indirectly, by or for the benefit of any person in breach of any restrictions on ownership from time to time specified by the Directors or if the holding of Shares by any person is unlawful or is likely to result or results in any tax, fiscal, legal, regulatory, pecuniary liability or disadvantage or material administrative disadvantage to any of the Company, Shareholders as a whole or any Fund or by any person who holds less than the Minimum Holding or does not supply any information or declaration required under the Constitution within seven days of a request to do so. Any such redemption will be effected on a Dealing Day at the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day on which the Shares are to be redeemed. The Company may apply the proceeds of such compulsory redemption in the discharge of any taxation or withholding tax arising as a result of the holding or beneficial ownership of Shares by a Shareholder including any interest or penalties payable thereon. The attention of investors is drawn to the section of the Prospectus



under the heading “Taxation” which details circumstances in which the Company shall be entitled to deduct from payments to Shareholders who are resident or ordinarily resident in Ireland amounts in respect of liability to Irish taxation including any penalties and interest thereon and/or compulsorily redeem Shares to discharge such liability. Relevant Shareholders will indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of an event giving rise to a charge to taxation.

#### *Total Redemption of Shares*

All of the Shares of any Class or any Fund may be redeemed:

- (a) on the giving by the Company of not less than four nor more than twelve weeks' notice expiring on a Dealing Day to Shareholders of its intention to redeem such Shares; or
- (b) if the holders of 75% in value of the relevant Class or Fund resolve at a meeting of the Shareholders duly convened and held that such Shares should be redeemed.

#### **Conversion of Shares**

Subject to the Minimum Subscription and Minimum Holding of the relevant Fund or Classes, Shareholders may convert some or all of their Shares in one Fund or Class ("the Original Fund") to Shares in another Fund or Class or another Class in the same Fund ("the New Fund") in accordance with the formula and procedures specified below. Applications for conversion of Shares should be made to the Administrator by facsimile or written communication and should include such information as may be specified from time to time by the Directors or their delegate. Requests for conversion should be received prior to the earlier of the Dealing Deadline for redemptions in the Original Fund and the Dealing Deadline for subscriptions in the New Fund. Any applications received after such time will be dealt with on the next Dealing Day which is a Dealing Day for the relevant Fund, unless the Directors in their absolute discretion otherwise determine provided always that any such application has been received prior to the relevant Valuation Point. Conversion requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

Where a conversion request would result in a Shareholder holding a number of Shares of either the Original Fund or the New Fund which would be less than the Minimum Holding for the relevant Fund, the Company or its delegate may, if it thinks fit, convert the whole of the holding in the Original Fund to Shares in the New Fund or refuse to effect any conversion from the Original Fund.

Fractions of Shares which shall not be less than 0.01 of a Share may be issued by the Company on conversion where the value of Shares converted from the Original Fund are not sufficient to purchase an integral number of Shares in the New Fund and any balance representing less than 0.01 of a Share will be retained by the Company in order to defray administration costs.

The number of Shares of the New Fund to be issued in conversion shall be determined by the Directors in accordance (or as nearly as may be in accordance) with the following formula:-

$$S = \frac{(R \times NAV \times ER) - F}{SP}$$

where

S is the number of Shares of the New Fund to be allotted.

R is the number of Shares in the Original Fund to be redeemed.

NAV is the Net Asset Value per Share of the Original Fund at the Valuation Point on the relevant Dealing Day.

ER is the currency conversion factor (if any) as determined by the Administrator.

F is the conversion fee (if any) of up to 5% of the Net Asset Value of the Shares to be issued in the New Fund.

SP is the Net Asset Value per Share of the New Fund at the Valuation Point on the relevant Dealing Day.

#### *Conversion Fee*

The Directors are empowered to charge a conversion fee of up to 5% of the Net Asset Value per Share to be issued in the Fund into which conversion has been requested as specified in the relevant Supplement.

#### *Withdrawal of Conversion Requests*

Conversion requests may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of a suspension of calculation of the Net Asset Value of the Fund(s) in respect of which the conversion request was made.

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## CALCULATION OF NET ASSET VALUE AND SUBSCRIPTION AND REDEMPTION PRICES

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### Calculation of Net Asset Value

The Net Asset Value of each Fund or, if there are different Classes within a Fund, each Class will be calculated by the Administrator as at the Valuation Point on or with respect to each Dealing Day in accordance with the Constitution.

The Net Asset Value of a Fund shall be determined as at the Valuation Point for the relevant Dealing Day by valuing the assets of the relevant Fund (including income accrued but not collected) and deducting the liabilities of the relevant Fund (including a provision for duties and charges, accrued expenses and fees and other liabilities).

1. In determining the Net Asset Value of the Company and each Fund:-
  - (a) Securities which are quoted, listed or traded on a Recognised Exchange save as hereinafter provided at (d) below will be valued at the last reported trade quoted on such exchange or, if not available, at the closing mid-market prices (i.e. the mid-price between the latest bid and offer prices). Where a security is listed or dealt in on more than one Recognised Exchange the relevant exchange or market shall be the principal stock exchange or market on which the security is listed or dealt. Investments listed or traded on a Recognised Exchange, but acquired or traded at a premium or at a discount outside or off the relevant exchange or market may be valued taking into account the level of premium or discount at the Valuation Point provided that the Depositary shall be satisfied that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.
  - (b) The value of any security which is not quoted, listed or dealt in on a Recognised Exchange or which is so quoted, listed or dealt but for which no such quotation or value is available or the available quotation or value is not representative of the fair market value shall be the probable realisation value as estimated with care and good faith by (i) the Directors or (ii) a competent person, firm or corporation appointed by the Directors and approved for the purpose by the Depositary or (iii) any other means provided that the value is approved by the Depositary. Where reliable market quotations are not available for fixed income securities the value of such securities may be determined using matrix methodology compiled by the Directors whereby such securities are valued by reference to the valuation of other securities which are comparable in rating, yield, due date and other characteristics.
  - (c) Cash in hand or on deposit will be valued at its nominal value plus accrued interest, where applicable, to the end of the relevant day on which the Valuation Point occurs.
  - (d) Notwithstanding paragraph (a) above units in collective investment schemes shall be valued at the latest available net asset value per unit or bid price as published by the relevant collection investment scheme or, if listed or traded on a Recognised Exchange, in accordance with (a) above, provided that, the same valuation method used in determining the value of units in a collective investment scheme in the first instance continues to be applied throughout the life of such securities.
  - (e) Forward foreign exchange contracts will be valued by reference to freely available market quotations.

- (f) The value of any futures contracts and options which are dealt in on a Recognised Exchange shall be calculated at that day's settlement price as determined by the market in question, provided that where it is not the practice of the relevant market to quote an official closing price or if such official closing price is not available for any reason, such value shall be the probable realisable value thereof estimated with care and in good faith by the Directors or a competent person approved for the purpose by the Depositary.
  - (g) The value of any OTC derivative contracts shall be:
    - (i) the quotation from the counterparty provided that such quotation is provided on at least a daily basis and verified at least weekly by a person independent of the counterparty and who is approved for the purpose by the Depositary; or
    - (ii) an alternative method of valuation as the Directors may determine in accordance with the requirements of the Central Bank. This may be calculated by the Company or an independent pricing vendor (which may be a party related to but independent of the counterparty which does not rely on the same pricing models employed by the counterparty) provided that where an alternative valuation is used (i.e. a valuation is that provided by a competent person appointed by the Directors and approved for that purpose by the Depositary (or a valuation by any other means provided that the value approved by the Depositary), the valuation principles employed must follow best international practice established by bodies such as IOSCO (International Organisation of Securities Commission) and AIMA (the Alternative Investment Management Association) and any such valuation shall be reconciled to that of the counterparty on a monthly basis. Where significant differences arise on the monthly reconciliation, these will be promptly investigated and explained.
  - (h) The Directors may, with the approval of the Depositary, adjust the value of any investment if having regard to its currency, marketability, applicable interest rates, anticipated rates of dividend, maturity, liquidity or any other relevant considerations, they consider that such adjustment is required to reflect the fair value thereof.
  - (i) Any value expressed otherwise than in the Base Currency of the relevant Fund shall be converted into the Base Currency of the relevant Fund at the exchange rate which the Directors shall determine to be appropriate.
  - (j) If the Directors deem it necessary a specific security may be valued under an alternative method of valuation approved by the Depositary.
2. In calculating the value of assets of the Company and each Fund the following principles will apply:
- (a) every Share issued prior to the relevant Valuation Point and not cancelled shall be deemed to be in issue and a Fund shall be deemed to include the value of any cash or other property to be received in respect of each such Share after deducting therefrom or providing thereout the initial charge and adjustment (if any), and any monies payable out of that Fund;
  - (b) where, in consequence of any notice or redemption request duly given, a redemption of that Fund by cancellation of Shares has been or is to be effected prior to the relevant Valuation Point but payment in respect of such redemption has not been completed, the Shares in question shall be deemed not to be issued and any amount payable in cash or investments out of that Fund in pursuance of such redemption shall be deducted;

- (c) where investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such investments shall be included or excluded and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed;
- (d) there shall be added to the assets of the relevant Fund any actual or estimated amount of any taxation of a capital nature which may be recoverable by the Company which is attributable to that Fund;
- (e) there shall be added to the assets of each relevant Fund a sum representing any unamortised expenses and a sum representing any interest, dividends or other income accrued;
- (f) there shall be added to the assets of each relevant Fund the total amount (whether actual or estimated by the Directors or their delegate) of any claims for repayment of any taxation levied on income or capital gains including claims in respect of double taxation relief; and
- (g) there shall be deducted from the assets of the relevant Fund:
  - (i) the total amount of any actual or estimated liabilities properly payable out of the assets of the relevant Fund including any and all outstanding borrowings of the Company in respect of the relevant Fund, interest, fees and expenses payable on such borrowings and any estimated liability for tax and such amount in respect of contingent or projected expenses as the Directors consider fair and reasonable as of the relevant Valuation Point;
  - (ii) such sum in respect of tax (if any) on income or capital gains realised on the investments of the relevant Fund as in the estimate of the Directors will become payable;
  - (iii) the amount (if any) of any distribution declared but not distributed in respect thereof;
  - (iv) the remuneration of the Administrator, the Depositary, the Investment Manager, any distributor and any other providers of services to the Company accrued but remaining unpaid together with a sum equal to the value added tax chargeable thereon (if any);
  - (v) the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable out of the assets of the relevant Fund (including all establishment, operational and ongoing administrative fees, costs and expenses) as of the relevant Valuation Point;
  - (vi) an amount as of the relevant Valuation Point representing the projected liability of the relevant Fund in respect of costs and expenses to be incurred by the relevant Fund in the event of a proposed liquidation;
  - (vii) an amount as of the relevant Valuation Point representing the projected liability of the relevant calls on Shares in respect of any options written by the relevant Fund or Class of Shares; and
  - (viii) any other liability which may properly be deducted.

In the absence of negligence, fraud or wilful default, every decision taken by the Directors or any committee of the Directors or any duly authorised person on behalf of the Company in calculating the

Net Asset Value of a Fund or Class or the Net Asset Value per Share shall be final and binding on the Company and on present, past or future Shareholders. The Administrator is authorised to consult with the Investment Manager in connection with, the determination of Net Asset Value and the Net Asset Value per Share of each Class of each Fund

### **Calculation of Net Asset Value Per Share**

The Net Asset Value attributable to a Class shall be determined as at the Valuation Point for the relevant Dealing Day by calculating that portion of the Net Asset Value of the relevant Fund attributable to the relevant Class subject to adjustment to take account of assets and/or liabilities attributable to the Class. The Net Asset Value of a Fund will be expressed in the Base Currency of that Fund, or in such other currency as the Directors may determine either generally or in relation to a particular Class or in a specific case.

The Net Asset Value per Share shall be calculated as at the Valuation Point on or with respect to each Dealing Day by dividing the Net Asset Value of the relevant Fund or attributable to a Class by the total number of Shares in issue in that Fund or Class at the relevant Valuation Point and rounding the resulting total to four decimal places.

### **Publication of Net Asset Value per Share**

When calculated, the Net Asset Value will be published as specified under the heading “The Company”.

### **Single Swinging Pricing**

Shares will be issued and redeemed at a single price (the “Price”) (excluding subscription or redemption charges, if any) which will be the Net Asset Value per Share, which may, at the Directors’ discretion and as set forth in the relevant Supplement, be adjusted on any Dealing Day in the manner set out below, depending on whether or not a Fund is in a Net Subscription Position or in a Net Redemption Position on such Dealing Day, to arrive at the Price. Where there is no dealing on a Fund or Share Class of a Fund on any Dealing Day, the Price will be the unadjusted Net Asset Value per Share rounded to four decimal places. The basis on which the assets of each Fund are valued for the purposes of calculating the Net Asset Value per Share is set out above. This provides that listed investments will be valued based on the closing mid-market price of such investment. However, the actual cost of purchasing or selling assets and investments for a Fund may deviate from the mid-market price used in calculating the Net Asset Value per Share due to dealing charges, taxes and other similar costs (“Duties and Charges”) and from the difference between buying and selling prices of the underlying investments (“Spreads”). These costs have an adverse effect on the value of a Fund and are known as "dilution".

The dilution adjustment will involve adding to, when the Fund is in a Net Subscription Position, and deducting from, when the Fund is in a Net Redemption Position, the Net Asset Value per Share such figure as the Directors consider represents an appropriate figure to meet Duties and Charges and Spreads. The resultant amount will be the Price rounded to four decimal places. Where a dilution adjustment is made, it will increase the Price when the Fund is in a Net Subscription Position and decrease the Price when the Fund is in a Net Redemption Position. The Price of each Class in the Fund will be calculated separately but any dilution adjustment will in percentage terms affect the Price of each Class in an identical manner. If there are redemptions and the dilution adjustment is not made, there may be an adverse impact on the total assets of a Fund.

### **Suspension of Valuation of Assets**

The Directors may at any time and from time to time temporarily suspend the determination of the Net Asset Value of any Fund or attributable to a Class and/or the issue, conversion and redemption of Shares in any Fund or Class during:

- (a) the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the Recognised Exchanges on which the relevant Fund's investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted; or
- (b) the whole or part of any period when circumstances outside the control of the Directors exist as a result of which any disposal or valuation of investments of a Fund is not reasonably practicable or would be detrimental to the interests of Shareholders or it is not possible to transfer monies involved in the acquisition or disposal of investments to or from the relevant account of the Company; or
- (c) the whole or any part of any period when any breakdown occurs in the means of communication normally employed in determining the value of a Fund's investments; or
- (d) the whole or any part of any period when for any reason the value of any of a Fund's investments cannot be reasonably, promptly or accurately ascertained;
- (e) the whole or any part of any period when subscription proceeds cannot be transmitted to or from the account of any Fund or the Company is unable to repatriate funds required for making redemption payments or when such payments cannot, in the opinion of the Directors, be carried out at normal rates of exchange; or
- (f) upon mutual agreement between the Company and the Depositary for the purpose of winding up the Company or terminating any Fund; or
- (g) any other reason makes it impossible or impracticable to determine the value of a substantial portion of the Investments or the Company or any Fund.

Any suspension of valuation shall be notified to the Central Bank and the Depositary without delay and, in any event, within the same Dealing Day and where relevant may be published in the Financial Times. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

The Central Bank may also require that the Company temporarily suspends the determination of the Net Asset Value and/or the issue and redemption of Shares in a Fund if it decides that it is in the best interests of the general public and the Shareholders to do so.

No Shares in a Fund may be issued (other than those which have already been allotted) nor may Shares in a Fund be redeemed during a period of suspension. In the event of suspension, a Shareholder of the relevant Fund may withdraw his redemption request provided that such withdrawal is actually received before the termination of the period of suspension. Where the request is not so withdrawn, the day with reference to which the redemption of the Shares of the relevant Fund will be effected will (if later than the day in which the redemption would otherwise have been effected if there had been no suspension) be the applicable redemption Dealing Day next following the end of the suspension.

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## TAXATION

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### General

The following is of a general nature and does not purport to deal with all of the tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. Shareholders and potential investors should consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.

The following general statements on taxation are based on advice received by the Directors regarding the law and practice in force in Ireland, the UK and the USA at the date of this Prospectus. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the date of this Prospectus will apply at any other date.

### Ireland

#### Taxation of the Company in Ireland

The Company intends to conduct its affairs so that it is resident in Ireland for tax purposes. On the basis that the Company is Irish tax resident, the Company qualifies as an ‘investment undertaking’, as defined in Section 739B(1) of the Taxes Acts and, consequently, is exempt from Irish tax on its income and gains. On the basis that the Company is a UCITS it is outside the scope of Part 27 Chapter 1B of the Taxes Acts dealing with Irish real estate funds.

However, tax can arise on the happening of a “chargeable event” in the Company. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation or transfer of Shares. A “chargeable event” also includes the appropriation or cancellation of Shares of a Shareholder by the Company for the purposes of meeting the amount of the tax payable on a gain arising on a transfer of an entitlement to a Share. It also includes “Deemed Disposals” as outlined below, regardless of whether the Shares have been encashed, redeemed, cancelled or transferred.

No tax will arise on the Company in respect of chargeable events in respect of a Shareholder who is neither Irish resident nor Irish ordinarily resident at the time of the chargeable event provided that a Relevant Declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is not or is no longer materially correct, or provided a written notice of approval from the Irish Revenue Commissioners to the effect that a Relevant Declaration is deemed to be in place has been provided to the Company and not withdrawn (a “Non-Irish Shareholder”). In the absence of a Relevant Declaration, or a written notice of approval from the Revenue Commissioners, there is a presumption that the Shareholder is Irish resident or Irish ordinarily resident and shall be treated as an Irish Taxable Shareholder (as outlined below).

A chargeable event does not include:

- an exchange by a Shareholder, effected by way of an arm’s length bargain where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company;
- any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised Clearing System as designated by order of the Irish Revenue Commissioners;



- a transfer by a Shareholder of the entitlement to a Share where the transfer is between spouses/civil partners and former spouses/civil partners, on the occasion of judicial separation, decree of dissolution and/or divorce as appropriate;
- an exchange of Shares arising on a qualifying amalgamation or reconstruction of the Company with another investment undertaking (within the meaning of Section 739H or Section 739HA of the Taxes Act);
- any exchange of Shares arising on a scheme of amalgamation or reconstruction (within the meaning of Section 739D(8C) of the Taxes Act), subject to certain conditions;
- any exchange of Shares arising on a scheme of migration and amalgamation (within the meaning of Section 739D(8D) of the Taxes Act), subject to certain conditions; or
- any transaction in relation to, or in respect of, relevant Shares in an investment undertaking which transaction only arises by virtue of a change of court funds manager for that undertaking.

If the Company becomes liable to account for tax where a chargeable event occurs, the Company shall be required to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax and/or where applicable, to appropriate or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares as are required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of a chargeable event if no such deduction, appropriation or cancellation has been made.

Deemed Disposals, as described below, will also constitute a chargeable event. To the extent that any tax arises on such a chargeable event, such tax will be allowed as a credit against any tax payable on the subsequent encashment, sale, cancellation or transfer of the relevant Shares. In relation to other Irish Shareholders (as described below), the Company has the option of electing to value the Shares at bi-annual dates (meaning 30 June or 31 December) rather than at the date of the Deemed Disposal itself. Therefore, the Company, may make an irrevocable election to allow the Shares in the calculation of the gain on a Deemed Disposal for Irish Taxable Shareholders (being an Irish resident or Irish ordinarily resident Shareholder which is not an Exempt Irish Shareholder as outlined below) to be valued at the later of the previous 30 June or 31 December prior to the date of the deemed disposal rather than at the date of the deemed disposal itself.

Where less than 10% of the net asset value of Shares in the Company, or a relevant Fund, is held by Irish Taxable Shareholders, the Company may elect not to deduct tax from any gain arising from a Deemed Disposal of Shares in the Company provided it has advised the Irish Revenue Commissioners of this election, and provides the relevant details in relation to the Irish resident Shareholders to Irish Revenue Commissioners, in accordance with the legislative requirements. Where the Company intends to make this election, it must notify all Irish Shareholders, who will then be required to account for the tax liability arising on a self-assessment basis.

Where less than 15% of the net asset value of Shares in the Company, or a relevant Fund, is held by Irish Taxable Shareholders the Company may elect not to repay Shareholders any overpaid tax (should an excess payment of tax arise on the redemption of Shares as a result of tax paid on an earlier Deemed Disposal) and as such Shareholders must seek repayment of any overpaid tax directly from the Irish Revenue Commissioners. Shareholders should contact the Company/Administrator to ascertain whether the Company has made such an election in order to establish whether they must seek repayment of any overpaid tax directly from the Irish Revenue Commissioners.

Please see the “Shareholders” section below dealing with the tax consequences for the Company and the Shareholders of chargeable events in respect of:-

- Non-Irish Shareholders;

- Exempt Irish Shareholders; and
- Irish Taxable Shareholders.

Dividends received by the Company from investment in Irish equities may be subject to Irish dividend withholding tax at the standard rate of income tax (currently 20%). However, the Company can make a declaration to the payer that it is an investment undertaking within the meaning of Section 739B of the Taxes Act beneficially entitled to the dividends which will entitle the Company to receive such dividends without deduction of Irish dividend withholding tax.

Pursuant to Section 891C of the Taxes Act and the Return of Values (Investment Undertakings) Regulations 2013, the Company is obliged to report certain details in relation to Shares held by Shareholders to the Irish Revenue Commissioners on an annual basis. The details to be reported include the name, address and date of birth if on record of, and the investment number associated with and the value of the Shares held by, a Shareholder. In respect of Shares acquired on or after 1 January 2014, the details to be reported also include the tax reference number of the Shareholder (being an Irish tax reference number or VAT registration number, or in the case of an individual, the individual's PPS number) or, in the absence of a tax reference number, a marker indicating that this was not provided. These provisions do not require such details to be reported in respect of Shareholders who are Non-Irish Shareholders, Exempt Irish Shareholders or Shareholders whose Shares are held in a recognised clearing system.

Defined terms relevant to this section are set out under "Meaning of Terms and Definitions" below.

### **Taxation of Non-Irish Shareholders**

Where a Shareholder is not resident (or ordinarily resident) in Ireland for Irish tax purposes, the Company will not deduct any Irish tax on the occurrence of a chargeable event (as described above) in respect of the Shareholder's Shares once a Relevant Declaration form has been received by the Company confirming the Shareholder's non-resident status, in advance of the relevant chargeable event, or provided a written notice of approval from the Irish Revenue Commissioners to the effect that a Relevant Declaration is deemed to be in place has been provided to the Company and which has not been withdrawn.

If this Relevant Declaration is not received by the Company in advance of the relevant chargeable event, the Company will deduct Irish tax in respect of the Shareholder's Shares as if the Shareholder was an Irish Taxable Shareholder (see below). The Company will also deduct Irish tax if the Company has information which reasonably suggests that a Shareholder's declaration is incorrect. A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company and holds the Shares through an Irish branch and in certain other limited circumstances. The Company must be informed if a previously Non-Irish Shareholder becomes Irish tax resident.

Generally, Non-Irish Shareholders will have no other Irish tax liability with respect to their Shares. However, if a Shareholder is a company which holds its Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax in respect of profits and gains arising in respect of the Shares (on a self-assessment basis).

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are neither Irish Residents nor Irish Ordinary Residents, no tax will be required to be deducted by the Company on the occasion of a chargeable event provided that the Intermediary has made a Relevant Declaration that they are acting on behalf of such persons and the Company is not in possession of any information which would reasonably suggest that the information contained therein is not, or is no longer materially correct, or the Company is in possession of a notice of approval from the Revenue Commissioners to the effect that a Relevant Declaration is deemed to be in place, which has not been withdrawn.

## **Taxation of Exempt Irish Shareholders**

Where a Shareholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and falls within any of the categories listed in Section 739D(6) of the Taxes Act, the Company will not deduct Irish tax on the occurrence of a chargeable event in respect of the Shareholder's Shares provided a Relevant Declaration form has been received by the Company confirming the Shareholder's exempt status, in advance of the relevant chargeable event (an "Exempt Irish Shareholder"). An Intermediary may also be regarded as an Exempt Irish Shareholder.

If this Relevant Declaration is not received by the Company in respect of a Shareholder, the Company will deduct Irish tax in respect of the Shareholder's Shares as if the Shareholder was an Irish Taxable Shareholder (see below). A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company within the charge to Irish corporation tax and in certain other limited circumstances.

The categories listed in Section 739D(6) of the Taxes Act can be summarised as follows:

1. Pension schemes which are an exempt approved scheme (within the meaning of Section 774, Section 784 or Section 785 of the Taxes Act) or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies.
2. Companies carrying on life assurance business (within the meaning of Section 706 of the Taxes Act).
3. Investment undertakings (within the meaning of Section 739B of the Taxes Act).
4. Investment Limited Partnerships (within the meaning of Section 739J of the Taxes Act).
5. Special investment schemes (within the meaning of Section 737 of the Taxes Act).
6. Unauthorised unit trust schemes (to which Section 731(5)(a) of the Taxes Act applies).
7. Charities (within the meaning of Section 739D(6)(f)(i) of the Taxes Act).
8. Qualifying managing companies or specified companies (within the meaning of Section 739B(1) of the Taxes Act).
9. Persons entitled to exemption from income tax and capital gains tax under Section 784A(2) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
10. Personal Retirement Savings Account (PRSA) administrators (within the meaning of Section 739D(6)(i) of the Taxes Act).
11. Irish credit unions (within the meaning of Section 2 of the Credit Union Act 1997).
12. Irish resident companies (being a company within the meaning of Section 739D(6)(k)(I) of the Taxes Act) investing in money market funds.
13. The National Asset Management Agency.
14. The National Treasury Management Agency or a Fund investment vehicle (within the meaning of Section 739(6)(kb) of the Taxes Act).
15. Qualifying companies (within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act).

16. Any other person resident (or ordinarily resident) in Ireland as may be approved by the Directors from time to time provided the holding of Shares by such persons does not result in a potential liability to tax arising to the Company in respect of that Shareholder under Part 27 Chapter 1A of the Taxes Act.

### **Taxation of Irish Taxable Shareholders**

To the extent any Shares are not held in a recognised Clearing System at the time of a chargeable event, the following tax consequences will arise on a chargeable event in respect of Shares held by an Irish Taxable Shareholder, who is not an Exempt Irish Shareholder.

For Irish Taxable Shareholders the Company will deduct Irish tax on distributions, redemptions and transfers and, additionally, on 'Deemed Disposal' chargeable events, as described below.

#### *Distributions by the Company*

If the Company pays a distribution to an Irish Taxable Shareholder, the Company will deduct Irish tax from the distribution. The amount of Irish tax deducted will be:

1. 25% of the distribution, where the distributions are paid to a Shareholder who is a company, provided the Company has received from the corporate Shareholder confirmation of its Irish corporate tax reference number in advance of the payment of the distribution; and
2. 41% of the distribution for all other Irish Taxable Shareholders.

The Company will pay this deducted tax to the Irish Revenue Commissioners. Generally, a Shareholder will have no further Irish tax liability in respect of the distribution.

If the Shareholder is a company for which the distribution is a trading receipt, the gross distribution (including the Irish tax deducted) will form part of its taxable income for self-assessment purposes (subject to Irish corporation tax at the rate of 12.5%) and the Shareholder may set off the deducted tax against its corporation tax liability.

#### *Redemptions of Shares*

If the Company redeems Shares held by an Irish Taxable Shareholder, the Company will deduct Irish tax from the redemption payment made to the Shareholder. The amount of Irish tax deducted will be calculated by reference to the gain (if any) which has accrued to the Shareholder on the Shares being redeemed and will be equal to:

1. 25% of such gain, where the Shareholder is a company provided the Company has received from the corporate Shareholder confirmation of its Irish corporate tax reference number in advance of the payment of the redemption proceeds; and
2. 41% of the gain for all other Shareholders.

The Company will pay this deducted tax to the Irish Revenue Commissioners. Generally, a Shareholder will have no further Irish tax liability in respect of the redemption payment.

If the Shareholder is a company for which the redemption payment is a trading receipt, the gross payment (including the Irish tax deducted) less the cost of acquiring the Shares will form part of its taxable income for self-assessment purposes (subject to Irish corporation tax at the rate of 12.5%) and the Shareholder may set off the deducted tax against its corporation tax liability.

If Shares are not denominated in Euro, an Irish Taxable Shareholder may be liable (on a self-assessment basis) to Irish capital gains taxation on any currency gain, currently at the rate of 33%, arising on the redemption of the Shares.

### *Transfers of Shares*

If an Irish Taxable Shareholder transfers (by sale or otherwise) an entitlement to Shares, which constitutes a chargeable event, the Company will account for Irish tax in respect of that transfer. The amount of Irish tax deducted will be calculated by reference to the gain (if any) which has accrued to the Shareholder on the Shares being transferred and will be equal to:

1. 25% of such gain, where the Shareholder is a company, provided the Company has received from the corporate Shareholder confirmation of its Irish corporate tax reference number in advance of the payment of the transfer proceeds; and
2. 41% of the gain for all other Shareholders.

The Company will pay this deducted tax to the Irish Revenue Commissioners. To fund this Irish tax liability, the Company may appropriate or cancel other Shares held by the Shareholder. This may result in further Irish tax becoming due. Generally, a Shareholder will have no further liability to Irish tax in respect of any payment received in respect of the transfer of Shares.

If the Shareholder is a company for which the payment is a trading receipt, the payment (less the cost of acquiring the Shares as recognised for accounting purposes) will form part of its taxable income for self-assessment purposes (subject to Irish corporation tax at the rate of 12.5%) and the Shareholder may set off the deducted tax against its corporation tax liability.

If Shares are not denominated in Euro, a Shareholder may be liable (on a self-assessment basis) to Irish capital gains tax on any currency gain, currently at the rate of 33%, arising on the transfer of the Shares.

### *Deemed Disposals*

If an Irish Taxable Shareholder does not dispose of Shares within eight years of acquiring them, the Shareholder will be deemed for Irish tax purposes to have disposed of the Shares on the eighth anniversary of their acquisition (and any subsequent eighth anniversary). On such a Deemed Disposal, the Company will account for Irish tax in respect of the increase in value (if any) of those Shares over that eight year period. The amount of Irish tax accounted for will be equal to:

1. 25% of such increase in value, where the Shareholder is a company, provided the Company has received from the corporate Shareholder confirmation of its corporate tax reference number in advance of the payment of the distribution; and
2. 41% of the increase in value for all other Shareholders.

The Company will pay this tax to the Irish Revenue Commissioners. To fund the Irish tax liability, the Company may appropriate or cancel Shares held by the Shareholder. This may result in further Irish tax becoming due.

As mentioned above, if less than 10% of the Shares (by value) in the Company, or a relevant Fund, are held by non-exempt Irish resident Shareholders, the Company may elect not to account for Irish tax on this Deemed Disposal. To claim this election, the Company must:

1. confirm to the Irish Revenue Commissioners, on an annual basis, that this 10% requirement is satisfied and provide the Irish Revenue Commissioners with details of any Irish Taxable Shareholders (including the value of their Shares and their Irish tax reference numbers); and
2. notify any Irish Taxable Shareholders that the Company is electing to claim this exemption.

If the exemption is claimed by the Company, any Irish Taxable Shareholders must pay to the Irish Revenue Commissioners on a self-assessment basis the Irish tax which would otherwise have been

payable by the Company on the Deemed Disposal (and any subsequent eighth anniversary Deemed Disposal).

Any Irish tax paid in respect of the increase in value of Shares over the eight year period may be set off on a proportionate basis against any future Irish tax which would otherwise be payable in respect of those Shares and any excess may be recovered on an ultimate disposal of the Shares.

#### *Personal Portfolio Investment Undertakings*

An investment undertaking will be considered a personal portfolio investment undertaking (“PPIU”) in relation to a particular Irish Taxable Shareholder, who is an individual, where that Shareholder can influence the selection of some or all of the property held by the investment undertaking. Depending on each individuals’ circumstances, an investment undertaking may be considered a PPIU in relation to some, none or all individual Irish Taxable Shareholders i.e. it will be a PPIU only in respect of those individuals who can “influence” selection. Irish tax arising on distributions, redemptions, transfers and Deemed Disposals, as described above, will be increased to 60% (80% where details of the payment/disposal are not correctly included in the individual’s tax return). Specific exemptions apply from the PPIU regime where the property invested in has been widely marketed and made available to the public. As a result, it is unlikely that the PPIU provisions will apply in respect of the Shares. Shareholders should consult their professional advisors where they have any concerns.

#### **Stamp Duty**

No Irish stamp duty (or other Irish transfer tax) will apply to the issue, transfer or redemption of Shares provided that no application for Shares or redemption or transfer of Shares is satisfied by an *in specie* transfer of any Irish situated property.

If a Shareholder receives a distribution *in specie* of assets from the Company, a charge to Irish stamp duty could potentially arise. Where the Company acquires or transfers stock or marketable securities of a company not registered in Ireland as part of a subscription or redemption of Shares, no charge to Irish stamp duty will arise provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property, or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B of the Taxes Act) which is registered in Ireland.

#### **Capital Acquisitions Tax**

Irish capital acquisitions tax (currently at a rate of 33%) can apply to gifts or inheritances of Irish situate assets or where either the person from whom the gift or inheritance is taken is Irish domiciled, resident or ordinarily resident or the person taking the gift or inheritance is Irish resident or ordinarily resident.

The Shares could be treated as Irish situate assets because they have been issued by an Irish company. However, any gift or inheritance of Shares will be exempt from Irish gift or inheritance tax once:

1. the Shares are comprised in the gift or inheritance both at the date of the gift or inheritance and at the valuation date (as defined for Irish capital acquisitions tax purposes);
2. the person from whom the gift or inheritance is taken is neither domiciled nor ordinarily resident in Ireland at the date of the disposition; and
3. the person taking the gift or inheritance is neither domiciled nor ordinarily resident in Ireland at the date of the gift or inheritance.

## **Automatic exchange of information**

Irish reporting financial institutions, which may include the Company, have reporting obligations in respect of certain investors under FATCA as implemented pursuant to the Ireland – US intergovernmental agreement and/or the OECD’s Common Reporting Standard (see below).

### **FATCA**

The Company may be obliged to report certain information in respect of U.S. investors in the Company to the Irish Revenue Commissioners who will then share that information with the U.S. tax authorities. The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 impose a 30% U.S. withholding tax on certain ‘withholdable payments’ made on or after 1 July 2014 unless the payee enters into and complies with an agreement with the U.S. Internal Revenue Service (“IRS”) to collect and provide to the IRS substantial information regarding direct and indirect owners and account holders.

On 21 December 2012, Ireland signed an Intergovernmental Agreement (“IGA”) with the U.S. to improve international tax compliance and to implement FATCA. Under the IGA Ireland agreed to implement legislation to collect certain information in connection with FATCA and the Irish and U.S. tax authorities have agreed to automatically exchange this information. The IGA provides for the annual automatic exchange of information in relation to accounts and investments held by certain U.S. investors in a broad category of Irish financial institutions and vice versa.

Under the IGA and the Financial Accounts Reporting (United States of America) Regulations 2014 (as amended) (the “Irish Regulations”) implementing the information disclosure obligations, Irish financial institutions which may include the Company are required to report certain information with respect to U.S. account holders to the Irish Revenue Commissioners. The Irish Revenue Commissioners will automatically provide that information annually to the IRS. The Company must obtain the necessary information from investors required to satisfy the reporting requirements whether under the IGA, the Irish Regulations or any other applicable legislation published in connection with FATCA and such information is being sought as part of the application process for Shares in the relevant Fund of the Company. It should be noted that the Irish Regulations require the collection of information and filing of returns with the Irish Revenue Commissioners regardless as to whether the Company holds any U.S. assets or has any U.S. investors.

If a Shareholder causes the Company to suffer a withholding for or on account of FATCA (“FATCA Deduction”) or other financial penalty, cost, expense or liability, the Company may compulsorily redeem any Shares of such Shareholder and/or take any actions required to ensure that such FATCA Deduction or other financial penalty, cost, expense or liability is economically born by such Shareholder. While the IGA and the Irish Regulations should serve to reduce the burden of compliance with FATCA, and accordingly the risk of a FATCA withholding on payments to the Company in respect of its assets, no assurance can be given in this regard. As such, Shareholders should obtain independent tax advice in relation to the potential impact of FATCA before investing.

### **CRS**

The CRS framework was first released by the OECD in February 2014. To date, more than 90 jurisdictions have publically committed to implementation, many of which are early adopter countries, including Ireland. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the “Standard”) was published, involving the use of two main elements, the Competent Authority Agreement (“CAA”) and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar

to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of CRS while sections 891F and 891G of the Taxes Act contain measures necessary to implement the CRS internationally and across the EU, respectively. The Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the “CRS Regulations”), giving effect to the CRS from 1 January 2016 came into operation on 31 December 2015.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation (“DAC II”) implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis. Section 891 G of the Taxes Act contained measures necessary to implement the DAC II. The Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (together with the CRS Regulations, the “2015 Regulations”), giving effect to DAC II from 1 January 2016, came into operation on 31 December 2015.

Under the 2015 Regulations, reporting financial institutions, which may include the Company, are required to collect certain information on accountholders and on certain controlling persons in the case of the accountholder(s) being an entity, as defined for CRS purposes, (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate), the account number and the account balance or value at the end of each calendar year) to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Further information in relation to CRS and DAC II can be found on the Automatic Exchange of Information webpage on [www.revenue.ie](http://www.revenue.ie).

## **Meaning of Terms and Definitions**

### *Meaning of ‘Residence’ for Companies*

Prior to Finance Act 2014, company residence was determined with regard to the long-established common law rules based on central management and control. These rules were significantly revised in Finance Act 2014 to provide that a company incorporated in Ireland will be regarded as resident for tax purposes in Ireland, unless it is treated as resident in a treaty partner country by virtue of a double taxation treaty. While the common law rule based on central management and control remains in place, it is subject to the statutory rule for determining company residence based on incorporation in Ireland set out in the revised Section 23A TCA 1997.

The new incorporation rule for determining the tax residence of a company incorporated in Ireland will apply to companies incorporated on or after 1 January 2015. For companies incorporated in Ireland before this date, a transition period will apply until 31 December 2020.

We would recommend that any Irish incorporated company that considers it is not Irish tax resident seeks professional advice before asserting this in any tax declaration given to the Company.

### *Meaning of ‘Residence’ for Individuals*

An individual will be regarded as being tax resident in Ireland for a calendar year if the individual:

1. spends 183 days or more in Ireland in that calendar year; or
2. has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that calendar year together with the number of days spent in Ireland in the preceding year. Presence in Ireland by an individual of not more than 30 days in a calendar year will not be reckoned for the purposes of applying this ‘two year’ test.



An individual is treated as present in Ireland for a day if that individual is personally present in Ireland at any time during that day.

#### *Meaning of ‘Ordinary Residence’ for Individuals*

The term ‘ordinary residence’ (as distinct from ‘residence’), relates to a person’s normal pattern of life and denotes residence in a place with some degree of continuity. An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which the individual is not resident. For example, an individual who is resident and ordinarily resident in Ireland in 2019 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2021.

#### *Meaning of ‘Intermediary’*

An ‘intermediary’ means a person who:

- (a) carries on a business which consists of, or includes, the receipt of payments from a regulated investment undertaking resident in Ireland on behalf of other persons; or
- (b) holds units or shares in such an investment undertaking on behalf of other persons.

#### *Meaning of ‘Ireland’*

Ireland means the Republic of Ireland.

#### *Meaning of “Taxes Act”*

The Taxes Consolidation Act 1997, as amended.

#### *Meaning of “Relevant Declaration”*

A completed and signed declaration on an Irish Revenue Commissioners prescribed form as set out in Schedule 2B of the Taxes Acts. A declaration by a Non-Irish Shareholder or an Intermediary is only a Relevant Declaration where the Company has no reason to believe the declaration is incorrect.

In certain circumstances, the Company may seek to avoid the requirement to have a declaration in prescribed form in place for non-Irish resident Shareholders, and may apply for a written notice of approval from the Irish Revenue Commissioners to the effect that a Relevant Declaration is deemed to be in place for all such Shareholders. This may apply where the Company has implemented certain ‘equivalent measures’ acceptable to the Irish Revenue Commissioners prohibiting the sale of Shares to Irish resident investors in respect of whom it is necessary to deduct tax, together with meeting other requirements.

### **United Kingdom Taxation**

#### **The Company**

As the Company is a UCITS it should not be considered to be resident in the United Kingdom (“UK”) for UK taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK through a permanent establishment situated in the UK for corporation tax purposes, or through a branch or agency situated in the UK within the charge to income tax, the Company will not be subject to UK corporation tax or income tax on income and capital gains arising to it save as noted below in relation to possible withholding tax on certain UK source income. The Directors intend that the affairs

of the Company are conducted so that no such permanent establishment, branch or agency will arise insofar as this is within their control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment, branch or agency coming into being will at all times be satisfied.

Interest and other income received by the Company which has a UK source may be subject to withholding taxes in the UK.

### ***Shareholders***

Subject to their personal circumstances, individual Shareholders resident in the UK for taxation purposes will be liable to UK income tax in respect of any dividends or other distributions of income by the Company, whether or not such distributions are reinvested. The provisions of section 378A Income Tax (Trading and Other Income) Act 2005 may apply to charge those distributions to income tax as if they were payments of interest instead of dividend receipts. This will be the case if the Company (or the relevant Class) has more than 60% by market value of its investments invested in qualifying investments (broadly, money placed at interest, securities, building society shares or holdings in unit trusts or other offshore funds with, broadly, more than 60% of their investments similarly invested), at any time during the “relevant period” (as defined therein). In addition, Shareholders in Classes approved as reporting funds for UK tax purposes (if any) may be treated as receiving reportable income in respect of income arising to such Shares (See “Shareholders in Classes with Reporting Fund Status” below).

Companies within the charge to UK corporation tax should generally be exempt from UK corporation tax on distributions (including reportable income) made by the Company although it should be noted that this exemption is subject to certain exclusions (particularly in the case of “small companies” as defined in Section 931S of the Corporation Tax Act 2009 (“CTA 2009”)) and specific anti-avoidance rules.

A Shareholder that is resident in the UK and that subsequent to subscription, wishes to convert Shares of one particular Class into Shares of another in accordance with the procedure outlined in “Conversion of Shares” above should note that such a conversion could give rise to a disposal triggering a potential liability to income tax (or capital gains tax if the disposal is of Shares in a Class with reporting fund status – see Shareholders in Classes with Reporting Fund Status below), depending upon the value of the shareholding on the date of conversion and the particular facts and circumstances relating to the conversion.

Chapter 3 of Part 6 of CTA 2009 provides that, if at any time in an accounting period a corporate investor within the charge to UK corporation tax holds an interest in an offshore fund and there is a time in that period when that fund fails to satisfy the “non-qualifying investments test”, the interest held by such a corporate investor will be treated for the accounting period as if it were rights under a creditor relationship for the purposes of the rules relating to the taxation of most corporate debt contained in CTA 2009 (the “Corporate Debt Regime”). The Shares will (as explained below) constitute interests in an offshore fund. In circumstances where the test is not so satisfied (for example where a class invests in cash, securities or debt instruments or open ended companies that themselves do not satisfy the “non-qualifying investments test” and the market value of such investments exceeds 60% of the market value of all its investments at any time), the Shares will be treated for corporation tax purposes as within the Corporate Debt Regime. As a consequence, all returns on the Shares in respect of each corporate investor’s accounting period during which the test is not met (including gains, profits and deficits and exchange gains and losses) will be taxed or relieved as an income receipt or expense on a fair value accounting basis. Accordingly, a corporate investor in the Company may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares). The provisions relating to non-reporting funds (outlined below) would not then apply to such corporate Shareholders and the effect of the provisions relating to holdings in controlled foreign companies (outlined below) would then be substantially mitigated.

The attention of individual Shareholders resident in the UK is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007 under which the income accruing to the Company may be attributed to such a Shareholder and may render them liable to taxation in respect of the undistributed income and profits of the Company. This legislation will, however, not apply if such a Shareholder can satisfy HM Revenue & Customs that either:

- (i) it would not be reasonable to draw the conclusion from all the circumstances of the case, that the purpose of avoiding liability to taxation was the purpose, or one of the purposes, for which the relevant transactions or any of them were effected;
- (ii) all the relevant transactions are genuine commercial transactions and it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of the transactions was more than incidentally designed for the purpose of avoiding liability to taxation; or
- (iii) all the relevant transactions were genuine, arm's length transactions and if the Shareholder were liable to tax under Chapter 2 of Part 13 in respect of such transactions, such liability would constitute an unjustified and disproportionate restriction on a freedom protected by Title II or IV of Part Three of the Treaty on the Functioning of the European Union or Part II or III of the EEA Agreement.

Part 9A of Taxation (International and Other Provisions) Act 2010 ("TIOPA 2010") subjects UK resident companies to tax on the profits of companies not so resident (such as the Company) in which they have an interest. The provisions, broadly, affect UK resident companies which hold, alone or together with certain other associated persons, shares which confer a right to at least 25% of the profits of a non-resident company (a "25% Interest") (or, in the case of an umbrella fund, a Fund thereof) where that non-resident company (or Fund) is controlled by persons who are resident in the UK and is subject to a lower level of taxation in its territory of residence. The legislation is not directed towards the taxation of capital gains. In addition, these provisions will not apply if the Shareholder reasonably believes that it does not hold a 25% Interest in the Company (or Fund) throughout the relevant accounting period.

The attention of Shareholders resident in the UK for taxation purposes (and who, if individuals, are also domiciled in the UK for those purposes) is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 ("Section 13"). Section 13 applies to a "participator" in the Company for UK taxation purposes (which term includes a Shareholder). If at any time when a gain accrues to the Company (such as on a disposal of any of its investments), which constitutes a chargeable gain for those purposes, the Company is itself controlled by a sufficiently small number of persons so as to render the Company a body corporate that would, were it to have been resident in the UK for taxation purposes, be a "close" company for those purposes, then the provisions of Section 13 could, if applied, result in such a Shareholder being treated for the purposes of UK taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to that Shareholder directly, that part being equal to the proportion of the gain that corresponds to that Shareholder's proportionate interest in the Company as a "participator". No liability could be incurred by such a Shareholder where the amount apportioned to the Shareholder and any connected persons does not exceed one quarter of the gain and, in addition, exemptions also apply where none of the acquisition, holding or disposal of the assets had a tax avoidance main purpose or where the relevant gains arise on the disposal of assets used only for the purposes of genuine, economically significant business activities carried on outside the UK.

In the case of UK resident individuals domiciled outside the UK, Section 13 applies only to gains relating to UK situate assets of the Company and gains relating to non-UK situate assets if such gains are remitted to the UK.

Special tax rules apply to investments made in an offshore fund within the meaning of TIOPA 2010. Individual classes of shares within the same offshore fund are treated as separate offshore funds for

these purposes. The tax treatment of Shareholders in a reporting Class differs in various respects from those in a non-reporting Class and the tax treatment of each is set out separately below. The Directors reserve the right to seek reporting fund status in respect of any Class and prospective investors are referred to the relevant Supplement and HM Revenue & Customs' published list of reporting funds for confirmation of those Classes (if any) in respect of which reporting fund status has been or will be obtained.

#### *Shareholders in Classes without Reporting Fund Status*

Each of the Classes will be deemed to constitute an "offshore fund" for the purposes of the offshore fund legislation in Part 8 of TIOPA 2010. Under this legislation, any gain arising on the sale, disposal or redemption of shares in an offshore fund held by persons who are resident in the UK for tax purposes will be taxed at the time of such sale, disposal or redemption as income and not as a capital gain. This does not apply, however, where a fund is accepted by HM Revenue & Customs as a "reporting fund" throughout the period during which shares have been held. Shareholders who are resident in the UK for tax purposes and who invest in Classes without reporting fund status may be liable to UK income taxation in respect of any gain realised on disposal or redemption of such Shares. Any such gain may thus remain taxable notwithstanding any general or specific UK capital gains tax exemption or allowance available to a Shareholder and this may result in certain investors incurring a proportionately greater UK taxation charge. Any losses arising on the disposal of Shares in Classes without reporting fund status by Shareholders who are resident in the UK will be eligible for capital gains loss relief.

#### *Shareholders in Classes with Reporting Fund Status*

The UK offshore funds' legislation provides that any gain arising on the sale, redemption or other disposal of shares of an offshore fund will be taxed at the time of such sale, redemption or disposal as income and not as a capital gain. These provisions do not apply if the relevant Class successfully applies for reporting fund status and retains such status throughout the period during which the Shares are held. Prospective investors are referred to the relevant Supplement and HM Revenue & Customs' published list of reporting funds for confirmation of those Classes (if any) in respect of which reporting fund status has been or will be obtained.

In order for a Class to qualify as a reporting fund, the Company must apply to HM Revenue & Customs for entry of the relevant Class into the regime. For each accounting period, the relevant Class must then report to investors 100% of the income attributable to the Class, that report being made within six months of the end of the relevant accounting period. UK resident individual investors will be taxable on such reported income, whether or not the income is actually distributed. Income for these purposes is computed by reference to income for accounting purposes as adjusted for capital and other items and will be based upon the reportable income of the relevant Class or Fund. In particular, Shareholders should note that any profit derived from trading activities (as distinct from investment activities) will be regarded as reportable income. If the Company's activities prove to be trading in whole or part, the annual reportable income of Shareholders and their corresponding tax liability is likely to be significantly greater than would otherwise be the case. Provided a Class obtains and retains reporting fund status throughout the period during which Shares have been held, apart from sums representing accrued income for the period of disposal, any gains realised on the disposal of Shares in such Class will be subject to taxation as capital and not as income unless the investor deals in securities. Any such gain may accordingly be reduced by any general or specific UK exemption in respect of capital gains available to a Shareholder and may result in certain investors incurring a proportionately lower UK taxation charge.

Chapter 6 of Part 3 of the Offshore Funds (Tax) Regulations 2009 ("the Regulations") provides that specified transactions carried out by a regulated fund, such as the Company, will not generally be treated as trading transactions for the purposes of calculating the reportable income of reporting funds that meet a genuine diversity of ownership condition. In this regard, the Directors confirm that all Classes are primarily intended for and marketed to the categories of retail and institutional investors. For the

purposes of the Regulations, the Directors undertake that these interests in the Company will be widely available and will be marketed and made available sufficiently widely to reach the intended categories of investors and in a manner appropriate to attract those kinds of investors.

To the extent actual dividends are not declared in relation to all income of Shares in a reporting Class for a period, further reportable income under the reporting fund rules will be attributed only to those Shareholders who remain as Shareholders at the end of the relevant accounting period. The Regulations enable (but do not oblige) a reporting fund to elect to operate dividend equalisation or to make income adjustments, which should minimise this effect. The Directors reserve the right to make such an election in respect of any Class with reporting fund status.

### *OECD Common Reporting Standard*

Shareholders are referred to the section headed “The OECD Common Reporting Standard (“CRS”)” on page 19.

## **UNITED STATES FEDERAL INCOME TAXATION**

While the Shares of the company have not been specifically designed for U.S. Investors, the following is an overview of the tax treatment for such investors.

As with any investment, the tax consequences of an investment in Shares may be material to an analysis of an investment in the Company. U.S. persons, as defined for federal income tax purposes (referred to herein as “U.S. Taxpayers” and defined below), investing in the Company should be aware of the tax consequences of such an investment before purchasing Shares. This Prospectus discusses certain U.S. federal income tax consequences only generally and does not purport to deal with all of the U.S. federal income tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. The following discussion assumes that no U.S. Taxpayer owns or will own directly or indirectly, or will be considered as owning by reason of certain tax law rules of constructive ownership, 10% or more of the total combined voting power or value of all Shares of the Company or any Fund. The Company does not, however, guarantee that will always be the case. Furthermore, the discussion assumes that the Company will not hold any interests (other than as a creditor) in any “United States real property holding corporations” as defined in the U.S. Internal Revenue Code of 1986, as amended (the “Code”). Each prospective investor is urged to consult his or her tax advisor regarding the specific consequences of an investment in the Company under applicable U.S. federal, state, local and foreign income tax laws as well as with respect to any specific gift, estate and inheritance tax issues.

As used herein, the term “U.S. Taxpayer” includes a U.S. citizen or resident alien of the United States (as defined for United States federal income tax purposes); any entity treated as a partnership or corporation for U.S. tax purposes that is created or organized in, or under the laws of, the United States or any state thereof (including the District of Columbia); any other partnership that may be treated as a U.S. Taxpayer under future U.S. Treasury Department regulations; any estate, the income of which is subject to U.S. income taxation regardless of source; and any trust over whose administration a court within the United States has primary supervision and all substantial decisions of which are under the control of one or more U.S. fiduciaries. Persons who have lost their U.S. citizenship and who live outside the United States may nonetheless, in some circumstances, be treated as U.S. Taxpayers. Persons who are aliens as to the United States but who have spent 183 days or more in the United States in any of the last two years should check with their tax advisors as to whether they may be considered residents of the United States.

The following discussion assumes for convenience that the Company, including each Fund thereof, will be treated as a single entity for U.S. federal income tax purposes. The law in this area is uncertain. Thus, it is possible that the Company may adopt an alternative approach, treating each Fund of the Company as a separate entity for U.S. federal income tax purposes. There can be no assurance that the U.S. Internal Revenue Service will agree with the position taken by the Company.

### *Taxation of the Company*

The Company generally intends to conduct its affairs so that it will not be deemed to be engaged in trade or business in the United States and, therefore, none of its income will be treated as “effectively connected” with a U.S. trade or business carried on by the Company. If none of the Company’s income is effectively connected with a U.S. trade or business carried on by the Company, certain categories of income (including dividends and certain types of interest income) derived by the Company from U.S. sources will be subject to a U.S. tax of 30%, which tax is generally withheld from such income. Certain other categories of income, generally including most forms of U.S. source interest income (e.g. interest and original issue discount on portfolio debt obligations (which may include United States Government securities, original issue discount obligations having an original maturity of 183 days or less, and certificates of deposit), and capital gains (including those derived from options transactions), will not be subject to this 30% withholding tax. If, on the other hand, the Company derives income which is effectively connected with a U.S. trade or business carried on by the Company, such income will be subject to U.S. federal income tax at the rate applicable to U.S. domestic corporations, and the Company would also be subject to a branch profits tax on earnings removed, or deemed removed, from the United States.

Pursuant to the U.S. Foreign Account Tax Compliance Act (“FATCA”), the Company (or each Fund thereof) will be subject to U.S. federal withholding taxes (at a 30% rate) on payments of certain amounts made to such entity (“withholdable payments”), unless it complies (or is deemed compliant) with extensive reporting and withholding requirements. Withholdable payments generally include interest (including original issue discount), dividends, rents, annuities, and other fixed or determinable annual or periodical gains, profits or income, if such payments are derived from U.S. sources. Income which is effectively connected with the conduct of a U.S. trade or business is not, however, included in this definition. To avoid the withholding tax, unless deemed compliant, the Company (or each Fund thereof) will be required to enter into an agreement with the United States to identify and disclose identifying and financial information about each U.S. Taxpayer (or foreign entity with substantial U.S. ownership) which invests in the Company (or Fund), and to withhold tax (at a 30% rate) on withholdable payments and related payments made to any investor which fails to furnish information requested by the Company to satisfy its obligations (or those of its Funds) under the agreement. Pursuant to an intergovernmental agreement between the United States and Ireland, the Company (or each Fund) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports U.S. Taxpayer information directly to the Irish government. Certain categories of U.S. investors, generally including, but not limited to, tax-exempt investors, publicly traded corporations, banks, regulated investment companies, real estate investment trusts, common trust funds, brokers, dealers and middlemen, and state and federal governmental entities, are exempt from such reporting. Detailed guidance as to the mechanics and scope of this new reporting and withholding regime is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future Company (or Fund) operations.

Shareholders will be required to provide certifications as to their U.S. or non-U.S. tax status, together with such additional tax information as the Company (or a Fund) or its agents may from time to time request. Failure to furnish requested information or (if applicable) satisfy its own FATCA obligations may subject a Shareholder to liability for any resulting withholding taxes, U.S. tax information reporting and mandatory redemption of such Shareholder’s Shares.

### *Taxation of Shareholders*

The U.S. tax consequences to Shareholders of distributions from the Company and of dispositions of Shares generally depends on the Shareholder’s particular circumstances, including whether the Shareholder conducts a trade or business within the United States or is otherwise taxable as a U.S. Taxpayer.

## *Taxation of U.S. Shareholders*

**Dividend Distributions.** Any distributions made by the Company to its U.S. Taxpayer Shareholders with respect to their Shares will be taxable to those Shareholders as ordinary income for U.S. federal income tax purposes to the extent of the Company's current and accumulated earnings and profits, subject to the "passive foreign investment company" ("PFIC") rules discussed below. Dividends received by U.S. corporate Shareholders will not be eligible for the dividends-received deduction.

**Sale of Shares.** Upon the sale or other disposition of Shares, and subject to the PFIC rules discussed below, a U.S. Taxpayer which holds Shares as a capital asset generally will realise a capital gain or loss which generally will be long-term or short-term, depending upon the Shareholder's holding period for the Shares.

**Net Investment Income Tax.** An additional 3.8% tax is imposed on certain net investment income (including interest, dividends, annuities, royalties, rents and net capital gains) of U.S. individuals, estates and trusts to the extent that such person's "modified adjusted gross income" (in the case of an individual) or "adjusted gross income" (in the case of an estate or trust) exceeds a threshold amount.

**PFIC Rules - In General.** The Company is a PFIC within the meaning of Section 1297(a) of the Code. In addition, the Company may invest directly or indirectly in other entities that are classified as PFICs. Thus, Shareholders may be treated as indirect shareholders of PFICs in which the Company invests. U.S. investors are urged to consult their own tax advisors with respect to the application of the PFIC rules and the making of a "QEF election" or "mark to market" election, summarised below.

**PFIC Consequences - No QEF or Mark to Market Election.** A U.S. Taxpayer which holds Shares generally will be subject to special rules with respect to any "excess distribution" by the Company to that Shareholder and any gain from the disposition of the Shares. For this purpose, an "excess distribution" generally refers to the excess of the amount of distributions received by the Shareholder during the taxable year in respect of the Shares over 125% of the average amount received by the Shareholder in respect of those Shares during the three preceding taxable years (or shorter period that the Shareholder held the Shares). The tax payable by a U.S. Shareholder with respect to an excess distribution or disposition of Shares will be determined by allocating the excess distribution or gain from the disposition ratably to each day in the Shareholder's holding period for the Shares. The distribution or gain so allocated to any taxable year of the Shareholder, other than the taxable year of the excess distribution or disposition, will be taxed to the Shareholder at the highest ordinary income rate in effect for that year, and the tax will be further increased by an interest charge to reflect the value of the tax deferral deemed to have resulted from the ownership of the Shares. Any amount of distribution or gain allocated to the taxable year of the distribution or disposition will be included as ordinary income.

**PFIC Consequences - QEF Election.** A U.S. Taxpayer Shareholder in certain circumstances may be able to make an election (a "qualified electing fund" or "QEF" election), in lieu of being taxable in the manner described above, to include annually as income and gain that Shareholder's pro rata share of the ordinary earnings and net capital gain of the Company, regardless of whether the Shareholder actually received any distributions from the Company. Losses, however, would not flow through to an electing Shareholder. For the QEF election to be effective, the Company would need to provide the electing Shareholder with certain financial information based on U.S. tax accounting principles. There can be no assurance that a QEF election will be available with respect to the Shares or any PFIC shares held by a Shareholder indirectly through the Company.

**PFIC Consequences - Mark to Market Election.** There can be no certainty that a mark to market election will be available for U.S. Taxpayers holding Shares, nor is one likely to be available with respect to PFIC shares held indirectly through the Company. If such an election were available, in lieu of being taxable in the manner described above, an electing Shareholder would include in income at the end of each taxable year the excess, if any, of the fair market value of its Shares over its adjusted basis for the Shares. The Shareholder also would be permitted to deduct the excess, if any, of its adjusted basis for

the Shares over their fair market value, but only to the extent of any net mark-to-market gain included in income in prior years. Any mark-to-market gain and any gain from an actual disposition of Shares would be included as ordinary income. Ordinary loss treatment would apply to any deductible mark-to-market loss, as well as any loss from an actual disposition to the extent of previously included net mark-to-market gains. An electing Shareholder's adjusted basis in its Shares would be adjusted to reflect any mark-to-market inclusions or deductions.

**PFIC Consequences - Tax-Exempt Organizations - Unrelated Business Taxable Income.** Certain entities (including qualified pension and profit sharing plans, individual retirement accounts, 401(k) plans and Keogh plans ("Tax-Exempt entities")) generally are exempt from U.S. federal income taxation except to the extent that they have unrelated business taxable income ("UBTI"). UBTI is income from a trade or business regularly carried on by a Tax-Exempt entity which is unrelated to the entity's exempt activities. Various types of income, including dividends, interest and gains from the sale of property other than inventory and property held primarily for sale to customers, are excluded from UBTI, so long as the income is not derived from debt-financed property. Capital gains derived by a Tax-Exempt entity from the sale or exchange of Shares and any dividends received by a Tax-Exempt entity with respect to its Shares should be excluded from UBTI, provided that the Tax-Exempt entity has not incurred acquisition indebtedness in connection with the acquisition of such Shares.

Under current law, the PFIC rules apply to a Tax-Exempt entity that holds Shares only if a dividend from the Company would be subject to U.S. federal income taxation in the hands of the Shareholder (as would be the case, for example, if the Shares were debt-financed property in the hands of the Tax-Exempt entity). It should be noted, however, that temporary and proposed regulations appear to treat certain tax-exempt trusts (but not qualified plans) differently than other Tax-Exempt entities by treating the beneficiaries of such trusts as PFIC shareholders and thereby subjecting such persons to the PFIC rules.

**Other Tax Considerations.** The foregoing discussion assumes, as stated above, that no U.S. Taxpayer owns or will own directly or indirectly, or be considered as owning by application of certain tax law rules of constructive ownership, 10% or more of the total combined voting power or value of voting Shares of the Company or any Fund (any such U.S. Taxpayer so holding such an interest is referred to herein as a "10 Percent U.S. Shareholder"). If more than 50% of the equity interests in the Company were owned by 10 Percent U.S. Shareholders, the Company would be a "controlled foreign corporation," in which case a 10 Percent U.S. Shareholder would be required to include in income that amount of the Company's "subpart F Income" and "global intangible low-taxed income" to which the Shareholder would have been entitled had the Company currently distributed all of its earnings. (Under current law, such income inclusions generally would not be expected to be treated as UBTI, so long as not deemed to be attributable to insurance income earned by the Company.) Also, upon the sale or exchange of Shares, all or part of any resulting gain could be treated as ordinary income. Alternatively, if each Fund were treated as a separate entity for U.S. federal income tax purposes, the 10 Percent U.S. Shareholder and controlled foreign corporation determinations would be made on an individual Fund basis. Similar rules could apply with respect to shares of any other non-U.S. corporations that are held by a Shareholder indirectly through the Company.

**Reporting Requirements.** U.S. Taxpayers may be subject to additional U.S. tax reporting requirements by reason of their ownership of Shares. For example, special reporting requirements may apply with respect to certain interests in, transfers to, and changes in ownership interest in, the Company and certain other foreign entities in which the Company may invest. A U.S. Taxpayer also would be subject to additional reporting requirements in the event that it is deemed to be a 10 Percent U.S. Shareholder of a controlled foreign corporation by reason of its investment in the Company. Alternatively, the 10 Percent U.S. Shareholder and controlled foreign corporation determinations would be made on an individual Fund basis, if each Fund were to be treated as a separate entity for U.S. federal income tax purposes. Each U.S. Taxpayer which is deemed to be a direct or indirect PFIC shareholder will be required to report annually such information as the U.S. Department of the Treasury shall require, regardless of whether such person has received any PFIC income or distributions in a given taxable



year. Individuals holding foreign financial assets (including Shares) having an aggregate value of more than U.S.\$50,000 generally will be required to disclose such holdings with such individual's U.S. tax returns. Significant penalties apply to failures to disclose and to certain underpayments of tax attributable to undisclosed reportable foreign financial assets. U.S. Taxpayers should consult their own U.S. tax advisors regarding any reporting responsibilities resulting from an investment in the Company, including any obligation to file FinCEN Report 114 with the U.S. Department of the Treasury.

**Tax Shelter Reporting.** Persons who participate in or act as material advisors with respect to certain "reportable transactions" must disclose required information concerning the transaction to the U.S. Internal Revenue Service. In addition, material advisors must maintain lists that identify such reportable transactions and their participants. Significant penalties apply to taxpayers who fail to disclose a reportable transaction. Although the Company is not intended to be a vehicle to shelter U.S. federal income tax, and applicable regulations provide a number of relevant exceptions, there can be no assurance that the Company and certain of its Shareholders and material advisors will not, under any circumstance, be subject to these disclosure and list maintenance requirements.

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## STATUTORY AND GENERAL INFORMATION

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### 1. **Incorporation, Registered Office and Share Capital**

- (a) The Company was incorporated in Ireland on 23 June 2009 as an investment company with variable capital with limited liability under registration number 472277. The Company has no subsidiaries.
- (b) The registered office of the Company is as stated in the Directory at the front of the Prospectus.
- (c) Clause 3 of the Constitution provides that the Company's sole object is the collective investment in either or both transferable securities and other liquid financial assets referred to in Central Bank UCITS Regulations of capital raised from the public and the Company operates on the principle of risk spreading.
- (d) The authorised share capital of the Company is 500,000,000,000 Shares of no par value and 300,000 divided into 300,000 redeemable Non-Participating Shares of 1.00 each. Non-Participating Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the amount paid up thereon but do not otherwise entitle them to participate in the assets of the Company. The Directors have the power to allot Shares in the capital of the Company on such terms and in such manner as they may think fit. There are two Non-Participating Shares currently in issue which were taken by the subscribers to the Company and are held by nominees of the Investment Manager.
- (e) No share capital of the Company has been put under option nor has any share capital been agreed (conditionally or unconditionally) to be put under option.

### 2. **Variation of Share Rights and Pre-Emption Rights**

- (a) The rights attaching to the Shares issued in any Class or Fund may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Shareholders of three-quarters of the issued Shares or of that Class or Fund, or with the sanction of an ordinary resolution passed at a general meeting of the Shareholders of that Class or Fund.

- (b) A resolution in writing signed by all the Shareholders and holders of Non-Participating Shares for the time being entitled to attend and vote on such resolution at a general meeting of the Company shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held and if described as a special resolution shall be deemed to be a special resolution.
- (c) The rights attaching to the Shares shall not be deemed to be varied by the creation, allotment or issue of any further Shares ranking pari passu with Shares already in issue.
- (d) There are no rights of pre-emption upon the issue of Shares in the Company.

### 3. **Voting Rights**

The following rules relating to voting rights apply:-

- (a) Fractions of Shares do not carry voting rights.
- (b) Every Shareholder or holder of Non-Participating Shares present in person or by proxy who votes on a show of hands shall be entitled to one vote.
- (c) The chairman of a general meeting of a Fund or Class or any Shareholder of a Fund or Class present in person or by proxy at a meeting of a Fund or Class may demand a poll. The chairman of a general meeting of the Company or at least two members present in person or by proxy or any Shareholder or Shareholders present in person or by proxy representing at least one tenth of the Shares in issue having the right to vote at such meeting may demand a poll.
- (d) On a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Share held by him and every holder of Non-Participating Shares shall be entitled to one vote in respect of all Non-Participating Shares held by him. A Shareholder entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.
- (e) Any person (whether a Shareholder or not) may be appointed to act as a proxy; a Shareholder may appoint more than one proxy to attend on the same occasion.
- (f) Any instrument appointing a proxy must be deposited at the registered office, not less than 48 hours before the meeting or at such other place and by such time as is specified in the notice convening the meeting. The Directors may at the expense of the Company send by post or otherwise to the Shareholders instruments of proxy (with or without prepaid postage for their return) and may either leave blank the appointment of the proxy or nominate one or more of the Directors or any other person to act as proxy.
- (g) To be passed, ordinary resolutions of the Company or of the Shareholders of a particular Fund or Class will require a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed. Special resolutions of the Company or of the Shareholders of a particular Fund or Class will require a majority of not less than 75% of the Shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Constitution.

### 4. **Meetings**

- (a) The Directors may convene extraordinary general meetings of the Company at any time. The Directors shall convene an annual general meeting within six months of the end of each Accounting Period.

- (b) Not less than twenty one days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to Shareholders and fourteen days' notice must be given in the case of any other general meeting.
- (c) Two Members present either in person or by proxy shall be a quorum for a general meeting provided that the quorum for a general meeting convened to consider any alteration to the Class rights of Shares shall be two Shareholders holding or representing by proxy at least one third of the issued Shares of the relevant Fund or Class. If within half an hour after the time appointed for a meeting a quorum is not present the meeting, if convened on the requisition of or by Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same time, day and place in the next week or to such other day and at such other time and place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum and in the case of a meeting of a Fund or Class convened to consider the variation of rights of Shareholders in such Fund or Class the quorum shall be one Shareholder holding Shares of the Fund or Class in question or his proxy. All general meetings will be held in Ireland.
- (d) The foregoing provisions with respect to the convening and conduct of meetings shall save as otherwise specified with respect to meetings of Funds or Classes and, subject to the Act, have effect with respect to separate meetings of each Fund or Class at which a resolution varying the rights of Shareholders in such Fund or Class is tabled.

## 5. Reports and Accounts

The Company will prepare an annual report and audited accounts as of 31 December in each year and a semi-annual report and unaudited accounts as of 30 June in each year. The audited annual report and accounts will be published within four months of the Company's financial year end and its semi-annual report will be published within 2 months of the end of the half year period and in each case will be supplied to subscribers and shareholders free of charge on request and will be available to the public at the office of the Administrator.

## 6. Communications and Notices to Shareholders

Communications and Notices to Shareholders or the first named of joint Shareholders shall be deemed to have been duly given as follows:

MEANS OF DISPATCH	DEEMED RECEIVED
Delivery by Hand:	The day of delivery or next following working day if delivered outside usual business hours.
Post:	48 hours after posting.
Fax:	The day on which a positive transmission receipt is received.
Electronically:	The day on which the electronic transmission has been sent to the electronic information system designated by a Shareholder.
Publication of Notice or Advertisement of Notice:	The day of publication in a daily newspaper circulating in the country or countries where Shares are marketed.

## **7. Complaints**

Complaints in relation to the Company may be made by Shareholders at the following address: La Touche House, Custom House Dock, Dublin 1, Ireland. A copy of the complaints procedures are available to Shareholders upon request and free of charge from the offices of the Investment Manager. Complainants that are not satisfied with the outcome of the investigation into their complaint have the right to further refer the matter to the Central Bank.

## **8. Transfer of Shares**

- (a) Transfers of Shares may be effected in writing in any usual or common form, signed by or on behalf of the transferor and every transfer shall state the full name and address of the transferor and transferee;
- (b) The Directors may from time to time specify a fee for the registration of instruments of transfer provided that the maximum fee may not exceed 5% of the Net Asset Value of the Shares subject to the transfer on the Dealing Day immediately preceding the date of the transfer.

The Directors may decline to register any transfer of Shares if:-

- (i) in consequence of such transfer the transferor or the transferee would hold a number of Shares less than the Minimum Holding;
  - (ii) all applicable taxes and/or stamp duties have not been paid in respect of the instrument of transfer;
  - (iii) the instrument of transfer is not deposited at the registered office of the Company or such other place as the Directors may reasonably require, accompanied by the certificate for the Shares to which it relates (if any), such evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, such relevant information and declarations as the Directors may reasonably require from the transferee including, without limitation, information and declarations of the type which may be requested from an applicant for Shares in the Company and such fee as may from time to time be specified by the Directors for the registration of any instrument of transfer; or
  - (iv) they are aware or reasonably believe the transfer would result in the beneficial ownership of such Shares by a person in contravention of any restrictions on ownership imposed by the Directors or might result in legal, regulatory, pecuniary, taxation or material administrative disadvantage to the relevant Fund or Class or its Shareholders as a whole.
- (c) The registration of transfers may be suspended for such periods as the Directors may determine provided always that each registration may not be suspended for more than 30 days.

## **9. Directors**

The following is a summary of the principal provisions in the Constitution relating to the Directors:

- (a) Unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of Directors shall not be less than two nor more than nine.
- (b) A Director need not be a Shareholder.

- (c) The Constitution contains no provisions requiring Directors to retire on attaining a particular age or to retire on rotation.
- (d) A Director may vote and be counted in the quorum at a meeting to consider the appointment or the fixing or variation of the terms of appointment of any Director to any office or employment with the Company or any company in which the Company is interested, but a Director may not vote or be counted in the quorum on a resolution concerning his own appointment.
- (e) The Directors of the Company for the time being are entitled to such remuneration as may be determined by the Directors and disclosed in the Prospectus and may be reimbursed all reasonable travel, hotel and other expenses incurred in connection with the business of the Company or the discharge of their duties and may be entitled to additional remuneration if called upon to perform any special or extra services to or at the request of the Company.
- (f) A Director may hold any other office or place of profit under the Company, other than the office of Auditor, in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.
- (g) No Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise, nor shall any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director who is so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established, but the nature of his interest must be declared by him at the meeting of the Directors at which the proposal to enter into the contract or agreement is first considered or, if the Director in question was not at the date of that meeting interested in the proposed contract or arrangement, at the next Directors' meeting held after he becomes so interested. A general notice in writing given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or arrangement which may thereafter be made with that company or firm is deemed to be a sufficient declaration of interest in relation to any contract or arrangement so made.
- (h) A Director may not vote in respect of any contract or arrangement or any proposal whatsoever in which he has any material interest or a duty which conflicts with the interests of the Company and shall not be counted in the quorum at a meeting in relation to any resolution upon which he is debarred from voting unless the Directors resolve otherwise. However, a Director may vote and be counted in quorum in respect of any proposal concerning any other company in which he is interested directly or indirectly, whether as an officer, shareholder, partner, employee, agent or otherwise. A Director may also vote and be counted in the quorum in respect of any proposal concerning an offer of Shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the Company or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the Company for which the Director has assumed responsibility in whole or in respect of the purchase of directors' and officers' liability insurance.
- (i) The office of a Director shall be vacated in any of the following events namely:-
  - (i) if he resigns his office by notice in writing signed by him and left at the registered office of the Company;

- (ii) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (iii) if he becomes of unsound mind;
- (iv) if he is absent from meetings of the Directors for six successive months without leave expressed by a resolution of the Directors and the Directors resolve that his office be vacated;
- (v) if he ceases to be a Director by virtue of, or becomes prohibited or restricted from being a Director by reason of, an order made under the provisions of any law or enactment;
- (vi) if he is requested by a majority of the other Directors (not being less than two in number) to vacate office; or
- (vii) if he is removed from office by ordinary resolution of the Company.

#### 10. **Directors' Interests**

- (a) None of the Directors has or has had any direct interest in the promotion of the Company or in any transaction effected by the Company which is unusual in its nature or conditions or is significant to the business of the Company up to the date of this Prospectus or in any contracts or arrangements of the Company subsisting at the date hereof.
- (b) No present Director or any connected person has any interests beneficial or non-beneficial in the share capital of the Company.
- (c) None of the Directors has a service contract with the Company nor are any such service contracts proposed.
- (d) None of the Directors has: (i) any convictions in relation to indictable offences; or (ii) been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

#### 11. **Winding Up**

- (a) The Company may be wound up if:
  - (i) At any time after the first anniversary of the incorporation of the Company, the Net Asset Value of the Company falls below €250,000 on each Dealing Day for a period of six consecutive weeks and the Shareholders resolve by ordinary resolution to wind up the Company;

- (ii) Within a period of three months from the date on which (a) the Depositary notifies the Company of its desire to retire in accordance with the terms of the Depositary Agreement and has not withdrawn notice of its intention to so retire, (b) the appointment of the Depositary is terminated by the Company in accordance with the terms of the Depositary Agreement, or (c) the Depositary ceases to be approved by the Central Bank to act as a depositary and no new Depositary has been appointed with the approval of the Central Bank, the Directors shall instruct the Company's secretary to forthwith convene an extraordinary general meeting of the Company at which there shall be proposed an ordinary resolution to wind up the Company in accordance with the provisions of the Constitution. Notwithstanding anything set out above, the Depositary's appointment shall only terminate on revocation of the Company's authorisation by the Central Bank;
  - (iii) The Shareholders resolve by ordinary resolution that the Company by reason of its liabilities cannot continue its business and that it be wound up;
  - (iv) The Shareholders resolve by special resolution to wind up the Company.
- (b) In the event of a winding up, the liquidator shall apply the assets of each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims.
- (c) The liquidator shall in relation to the assets available for distribution among Shareholders make such transfers thereof to and from the Funds and/or Classes as may be necessary in order that the effective burden of creditors' claims may be shared between the Shareholders of different Funds and/or Classes in such proportions as the liquidator in his discretion deems equitable.
- (d) The assets available for distribution among the Shareholders shall be applied in the following priority:-
  - (i) firstly, in the payment to the Shareholders of each Class or Fund of a sum in the Base Currency (or in any other currency selected and at such rate of exchange as determined by the liquidator) as nearly as possible equal to the Net Asset Value of the Shares of the relevant Class or Fund held by such Shareholders respectively as at the date of commencement of winding up;
  - (ii) secondly, in the payment to the holders of Non-Participating Shares of sums up to the nominal amount paid up thereon out of the assets of the Company not comprised within any Fund provided that if there are insufficient assets to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
  - (iii) thirdly, in the payment to the Shareholders of each Class or Fund of any balance then remaining in the relevant Fund, in proportion to the number of Shares held in the relevant Class or Fund; and
  - (iv) fourthly, any balance then remaining and not attributable to any Fund or Class shall be apportioned between the Funds and Classes pro-rata to the Net Asset Value of each Fund or attributable to each Class immediately prior to any distribution to Shareholders and the amounts so apportioned shall be paid to Shareholders pro-rata to the number of Shares in that Fund or Class held by them.
- (e) The liquidator may, with the authority of an ordinary resolution of the Company, divide among the Shareholders (pro rata to the value of their respective shareholdings in the

Company) in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind provided that the Company shall if any Shareholder so requests sell any asset or assets proposed to be so distributed and the distribution to such Shareholder the cash proceeds of such sale. The costs of any such sale shall be borne by the relevant Shareholder. The liquidator may, with like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator shall think fit and the liquidation of the Company may be closed and the Company dissolved, provided that no Shareholder shall be compelled to accept any asset in respect of which there is any liability. Further the liquidator may with like authority transfer the whole or part of the assets of the Company to a company or collective investment scheme (the "Transferee Company") on terms that Shareholders in the Company shall receive from the Transferee Company Shares or units in the Transferee Company of equivalent value to their shareholdings in the Company.

- (f) Notwithstanding any other provision contained in the Constitution, should the Directors at any time and in their absolute discretion resolve that it would be in the best interests of the Shareholders to wind up the Company, the secretary shall forthwith at the Directors' request convene an extraordinary general meeting of the Company at which there shall be presented a proposal to appoint a liquidator to wind up the Company and if so appointed, the liquidator shall distribute the assets of the Company in accordance with the Constitution.

## 12. **Indemnities and Insurance**

The Directors (including alternates), Secretary and other officers of the Company and its former directors and officers shall be indemnified by the Company against losses and expenses to which any such person may become liable by reason of any contract entered into or any act or thing done by him as such officer in the discharge of his duties (other than in the case of fraud, negligence or wilful default). The Company acting through the Directors is empowered under the Constitution to purchase and maintain for the benefit of persons who are or were at any time Directors or officers of the Company insurance against any liability incurred by such persons in respect of any act or omission in the execution of their duties or exercise of their powers.

## 13. **Material Contracts**

The following contracts which are or may be material have been entered into otherwise than in the ordinary course of business:-

### (a) *Management Agreement*

The Management Agreement appoints Cheyne Capital SMC Limited as manager of the Company subject to overall supervision of the Directors. The Management Agreement provides details of the fees payable to the Manager, which are set out in the section "FEES AND EXPENSES: Service Provides Fees and Expenses". The Management Agreement provides that the appointment of the Manager will continue unless terminated by the Company or the Manager giving to any other party not less than 90 days' written notice, although in certain circumstances the Management Agreement may be terminated immediately by either party. The Management Agreement contains indemnities in favour of the Manager or its permitted delegated in performance of its obligations and duties.

### (b) *Investment Management Agreement*

The Investment Management Agreement may be terminated, after two years from the date thereof, by either party on 3 months' written notice or forthwith by notice in writing



in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Investment Manager has the power to delegate its duties in accordance with the Central Bank's requirements. The Agreement provides that the Company shall indemnify and keep indemnified and hold harmless the Investment Manager and its directors, officers and agents from and against any and all claims, actions, proceedings, judgments, liabilities, damages, losses, costs and expenses (including, without limitation, reasonable legal fees and expenses in relation thereto) suffered or incurred by them or any of them arising as a result of the performance of the duties or other services by the Investment Manager or any of its directors, officers or agents under or in connection with subject matter of the Investment Management Agreement provided that the Investment Manager shall not be indemnified in any case with respect of any matter arising from the Investment Manager or any of its directors, officers or agents' wilful default, fraud, bad faith, recklessness or negligence of their obligations and duties thereunder.

(c) *Investment Advisory Agreement*

The Investment Advisory Agreement may be terminated by either party on 3 months' written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Investment Advisor has the power to delegate its duties. The Investment Advisor shall be liable for any claims, actions, proceedings, judgments, liabilities, damages, losses, costs, and expenses (including legal and professional expenses in relation thereto) suffered or incurred by the Company resulting from the Investment Advisor's performance of its duties or other services due to the wilful default, fraud, bad faith, recklessness or negligence of the Investment Advisor in the performance of its obligations or a breach by the Investment Advisor of certain terms of the Investment Advisory Agreement.

(d) *Administration Agreement*

The Administration Agreement may be terminated by either party on ninety (90) days written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Administrator has the power to delegate its duties in accordance with the requirements of the Central Bank. The Agreement provides that the Company shall indemnify the Administrator (including without limitation each and any of its officers, directors, employees, representatives, third party licensors, vendors, and any person or entity who controls the Administrator) and hold them harmless from any liabilities that may be imposed on, incurred by or asserted against the Administrator (including without limitation each and any of its officers, directors, employees, representatives, third party licensors, vendors, and any person or entity who controls the Administrator) in connection with or arising out of the Administrator's performance under the Administration Agreement otherwise than due to the wilful default, fraud, or negligence of the Administrator, its agents or subcontractors in connection with the liabilities in question.

(e) *Depositary Agreement*

The Depositary Agreement may be terminated by either party on not less than 90 days' written notice (or such shorter notice as the other party may agree to accept). In addition, the Depositary Agreement may be terminated immediately by either party under certain circumstances provided that the appointment of the Depositary shall continue in force until a replacement depositary approved by the Central Bank has been appointed. If within a period of 90 days' from the date on which the Depositary notifies the Company of its desire to retire or from the date on which the Company notifies the Depositary of its intention to remove the Depositary, no replacement depositary shall

have been appointed, the Company shall convene in an extraordinary general meeting of the Shareholders of the Company at which there shall be proposed an ordinary resolution to wind up the Company.

The Depositary is liable to the Company for the loss by the Depositary or a third party to whom the custody of financial instruments that can be held in custody has been delegated. In the case of such a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of identical type or the corresponding amount to the Company without undue delay. The Depositary is not liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary is also liable to the Company for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfill its obligations under the UCITS Regulations.

The Depositary Agreement contains certain indemnities in favour of the Depositary (and each of its officers, employees and delegates) which are restricted to exclude matters arising by reason of the negligent or intentional failure of the Depositary in the performance of its duties or the Depositary's failure to satisfy its obligations of due skill, care and diligence as provided for in the Depositary Agreement. The Depositary may extend the benefit of the above indemnity to any third party sub-custodian appointed by it in accordance with the Depositary Agreement.

The Depositary Agreement is governed by the laws of Ireland and the courts of Ireland shall have exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Depositary Agreement.

#### **14. Documents Available for Inspection**

Copies of the following documents, which are available for information only and do not form part of this document, may be inspected at the registered office of the Company in Ireland during normal business hours on any Business Day:-

- (a) The Constitution (copies may be obtained free of charge from the Administrator).
- (b) The Act and the UCITS Regulations and UCITS Rules.
- (c) The material contracts detailed above.
- (d) Once published, the latest annual and semi-annual reports of the Company (copies of which may be obtained from the Administrator free of charge).
- (e) The Legislation.

Copies of the Prospectus may also be obtained by Shareholders from the Administrator.

## **APPENDIX I**

### **Investment and Borrowing Restrictions**

#### **1. Permitted Investments**

Investments of a UCITS are confined to:

- 1.1 Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
- 1.2 Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3 Money market instruments other than those dealt on a regulated market.
- 1.4 Units of UCITS.
- 1.5 Units of AIFs.
- 1.6 Deposits with credit institutions.
- 1.7 Financial derivative instruments.

#### **2. Investment Restrictions**

- 2.1 A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2 A UCITS may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the UCITS in certain U.S. securities known as Rule 144A securities provided that:
  - the securities are issued with an undertaking to register with the U.S. Securities and Exchanges Commission within one year of issue; and
  - the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS.
- 2.3 A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 2.4 The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the UCITS.

- 2.5 The limit of 10% (in 2.3) is raised to 25% if the transferable securities or Money Market Instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6 The transferable securities and Money Market Instruments referred to in 2.4. shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
- 2.7 Cash booked in accounts and held as ancillary liquidity shall not exceed 20% of the net assets of the UCITS.
- 2.8 The risk exposure of a UCITS to a counterparty to an over-the-counter (“OTC”) derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand

- 2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
- investments in transferable securities or money market instruments;
  - deposits; and/or
  - counterparty risk exposures arising from OTC derivatives transactions.
- 2.10 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
- 2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
- 2.12 A UCITS may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

**The individual issuers must be listed in the prospectus and may be drawn from the following list:**

OECD Governments (provided the relevant issues are investment grade), Government of the People’s Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter-American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie

Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding, Export-Import Bank.

The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

#### **2.13 Deposits and ancillary liquidity with credit institutions**

1. A responsible person shall only invest assets of the UCITS in deposits if such deposits meet the requirements of Regulation 68(1)(f) of the UCITS Regulations.
2. Deposits, or cash booked in accounts and held as ancillary liquidity, shall only be made with a credit institution which is within at least one of the following categories:
  - (a) a credit institution authorised in the EEA;
  - (b) a credit institution authorised within a signatory state, other than a Member State of the EEA, to the Basle Capital Convergence Agreement of July 1988;
  - (c) a credit institution in a third country deemed equivalent pursuant to Article 107(4) of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

#### **2.14 Recently Issued Transferable Securities**

1. Subject to paragraph (2) a responsible person shall not invest any more than 10% of assets of a UCITS in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations 2011 apply.
2. Paragraph (1) does not apply to an investment by a responsible person in U.S. Securities known as “Rule 144 A securities” provided that;
  - (a) the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and
  - (b) the securities are not illiquid securities i.e. they may be realised by the UCITS within 7 days at the price, or approximately at the price, which they are valued by the UCITS.

### **3. Investment in Collective Investment Schemes (“CIS”)**

- 3.1 A UCITS may not invest more than 20% of net assets in any one CIS.
- 3.2 Investment in AIFs may not, in aggregate, exceed 30% of net assets.
- 3.3 The CIS are prohibited from investing more than 10% of net assets in other open-ended CIS.
- 3.4 When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company

may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.

- 3.5 Where by virtue of investment in the units of another investment fund, a responsible person, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission), the responsible person shall ensure that the relevant commission is paid into the property of the UCITS.

#### **4. Index Tracking UCITS**

- 4.1 A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the UCITS Regulations and is recognised by the Central Bank.
- 4.2 The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

#### **5. General Provisions**

- 5.1 An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 A UCITS may acquire no more than:
- (i) 10% of the non-voting shares of any single issuing body;
  - (ii) 10% of the debt securities of any single issuing body;
  - (iii) 25% of the units of any single CIS;
  - (iv) 10% of the money market instruments of any single issuing body.

NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

- 5.3 5.1 and 5.2 shall not be applicable to:
- (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
  - (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
  - (iv) Shares held by a UCITS in the capital of a company incorporated in a non-Member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and

provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.

- (v) Shares held by an investment company or investment companies or Irish Collective Asset-management Vehicle (“ICAV”) or ICAV’s in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders’ request exclusively on their behalf.

5.4 UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

5.5 The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.

5.6 If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.

5.7 Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:

- transferable securities;
- money market instruments;
- units of a CIS; or
- financial derivative instruments.

5.8 A UCITS may hold ancillary liquid assets.

## **6. Financial Derivative Instruments (“FDIs”)**

6.1 The UCITS’ global exposure (as prescribed in the UCITS Regulations) relating to FDI must not exceed its total net asset value.

6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations/UCITS Rules . (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the UCITS Regulations.)

6.3 UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that

- The counterparties to OTC transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.

6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

## APPENDIX II

### Recognised Exchanges

The following is a list of regulated stock exchanges and markets in which the assets of each Fund may be invested from time to time and is set out in accordance with the Central Bank's requirements. With the exception of permitted investments in unlisted securities and off-exchange financial derivative instruments, investment will be restricted to the stock exchanges and markets listed below, as supplemented or amended from time to time. The stock exchanges and markets are listed in accordance with the requirements of the Central Bank. The Central Bank does not issue a list of approved stock exchanges or markets.

(i) without restriction in any stock exchange which is:-

- located in any Member State of the European Union; or
  - located in any Member State of the European Economic Area (European Union, Norway, Iceland and Liechtenstein) ("EEA")
  - located in any of the following countries:-
    - Australia
    - Canada
    - Japan
    - Hong Kong
    - New Zealand
    - Switzerland
    - United States of America
    - United Kingdom

(ii) without restriction in any of the following:-

Argentina	Bolsa de Comercio de Buenos Aires
Argentina	Bolsa de Comercio de Cordoba
Argentina	Mercado Abierto Electronico S.A.
Bahrain	Bahrain Stock Exchange
Bangladesh	Dhaka Stock Exchange
Botswana	Botswana Stock Exchange
Brazil	Bolsa de Valores do Rio de Janeiro
Brazil	Bolsa de Valores de Sao Paulo
Chile	Bolsa de Comercio de Santiago
Chile	Bolsa Electronica de Chile
China, Peoples' Republic of	Shanghai Securities Exchange
China, Peoples' Republic of	Shenzhen Stock Exchange
Colombia	Bolsa de Valores de Colombia
Croatia	Zagreb Stock Exchange
Egypt	Cairo and Alexandria Stock Exchange
Ghana	Ghana Stock Exchange
India	Bangalore Stock Exchange
India	Calcutta Stock Exchange
India	Delhi Stock Exchange
India	The Stock Exchange, Mumbai
India	National Stock Exchange of India
Indonesia	Jakarta Stock Exchange
Israel	Tel-Aviv Stock Exchange
Jordan	Amman Stock Exchange



Kazakhstan (Rep. Of)	Kazakhstan Stock Exchange
Kenya	Nairobi Stock Exchange
Korea	Korea Stock Exchange
Korea	KOSDAQ
Lebanon	Bourse de Beyrouth
Malaysia	Bursa Malaysia
Mauritius	Stock Exchange of Mauritius
Mexico	Bolsa Mexicana de Valores
Morocco	Societe de la Bourse des Valeurs de Casablanca
Namibia	Namibian Stock Exchange
Nigeria	Nigerian Stock Exchange
Oman	Muscat Securities Market
Pakistan	Islamabad Stock Exchange
Pakistan	Karachi Stock Exchange
Pakistan	Lahore Stock Exchange
Peru	Bolsa de Valores de Lima
Phillippines	Philippine Stock Exchange
Qatar	Doha Securities Market
Saudi Arabia	Saudi Stock Exchange
Serbia	Belgrade Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Securities Exchange
Sri Lanka	Colombo Stock Exchange
Taiwan (Republic of China)	Taiwan Stock Exchange Corporation
Taiwan (Republic of China)	Gre Tai Securities Market
Thailand	Stock Exchange of Thailand
Tunisia	Bourse des Valeurs Mobilières de Tunis
Turkey	Istanbul Stock Exchange
United Arab Emirates	Abu Dhabi Stock Exchange
UAE	Dubai International Financial Exchange
Uruguay	Bolsa de Valores de Montevideo
Vietnam	Ho Chi Minh City Securities Trading Centre

(iii) any of the following markets:-

- the market conducted by the "listed money market institutions", as described in the FSA publication entitled "The Investment Business Interim Prudential Sourcebook" (which replaces the "Grey Paper") as amended or revised from time to time;
- AIM - the Alternative Investment Market in the UK, regulated and operated by the London Stock Exchange;
- The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- NASDAQ in the United States;
- The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;
- The over-the-counter market in the United States regulated by the National Association of Securities Dealers, Inc. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers, Inc. and by banking

institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

- The French market for Titres de Créances Négociables (over-the-counter market in negotiable debt instruments);
- EASDAQ (European Association of Securities Dealers Automated Quotation);
- the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada;
- The market organised by the International Capital Markets Association;
- NASDAQ Europe;

(iv) For the purposes only of determining the value of the assets of a Fund, the term “Recognised Exchange” shall be deemed to include, in relation to any futures or options contract utilised by a Fund, any organised exchange or market on which such futures or options contracts are regularly traded and may include the following:

- o The Chicago Board of Trade;
- o The Chicago Board Options Exchange;
- o The Chicago Mercantile Exchange;
- o Hong Kong Exchanges and Clearing Limited (HKEx);
- o The London International Financial Futures Exchange (LIFFE);
- o Marché de Options Négociables de Paris (MONEP);
- o MEFF Renta Fija (the Barcelona Futures Exchange);
- o MEFF Renta Variable (the Madrid Futures Exchange);
- o Sydney Futures Exchange;
- o Tokyo International Financial Futures Exchange (TIFFE);
- o EUREX;
- o New York Mercantile Exchange (NYMEX).

(v) In relation to any exchange traded financial derivatives contract used, any market or exchange on which such contract may be acquired or sold which is referred to in (i), (ii), (iii) or (iv) above, which is in the EEA or which is listed below, is regulated, recognised, operates regularly, and is open to the public:

- o European Options Exchange; o Eurex Deutschland;
- o Euronext.liffe;
- o Financieel Termijnmarkt Amsterdam; o Finnish Options Market;
- o Hong Kong Futures Exchange;

- o Irish Futures and Option Exchange (IFOX);
- o Kansas City Board of Trade;
- o Marche a Terme des International de France;
- o New Zealand Futures and Options Exchange;
- o OMLX The London Securities and Derivatives Exchange Ltd;
- o OM Stockholm AB;
- o Osaka Securities Exchange; o Philadelphia Board of Trade;
- o Singapore International Monetary Exchange;
- o Singapore Commodity Exchange;
- o South Africa Futures Exchange (SAFEX); o Sydney Futures Exchange;
- o Toronto Futures Exchange.

## APPENDIX III

### Definition of U.S. Person

#### *“U.S. Person”*

A “U.S. Person” for purposes of this Prospectus is a person who is in either of the following two categories: (a) a person included in the definition of “U.S. person” under Rule 902 of Regulation S under the 1933 Act or (b) a person excluded from the definition of a “Non-United States person” as used in CFTC Rule 4.7. For the avoidance of doubt, a person is excluded from this definition of U.S. Person only if he or it does not satisfy any of the definitions of “U.S. person” in Rule 902 and qualifies as a “Non-United States person” under CFTC Rule 4.7.

“U.S. person” under Rule 902 of Regulation S under the 1933 Act includes the following:

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organised or incorporated under the laws of the United States;
- (c) any estate of which any executor or administrator is a U.S. person;
- (d) any trust of which any trustee is a U.S. person;
- (e) any agency or branch of a non-U.S. entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
  - (i) organised or incorporated under the laws of any non-U.S. jurisdiction; and
  - (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

Notwithstanding the preceding paragraph, “U.S. person” under Rule 902 does not include:

- (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States;
- (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person, if (A) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate, and (B) the estate is governed by non-U.S. law;
- (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person;

- (iv) any employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- (v) any agency or branch of a U.S. person located outside the United States if (A) the agency or branch operates for valid business reasons, and (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) certain international organisations as specified in Rule 902(k)(2)(vi) of Regulation S under the 1933 Act, including their agencies, affiliates and pension plans; and
- (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed “U.S. Persons”.

CFTC Rule 4.7 currently provides in relevant part that the following persons are considered “Non-United States persons”:

- (a) a natural person who is not a resident of the United States or an enclave of the U.S. government, its agencies or instrumentalities;
- (b) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;
- (c) an estate or trust, the income of which is not subject to U.S. income tax regardless of source;
- (d) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being Non-United States persons; and
- (e) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

An investor who is considered a “non- U.S. Person” under Regulation S and a “Non-United States person” under CFTC Rule 4.7 may nevertheless be considered a “U.S. Taxpayer” depending on the investor’s particular circumstances.

#### *Definition of U.S. Taxpayer*

- (1) “U.S. Taxpayer” means:
  - (a) a U.S. citizen or resident alien of the U.S. (as defined for U.S. Federal income tax purposes);
  - (b) any entity treated as a partnership or corporation for U.S. tax purposes that is created or organised in, or under the laws of, the U.S. or any state thereof;
  - (c) any other partnership that is treated as a U.S. Person under U.S. Treasury Department regulations;

- (d) any estate, the income of which is subject to U.S. income taxation regardless of source; and
- (e) any trust over whose administration a court within the U.S. has primary supervision and all substantial decisions of which are under the control of one or more U.S. fiduciaries. Persons who have lost their U.S. citizenship and who live outside the U.S. may nonetheless, in some circumstances, be treated as U.S. Taxpayers.

An investor may be a U.S. Taxpayer for Federal income tax purposes but not a “U.S. Person” for purposes of investor qualification for a Fund. For example, an individual who is a U.S. citizen residing outside of the U.S. is not a “U.S. Person” but is a U.S. Taxpayer for Federal income tax purposes;

### *“Benefit Plan Investor”*

“Benefit Plan Investor” is used as defined in U.S. Department of Labor Regulation 29 C.F.R. §2510.3-101 and Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) (collectively, the “Plan Asset Rule”), and includes (i) any employee benefit plan subject to Part 4 of Title I of ERISA; (ii) any plan to which Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), applies (which includes a trust described in Code Section 401(a) that is exempt from tax under Code Section 501(a), a plan described in Code Section 403(a), an individual retirement account or annuity described in Code Section 408 or 408A, a medical savings account described in Code Section 220(d), a health savings account described in Code Section 223(d) and an education savings account described in Code Section 530); and (iii) any entity whose underlying assets include plan assets by reason of a plan’s investment in the entity (generally because 25% or more of a class of equity interests in the entity is owned by plans). An entity described in (iii) immediately above will be considered to hold plan assets only to the extent of the percentage of the equity interests in the entity held by Benefit Plan Investors. Benefit Plan Investors also include that portion of any insurance company’s general account assets that are considered “plan assets” and (except if the entity is an investment company registered under the 1940 Act) also include assets of any insurance company separate account or bank common or collective trust in which plans invest.

### *Special Considerations for Benefit Plan Investors*

In General. Subject to the limitations applicable to investors generally, Shares may be purchased using assets of various benefit plans, including employee benefit plans (“ERISA Plans”) subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or retirement plans subject to Code Section 4975, such as plans intended to qualify under Code Section 401(a) (including plans covering only self-employed individuals) and individual retirement accounts (together with ERISA Plans, “Plans”). However, none of the Company, the Investment Manager, the Investment Advisor, the Directors or the Administrator, nor any of their principals, agents, employees, affiliates or consultants, makes any representation with respect to whether the Shares are a suitable investment for any such Plan.

In considering whether to invest assets of a Plan in Shares, the persons acting on behalf of or with any assets of the Plan should consider in the Plan’s particular circumstances whether the investment will be consistent with their responsibilities and any special constraints imposed by the terms of such Plan and applicable U.S. federal, state or other law, including ERISA and the Code. Some of the responsibilities and constraints imposed by ERISA and the Code are summarised below. The following is merely a summary of those particular laws, however, and should not be construed as legal advice or as complete in all relevant respects. All investors are urged to consult their legal advisors before investing assets of an employee benefit plan in Shares and to make their own independent decisions.

Employee benefit plans that are not Plans, including, for example, governmental plans, church plans with respect to which no election has been made under Code Section 410(d), and non-U.S. plans, although they are not subject to Title I of ERISA or Section 4975 of the Code, may be subject to other

laws regulating employee benefit plans. The laws or governing instruments applicable to such plans may have provisions that impose restrictions on the investments and management of the assets of such plans that are, in some cases, similar to those under ERISA and the Code. It is uncertain whether exemptions and interpretations under ERISA would be recognised by the applicable authorities in such cases. Provisions relating to the investment and management of such plans' assets also might contain restrictions and limitations such as a prohibition, or percentage limitation, on investments of a particular type, or a bar on investments in particular countries or kinds of businesses. Fiduciaries of such plans, in consultation with their advisers, should consider the impact of their applicable laws, regulations and governing instruments on investments in the Company, as well as the considerations discussed herein, to the extent applicable.

**Fiduciary Responsibilities under ERISA.** Persons acting as fiduciaries on behalf of or with any assets of an ERISA Plan are subject to specific standards of behaviour in the discharge of their responsibilities. As a result, such persons must, for example, conclude an investment in Shares by an ERISA Plan would be (i) prudent, (ii) in the best interests of Plan participants and their beneficiaries, and (iii) in accordance with the documents and instruments governing the ERISA Plan, and would satisfy the diversification requirements of ERISA. In making those determinations, such persons should take into account, among other factors, (i) that the Company will invest the assets in each Class in accordance with the applicable investment objectives and strategies without regard to the particular objective of any class of investors, including Plans, (ii) the fee structure of the Company, (iii) the tax effects of the investment, (iv) the relative illiquidity of the investment and its effect on the cash flow needs of the Plan, (v) the Plan's funding objectives, (vi) the risks of an investment in the Company and (vii) that, as discussed below, it is not expected that the Company's assets will constitute the "plan assets" of any investing Plan, so that none of the Company, the Investment Manager, the Investment Advisor, the Directors or the Administrator, nor any of their principals, agents, employees, affiliates or consultants will be a "fiduciary" as to any investing Plan.

ERISA imposes certain duties on persons who are ERISA Plan fiduciaries. In addition, both ERISA and the Code prohibit certain transactions involving "plan assets" between the Plan and its fiduciaries or other parties in interest under ERISA or disqualified persons under the Code with respect to the Plan.

**Identification of, and Consequences of Holding, Plan Assets.** Under U.S. Department of Labor ("DOL") Regulation 29 C.F.R. §2510.3-101 and Section 3(42) of ERISA (collectively, the "Plan Asset Rule"), the prohibited transaction and other applicable provisions of ERISA and the Code, including the rules for determining who is a party in interest or a disqualified person, would generally be applied by treating the investing Plan's assets as including any Shares purchased, but not solely by reason of such purchase, including any of the underlying assets of the Company. Under the Plan Asset Rule, however, this may not be the case if immediately after any acquisition or redemption of any equity interest in the Company, 25 per cent. or more of the value of any class of equity interests in the Company is held by "Benefit Plan Investors" (as defined below). For purposes of this 25 per cent. determination, the value of any equity interest held by a person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the Company or any person who provides investment advice for a fee (direct or indirect) with respect to Company assets, or any affiliate of such a person (such as the Directors, the Investment Manager and the Investment Advisor), shall be disregarded. For this purpose, an "affiliate" of a person includes any person controlling, controlled by or under common control with that person, including by reason of having the power to exercise a controlling influence over the management or policies of such person. For this purpose, "Benefit Plan Investor" is used as defined in the Plan Asset Rule and includes (i) any employee benefit plan subject to Part 4 of Title I of ERISA; (ii) any plan to which Code Section 4975 applies (which includes a trust described in Code Section 401(a) that is exempt from tax under Code Section 501(a), a plan described in Code Section 403(a), an individual retirement account or annuity described in Code Section 408 or 408A, a medical savings account described in Code Section 220(d), a health savings account described in Code Section 223(d) and an education savings account described in Code Section 530); and (iii) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (generally because 25 per cent. or more of a class of equity interests in the entity is owned by plans). An entity described in (iii)

immediately above will be considered to hold plan assets only to the extent of the percentage of the equity interests in the entity held by Benefit Plan Investors. Benefit Plan Investors also include that portion of any insurance company's general account assets that are considered "plan assets" and (except if the entity is an investment company registered under the 1940 Act) also include assets of any insurance company separate account or bank common or collective trust in which plans invest.

The Company intends to limit the sale and transfer of Shares, and may exercise the Company's right compulsorily to redeem Shares, to the extent necessary to prevent the 25 per cent. threshold described above from being exceeded with respect to any Class of equity interests, and consequently to prevent the underlying assets of the Company from being treated as "plan assets" of any Plan investing in the Company.

If the assets of the Company nonetheless were deemed to be "plan assets" under ERISA, its Investment Manager and the Investment Advisor could be characterised as a fiduciary of investing ERISA Plans under ERISA and it and its affiliates and certain of its delegates could be characterised as "parties in interest" under ERISA and/or "disqualified persons" under the Code with respect to investing Plans. Further, (i) the prudence and other fiduciary responsibility standards of ERISA applicable to investments made by ERISA Plans and their fiduciaries would extend to investments made with assets of the Company; (ii) an ERISA Plan's investment in the Shares might expose the ERISA Plan fiduciary to co-fiduciary liability under ERISA for any breach of ERISA fiduciary duties by the Investment Manager or the Investment Advisor; (iii) assets of the Company held outside the jurisdiction of the U.S. district courts might not be held in compliance with applicable DOL regulations; (iv) the Plan's reporting obligations might extend to the assets of the Company; and (v) certain transactions in which the Company might seek to engage could constitute prohibited transactions under ERISA and/or the Code. A prohibited transaction involving a Plan, unless an exemption for the prohibited transaction were available, generally could subject an interested party to an excise tax and to certain remedial measures imposed by ERISA; a prohibited transaction involving an individual retirement account in certain circumstances could result in its disqualification. DOL regulations do provide, however, that the ERISA requirement that plan assets be held in trust would be satisfied with respect to the assets of an entity that are deemed to be plan assets if the indicia of ownership of such assets (e.g. Shares) are held in trust on behalf of an investing ERISA Plan by one or more of its trustees.

Each prospective investor that is a Plan or a governmental or non-electing church plan will be required to represent and warrant that the acquisition and holding of Shares does not and will not constitute or result in a non-exempt prohibited transaction under Title I of ERISA or Code Section 4975, or a violation of any similar applicable law.

Even though the assets of a Plan that invests in the Company should not include assets of the Company, a possible violation of the prohibited transaction rules under ERISA and the Code nonetheless could occur if an investment in the Company were made with assets of a Plan with respect to which the Investment Manager, the Investment Advisor or any of its affiliates, has discretionary authority or control or renders investment advice. Accordingly, the fiduciaries of a Plan should not permit investment in the Company with plan assets if its Investment Manager, Investment Advisor or any of its affiliates, performs or has any such investment powers with respect to those assets, unless an exemption from the prohibited transaction rules applies with respect to such acquisition.

**BEFORE MAKING AN INVESTMENT IN THE COMPANY, ANY PLAN FIDUCIARY SHOULD CONSULT ITS LEGAL ADVISORS CONCERNING THE ERISA, TAX AND OTHER LEGAL CONSIDERATIONS OF SUCH AN INVESTMENT.**



## APPENDIX IV

### Efficient Portfolio Management - Techniques and Instruments

In addition to the investments in FDIs, the Company may employ other techniques and instruments relating to transferable securities and money market instruments subject to the UCITS Regulations and to conditions imposed by the Central Bank. These techniques and instruments will be used in the best interest of the Shareholders.

Such techniques and instruments are set out below and are subject to the following conditions:

Repurchase/reverse repurchase agreements and securities lending may only be effected in accordance with normal market practice. All assets received by a UCITS in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria set down below.

Unless otherwise specified in the relevant Supplement, a Fund may lend, for securities lending or sell, for repurchase agreements, any securities within a portfolio. In securities lending, the Fund will lend securities to broker-dealers and banks in order to generate additional income for the relevant Fund. Any such loan must be continuously secured by collateral in cash or cash equivalents maintained on a current basis in an amount at least equal to the market value of the securities loaned by the relevant Fund.

It is typically expected that, where permitted, 0-10% of the Net Asset Value of available instruments of a relevant Fund may be subject to repurchase/reverse repurchase agreements or securities lending subject to a maximum of 100% of the Net Asset Value.

Solely where described in a Supplement, a Fund may utilise total return swaps in accordance with its investment policy. Where the investment policy provides that total return swaps are to be used as part of the primary investment policy, the Fund may invest in total return swaps up to 100% of its Net Asset Value with an expected range of usage in line with the percentage of long and short exposure of the relevant Fund. The underlying instruments permitted for total return swaps are as set out in each Supplement.

#### *Collateral Policy*

For the purposes of limiting the Funds' credit risk in respect of OTC transactions or repurchase agreements, collateral may be received from, or posted to, counterparties on behalf of the Fund.

Collateral received must at all times meet with the following criteria:

**Liquidity:** Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of UCITS Regulation 74.

**Valuation:** Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.

**Issuer Credit Quality:** Collateral received must be of high quality and will be evaluated in accordance with the issuer credit assessment process requirements as set out in the Central Bank UCITS Regulations.

**Correlation:** Collateral received must be issued by an entity that is independent from the counterparty and is not expected, on reasonable grounds, to display a high correlation with the performance of the counterparty.

**Diversification (asset concentration):** Collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

The Funds may be fully collateralised using transferable securities and money market instruments issued or guaranteed by any Member State, one or more of its local authorities, a third country or a public international body of which one or more Member States belongs provided the Funds should receive securities from at least 6 different issues and securities from any single issue shall not account for more than 30% of the relevant Fund's net asset value. It is expected that the Funds will receive collateral of more than 20% of the net asset value of each Fund in transferable securities or money market instruments issued by the U.S. Government.

**Immediately Available:** Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

Non-cash collateral cannot be sold, pledged or re-invested.

Cash collateral may not be invested other than in the following:

- (a) deposits with relevant institutions;
- (b) high-quality government bonds;
- (c) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on an accrued basis;
- (d) short-term money market funds, as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds.

In accordance with the Central Bank UCITS Regulations, invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with the counterparty or a related entity.

A Fund receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

- design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- reporting frequency and limit/loss tolerance threshold/s; and
- mitigation actions to reduce loss including haircut policy and gap risk protection.

The Company has in place for each Fund a clear haircut policy adapted for each class of assets received as collateral. When devising the haircut policy, the Company should take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests

performed in accordance with the above paragraph. This policy will be documented and will justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets.

All counterparties to OTC FDI transactions, repurchase/reverse repurchase agreements or securities lending agreements will be with a counterparty which meets the counterparty requirements under the UCITS Rules as to legal status and origin.

Where a counterparty to a repurchase or a securities lending agreement, which has been entered into on behalf of the Funds:

- (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account in the credit assessment process; and
- (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) this shall result in a new credit assessment being conducted by the Company.

Where there is a novation of a counterparty to an OTC FDI contract, the counterparty must be one which meets the requirements of the UCITS Rules or is a central counterparty authorized, recognized or pending recognition by ESMA under the European Market Infrastructure Regulation, or an entity classified as a derivatives clearing organization by the Commodity Futures Trading Commission or a clearing agency by the SEC.

The Company will ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.<sup>1</sup>

If the Company enters into a reverse repurchase agreement, it will ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is callable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement will be used for the calculation of the net asset value of the Fund.

### *Safekeeping*

Collateral received on a title transfer basis should be held in custody by the Depositary. For other types of collateral arrangements, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral. Assets pledged in such transactions by the Funds continue to be safekept by the Depositary.

### *Reference to Ratings*

The European Union (Alternative Investment Fund Managers) (Amendment) Regulations 2014 (S.I. No. 379 of 2014) (the "Amending Regulations") transpose the requirements of the Credit Ratings Agencies Directive (2013/14/EU) ("CRAD") into Irish Law. CRAD aims to restrict the reliance on ratings provided by credit rating agencies and to clarify the obligations for risk management. In accordance with the Amending Regulations and the CRAD, notwithstanding anything else in this Prospectus, the Investment Manager shall not solely or mechanistically rely on credit ratings in determining the credit quality of an issuer or counterparty.

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<sup>1</sup> Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the UCITS.

## APPENDIX V<sup>2</sup>

Country	
<b>Argentina</b>	The Branch of Citibank, N.A. in the Republic of Argentina
<b>Australia</b>	Citigroup Pty. Limited
<b>Austria</b>	Citibank Europe Plc
<b>Bahrain</b>	Citibank, N.A., Bahrain Branch
<b>Bangladesh</b>	Citibank, N.A., Bangladesh Branch
<b>Belgium</b>	Citibank Europe Plc
<b>Bermuda</b>	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Bermuda Limited
<b>Bosnia-Herzegovina: The Federation of Bosnia and Herzegovina (Sarajevo)</b>	UniCredit Bank d.d.
<b>Bosnia-Herzegovina: The Republika of Srpska (Banja Luka)</b>	UniCredit Bank d.d.
<b>Botswana</b>	Standard Chartered Bank Botswana Limited
<b>Brazil</b>	Citibank, N.A., Brazilian Branch
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch
<b>Canada</b>	Citibank Canada
<b>Chile</b>	Banco de Chile
<b>China B Shanghai &amp; Shenzehn</b>	Citibank, N.A., Hong Kong Branch (For China B Shares)
<b>China A Shares</b>	Citibank, (China) Co., Ltd (China A shares)
<b>China Hong Kong Stock Connect</b>	Citibank, N.A., Hong Kong Branch

<sup>2</sup> Up-to-date list of sub-custodians to be provided by Citi.

<b>Clearstream ICSD</b>	
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria
<b>Costa Rica</b>	Banco Nacioanal de Costa Rica
<b>Croatia</b>	Privredna Banka Zagreb d.d.
<b>Cyprus</b>	Citibank Europe plc, Greece Branch
<b>Czech Republic</b>	Citibank Europe plc, organizacni slozka
<b>Denmark</b>	Citibank Europe Plc
<b>Egypt</b>	Citibank, N.A., Egypt
<b>Estonia</b>	Swedbank AS
<b>Euroclear</b>	Euroclear Bank SA/NV
<b>Finland</b>	Citibank Europe plc
<b>France</b>	Citibank Europe Plc
<b>Georgia</b>	JSC Bank of Georgia
<b>Germany</b>	Citibank Europe Plc
<b>Ghana</b>	Standard Chartered Bank Ghana Limited
<b>Greece</b>	Citibank Europe plc, Greece Branch
<b>Hong Kong</b>	Citibank N.A., Hong Kong Branch
<b>Hungary</b>	Citibank Europe plc Hungarian Branch Office
<b>Iceland</b>	Islandsbanki hf
<b>India</b>	Citibank, N.A., Mumbai Branch

<b>Indonesia</b>	Citibank, N.A., Jakarta Branch
<b>Ireland</b>	Citibank, N.A., London Branch
<b>Israel</b>	Citibank, N.A., Israel Branch
<b>Italy</b>	Citibank Europe Plc
<b>Jamaica</b>	Scotia Investments Jamaica Limited
<b>Japan</b>	Citibank, N.A., Tokyo Branch
<b>Jordan</b>	Standard Chartered Bank, Jordan Branch
<b>Kazakhstan</b>	Citibank Kazakhstan JSC
<b>Kenya</b>	Standard Chartered Bank Kenya Limited
<b>Korea (South)</b>	Citibank Korea Inc.
<b>Kuwait</b>	Citibank N.A., Kuwait Branch
<b>Latvia</b>	Swedbank AS, based in Estonia and acting through its Latvian branch, Swedbank AS
<b>Lithuania</b>	Swedbank AS, based in Estonia and acting through its Latvian branch, Swedbank AS
<b>Luxembourg</b>	only offered through the ICSDs- Euroclear & Clearstream
<b>Macedonia</b>	Raiffeisen Bank International AG
<b>Malaysia</b>	Citibank Berhad
<b>*Malta</b>	Citibank is a direct member of Clearstream Banking, which is an ICSD.
<b>Mexico</b>	Banco Nacional de Mexico, S.A.
<b>Morocco</b>	Citibank Maghreb S.A.
<b>Mauritius</b>	The Hong Kong & Shanghai Banking Corporation Limited

<b>Namibia</b>	Standard Bank of South Africa Limited acting through its agent, Standard Bank Namibia Limited
<b>Netherlands</b>	Citibank Europe Plc
<b>New Zealand</b>	Citibank, N.A., New Zealand Branch
<b>Nigeria</b>	Citibank Nigeria Limited
<b>Norway</b>	Citibank Europe Plc
<b>Oman</b>	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Oman S.A.O.G.
<b>Pakistan</b>	Citibank, N.A., Pakistan Branch
<b>Panama</b>	Citibank, N.A., Panama Branch
<b>Peru</b>	Citibank del Peru S.A.
<b>Philippines</b>	Citibank, N.A., Philippine Branch
<b>Poland</b>	Bank Handlowy w Warszawie S.A.
<b>Portugal</b>	Citibank Europe plc
<b>Qatar</b>	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe plc, Dublin - Romania Branch
<b>Russia</b>	AO Citibank
<b>Saudi Arabia</b>	The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Saudi Arabia
<b>Serbia</b>	UniCredit Bank Srbija a.d.
<b>Singapore</b>	Citibank, N.A., Singapore Branch
<b>Slovak Republic</b>	Citibank Europe plc pobočka zahraničnej banky
<b>Slovenia</b>	UniCredit Banka Slovenija d.d. Ljubljana

<b>South Africa</b>	Citibank N.A., South Africa Branch
<b>Spain</b>	Citibank Europe plc
<b>Sri Lanka</b>	Citibank N.A., Sri Lanka Branch
<b>Sweden</b>	Citibank Europe plc, Sweden Branch
<b>Switzerland</b>	Citibank N.A., London branch
<b>Taiwan</b>	Citibank Taiwan Limited
<b>Tanzania</b>	Standard Bank of South Africa Ltd. acting through its affiliate Stanbic Bank Tanzania Ltd
<b>Thailand</b>	Citibank, N.A., Bangkok Branch
<b>Tunisia</b>	Union Internationale de Banques
<b>Turkey</b>	Citibank, A.S.
<b>Uganda</b>	Standard Chartered Bank Uganda Limited
<b>United Arab Emirates, ADX</b>	Citibank, N.A., UAE
<b>United Arab Emirates, DFM</b>	Citibank, N.A., UAE
<b>United Arab Emirates, NASDAQ Dubai</b>	Citibank, N.A., UAE
<b>Ukraine</b>	JSC "Citibank"
<b>United Kingdom</b>	Citibank, N.A., London Branch
<b>United States</b>	Citibank, N.A., New York Offices
<b>Uruguay</b>	Banco Itau Uruguay S.A.
<b>Vietnam</b>	Citibank, N.A., Hanoi Branch



## **CHEYNE GLOBAL CREDIT FUND**

**Supplement dated 1 December 2022**

**to the Prospectus for Cheyne Select UCITS Fund plc**

This Supplement contains information relating specifically to the **Cheyne Global Credit Fund** (the "**Fund**"), a Fund of Cheyne Select UCITS Fund plc (the "**Company**"), an open-ended umbrella type investment company, with segregated liability between Funds, authorised by the Central Bank on 3 September 2009 as a UCITS pursuant to the UCITS Regulations.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 31 December 2021 (the "Prospectus") which immediately precedes this Supplement and is incorporated herein.**

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

**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 is actively managed.**

The Fund will use financial derivative instruments for investment purposes. While the prudent use of derivatives can be beneficial, they also involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments.

Investors should read and consider the section entitled "Risk Factors" before investing in the Fund.

### **1. Interpretation**

In this Supplement, the following words and phrases have the meanings set forth below, except where the context otherwise requires:

"Business Day"	means any day (except Saturday or Sunday) on which banks in Dublin and London are open for business and/or such other day or days as may be determined by the Directors and notified to Shareholders.
"Corporate(s)"	means companies of any sector or industry, banks or other corporate issuers of debt.
"Credit Default Swap"	means a credit derivative contract which provides the Fund with exposure to the credit risk of an underlying Corporate. In a Credit Default Swap, one party (protection buyer) pays a periodic fee to another party (protection seller) in return for compensation if a default (or similar credit event) occurs by a reference entity (which for the Fund will generally be a Corporate).

"Dealing Day"	means each Business Day and/or such other day or days as may be determined by the Directors and notified to Shareholders in advance.
"Dealing Deadline"	means 4 p.m. Irish time on a Business Day one (1) Business Day before the relevant Dealing Day, or such other time as the Directors may determine and notify to Shareholders in advance, provided always that the Dealing Deadline is no later than the Valuation Point.
"Developed Markets"	means all the member nations of the G20 (meaning the Group of Twenty Finance Ministers and Central Bank Governors from the World's 20 major economies), the members of the European Union, New Zealand, Norway and Singapore.
"Duration Hedged Classes"	means Share Classes that engage in Duration Hedging at Class level.
"Duration Hedging"	means taking positions, usually via Interest Rate FDIs, which seek to limit the impact of interest rate movements.
"Interest Rate"	means (i) for any USD Share Class, the 12-month Term SOFR Rate on the first day of the Performance Period (ii) for any EUR Share Class, the 12-month EURIBOR (Euro Interbank Offered Rate) on the first day of the Performance Period, (iii) for any Swiss Franc Share Class, the 12-month EURIBOR on the first day of the Performance Period and (iv) for any GBP Share Class, the 12 month Term SONIA Rate on the first day of the Performance Period, provided that in the case of (i), (ii), (iii) or (iv) should that first day of the Performance Period not be a business day on which the relevant interest rate is provided, the relevant interest rate shall be as of the immediately preceding business day on which the relevant interest rate is available;
"Interest Rate FDIs"	means interest rates swaps, interest rate futures and forward rate agreements.
"Investment Grade"	means a bond or security with a rating of at least BBB- from Fitch Inc. or Baa3 from Moody's Investors Service, Inc. or BBB- from Standard & Poors Financial Services LLC.
"Performance Hurdle"	means the relevant Interest Rate used for each Performance Period in the calculation of the Performance Fee.
"Performance Period"	means each Accounting Period.
"SOFR"	means the Secured Overnight Financing Rate;
"SONIA"	means the Sterling Overnight Index Average Rate;
"Term SOFR Rate"	means the forward-looking CME term SOFR for a period of 12 months , as provided by CME Group Benchmark Administration Limited as administrator of the benchmark

(or a successor administrator);

“Term SONIA Rate”	means the forward-looking ICE term SONIA for a period of 12 months, as provided by ICE Benchmark Administration Limited as administrator of the benchmark (or a successor administrator);
“Valuation Point”	means the close of business in the relevant market on the relevant Dealing Day (or such other time as the Directors may determine).

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

## **2. Base Currency**

The Base Currency shall be Euro. The Net Asset Value per Share will be published and settlement and dealing will be effected in the relevant currency of the specific Share Class.

## **3. Investment Objective**

The Fund’s investment objective is to maximise total rates of return, meaning capital appreciation plus income of its investments, over the medium term from returns on corporate debt and derivatives thereof, with prudent levels of risk while maintaining generally moderate levels of volatility.

## **4. Investment Policy**

The Fund will seek to achieve its objective primarily through long or synthetic short exposure to the credit risk of Corporates in Developed Markets via Credit Default Swaps, and/or direct investment in debt securities (or via FDIs thereof).

Members of the Investment Manager’s Credit Team are responsible for analysing investment opportunities for the Fund. Credit analysts in the team focus on fundamental credit analysis of Corporates on both an absolute and a relative basis. Quantitative and qualitative methods are used to analyse the credit of Corporates. The Investment Manager will use the output of this analysis to identify investment opportunities, taking into consideration factors such as the level of credit spreads, market supply and demand imbalances of credits, and liquidity. When an investment is made it will be closely monitored and the investment rationale for retaining the investment will be kept under review by the Investment Manager.

The Investment Manager on behalf of the Fund is expected to use Credit Default Swaps and Interest Rate FDIs as alternatives to acquiring corporate debt securities, alone or in conjunction with such securities, in any case where such investment may be accomplished in a more efficient, less costly or less risky way through the use of such swaps. Credit Default Swaps may also be used to maintain or reduce exposure to the market while managing the cash flows from subscriptions and redemptions into and out of the Fund more efficiently than by buying and selling securities.

Corporate debt securities will include ownership of individual corporate bonds, which may be either fixed or floating rate instruments and the Investment Manager may also invest in fixed or floating rate government debt securities (or via FDIs thereof).

### *General*

The Fund’s investments in Credit Default Swaps and debt securities will be primarily Investment Grade, however such investments may include non-investment grade. The credit exposure of the Fund, as a

result of its investments, is subject to the limits described in the section entitled “Risk Limits” below.

While the Fund will have a long-bias and intends to have generally long exposure to individual Corporates, it may also take synthetic short positions on individual Corporates, either as a hedge against a long position or for investment purposes by using Credit Default Swaps. The Fund’s net short credit exposure is not expected to exceed 20% of the Fund’s Net Asset Value.

Where the Investment Manager believes this to be appropriate in terms of the investment objective and policies of the Fund and in the best interests of Shareholders, it may dispose of its investments in whole or part before their final maturity. The investment proceeds received from any such disposals will be re-invested in accordance with the Fund’s investment objective and policy.

The Investment Manager may cause the Fund to engage in hedging transactions (including Duration Hedging) in order to mitigate losses or to adjust the average duration of the overall portfolio, but it may not be able to remove all credit or interest rate exposure to Corporates. Hedging transactions could take the form of buying or selling credit protection on certain Corporates or credit indices using Credit Default Swaps or using Interest Rate FDIs. However, the Fund may have exposure to issuers for whom such hedging instruments are not available or are prohibitively priced. The Fund will target an interest rate duration profile similar to that of the Bloomberg Barclays Global Aggregate Corporate Index (the “**Index**”). The Index is a measure of global investment grade, fixed-rate corporate debt. The Index is multi-currency and includes bonds from developed and emerging markets issuers within the industrial, utility and financial sectors. The Fund is actively managed. The Investment Manager is not constrained by the Index and can select securities of companies not included in the Index. The Index will also be used for performance comparison purposes.

For purposes of the Fund’s investment objective and policy, the Fund may invest in cash or cash equivalents including, but not limited to; short-term government bonds, treasury bills, commercial paper, interest bearing accounts of a bank or broker, certificates of deposit, government securities and other forms of money market instruments such as bankers acceptances or bills of exchange. The Fund may, in accordance with the UCITS Regulations, also hold ancillary liquid assets to provide security, collateral or margin in respect of its activities.

In connection with its investment objective and policy, the Fund may employ a variety of hedging strategies and in connection therewith may utilise financial derivative instruments as more particularly described below under “*Further Detail on the Use of Financial Derivative Instruments*”.

With the exception of permitted investments in unlisted instruments and off-exchange financial derivative instruments, investments will be made on Recognised Exchanges, as listed in Appendix II to the Prospectus.

#### *Risk Limits*

The Fund’s investments are subject to the investment restrictions as set out in Appendix I of the Prospectus.

The Fund will be exposed to the credit of Corporates of any industry in Developed Markets and may also be exposed to government debt securities.

#### *Integration of Sustainability Risks*

In managing the Fund’s portfolio, the Investment Manager takes into account sustainability risks and the potential impact of such risks on the Fund’s returns. A sustainability risk is an environmental, social or governance (“**ESG**”) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment (sustainability risks are referred to herein as “**ESG risks**”).

Given the investment strategy of the Fund, the Investment Manager focuses on potential governance risks, considering in particular board composition (including age, gender, ethnicity and experience), division of management responsibilities, hiring practices and approach to executive remuneration, as well as studying previous behaviours of executive management, treatment of stakeholders and historic approach to sustainability issues.

The Investment Manager generally makes use of ESG data provided by third parties and its own ESG analysis as part of its research process in order to evaluate issuers within its investible universe, both prior to investing and once a position is held. The investible universe is continuously evaluated and maintained, applying current ESG and market data. The ESG risk assessment by the Investment Manager's research team is synthesised with other credit considerations to determine a weighting relative to the maximum possible position size (adjusted for liquidity considerations) which the research team deems appropriate, with such weighting being applied to each credit in the Fund's investible universe.

To the extent that the Investment Manager concludes that there is an ESG risk associated with an investment which could cause an actual or a potential material negative impact on the value of the Fund's portfolio, the Investment Manager will assess the likelihood of that ESG risk occurring against the potential financial advantage from making the investment. If the potential financial advantage is assessed to outweigh the actual or potential material negative impact which could be caused by the ESG risk, then the Investment Manager will typically still make the investment.

By taking ESG risks into consideration during its investment decision making process, the intention of the Investment Manager is to manage such ESG risks in a way that they do not have a material impact on the performance of the Fund. However, no assurance can be given that the Investment Manager will be able to avoid and/or mitigate the impact of ESG risks on the Fund and losses may be incurred. A description of certain ESG risks which may be particularly relevant to the Fund's investment strategy are set out under the "Risk Factors" section of the Prospectus.

Although the Manager and the Investment Manager take into account ESG risks and other ESG factors as part of the investment process for the Fund, the Manager does not currently consistently evaluate the adverse impacts of investment decisions made on a uniform set of sustainability factors with respect to the Fund for the purposes of the Sustainable Finance Disclosure Regulation (EU) 2019/2088, given that the regulatory environment in which the Manager is operating is evolving, with guidance from competent authorities still developing regarding how ESG factors and their adverse impacts are defined and evaluated. In light of these circumstances, the Manager, in conjunction with the Investment Manager, keeps under review its approach to adverse sustainability impacts and their consideration as part of the investment process.

The investments underlying the Fund do not take into account the EU criteria for environmentally sustainable activities.

### ***Further Detail on the Use of Financial Derivative Instruments***

The Investment Manager may use futures, currency forwards, options and Credit Default Swaps, including both exchange traded and over the counter derivative instruments, to achieve the Fund's investment objective and to hedge risks in the Fund. The Fund may also use futures and currency forwards to hedge currency exposures. A description of each such instrument is set out below.

#### ***Credit Default Swaps***

When using Credit Default Swaps, the Fund will achieve long credit exposure by being the "protection seller" and short credit exposure by being the "protection buyer." Credit Default Swaps may be used by the Fund to take long credit exposure to a Corporate by entering into Credit Default Swaps by selling

protection against a default in anticipation of a stable or improving credit position in a particular Corporate. Conversely, the Fund may take short credit exposure to a Corporate by entering into Credit Default Swaps by buying protection against a default in anticipation of a deteriorating credit position or default of a particular Corporate.

The Fund may also enter into credit default swaps on baskets of credits or indices. The Fund expects to use Credit Default Swaps for long exposure to individual Corporates and may also take synthetic short positions on individual Corporates or indices, either as a hedge against a long position or for investment purposes.

The Investment Manager may use Credit Default Swaps as an alternative to acquiring underlying securities, either alone or in conjunction with the securities, when such investment may be accomplished in a more efficient, less costly or less risky way through the use of such Credit Default Swaps. Credit Default Swaps may also be used to maintain or reduce exposure to the market while managing the cash flows from subscriptions and redemptions into and out of the Fund more efficiently than by buying and selling underlying securities.

### *Futures*

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures may be used (i) to assist in achieving the Fund's interest rate duration profile; (ii) for the purpose of hedging foreign exchange or interest rate risk arising when investments are denominated in a currency other than the Fund's Base Currency; or (iii) for the purpose of share class hedging, including Duration Hedging.

### *Currency Forwards*

In forward foreign exchange contracts, the contract holders are obligated to buy or sell from another a specified amount of one currency at a specified price with another currency on a specified future date. Forward contracts cannot be transferred but they can be 'closed out' by entering into a reverse contract. Foreign currency forwards may be used for the purpose of hedging foreign exchange risk arising when investments are denominated in a currency other than the Fund's Base Currency or to hedge the value of certain classes of Shares in the Fund against changes in the exchange rate between the currency of denomination of the class of Shares and the Base Currency of the Fund.

### *Options*

Options are contracts whereby the holder has the right but not the obligation to either purchase (call option) or sell (put option) to the counterparty (or to the exchange for exchange traded options) an underlying investment for a specified price (the strike price) on a specified date or during a period to expire on a specified date. Such underlying investments may be specific securities, indices or any indebtedness of a Corporate.

### *Credit Linked Notes*

The Fund may purchase Credit Linked Notes ("CLNs"), which are securities that may pay a fixed or floating coupon which is linked to the performance of a reference asset, typically one or more Corporates and which allows the Fund to obtain credit risk of the Corporate(s). The CLNs that the Fund invests in will embed a Credit Default Swap which enables the Fund to take exposure to the performance of a reference asset. At maturity, the Fund receives the par value of the underlying security unless one or more referenced Corporates default, in which case the investor receives an amount equal to par less losses incurred resulting from the default of the referenced Corporate(s).

### *Risk Management*

The Investment Manager operates a risk management process on behalf of the Fund in relation to its use of derivatives which allows it to accurately measure, monitor and manage the various risks associated with derivatives and other investments, and which is intended to ensure that the Fund's investments including derivatives exposure remains within the limits described below. This risk management process also takes into account any exposure created through derivatives embedded in investments held by the Fund.

The risk management process is described in a statement, a copy of which has been filed with the Central Bank, and which will be updated from time to time to include any additional financial derivative instruments which the Investment Manager proposes to employ on behalf of the Fund ("Risk Management Process"). Until such time as the risk management statement has been updated, however, the Investment Manager will not use any financial derivative instrument which is not for the time being included in the Risk Management Process.

As per the Risk Management Process, leverage and exposure in the Fund will be primarily controlled through the daily analysis and limitation of the Fund's Value at Risk ("VaR"). Using data from price movements over the past year of trading days, VaR is an estimate of the maximum daily loss the Fund is likely to suffer on any given day based on its current holdings. The Absolute VaR of the Fund will not exceed 20% of the Fund's Net Asset Value. The VaR will be calculated to a one-tailed 99% confidence interval and a 20 day holding period and using an effective observation period of risk factors of at least 250 business days. The measurement and monitoring of all exposures relating to the use of FDI will be performed on at least a daily basis.

The Fund's gross leverage, calculated on the basis of the notional values of the derivatives, will generally not exceed 900% (9x) of the Fund's Net Asset Value. This is not, however, an indicator of economic leverage within the Fund and may appear high, as it does not take into account the effect of any netting or hedging arrangements that the Fund may adopt and because the prescribed methodology for calculating gross leverage requires the inclusion of the full notional of any credit protection purchased even though the Fund's maximum downside exposure in this case is limited to the total sum of premia that the Fund has committed to pay. Furthermore, the correlation between the long positions in the Fund and any hedges is expected to be high which will further reduce the economic leverage.

Notwithstanding the Fund's gross leverage as described above, the maximum net leverage of the Fund using the commitment approach will not exceed 300% of the Fund's Net Asset Value. In normal market conditions, net leverage using the commitment approach is expected to range between 100% and 300% of the Fund's Net Asset Value. These net leverage figures are calculated using the commitment approach as the sum of the delta-adjusted exposure of long positions in derivatives acquired by the Fund minus the sum of the delta-adjusted exposure of hedges and short derivatives positions entered into by the Fund. The net leverage indicates the sensitivity of the Fund to broad macro level market moves. Given that there is no guarantee that the securities invested in and referenced through long and short positions may be identical the Fund may have gross leverage in excess of its net leverage.

The range in the level of leverage may result from the investments acquired by the Fund and the varying use of derivatives that are used to alter the Fund's credit exposures. The use of leverage can increase the potential return on investment and may assist the Fund achieve its investment objectives and policies.

VaR is a methodology that is used to estimate the risk or probability of losses in a portfolio. It is based on statistical analysis of historical price trends and volatilities and is designed to predict the likely scale of losses that might be expected to occur in a portfolio over a given period of time.

VaR has some limitations which result from the methodology's reliance on historical data and estimated correlations between portfolio holdings, which may not be an accurate predictor of future market conditions, particularly where the Fund experiences abnormal market conditions. An additional

limitation of VaR is its focus on market risk as it does not measure other risks that may impact the Net Asset Value of the Fund. For example, VaR does not take into account liquidity risk.

Although the Fund utilises the Absolute VaR methodology there is no guarantee that this methodology captures the Fund's entire risk profile as generated through the Fund's investments, including the use of derivatives. In particular, in abnormal market conditions the VaR methodology may not be a reliable measure of risk and investors may suffer significant financial losses.

In order to protect investors, particularly under abnormal market conditions where the VaR methodology may not be an accurate measure of the Fund's risk profile, the Investment Manager may reduce the leverage in the portfolio by choosing to invest a greater proportion of the Fund's assets in cash or cash equivalents.

Information on financial derivative instruments used for the Fund will be included in the Company's semi-annual and annual reports and accounts. The Company or the Manager will also provide information to Shareholders on request on the risk management process employed by the Investment Manager on the Fund's behalf, including details of the quantitative limits applied and information on the risk and yield characteristics of the main categories of investments held on behalf of the Fund.

Financial derivative instruments may be used by the Investment Manager either for investment or hedging purposes. Examples of the way in which they may be used, which should not be taken as being exhaustive, or mutually exclusive, include:

#### *Hedging*

Swaps (including Credit Default Swaps), futures and forwards may be used to hedge against downward movements in the value of the Fund's portfolio, either by reference to specific Corporates or markets to which the Fund may be exposed. The Investment Manager may also take out hedges against changes in interest or currency rates or credit spreads which would have an impact on the Fund.

Forward foreign exchange contracts may also be used more specifically to hedge the value of certain classes of Shares in the Fund against changes in the exchange rate between the currency of denomination of the class of Shares and the Base Currency of the Fund. Interest Rate FDIs may be used to hedge interest rate exposures for the Fund (or Duration Hedged Classes).

#### ***Techniques for Efficient Portfolio Management***

The Investment Manager may use techniques for efficient portfolio management for the Fund, and may purchase securities on a when issued/delayed delivery basis subject to the conditions and limits set out in the Central Bank UCITS Regulations set out in Appendix IV. Any reference in this Supplement to "efficient portfolio management" shall mean a reference to techniques and instruments, including the use of derivatives, used for one or more of the following specific aims:

- (1) the reduction of risk;
- (2) the reduction of cost;
- (3) the generation of additional capital on income for the Fund with a level of risk which is consistent with the risk profile of the Fund.

#### **Profile of a Typical Investor and Target Market Identification**

The Central Bank requires the Company to disclose in the Prospectus or Supplement the profile of a typical investor for whom that Fund is designed.

The Fund may suit investors looking for a moderately risky alternative investment strategy to



complement an existing core portfolio, or diversified investors looking for exposure to corporate credit and who are prepared to accept moderate levels of volatility. The Fund's expected returns should compare favourably to corporate bond funds which only purchase and hold corporate bonds.

The investments of the Fund are subject to market fluctuations and other risks inherent in investing in securities and an investor is exposed to varying degrees of risk associated with the volatility of market perceived credit worthiness of underlying credits. The volatility may be affected by the global economic and interest rate conditions but also by the general credit market environment and the creditworthiness of Corporates.

Investors in the Fund should have at least a two to four-year investment horizon.

Separately, distributors that are subject to the requirements of MiFID II are required to have in place adequate arrangements to obtain all appropriate information on the products they distribute and their identified target markets. To assist such distributors, information has been or may be provided to such distributors (as relevant) on what is considered to be the potential target market for the relevant Fund, in accordance with the above profile of a typical investor. The Fund may not be appropriate for investors outside the target market; responsibility for compliance with any applicable MiFID II distribution requirements rests with the relevant distributor.

## 5. Share Classes

Shares will be issued to investors as Shares of a Class in this Fund. The Directors may, whether on the establishment of this Fund or from time to time, with prior notification to, and clearance by the Central Bank, create more than one Class of Shares in this Fund.

The Directors may in their absolute discretion differentiate between Classes of Shares, without limitation, as to currency denomination of a particular Class, dividend policy, hedging strategies if any applied to the designated currency of a particular Class, fees and expenses or the Minimum Initial Subscription or Minimum Holding applicable. The Directors may in their absolute discretion waive the Minimum Initial Subscription or Minimum Holding requirement.

At the date of this Supplement, there are nine Classes of Shares in the Fund available for subscription and details of which are set out below:-

Class of Share	Currency	Minimum Initial Subscription	Management Fee	Performance Fee	Minimum Holding*
Class GCD – IJ1(€)	€	€50,000,000	0.75%	n/a	€50,000,000
Class GCD – IJ2(\$)	\$	\$50,000,000	0.75%	n/a	\$50,000,000
Class GCD – IJ3(£)	£	£50,000,000	0.75%	n/a	£50,000,000
Class GCDH – IJ3 (€)	£	£50,000,000	0.75%	n/a	£50,000,000
Class GCD - I1 (€)	€	€100,000	1%	10%	€50,000
Class GCD - I2	\$	\$100,000	1%	10%	

<b>(\$)</b>					\$50,000
<b>Class GCD - I3 (£)</b>	£	£100,000	1%	10%	£50,000
<b>Class GCD - I4 (CHF)</b>	CHF	CHF100,000	1%	10%	CHF50,000
<b>Class GCDH - I1(€)</b> ** (Previously GC-I1)	€	€100,000	1%	10%	€50,000
<b>Class GCDH - I2(\$)</b> ** (Previously GC-I2)	\$	\$100,000	1%	10%	\$50,000
<b>Class GCDH - I3(£)</b> ** (Previously GC-I3)	£	£100,000	1%	10%	£50,000
<b>Class GCDH - I4(CHF)</b> ** (Previously GC-I4)	CHF	CHF100,000	1%	10%	CHF50,000
<b>Class GCD - D1(€)</b>	€	€50,000	1.50%	10%	€25,000
<b>Class GCDH - D1(€)</b> ** (Previously GC-D1)	€	€50,000	1.50%	10%	€25,000

\* Minimum Holding to be calculated for all investments controlled by the same party.

\*\* Classes which include the letters “DH” have been redesignated as Duration Hedged Classes. The Duration Hedged Classes are closed for any further investment by new and existing investors.

Shares are issued and redeemed in Euro, US Dollars, Pounds Sterling, Swiss Francs or Norwegian Krone, depending on the Share Class. The underlying investments held by the Fund may be denominated in those or other currencies. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations. The Fund may enter into back to back currency borrowing or utilise derivatives such as forwards, futures, options and other derivatives to hedge against currency fluctuations between the Base Currency and currencies the Fund’s investments are designated and to hedge against currency fluctuations between the Base Currency and the currency denomination of the relevant Share Class, but there can be no assurance that such hedging transactions will be undertaken or if undertaken will be effective or beneficial or that there will be a hedge in place at any given time. For further information, please review the section entitled “Hedging” in the Prospectus.

Cheyne Global Credit Fund - D3 GBP Share Class, Cheyne Global Credit Fund – Class GCDH – I3 GBP Share Class, Cheyne Global Credit Fund – GCDH – IJ3 (£) Share Class, Cheyne Global Credit Fund – GCD – IJ3 (£) Share Class have reporting fund. Prospective investors are referred to the “United Kingdom Taxation” section in the main body of the Prospectus.

For Duration Hedged Classes, the intention will be to limit the impact of interest rate movements. This will be done by hedging the interest rate risk of the net assets of the Duration Hedged Classes to a target duration between zero and six months.

It is generally intended to carry out such hedging through the use of Interest Rate FDIs.

All costs and expenses incurred from Duration Hedged transactions at Class level will be borne on a pro rata basis by all Duration Hedged Classes issued by the Fund.

## **6. Initial Offer**

Shares in Class GCDH-I1(€), Class GCDH-I2(\$), Class GCDH-I3(£), Class GCDH-I4(CHF), Class GCDH-D1(€) and Class GCDH-IJ3(£) are currently in issue but, as outlined above, are closed for any further investment by new and existing investors.

Shares in Class GCD-IJ3(£) are currently in issue and are available for subscription at prices calculated with reference to the Net Asset Value per Share.

The remaining Classes of Shares are being offered to investors at an initial price as set out below during the initial offer period which has commenced and will conclude on the earlier of (i) the first investment by a Shareholder in that Class or (ii) on 2 June 2023.

€100 for Class GCD-IJ1(€)  
\$100 for Class GCD-IJ2(\$)  
€100 for Class GCD-I1(€)  
\$100 for Class GCD-I2(\$)  
£100 for Class GCD-I3(£)  
CHF100 for Class GCD-I4(CHF)  
€100 for Class GCD-D1(€)

## **7. Application for Shares**

Applications for Shares may be made to the Administrator (whose details are set out in the Application Form).

Following the relevant initial offer period, applications received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day, provided that such applications have been received prior to the Valuation Point for the particular Dealing Day.

Initial applications should be made using the Application Form but may, if the Directors so determine, be made by facsimile or other electronic means 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 Directors or their delegate. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by facsimile or other electronic means without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *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 .01 of a Share.

Subscription monies, representing less than .01 of a Share will not be returned to the investor but will

be retained by the Company in order to cover administration costs.

#### *Method and Timing of Payment*

Payment in respect of subscriptions for Share Classes GCD-IJ3 (£) and GCDH-IJ3 (£) must be received by the Administrator no later than four Business Days after the relevant Dealing Day provided that the Directors reserve the right to defer the issue of Shares until receipt of subscription monies by the Fund. Payment in respect of subscriptions for all other Share Classes must be received by the Administrator no later than one Business Day after the relevant Dealing Day provided that the Directors reserve the right to defer the issue of Shares until receipt of subscription monies by the Fund.

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.

If payment in respect of a subscription has not been received by the relevant time, the Directors or their delegate may cancel the allotment and/or charge the investor interest at the SONIA rate + 2% to be reimbursed to the Administrator together with an administration fee of €100, which is payable to the Fund. The Directors may waive such administration fee of €100 in whole or in part. In addition, the Directors have the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

#### *Currency of Payment*

Subscription monies are payable in the currency of the relevant Share Class. If an application is made in a currency other than the currency of the relevant Share Class a foreign exchange deal will, at the risk and expense of the investor, be placed by the Administrator on behalf of the investor to convert such currency to the currency of the relevant Share Class at the then prevailing exchange rate available to the Administrator. Only the net proceeds (after deduction of the conversion expenses) will be applied towards payment of the subscription monies and neither the Manager, the Investment Manager or Administrator will be responsible for the exchange rate that applies upon such currency conversion. Foreign exchange deals may be aggregated. Settlement must be made in the currency in which the order was placed.

At the discretion of the directors, subscriptions may be accepted on an “in specie” basis in accordance with the requirements of the Company as specified in the section entitled “*In Specie Subscriptions*” in the Prospectus.

#### *Confirmation of Ownership*

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, however, written confirmation of entry on the register in respect of each purchase of Shares will be sent to Shareholders within 48 hours of the allotment of Shares being made.

### **8. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator (whose details are set out in the Application Form) on behalf of the Company by facsimile, written communication or other electronic means and should include such information as may be specified from time to time by the Directors or their delegate.

Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing

Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise provided that such redemption request(s) have been received prior to the Valuation Point for the particular Dealing Day. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor holding until the original Application Form and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is €2,000 (or its US\$/£ equivalent). In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares of a Class having a Net Asset Value less than the relevant Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the redemption monies and may exercise their discretion in this respect. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified in writing to the Administrator (provided any such account is in the name of the Shareholder). Redemption payments will only be made to the account of record of a registered Shareholder.

#### *Currency of Payment*

Shareholders will be repaid in the currency of the relevant Share Class. Where settlement is to be made in a currency other than the currency of the relevant Share Class a foreign exchange deal will be placed by the Administrator on behalf of the Shareholder to convert the currency of the relevant Share Class to such other currency at the then prevailing exchange rate available to the Administrator. Only the net proceeds (after deduction of the conversion expenses) will be applied towards payment of the redemption proceeds.

#### *Timing of Payment*

Redemption proceeds in respect of Shares Classes GCD-IJ3 (£) and GCDH-IJ3 (£) will typically be paid within 4 Business Days of the Dealing Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator. Redemption proceeds in respect of all other Share Classes will be paid within 10 Business Days of the Dealing Deadline for the relevant Dealing Day 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”.

#### **9. Single Swinging Price**

Shares will be issued and redeemed at a single price (the “Price”) (excluding subscription or redemption charges, if any) which will be the Net Asset Value per Share, which may, in exceptional circumstances at the Directors’ discretion, be adjusted on any Dealing Day in the manner set out below, depending on whether the Directors consider it appropriate and whether or not the Fund is in a Net Subscription Position or in a Net Redemption Position on such Dealing Day, to arrive at the Price. Where there is no dealing on the Fund or Share Class of the Fund on any Dealing Day, the Price will be the unadjusted Net Asset Value per Share rounded to four decimal places. The basis on which the assets of the Fund are valued for the purposes of calculating the Net Asset Value per Share is set out in the Prospectus under the heading “Calculation of Net Asset Value”. This provides that listed investments will be valued based on the closing mid-market price of such investment. However, the actual cost of purchasing or selling assets and investments for the Fund may deviate from the mid-market price used in calculating the Net Asset Value per Share due to dealing charges, taxes and other similar costs (“Duties and Charges”) and the difference between buying and selling prices of the underlying investments (“Spreads”). These costs have an adverse effect on the value of the Fund and are known as “dilution”.

The dilution adjustment, if applied at the discretion of the directors, will involve adding to, when the Fund is in a Net Subscription Position, and deducting from, when the Fund is in a Net Redemption Position, the Net Asset Value per Share such figure as the Directors consider represents an appropriate figure to meet Duties and Charges and Spreads in order to preserve the value of underlying investments for Shareholders. The resultant amount will be the Price rounded to four decimal places. Where a dilution adjustment is made, it will increase the Price when the Fund is in a Net Subscription Position and decrease the Price when the Fund is in a Net Redemption Position. The Price of each Class in the Fund will be calculated separately but any dilution adjustment will in percentage terms affect the Price of each Class in an identical manner.

#### **10. Conversion of Shares**

Subject to the Minimum Initial Subscription and Minimum Holding of the relevant Fund or Classes, Shareholders may convert 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”.

#### **11. 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.

#### **12. 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.

The Management Fee payable by the Fund to the Manager, Investment Manager and the Investment Advisor in respect of each Class of Shares in the Fund is set out under Section 5 of this Supplement under the heading “Share Classes”. The total Management Fee payable cumulatively to the Manager, the Investment Manager and the Investment Advisor is 0.75% for Class IJ Shares, 1.00% for Class I Shares and 1.50% for Class D Shares which total will be allocated between the Manager, the Investment Manager and the Investment Advisor as agreed between these parties from time to time. The allocation of the Management Fee and the Performance Fees paid by the Fund to the Manager, the Investment Manager and Investment Advisor may be subject to adjustment between the Manager, the Investment Manager and Investment Advisor on the basis of the assistance they provided in marketing and securing investors for the Fund.

The Manager, the Investment Manager and the Investment Advisor are entitled to be reimbursed by the relevant Fund for all of their out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund.

### *Performance Fee*

In respect of Class GCD-I, GCDH-I, GCD-D1 and GCDH-D1 Shares, a total Performance Fee shall be payable equal to 10% of the increase in the Net Asset Value of the relevant Class over the relevant Performance Hurdle and any relevant High Water Mark during a Performance Period, disregarding any un-crystallised Performance Fee, to the extent it is in Shareholders’ best interests. The initial Performance Period shall commence on the first Business Day after expiry of the initial offer period and shall finish on 31 December, or the last Business Day, in the following calendar year.

For the avoidance of doubt, a Performance Fee will only be paid when the increase in the Net Asset Value of the relevant Class exceeds the High Water Mark, notwithstanding that the Net Asset Value of the relevant Class may have outperformed the Performance Hurdle over the relevant Performance Period

The Performance Hurdle is cumulative from period to period. Thus, if the Net Asset Value of the relevant Class at the end of the year does not exceed the Performance Hurdle for that year with respect to a Class, the shortfall (i.e., loss carry-forward amount) is carried forward into subsequent periods and must be made up before a Performance Fee is payable again.

Past performance against the Performance Hurdle will be set out in the Key Investor Information Documents for the relevant Classes of the Fund once this information is available.

The Performance Fee shall be calculated, accrued and paid in accordance with the provisions set out in the Prospectus under the heading “Performance Fee”.

Please refer to the Schedule to this Supplement for an example of the calculation of the Performance Fee. The tabulation is provided as an illustration for information only. The tabulation does not constitute any warranty as to success and is qualified in its entirety by the express provisions of the Prospectus and this Supplement.

### *Portfolio Support Fees*

The Investment Manager shall be entitled to receive an annual Portfolio Support Fee out of the assets of the Fund, accrued at each Valuation Point and payable monthly in arrears at a rate of 0.08% per annum of the first €200 million of the Net Asset Value of the Fund, 0.06% per annum of the Net Asset Value of the Fund between €200 million and €400 million; 0.04% per annum of the Net Asset Value of the Fund between €400 million and €650 million; and 0.02% per annum of the Net Asset Value of the Fund in excess of €650 million.

### *Use of Third Party Research and Other Services*

The Investment Manager may use research from brokers or a third party research provider (“third party research”). The costs of third party research may be allocated by the Investment Manager on a fair basis among its clients (or groups of its clients) including the Fund (each such allocation a “research charge”). Any such cost allocations will be based on a written policy and annual research budget set by the Investment Manager and agreed by the Manager and the Directors and an assessment of the potential value of third party research to the Investment Manager and such clients. Research charges may be paid into a separate research payment account controlled by the Investment Manager. The Investment Manager may delegate the administration of such account to a third party and arrange for payments to be credited to it in such manner as the Investment Manager considers appropriate. This may include deducting the research charge directly from the Fund’s assets and then transferring it into the research payment account at periodic intervals. The purchase of third party research will be subject to control and oversight by the Investment Manager designed to ensure that the research budget is managed and used in the interests of its clients and will include regularly assessing the quality of the research purchased.

The Fund will separately reimburse the Investment Manager for expenses incurred by the Investment Manager in obtaining market data, corporate access, analysis, pricing and valuation services and/or other similar information and/or services for the Fund, up to a maximum of 0.10 per cent. per annum of the average net asset value of the Fund.

#### *Administrator’s Fees*

The Administrator shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, based on the Net Asset Value of the Fund, of up to a maximum of 0.14%, subject to a minimum annual administration fee of USD120,000 (plus VAT, if any, thereon per annum). The minimum fee may be fully or partially waived by the Administrator for such period or periods of time as may be agreed between the Manager, the Company and the Administrator from time to time.

In addition to such base remuneration, the Administrator shall also be entitled to charge the Fund fees relating to any additional services required in relation to audit support, tax assistance or investor rebate services, as may be agreed with the Manager, the Company and which shall be charged at normal commercial rates.

#### *Distribution Fees*

Distributors may be appointed to distribute and sell Class GC - D Shares of the Fund. Any such Distributor will be paid by the Investment Advisor or the Investment Manager out of their own fees and not out of the assets of the Fund with respect to the Shares they distribute and sell. The Investment Advisor anticipates paying distributors at a rate of 0.50% per annum of the Net Asset Value attributable to Class D Shares distributed and sold by the Distributor.

#### *Depositary’s Fees*

The Depositary shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, of up to 0.03% (plus VAT, if any thereon) of the Net Asset Value of the Fund subject to a minimum fee. The minimum fee applicable shall be €15,000 per annum where there is no third party sub-custodian used and €21,000 per annum where a third party sub-custodian is used.

The Depositary shall also be entitled to charge the Fund fees relating to any custody or transactional services, as may be agreed with the Company and which shall be charged at standard commercial rates. In addition to such remuneration, the Depositary is entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund, including the fees and expenses of any sub-custodian (which shall be at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the Depositary and which are payable by the Fund.



### *Establishment Expenses*

The costs of establishing the Fund did not exceed €30,000 and have been fully amortised.

### *Redemption Fee*

A redemption fee not exceeding 3% of the redemption monies may be imposed on the redemption of Shares which shall be retained by the Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders. The Directors do not currently intend to charge any redemption fee and will give one month's notice to Shareholders of any intention to charge such a fee.

### *Conversion Fee*

A conversion fee not exceeding 5% of the Net Asset Value of Shares in the original Fund may be imposed on the conversion of Shares in any Fund to Shares in another Fund and payable into the assets of the original Fund. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the conversion fee chargeable to certain Shareholders.

## **13. Dividends and Distributions**

It is not the current intention of the Directors to pay dividends. The income and earnings and gains of the Fund will be accumulated and reinvested on behalf of the Shareholders. Any change to this dividend policy shall be set out in an updated Supplement and notified to Shareholders in advance.

## **14. Risk Factors**

Investors are referred to the section headed "Risk Factors" in the Prospectus.

### *Investment Risk*

The Fund may invest directly or indirectly in corporate debt securities and therefore will be subject to credit, liquidity and interest rate risks. There can be no assurance that the corporate debt securities in which the Fund invests will not be subject to credit difficulties or other market conditions leading to the loss of some or all of the sums invested in such securities. It is likely that a major economic event, such as a recession or reduction of liquidity in the market could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. Government debt is generally considered to be less exposed to credit risk and liquidity risk than corporate debt.

### *Sub-Investment Grade Risk*

The Fund may be exposed to below investment grade credit exposures. Below investment grade debt may carry a greater risk of default. In addition, below investment grade debt securities tend to be more volatile than higher rated fixed income securities, so that adverse economic events may have a greater impact on the prices of below investment grade debt securities than on higher rated fixed income securities. Please also see "Liquidity Risk" in the section headed "Risk Factors" in the Prospectus.

### *Credit Default Swaps*

The Fund may enter into Credit Default Swaps. A Credit Default Swap is a type of credit derivative which allows one party (the "protection buyer") to transfer credit risk of a reference entity (the "reference entity") to another party (the "protection seller"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events experienced by the reference entity. Credit Default Swaps may be used by the Fund to sell protection against the

default of Corporates. The Fund will also have the option to purchase protection under a credit default swap in anticipation of a worsening of that Corporate's credit position. The Fund may also enter into Credit Default Swaps on baskets of credits or indices, provided such indices have been cleared in advance by the Central Bank.

### Subordination Risk

The Fund may purchase subordinated debt securities (or take exposure to such securities through Credit Default Swaps) which are subject to certain additional risks. Such investments may be structurally or contractually subordinated to substantial amounts of senior indebtedness issued by the Corporate, all or significant portion of which may be secured, which means senior indebtedness would have to be paid-off in full by an issuer before the subordinated debt would be paid. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness. This means that holders of senior indebtedness may have rights to call an event of default or prevent an issuer from incurring additional debt, but that holders of subordinated indebtedness might not have such rights. Such subordinated debt generally provides higher yield than unsubordinated or senior debt.

### *Imperfect Hedging*

Transactions undertaken by the Fund to hedge or reduce risks, including in particular duration or interest rate risks may not perform as intended and may not fully offset the relevant risk.

### Highly Volatile Markets

The prices of the investments in which the Fund may invest can be highly volatile, especially in times of market stress. Price movements of the investments and derivative contracts in which the Fund may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Fund is subject to the risk of failure of any of the exchanges on which its positions trade or of its clearing houses.

### *Global benchmark reform*

The Fund currently utilises the European Inter-Bank Official Rate (“**EURIBOR**”) (for these purposes, the “**Benchmark**”) for the purposes of the calculation of the Interest Rate used as a Performance Hurdle in the calculation of the Performance Fee. In addition, certain of the Fund's floating or adjustable rate investments may calculate interest by reference to Benchmark.

EURIBOR is a “critical benchmark” under Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmarks Regulation**”). The Benchmarks Regulation has already and may further affect how EURIBOR, as well as other benchmarks, are calculated and administered. EURIBOR is not expected to be discontinued in the immediate term but it may be subject to further reforms. The Central Bank and other regulators are encouraging a transition to the use of alternative interest rates. Given that the various interest rate and benchmark related developments are new, on-going and fast moving, it is difficult to predict their effect on the Fund, but the effects may be adverse.

In general, the Benchmarks Regulation imposes requirements on certain European “supervised entities” that are “users” of benchmarks (such as the Manager), including maintaining written plans regarding their use of benchmarks. In circumstances where the Fund is using benchmarks in accordance with the Benchmarks Regulation, the Manager is required to ensure that the benchmark is either provided by a benchmark administrator included in the register maintained by ESMA or is a benchmark which is included in the register maintained by ESMA. The Benchmarks Regulation contains transitional provisions allowing existing benchmark administrators a period of time to apply for authorisation or registration under the Benchmarks Regulation. During that period of time, the Fund is permitted to use

such benchmarks in accordance with the Benchmarks Regulation.

It is likely that the Fund's current use of the Benchmark as the Interest Rate will need to be altered in due course in line with the reforms outlined above.

*Risk Factors Not Exhaustive*

The investment risks set out in this Supplement do not purport to be exhaustive and potential investors should be aware that an investment in the Fund may be exposed to risks of an exceptional nature from time to time.

## SCHEDULE

### Example of the calculation of the Performance Fee

The following table shows a concrete example of the Performance Fee methodology for Class I1 (€) incorporating events that may occur during a Performance Fee Period.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Starting Net Asset Value per Share ("NAV per share")*	€ 1,000	€ 1,091	€ 1,280	€ 1,100	€ 1,300	€ 1,310	€ 1,618	€ 1,625
Ending NAV per share (before accrual of any Performance Fee)	€ 1,100	€ 1,300	€ 1,100	€ 1,300	€ 1,310	€ 1,650	€ 1,625	€ 1,900
High Water Mark ("HWM")	€ 1,000	€ 1,091	€ 1,280	€ 1,280	€ 1,280	€ 1,280	€ 1,618	€ 1,618
Hurdle Amount**	€ 1,010	€ 1,102	€ 1,293	€ 1,306	€ 1,319	€ 1,332	€ 1,634	€ 1,651
Performance Fee per share***	€ 9	€ 20	€ 0	€ 0	€ 0	€ 32	€ 0	€ 25
Ending NAV per share (after accrual of any Performance Fee)	€ 1,091	€ 1,280	€ 1,100	€ 1,300	€ 1,310	€ 1,618	€ 1,625	€ 1,875
Does ending NAV per share exceed the HWM?	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Does the ending NAV per share exceed Hurdle Amount?	Yes	Yes	No	No	No	Yes	No	Yes
Is a Performance Fee payable?	Yes	Yes	No	No	No	Yes	No	Yes

\* Initial Offer Price of €1,000

\*\* 12- month EURIBOR hurdle rate of 1% applied on a. if performance fee crystallised prior NAV or  
b. if not then prior hurdle

\*\*\* Performance fee rate of 10%

## **THE CHEYNE FUND (UCITS)**

**Supplement dated 1 December 2022**

**to the Prospectus for Cheyne Select UCITS Fund plc**

This Supplement contains information relating specifically to **The Cheyne Fund (UCITS)** (the "**Fund**"), a sub-fund of Cheyne Select UCITS Fund plc (the "**Company**"), an open-ended umbrella type investment company, with segregated liability between Funds, authorised by the Central Bank 3 September 2009 as a UCITS pursuant to the UCITS Regulations.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 31 December 2021 (the "Prospectus") which immediately precedes this Supplement and is incorporated herein.**

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

**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 is actively managed.**

The Fund will use financial derivative instruments for investment purposes. While the prudent use of derivatives can be beneficial, they also involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments.

Investors should read and consider the section entitled "Risk Factors" before investing in the Fund.

### **1. Interpretation**

In this Supplement, the following words and phrases have the meanings set forth below, except where the context otherwise requires:

"ASCOT"	means Asset Swap Convertible Option Transaction;
"Business Day"	means any day (except Saturday or Sunday) on which banks in Dublin and London are open for business and/or such other day or days as may be determined by the Directors and notified to Shareholders;
"Contingent Convertible Securities"	mean a form of hybrid debt security that are intended to either convert into equity or have their principal written down upon the occurrence of certain 'triggers' linked to regulatory capital thresholds or where the issuing banking institution's regulatory authorities question the continued viability of the entity as a going concern;
"Convertible Securities"	mean bonds, debentures, notes or preferred stocks that may

be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A Convertible Security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged;

“Corporate(s)”	means companies of any sector or industry, banks or other corporate issuers of debt across all market capitalisations.
“Credit Default Swap”	means a credit derivative contract which provides the Fund with exposure to the credit risk of an underlying Corporate. In a Credit Default Swap, one party (protection buyer) pays a periodic fee to another party (protection seller) in return for compensation if a default (or similar credit event) occurs by a reference entity (which for the Fund will generally be a Corporate).
"Dealing Day"	means each Business Day and/or such other day or days as may be determined by the Directors and notified to Shareholders in advance, provided there is always one Dealing Day per fortnight.
"Dealing Deadline"	<p>(a) in relation to applications to subscribe for Shares, 4 p.m. Irish time on the Business Day falling at least one (1) Business Days prior to the relevant Dealing Day; and</p> <p>(b) in relation to applications for the redemption of Shares, 4 p.m. Irish time on the Business Day falling at least three (3) Business Days prior to the relevant Dealing Day,</p> <p>and in each case such other day and/or time as the Directors shall from time to time determine, provided always that the Dealing Deadline is prior to the close of business in the market that closes first on the relevant Dealing Day;</p>
“Minimum Holding”	means the minimum number of Shares required to be held by Shareholders having such value as may from time to time be specified by the Directors in relation to each Class and set out in this Supplement;
“Performance Period”	means each Accounting Period.
“Valuation Point”	means the close of business in the relevant market on the relevant Dealing Day (or such other time as the Directors may determine).

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

## **2. Base Currency**

The Base Currency shall be the US Dollar. The Net Asset Value per Share will be published and settlement and dealing will be effected in the relevant currency of the specific Share Class.

### **3. Investment Objective**

The Fund's investment objective is to seek to generate positive risk adjusted total rates of return, irrespective of broader market conditions, with moderate volatility and a focus on downside preservation. There can be no assurance that the Fund will achieve its investment objective.

### **4. Investment Policy**

The Fund seeks to achieve its investment objective principally through long and synthetic short investment in the credit and equity and equity-related securities of Corporates, as further outlined below. Short positions may only be taken through FDIs. Long positions may be held through a combination of the direct purchase of securities and/or FDIs. The Fund's use of FDIs is further described in the section entitled 'Further Detail on the Use of Financial Derivative Instruments' below.

The Fund will invest predominantly in securities of European and US Corporates. However, the Fund retains the ability to invest on a global basis and therefore may invest in other geographical regions, including up to 15% of net assets in emerging markets.

The equity and equity-related securities in which the Fund invests may include common stock, preferred stock and depository receipts for such securities (such as global depository receipts), securities having equities as the underlying instrument (i.e. equity linked notes and Convertible Securities (which may embed a derivative)) and warrants. The Fund may invest actively in warrants or the Fund may gain exposure to warrants passively through corporate actions. It is not anticipated that exposure to warrants will exceed 10% of the Net Asset Value of the Fund.

The Fund may invest in both investment grade securities and lower-rated (commonly referred to as "high-yield") securities which are rated by any nationally recognised statistical rating organisation or, if unrated, determined by the Investment Manager to be of comparable quality. Exposure to unrated issuers is not expected to exceed 20% of the Net Asset Value of the Fund. The specific types of credit (or debt) securities in which the Fund may invest include corporate bonds (which may be fixed and/or floating rate); notes including treasury notes and debentures. The majority of the Fund's issuer exposure will be rated by at least one nationally recognised statistical rating organisation.

For purposes of the Fund's investment objective and policy or where market conditions may require a defensive investment strategy, the Fund may invest in cash or cash equivalents including, but not limited to; short-term government bonds, treasury bills, commercial paper, interest bearing accounts of a bank or broker, certificates of deposit, government securities and other forms of money market instruments such as bankers acceptances or bills of exchange.

The Fund may, in accordance with the UCITS Regulations, also hold ancillary liquid assets (types of which have been listed immediately above) to provide security, collateral or margin in respect of its activities.

The Fund may also invest up to 10% of its Net Asset Value in other collective investment schemes.

With the exception of permitted investments in unlisted instruments and off-exchange FDI, investments will be made on Recognised Exchanges, as listed in Appendix II to the Prospectus.

### **5. Investment Strategies**

In general, the Investment Manager will seek to identify securities which are perceived to be over- or under-valued, in order to generate positive returns which are not dependent on broader market conditions. Once investment ideas have been identified, the Investment Manager will establish whether or not the securities are undervalued or overvalued in the context of their assets and/or earnings as

established from, inter alia, sell-side research, management meetings and reported accounts. The Fund will also seek to maintain a diversified exposure to various investment sub-strategies as detailed below. The asset allocation to those sub-strategies is determined by the Investment Manager on an ongoing basis but typically reviewed at least monthly. The allocation to each sub-strategy will vary over time reflecting the Investment Manager's view of evolving market conditions and perceived best opportunities. Allocations to the underlying investment strategies are to be determined by way of the Investment Manager's Investment Committee (the "Investment Committee"). The Investment Committee anticipates a maximum sub-strategy allocation of 40% to ensure sufficient portfolio diversification. The asset allocation will vary over time reflecting evolving market conditions and perceived best opportunities, taking into consideration the prevailing value of more directional strategies, opportunities for alpha generation, and shorter-term opportunities presented by broad based market dislocations.

The Investment Manager intends to manage the net exposure of the Fund's Net Asset Value within the anticipated range of 100% short and 500% long of the Fund's Net Asset Value. The anticipated long/short range per sub-strategy is also outlined below.

The sub-strategies are expected to substantially comprise long and short investment positions in the credit and/or equity securities of Corporates and their associated derivatives, and include:

*Long/Short Equity Investing:* In applying a long/short equity investment sub-strategy, the Fund will seek to take long positions in securities through a combination of the direct purchase and/or through FDIs, which, in the Investment Manager's opinion, are undervalued relative to their fundamental value and take synthetic short positions in securities that are perceived to be over-valued. The Fund will take synthetic short exposure by entering into FDI such as forwards, options, credit default swaps, equity swaps or convertible bond swaps as further outlined in the section entitled 'Further Detail on the Use of Financial Derivative Instruments', whereby the Fund sells the economic exposure to securities that the Investment Manager considers are overvalued or whose value is expected to move in opposite direction of other investments held by the Fund.

Long/short investment opportunities are uncovered by the Investment Manager through detailed fundamental analysis which seeks to identify market misperceptions on the prospects of a Corporate. Such long short equity investments are expected to either have low overall market exposure (a low net long short strategy) or where the market exposure is actively managed over the cycle taking into consideration expected overall market developments (a variable biased long short strategy). A disciplined investment research process is operated by the Investment Manager, which is driven by extensive proprietary analysis (including research and valuation) and meetings with management of Corporates in order to locate opportunities where the assessment of a Corporate and its securities differs from the market perception of the Corporate and the security prices.

The Investment Manager intends to manage the net exposure of the percentage of the Fund's Net Asset Value allocated to this sub-strategy within the anticipated range of -30% short and 30% long of the Fund's Net Asset Value.

*Long/Short Credit Investing:* In applying a long/short credit investment sub-strategy, the Fund will invest in long or synthetic short exposure to the credit risk of Corporates via credit default swaps (described in the section entitled 'Further Detail on the Use of Financial Derivative Instruments' below) following fundamental credit analysis of Corporates by the Investment Manager on both an absolute and relative basis as described below. The Fund will invest in credit default options to provide downside protection. A credit default option is an option to buy protection (payer option) or sell protection (receiver option) as a credit default swap on a specific reference credit with a specific maturity. The Fund may also utilise credit default swap indices ('CDX') to take long or synthetic short exposure. A CDX is an exchange-traded index comprised of credit default swaps and buying or selling the index enables investors to take exposure to or hedge against the credit risk of the certain market.



The Investment Manager's research will seek to identify various quantitative factors such as cash generation, debt profile, growth prospects, profitability, asset coverage and cash flow generation together with qualitative factors such as management, business environment, competition and corporate governance to analyse the credit of Corporates and identify investment opportunities in those securities. The Investment Manager will also take into consideration factors such as the level of credit spreads, market supply and demand imbalances of credits and liquidity. The sub-strategy is expected to use credit default swaps as alternatives to acquiring corporate debt securities directly, where such investment enables a perceived more efficient, less costly, or less risky way of investing in the corporate debt securities identified.

Depending on market conditions and the Investment Manager's views on future outlook, the Fund may, at times, pursue a long bias within this sub-strategy.

The Investment Manager intends to manage the net exposure of the percentage of the Fund's Net Asset Value allocated to this sub-strategy within the anticipated range of 50% short and 400% long of the Fund's Net Asset Value.

*Convertible Securities Investing:* As part of this the sub-strategy the Fund will invest in a diversified portfolio of convertible bonds, with a focus on Convertible Securities issued by Corporates with sound fundamentals. The Fund will also utilise FDI as part of this sub-strategy, including ASCOTs. It is not anticipated that the Fund's cumulative exposure to ASCOTs and warrants will exceed 10% of the Fund's Net Asset Value. The investment in convertible bond securities will seek to capitalise on the combination of downside default protect and upside potential to achieve returns despite market movements or defaults. Downside protection is offered by the fixed income characteristics of yield and capital repayment as well as hedging, and upside potential is due to the prospect of capital appreciation as the underlying stock prices rise.

The Fund will seek to invest in Convertible Securities exhibiting balanced characteristics (i.e., moderate equity sensitivity, moderate yield to maturity with a low fixed income component), utilising bottom-up fundamental analysis to identify undervalued convertibles with positive asymmetry. A convertible security with positive asymmetry should participate in a higher percentage of the upside potential compared with a lower percentage of the downside potential associated with the underlying equity. Due to the fixed income component, Convertible Securities exhibit lower volatility than their underlying securities. To further reduce the down-side risk of falling stock prices and achieve absolute returns, the Fund may enter into equity swaps on certain stocks underlying the Fund's Convertible Securities. To reduce the down-side risk of defaults, the Fund may enter into credit default swaps on certain issuers of Convertible Securities.

For the avoidance of doubt, the Fund will not invest in Contingent Convertible Securities.

The Investment Manager intends to manage the net exposure of the percentage of the Fund's Net Asset Value allocated to this sub-strategy within the anticipated range of 0% short and 70% long of the Fund's Net Asset Value.

*Event Driven Arbitrage Investing:* This sub-strategy seeks to capitalise on pricing inefficiencies that occur around corporate events. Such inefficiencies offer arbitrage opportunities, investing on a long and synthetic short basis in closely related securities in order to isolate and capitalise on the pricing inefficiency between those securities with an overall minimised market exposure. The Fund will take synthetic short exposure by entering into FDI such as futures and options on futures, as further outlined in the section entitled 'Further Detail on the Use of Financial Derivative Instruments'. The most frequent event driven arbitrage investment sub-strategy is expected to be merger arbitrage, which invests in the securities of companies that are involved in a takeover, merger or other related transactions. The arbitrage opportunity arises as a result of the difference between the market value of the target company and the value presented by the offeror. The risk arises from the conditions that are imposed by the offeror, which must be satisfied before the transaction is consummated, and external

factors including, for example, regulatory approvals. The sub-strategy shall seek to profit from investments in merger arbitrage situations where the risks are substantially different from those implied by the prevailing market prices of the securities of the relevant companies. As part of event driven arbitrage investing the Fund will primarily invest in common stock, preferred stock (and derivatives on these securities), equity options and equity index futures. Other event driven arbitrage investment sub-strategies include:

- i. share class arbitrage whereby the Fund may purchase one class of common stock or preferred stock of a company to capture the spread between the market price of that class as against the market price of another class of common stock or preferred stock in the same company; and
- ii. spin-off arbitrage whereby the Fund may seek to benefit from pricing discrepancies arising as a result of spin-offs (in which part of a company splits away).

Within and across all the sub-strategies, portfolio construction and risk management techniques are utilised by the Investment Manager to manage market, sector, factor and idiosyncratic risk within the sub-strategies, and to seek to maintain sufficient liquidity within the Fund at all times. Risk management is the Investment Manager's overarching focus in constructing the portfolio of the Fund and in the ongoing management of the Fund. The Investment Manager's independent risk management process also applies tools to facilitate the understanding and management of risks in the Fund.

The sizing of individual positions is primarily a function of the Investment Manager's evaluation of the future rate of change and the application of a risk analysis designed to maximise returns for a minimal level of risk to the Fund's capital. This is supplemented by the application of the Investment Manager's firm-wide risk disciplines monitored by the Investment Manager's risk management team.

Risk is sought to be controlled by diversification, including a rigorous analysis of the balance between the long and synthetic short positions. The Investment Manager may diversify the Fund's investments across different countries, may invest in different industry sectors and will comply with the risk diversification rules specified in Appendix I of the Prospectus.

The Investment Manager intends to manage the net exposure of the percentage of the Fund's Net Asset Value allocated to this sub-strategy within the anticipated range of 0% short and 80% long of the Fund's Net Asset Value.

### *Integration of Sustainability Risks*

The Fund is categorised as an Article 6 product pursuant to the Sustainable Finance Disclosure Regulation ((EU) 2019/2088) ("**SFDR**"). In managing the Fund's portfolio, the Investment Manager takes into account sustainability risks and the potential impact of such risks on the Fund's returns. A sustainability risk is an environmental, social or governance ("**ESG**") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment (sustainability risks are referred to herein as "**ESG risks**").

Given the investment strategy of the Fund, the Investment Manager focuses on potential governance risks, considering in particular board composition (including age, gender, ethnicity and experience), division of management responsibilities, hiring practices and approach to executive remuneration, as well as studying previous behaviours of executive management, treatment of stakeholders and historic approach to sustainability issues.

The Investment Manager generally makes use of ESG data provided by third parties and its own ESG analysis as part of its research process in order to evaluate issuers within its investible universe, both prior to investing and once a position is held. The investible universe is continuously evaluated and

maintained, applying current ESG and market data. Prior to acquiring investments on behalf of a Fund, the Investment Manager uses ESG metrics of third party data providers such as Bloomberg, MSCI or CreditSights in order to screen the relevant investment against ESG Risks and to identify whether it is vulnerable to such risk.

The Investment Manager generally considers ESG Risks throughout the course of the investment process and ongoing monitoring of investments for the Fund. ESG Risks are evaluated alongside other risk factors in respect of the Fund and the review of ESG Risks forms part of the broader risk management framework. Even where ESG Risks have been identified, the Fund may still make an investment if it is believed that the ESG Risks can be effectively managed or mitigated and/or the potential returns outweigh the ESG Risks.

Due to the diverse range of assets in which the Fund invests, the types of ESG Risks, the methodology for integrating them within the investment process and the extent to which they are considered by the Investment Manager will vary depending on the particular sub-strategy of the Fund and the investments made.

ESG considerations are utilised differently depending on the relevant sub-strategy as follows:

*Long/Short Equity Investing:* ESG forms part of the Investment Manager's ongoing company news-flow monitoring and ESG risks also form part of its dialogue with the management of existing, as well as prospective, portfolio companies.

*Long/Short Credit Investing:* The ESG risk assessment by the Investment Manager's research team is synthesised with other credit considerations to determine a weighting relative to the maximum possible position size (adjusted for liquidity considerations) which the research team deems appropriate, with such weighting being applied to each credit in the Fund's investible universe.

*Convertible Securities Investing:* the Investment Manager focuses on governance considerations (similar those listed above) and short-term environmental risks in particular, including, but not limited to, evaluating board composition, separation of chairperson and chief executive officer roles, gender composition (especially at board and senior management levels), shareholder structure and control of largest shareholder(s), workplace standards and accidents, energy efficiency, water pollution and waste management, as well as steps taken to mitigate any of the foregoing and potential regulatory changes in these areas.

*Event Driven Arbitrage Investing:* Extensive analysis is undertaken into ESG risks associated with a particular transaction. The Investment Manager's research team incorporates an ESG risk assessment when seeking to capitalise from a risk arbitrage situation.

To the extent that the Investment Manager concludes that there is an ESG risk associated with an investment which could cause an actual or a potential material negative impact on the value of the Fund's portfolio, the Investment Manager will assess the likelihood of that ESG risk occurring against the potential financial advantage from making the investment. If the potential financial advantage is assessed to outweigh the actual or potential material negative impact which could be caused by the ESG risk, then the Investment Manager will typically still make the investment.

By taking ESG risks into consideration during its investment decision making process, the intention of the Investment Manager is to manage such ESG risks in a way that they do not have a material impact on the performance of the Fund. However, no assurance can be given that the Investment Manager will be able to avoid and/or mitigate the impact of ESG risks on the Fund and losses may be incurred. A description of certain ESG risks which may be particularly relevant to the Fund's investment strategy are set out under the "Risk Factors" section of the Prospectus.

Although the Manager and the Investment Manager take into account ESG risks and other ESG factors as part of the investment process for the Fund, the Manager does not currently consistently evaluate the adverse impacts of investment decisions made on a uniform set of sustainability factors with respect to the Fund for the purposes of the SFDR, given that the regulatory environment in which the Manager is operating is evolving, with guidance from competent authorities still developing regarding how ESG factors and their adverse impacts are defined and evaluated. In light of these circumstances, the Manager, in conjunction with the Investment Manager, keeps under review its approach to adverse sustainability impacts and their consideration as part of the investment process.

The investments underlying the Fund do not take into account the EU criteria for environmentally sustainable activities.

### ***Further Detail on the Use of Financial Derivative Instruments***

The Investment Manager may use futures, forwards, equity swaps, convertible bond swaps, options and Credit Default Swaps, including both exchange traded and over the counter FDI, to achieve the Fund's investment objective and to hedge risks in the Fund. The Fund may also use futures and forwards to hedge currency and interest rate exposures. The underlying reference assets to such FDI will be the instruments listed in the Investment Policy section above together with interest rates, indices and currencies.

Where the Fund invests in FDI that are based on indices, such indices will be consistent with the investment policies of the Fund and in most instances will not be rebalanced more frequently than monthly. It is not anticipated that such rebalancing will increase Fund costs or impact the Fund's ability to comply with its investment restrictions. Details of any such indices used will be disclosed in the periodic reports of the Fund. Where the weighting of a particular constituent in the index exceeds the UCITS investment restrictions, the Investment Manager will as a priority objective look to remedy the situation taking into account the interests of Shareholders and the Fund.

A description of each such instrument is set out below:

#### ***Credit Default Swaps***

When using Credit Default Swaps, the Fund will achieve long credit exposure by being the "protection seller" and short credit exposure by being the "protection buyer." Credit Default Swaps may be used by the Fund to take long credit exposure to a Corporate by entering into Credit Default Swaps by selling protection against a default in anticipation of a stable or improving credit position in a particular Corporate. Conversely, the Fund may take short credit exposure to a Corporate by entering into Credit Default Swaps by buying protection against a default in anticipation of a deteriorating credit position or default of a particular Corporate.

The Fund may also enter into credit default swaps on baskets of credits or indices. The Fund expects to use Credit Default Swaps for long exposure to individual Corporates and may also take synthetic short positions on individual Corporates or indices, either as a hedge against a long position or for investment purposes.

The Investment Manager may use Credit Default Swaps as an alternative to acquiring underlying securities, either alone or in conjunction with the securities, when such investment may be accomplished in a more efficient, less costly or less risky way through the use of such Credit Default Swaps. Credit Default Swaps may also be used to maintain or reduce exposure to the market while managing the cash flows from subscriptions and redemptions into and out of the Fund more efficiently than by buying and selling underlying securities.

The Investment Manager may utilise Credit Default Swap options when seeking to reduce risk and protect the Fund from credit spread widening events and elevated market volatility. Such hedging

transactions typically involve purchasing Credit Default Swap options which pay out on significant widening events and which are intended to offset losses on the Fund's long CDS portfolio in such circumstances.

### *Futures*

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures may be used (i) to assist in achieving the Fund's interest rate duration profile; (ii) for the purpose of hedging foreign exchange or interest rate risk arising when investments are denominated in a currency other than the Fund's Base Currency; or (iii) for the purpose of share class hedging.

### *Currency Forwards*

In forward foreign exchange contracts, the contract holders are obligated to buy or sell from another a specified amount of one currency at a specified price with another currency on a specified future date. Forward contracts cannot be transferred but they can be 'closed out' by entering into a reverse contract. Foreign currency forwards may be used for the purpose of hedging foreign exchange risk arising when investments are denominated in a currency other than the Fund's Base Currency or to hedge the value of certain classes of Shares in the Fund against changes in the exchange rate between the currency of denomination of the class of Shares and the Base Currency of the Fund.

### *Options*

Options are contracts whereby the holder has the right but not the obligation to either purchase (call option) or sell (put option) to the counterparty (or to the exchange for exchange traded options) an underlying investment for a specified price (the strike price) on a specified date or during a period to expire on a specified date. Such underlying investments may be specific securities, indices or any indebtedness of a Corporate.

### *Options on futures*

An option on future is a contract which gives the contract buyer the right, but not the obligation, to exercise a feature of the option, such as buying a specified quantity of a particular future contract on, or up to and including, a future date (the exercise date). The 'writer' (seller) has the obligation to honour the specified feature of the contract. Since the option gives the buyer a right and the seller an obligation, the buyer pays the seller a premium.

### *Swaps*

In a standard swap transaction, two parties agree to exchange returns (or differentials in rates of return) calculated with respect to a notional amount. Swaps in which the Fund may invest include equity and convertible bond swaps.

*Equity Swaps:* An equity swap contract gives the holder the economic benefits of a notional holding of an underlying security or basket of securities, in exchange for an interest stream representing the financing cost for the notional value of that security or basket of securities. A swap can be a 'long' exposure, where the holder is receiving the economic benefits of the underlying security from the other party or a 'short' exposure where the holder is paying the economic benefits of the underlying security to the other party. The Fund may enter into equity swaps to achieve both long and short exposure. Equity swaps may include equity index swaps.

*Convertible Bond Swaps:* A convertible bond swap is an asset swap whose underlying is a convertible bond. It is a combination of an asset swap and a call option on a convertible bond. The buyer of the bond sells a call option on the underlying bond to the issuer and enters into a swap under which the

option buyer receives the bond coupon and pays a floating rate. The swap terminates when the call expires or is exercised.

### *ASCOTs*

The ASCOT is a transaction that allows convertibles to be managed more effectively from a risk perspective, as fixed income risk is separated from equity risk. The ASCOT investor buys undervalued convertibles in the market and sells on the fixed income component. The resultant equity stub (ASCOT Stub) is retained and carries the right to recall the bonds and convert into the underlying shares. An ASCOT is effectively an American-style over-the-counter call option to repurchase a convertible bond. The attraction of ASCOT transactions are (i) removal of credit risk - ASCOTs remove the credit risk of the issuer and (ii) ASCOTs give the same upside exposure to direct investment in convertible bonds but with a smaller initial outlay.

### *Warrants*

Warrants give the holder the right but not the obligation to buy or sell a specific amount of securities, most commonly an equity or convertible bonds, at a set price in the future. Warrants can be traded over-the-counter or traded on exchanges. The commercial purpose of warrants can be to hedge against the movements of a particular market or financial instrument or to gain exposure to a particular market or financial instrument instead of using a physical security.

## ***Risk Management***

The Investment Manager operates a risk management process on behalf of the Fund in relation to its use of FDI which allows it to accurately measure, monitor and manage the various risks associated with FDI and other investments, and which is intended to ensure that the Fund's investments including FDI exposure remains within the limits described below. This risk management process also takes into account any exposure created through FDI embedded in investments held by the Fund.

The risk management process is described in a statement, a copy of which has been filed with the Central Bank, and which will be updated from time to time to include any additional financial derivative instruments which the Investment Manager proposes to employ on behalf of the Fund ("**Risk Management Process**"). Until such time as the risk management statement has been updated, however, the Investment Manager will not use any financial derivative instrument which is not for the time being included in the Risk Management Process.

As per the Risk Management Process, leverage and exposure in the Fund will be primarily controlled through the daily analysis and limitation of the Fund's Value at Risk ("**VaR**"). VaR is an estimate of the maximum daily loss the Fund is likely to suffer on any given day, or over a specified holding period, based on its current holdings, with a given level of confidence. The Absolute VaR of the Fund will not exceed 20% of the Fund's Net Asset Value. The VaR will be calculated to a one-tailed 99% confidence interval and a 20 day holding period and using an effective observation period of risk factors of at least 250 business days. The measurement and monitoring of all exposures relating to the use of FDI will be performed on at least a daily basis.

The Fund's gross leverage, calculated on the basis of the notional values of the derivatives, will generally not exceed 1000% of the Fund's Net Asset Value. In normal market conditions, leverage is expected to range between 300% and 800% of the Fund's Net Asset Value. These leverage figures are calculated as the sum of the notionals of derivatives acquired by the Fund, it is not, however, an indicator of economic leverage within the Fund and may appear high, as it does not take into account the effect of any netting or hedging arrangements that the Fund may adopt. The use of leverage can increase the potential return on investment and may assist the Fund to achieve its investment objectives and policies.

However, leverage can also magnify losses incurred by the Fund, particularly during periods of adverse market conditions.

The level of FDI leverage calculated using the commitment approach is expected to range between 250% and 600% of the Fund's Net Asset Value and will generally not exceed 800% of the Fund's Net Asset Value. The level of leverage calculated using the commitment approach is lower than that calculated using the sum of the notional exposure of derivatives being utilised by the Fund because the level calculated using the commitment approach does take into account any netting and hedging arrangements. Disclosure with respect to level of leverage calculated using the commitment approach has been included for reference purposes only and the commitment approach is not utilised as a supplementary leverage calculation methodology within the Fund's risk management policy.

The range in the level of leverage may result from the investments acquired by the Fund and the varying use of FDI that are used to alter the Fund's exposures. The use of leverage can increase the potential return on investment and may assist the Fund achieve its investment objectives and policies.

VaR is a methodology that is used to estimate the risk or probability of losses in a portfolio. It is based on statistical analysis of historical price trends and volatilities and is designed to predict the likely scale of losses that might be expected to occur in a portfolio over a given period of time.

VaR has some limitations which result from the methodology's reliance on historical data and estimated correlations between portfolio holdings, which may not be an accurate predictor of future market conditions, particularly where the Fund experiences abnormal market conditions. An additional limitation of VaR is its focus on market risk as it does not measure other risks that may impact the Net Asset Value of the Fund. For example, VaR does not take into account liquidity risk.

Although the Fund utilises the Absolute VaR methodology there is no guarantee that this methodology captures the Fund's entire risk profile as generated through the Fund's investments, including the use of derivatives. In particular, in abnormal market conditions the VaR methodology may not be a reliable measure of risk and investors may suffer significant financial losses.

In order to protect investors, particularly under abnormal market conditions where the VaR methodology may not be an accurate measure of the Fund's risk profile, the Investment Manager may reduce the leverage in the portfolio by choosing to invest a greater proportion of the Fund's assets in cash or cash equivalents.

Information on FDI used for the Fund will be included in the Company's semi-annual and annual reports and accounts. The Company or the Manager will also provide information to Shareholders on request on the risk management process employed by the Investment Manager on the Fund's behalf, including details of the quantitative limits applied and information on the risk and yield characteristics of the main categories of investments held on behalf of the Fund.

### *Currency Hedging*

The Base Currency of the Fund is the US Dollar, although certain investments may be denominated in currencies other than US Dollars. The Investment Manager may, but is not obliged to, hedge such foreign currency exposure of the Fund to currencies other than the Base Currency of the Fund through the use of certain FDI as listed above in order to reduce exposure to currency fluctuations.

In addition, the Shares issued in a currency other than the Base Currency of the Fund are exposed to possible adverse currency fluctuations between the currency in which such Shares are issued and the Base Currency of the Fund. The Investment Manager seeks to hedge this exposure with the aim of minimising the impact on the Net Asset Value per Share of the non-US Dollar denominated Classes.

Although the Investment Manager intends to seek to hedge such foreign currency exposure, there can be no assurance that the techniques used will be effective.

The mechanism of such hedging and risks and limitations of such currency hedging are disclosed in the Prospectus under the section entitled “*Class Currency Hedging*”.

### **Profile of a Typical Investor and Target Market Identification**

The Central Bank requires the Company to disclose in the Prospectus or Supplement the profile of a typical investor for whom that Fund is designed.

The Fund may suit investors looking for a moderately risky alternative investment strategy to complement an existing core portfolio, or investors looking for diversified exposure across credit and equity securities of Corporates and who are prepared to accept moderate levels of volatility.

The investments of the Fund are subject to market fluctuations and other risks inherent in investing in securities

Separately, distributors that are subject to the requirements of MiFID II are required to have in place adequate arrangements to obtain all appropriate information on the products they distribute and their identified target markets. To assist such distributors, information has been or may be provided to such distributors (as relevant) on what is considered to be the potential target market for the relevant Fund, in accordance with the above profile of a typical investor. The Fund may not be appropriate for investors outside the target market; responsibility for compliance with any applicable MiFID II distribution requirements rests with the relevant distributor.

### **5. Share Classes**

Shares will be issued to investors as Shares of a Class in this Fund. The Directors may, whether on the establishment of this Fund or from time to time, with prior notification to, and clearance by the Central Bank, create more than one Class of Shares in this Fund.

The Directors may in their absolute discretion differentiate between Classes of Shares, without limitation, as to currency denomination of a particular Class, dividend policy, hedging strategies if any applied to the designated currency of a particular Class, fees and expenses or the Minimum Initial Subscription or Minimum Holding applicable. The Directors may in their absolute discretion waive the Minimum Initial Subscription or Minimum Holding requirement.

At the date of this Supplement, the following Classes of Shares in the Fund are available for subscription:-

<b>Class of Share</b>	<b>Currency</b>	<b>Minimum Initial Subscription</b>	<b>Management Fee</b>	<b>Performance Fee</b>	<b>Minimum Holding</b>
<b>Class A1</b>	USD	US\$100,000	1.00%	15%	US\$50,000
<b>Class A2</b>	EUR	€100,000	1.00%	15%	€50,000
<b>Class A3</b>	GBP	£100,000	1.00%	15%	£50,000



<b>Class A4</b>	CHF	CHF100,000	1.00%	15%	CHF50,000
<b>Class B1</b>	USD	US\$100,000	1.50%	20%	US\$50,000
<b>Class B2</b>	EUR	€100,000	1.50%	20%	€50,000
<b>Class B3</b>	GBP	£100,000	1.50%	20%	£50,000
<b>Class B4</b>	CHF	CHF100,000	1.50%	20%	CHF50,000
<b>Class X1</b>	USD	\$100,000	None	None	US\$35,000,000
<b>Class X1</b>	EUR	€100,000	None	None	€35,000,000

Class A Shares will be open for subscription until the Fund has €250 million under management or such earlier or later time as the Directors may determine.

Class X1(€) and Class X1(US\$) Shares may only be offered to institutional investors, in certain limited circumstances, at the discretion of the Investment Manager. Class X1(€) and Class X1 (US\$) Shares are, inter alia, designed to accommodate an alternative charging structure whereby a fee for the management of the assets attributable to Class X1(€) and Class X1 (US\$) Shares of the Fund is levied and collected by the Investment Manager directly from an investor who is a client of the Investment Manager and who has entered into a specific agreement with the Investment Manager. These fees will, therefore, not be payable out of the net assets of the Fund attributable to Class X1(€) and Class X1 (US\$) Shares. As a result, the Management Fee and the Performance Fee in the above table is listed as “None.” Class X1(€) and Class X1 (US\$) Shares will, however, bear their pro-rata share of any other applicable Fund expenses as further described below and in the section of the Prospectus entitled “Fees and Expenses”.

The Directors may, in response to an investor request, determine to elect for “UK reporting fund” status for any Class. A list of Classes in respect of which the Directors have elected for “UK reporting fund” status is available from the Investment Manager upon request.

## 6. Initial Offer

The Classes of Shares are being offered to investors at an initial price as set out below during the initial offer period which will commence on 2 August 2022 and will conclude on the earlier of (i) the first investment by a Shareholder in that Class or (ii) on 2 June 2023.

The initial offer price for Shares in any unlaunched Classes is as follows:

- USD\$100 for USD\$ denominated Classes
- EUR€100 for EUR€ denominated Classes
- GBP£100 for GBP£ denominated Classes
- CHF100 for CHF denominated Classes.

## 7. Application for Shares

Applications for Shares may be made to the Administrator (whose details are set out in the Application Form).

Following the relevant initial offer period, applications received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day, provided that such applications have been received prior to the Valuation Point for the particular Dealing Day.

Initial applications should be made using the Application Form but may, if the Directors so determine, be made by facsimile or other electronic means 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 Directors or their delegate. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by facsimile or other electronic means without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *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 .01 of a Share.

Subscription monies, representing less than .0001 of a Share will not be returned to the investor but will be retained by the Company in order to cover administration costs.

### *Method and Timing of Payment*

Payment in respect of subscriptions for all Share Classes must be received by the Administrator no later than one Business Days after the relevant Dealing Day provided that the Directors reserve the right to defer the issue of Shares until receipt of subscription monies by the Fund.

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.

If payment in respect of a subscription has not been received by the relevant time, the Directors or their delegate may cancel the allotment and/or charge the investor interest at the SONIA rate +2% to be reimbursed to the Administrator together with an administration fee of €100, which is payable to the Fund. The Directors may waive such administration fee of €100 in whole or in part. In addition, the Directors have the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

### *Currency of Payment*

Subscription monies are payable in the currency of the relevant Share Class. If an application is made in a currency other than the currency of the relevant Share Class a foreign exchange deal will, at the

risk and expense of the investor, be placed by the Administrator on behalf of the investor to convert such currency to the currency of the relevant Share Class at the then prevailing exchange rate available to the Administrator. Only the net proceeds (after deduction of the conversion expenses) will be applied towards payment of the subscription monies and neither the Manager, the Investment Manager or Administrator will be responsible for the exchange rate that applies upon such currency conversion. Foreign exchange deals may be aggregated. Settlement must be made in the currency in which the order was placed.

At the discretion of the directors, subscriptions may be accepted on an “in specie” basis in accordance with the requirements of the Company as specified in the section entitled “*In Specie Subscriptions*” in the Prospectus.

#### *Confirmation of Ownership*

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, however, written confirmation of entry on the register in respect of each purchase of Shares will be sent to Shareholders within 48 hours of the allotment of Shares being made.

### **8. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator (whose details are set out in the Application Form) on behalf of the Company by facsimile, written communication or other electronic means and should include such information as may be specified from time to time by the Directors or their delegate.

Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise provided that such redemption request(s) have been received prior to the Valuation Point for the particular Dealing Day. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor holding until the original Application Form and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is €2,000 (or its US\$/£ equivalent). In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares of a Class having a Net Asset Value less than the relevant Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the redemption monies and may exercise their discretion in this respect. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified in writing to the Administrator (provided any such account is in the name of the

Shareholder). Redemption payments will only be made to the account of record of a registered Shareholder.

#### *Currency of Payment*

Shareholders will be repaid in the currency of the relevant Share Class. Where settlement is to be made in a currency other than the currency of the relevant Share Class a foreign exchange deal will be placed by the Administrator on behalf of the Shareholder to convert the currency of the relevant Share Class to such other currency at the then prevailing exchange rate available to the Administrator. Only the net proceeds (after deduction of the conversion expenses) will be applied towards payment of the redemption proceeds.

#### *Timing of Payment*

Redemption proceeds in respect of all Shares Classes will typically be paid within 3 Business Days of the Dealing Deadline for the relevant Dealing Day, and in any event within ten Business Days of the 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”.

### **9. Single Swinging Price**

Shares will be issued and redeemed at a single price (the “Price”) (excluding subscription or redemption charges, if any) which will be the Net Asset Value per Share, which may, in exceptional circumstances at the Directors’ discretion, be adjusted on any Dealing Day in the manner set out below, depending on whether the Directors consider it appropriate and whether or not the Fund is in a Net Subscription Position or in a Net Redemption Position on such Dealing Day, to arrive at the Price. Where there is no dealing on the Fund or Share Class of the Fund on any Dealing Day, the Price will be the unadjusted Net Asset Value per Share rounded to four decimal places. The basis on which the assets of the Fund are valued for the purposes of calculating the Net Asset Value per Share is set out in the Prospectus under the heading “Calculation of Net Asset Value”. This provides that listed investments will be valued based on the closing mid-market price of such investment. However, the actual cost of purchasing or selling assets and investments for the Fund may deviate from the mid-market price used in calculating the Net Asset Value per Share due to dealing charges, taxes and other similar costs (“Duties and Charges”) and the difference between buying and selling prices of the underlying investments (“Spreads”). These costs have an adverse effect on the value of the Fund and are known as “dilution”.

The dilution adjustment, if applied at the discretion of the directors, will involve adding to, when the Fund is in a Net Subscription Position, and deducting from, when the Fund is in a Net Redemption Position, the Net Asset Value per Share such figure as the Directors consider represents an appropriate figure to meet Duties and Charges and Spreads in order to preserve the value of underlying investments for Shareholders. The resultant amount will be the Price rounded to four decimal places. Where a dilution adjustment is made, it will increase the Price when the Fund is in a Net Subscription Position and decrease the Price when the Fund is in a Net Redemption Position. The Price of each Class in the Fund will be calculated separately but any dilution adjustment will in percentage terms affect the Price of each Class in an identical manner.

## **10. Conversion of Shares**

Subject to the Minimum Initial Subscription and Minimum Holding of the relevant Fund or Classes, Shareholders may convert 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”.

## **11. 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.

## **12. 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.

The Management Fee payable by the Fund to the Manager, Investment Manager and/or the Investment Advisor in respect of each Class of Shares in the Fund is set out under Section 5 of this Supplement under the heading “Share Classes”. The total Management Fee payable cumulatively to the Manager, the Investment Manager and/or the Investment Advisor is 1.00% for Class A Shares and 1.50% for Class B Shares which total will be allocated between the Manager, the Investment Manager and/or the Investment Advisor as agreed between these parties from time to time. For the avoidance of doubt, the Investment Advisor will have no investment discretion.

The Manager, the Investment Manager and the Investment Advisor are entitled to be reimbursed by the relevant Fund for all of their out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund.

### *Performance Fee*

Notwithstanding anything to the contrary in the Prospectus, in respect of Class A Shares, a Performance Fee shall be payable equal to 15% of the increase in the Net Asset Value of the relevant Class over the High Water Mark during a Performance Period. The performance fee will be calculated net of costs without deducting the performance fee itself. The initial Performance Period shall commence on the first Business Day after expiry of the initial offer period and shall finish on 31 December, or the last Business Day, in the following calendar year.

In respect of Class B Shares, a Performance Fee shall be payable equal to 20% of the increase in the Net Asset Value of the relevant Class over the High Water Mark during a Performance Period, disregarding any uncrystallised Performance Fee to the extent it is in Shareholders’ best interests. The initial Performance Period shall commence on the first Business Day after expiry of the initial offer period and shall finish on 31 December, or the last Business Day, in the following calendar year. The Performance Fee shall be calculated and accrued in accordance with the provisions set out in the Prospectus under the heading “*Performance Fee*”.

Please refer to the Schedule to this Supplement for an example of the calculation of the Performance Fee. The tabulation is provided as an illustration for information only. The tabulation does not constitute

any warranty as to success and is qualified in its entirety by the express provisions of the Prospectus and this Supplement.

#### *Adjustment Due to Deficit and Premium Subscriptions*

##### (a) Deficit Subscriptions

Where an investor subscribes for Class A Shares and Class B Shares at a time when the Net Asset Value per Share is less than the relevant High Water Mark, then an adjustment is required to reduce inequalities that may otherwise result to the respective investor, the Manager, the Investment Manager or the Investment Advisor (as appropriate) on such basis as agreed between these parties from time to time (an “**Equalisation Debit**”).

Where Class A Shares or Class B Shares are subscribed at a time when the Net Asset Value per Share is less than the relevant High Water Mark, no Performance Fee will be accrued in respect of such Shares until the High Water Mark has been recovered. Accordingly, new Shareholders will, in effect, be required to pay an equivalent Performance Fee with respect to any subsequent appreciation in the Net Asset Value per Share until the relevant High Water Mark has been reached. This will be achieved by the Company having the power to redeem a portion of that Shareholder’s holding of Class A Shares or Class B Shares for no consideration and to pay an amount equivalent to the relevant Performance Fee to the Investment Manager at the end of the relevant Performance Period. After the High Water Mark has been achieved, the Performance Fee relating to such Shares will be calculated and levied in the same manner as for all other Class A Shares or Class B Shares.

##### (b) Premium Subscriptions

Where Class A Shares or Class B Shares (“**Premium Shares**”) are purchased at a time when the Net Asset Value per Share is greater than the High Water Mark (a “**Premium Subscription**”), a portion of the subscription amount equal to the accrual then in place per Share in respect of the Performance Fee shall be allocated to the prospective investor as an equalisation credit (an “**Equalisation Credit**”). The Equalisation Credit is designed to ensure that all Shareholders of a Class have the same amount of capital at risk per Share.

The Equalisation Credit will be at risk in the Fund and will therefore appreciate or depreciate based on the performance of the Class subsequent to the subscription. In the event of a decline in value below the Net Asset Value per Share at subscription, the Equalisation Credit due to the Shareholder will reduce in line with the Performance Fee accrual for other Shares, namely by an amount equal to the relevant percentage of the amount of the loss on a per Share basis until the Equalisation Credit is exhausted. Subsequent appreciation in the value of the Premium Shares will result in a recapture of any Equalisation Credit lost due to such reductions, but only to the extent of the previously lost Equalisation Credit up to the amount paid at subscription (less any part thereof previously applied).

At the end of the relevant Performance Period, an amount equal to the lower of either the Equalisation Credit paid at the time of the Premium Subscription (less any Equalisation Credit previously applied) or 15 per cent / 20 per cent (as the case may be) of the excess of the asset value per Premium Share over the High Water Mark is applied in the subscription for additional Shares for the Shareholder. If any Premium Share is redeemed before the last day in the Performance Period or if the appointment of the Investment Manager is terminated, the Shareholder will receive additional redemption proceeds equal to any Equalisation Credit then remaining in respect of the redeemed Share.

#### *Portfolio Support Fees*

The Investment Manager shall be entitled to receive an annual Portfolio Support Fee out of the assets of the Fund, accrued at each Valuation Point and payable monthly in arrears at a rate of 0.08% per annum of the first \$200 million of the Net Asset Value of the Fund, 0.06% per annum of the Net Asset Value of the Fund between \$200 million and \$400 million; 0.04% per annum of the Net Asset Value of the Fund between \$400 million and \$650 million; and 0.02% per annum of the Net Asset Value of the

Fund in excess of \$650 million.

The Portfolio Support Fee covers fees incurred in the performance of various middle and back office functions with respect to the Fund. This includes communicating with and providing instructions to the Depositary, the Administrator, borrowers and other service providers to the Fund with regard to trade capture, confirmation and reconciliation, payment and settlement reconciliation, trade collateral and margin, cash payments, loan accruals, net asset value determination, share class hedging, corporate actions, daily operations and other related matters.

#### *Use of Third Party Research and Other Services*

The Investment Manager may use research from brokers or a third party research provider (“third party research”). The costs of third party research may be allocated by the Investment Manager on a fair basis among its clients (or groups of its clients) including the Fund (each such allocation a “research charge”). Any such cost allocations will be based on a written policy and annual research budget set by the Investment Manager and agreed by the Manager and the Directors and an assessment of the potential value of third party research to the Investment Manager and such clients. Research charges may be paid into a separate research payment account controlled by the Investment Manager. The Investment Manager may delegate the administration of such account to a third party and arrange for payments to be credited to it in such manner as the Investment Manager considers appropriate. This may include deducting the research charge directly from the Fund’s assets and then transferring it into the research payment account at periodic intervals. The purchase of third party research will be subject to control and oversight by the Investment Manager designed to ensure that the research budget is managed and used in the interests of its clients and will include regularly assessing the quality of the research purchased.

The Fund will separately reimburse the Investment Manager for expenses incurred by the Investment Manager in obtaining market data, corporate access, analysis, pricing and valuation services and/or other similar information and/or services for the Fund, up to a maximum of 0.10 per cent. per annum of the average net asset value of the Fund.

#### *Administrator’s Fees*

The Administrator shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, based on the Net Asset Value of the Fund, of up to a maximum of 0.14%, subject to a minimum annual administration fee of USD120,000 (plus VAT, if any, thereon per annum). The minimum fee will be discounted by 25% for the first six months of the Fund. The minimum fee may be fully or partially waived by the Administrator for such period or periods of time as may be agreed between the Manager, the Company and the Administrator from time to time.

In addition to such base remuneration, the Administrator shall also be entitled to charge the Fund fees relating to any additional services required in relation to audit support, tax assistance or investor rebate services, as may be agreed with the Manager, the Company and which shall be charged at normal commercial rates.

#### *Distribution Fees*

Distributors may be appointed to distribute and sell Classes of Shares of the Fund. Any such Distributor will be paid by the Manager, the Investment Advisor or the Investment Manager out of their own fees and not out of the assets of the Fund with respect to the Shares they distribute and sell.

#### *Depositary’s Fees*

The Depositary shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, of up to 0.03% (plus VAT, if any thereon) of the Net Asset Value of the Fund subject to a minimum fee. The minimum fee applicable shall be €15,000 per annum where there is no third party sub-custodian used and €21,000 per annum where a third party sub-custodian is used.

The Depositary shall also be entitled to charge the Fund fees relating to any custody or transactional services, as may be agreed with the Company and which shall be charged at standard commercial rates. In addition to such remuneration, the Depositary is entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund, including the fees and expenses of any sub-custodian (which shall be at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the Depositary and which are payable by the Fund.

#### *Establishment Expenses*

The costs of establishing the Fund are not expected to exceed €150,000 and will be amortised over a period of 5 years.

#### *Redemption Fee*

A redemption fee not exceeding 3% of the redemption monies may be imposed on the redemption of Shares which shall be retained by the Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders. The Directors do not currently intend to charge any redemption fee and will give one month's notice to Shareholders of any intention to charge such a fee.

#### *Conversion Fee*

A conversion fee not exceeding 5% of the Net Asset Value of Shares in the original Fund may be imposed on the conversion of Shares in any Fund to Shares in another Fund and payable into the assets of the original Fund. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the conversion fee chargeable to certain Shareholders.

### **13. Dividends and Distributions**

It is not the current intention of the Directors to pay dividends. The income and earnings and gains of the Fund will be accumulated and reinvested on behalf of the Shareholders. Any change to this dividend policy shall be set out in an updated Supplement and notified to Shareholders in advance.

### **14. Risk Factors**

Investors are referred to the section headed "Risk Factors" in the Prospectus.

#### *Investment Risk*

The Fund may invest directly or indirectly in corporate debt securities and therefore will be subject to credit, liquidity and interest rate risks. There can be no assurance that the corporate debt securities in which the Fund invests will not be subject to credit difficulties or other market conditions leading to the loss of some or all of the sums invested in such securities. It is likely that a major economic event, such as a recession or reduction of liquidity in the market could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. Government debt is generally considered to be less exposed to credit risk and liquidity risk than corporate debt.

#### *Sub-Investment Grade Risk*



The Fund may be exposed to below investment grade credit exposures. Below investment grade debt may carry a greater risk of default. In addition, below investment grade debt securities tend to be more volatile than higher rated fixed income securities, so that adverse economic events may have a greater impact on the prices of below investment grade debt securities than on higher rated fixed income securities. Please also see "Liquidity Risk" in the section headed "Risk Factors" in the Prospectus.

#### *Credit Default Swaps*

The Fund may enter into Credit Default Swaps. A Credit Default Swap is a type of credit derivative which allows one party (the "protection buyer") to transfer credit risk of a reference entity (the "reference entity") to another party (the "protection seller"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events experienced by the reference entity. Credit Default Swaps may be used by the Fund to sell protection against the default of Corporates. The Fund will also have the option to purchase protection under a credit default swap in anticipation of a worsening of that Corporate's credit position. The Fund may also enter into Credit Default Swaps on baskets of credits or indices, provided such indices have been cleared in advance by the Central Bank.

#### *Subordination Risk*

The Fund may purchase subordinated debt securities (or take exposure to such securities through Credit Default Swaps) which are subject to certain additional risks. Such investments may be structurally or contractually subordinated to substantial amounts of senior indebtedness issued by the Corporate, all or significant portion of which may be secured, which means senior indebtedness would have to be paid-off in full by an issuer before the subordinated debt would be paid. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness. This means that holders of senior indebtedness may have rights to call an event of default or prevent an issuer from incurring additional debt, but that holders of subordinated indebtedness might not have such rights. Such subordinated debt generally provides higher yield than unsubordinated or senior debt.

#### *Imperfect Hedging*

Transactions undertaken by the Fund to hedge or reduce risks, including in particular duration or interest rate risks may not perform as intended and may not fully offset the relevant risk.

#### *Highly Volatile Markets*

The prices of the investments in which the Fund may invest can be highly volatile, especially in times of market stress. Price movements of the investments and derivative contracts in which the Fund may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Fund is subject to the risk of failure of any of the exchanges on which its positions trade or of its clearing houses.

#### *Convertible Securities*

As the market price of the underlying common stock declines, Convertible Securities tend to trade increasingly on a yield basis and so may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the price of a Convertible Security tends to rise as a reflection of the value of the underlying common stock. To obtain such a higher yield, the Fund may be required to pay for a Convertible Security an amount in excess of the value of the underlying common stock.

#### *Dynamic Risk*

The Fund will invest in multiple asset classes and will be subject to risks inherent in those individual asset classes. The overall risk depends on the correlation of returns between each asset class and could be adversely affected by a change in those correlations which could result in higher volatility and/or lower diversification. As the Fund may periodically change its allocation across asset classes, it may incur greater transaction costs than a fund with static allocation strategy.

*Risk Factors Not Exhaustive*

The investment risks set out in this Supplement do not purport to be exhaustive and potential investors should be aware that an investment in the Fund may be exposed to risks of an exceptional nature from time to time.

## SCHEDULE

Worked example in respect of Class A Shares in the Fund

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Mid Year 6	Year 7	Year 8
Starting Net Asset Value per Share ("NAV per share")*	\$1,000	\$1,085	\$1,268	\$1,100	\$1,250	\$1,338	\$1,300	\$1,300	\$1,391
Ending NAV per share (before accrual of any Performance Fee)	\$1,100	\$1,300	\$1,100	\$1,250	\$1,350	\$1,300	\$1,370	\$1,400	\$1,500
High Water Mark ("HWM")	\$1,000	\$1,085	\$1,268	\$1,268	\$1,268	\$1,338	\$1,338	\$1,338	\$1,391
Performance Fee per share**	\$15	\$32	\$0	\$0	\$12	\$0	\$5	\$9	\$16
Ending NAV per share (after accrual of any Performance Fee)	\$1,085	\$1,268	\$1,100	\$1,250	\$1,338	\$1,300	\$1,365	\$1,391	\$1,484
Does ending NAV per share exceed the HWM?	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes
Is a Performance Fee payable?	Yes	Yes	No	No	Yes	No	No	Yes	Yes
<b>Adjustment Due to Deficit Subscriptions</b>									

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Mid Year 6	Year 7	Year 8
Subscription Price				\$1,100					
Investor HWM				\$1,100	\$1,250	\$1,338		\$1,338	\$1,391
Ending NAV per Share				\$1,250	\$1,350	\$1,300		\$1,400	\$1,500
Investor Specific Performance				\$150	\$100	-\$38		\$62	\$109
Investor Specific Performance Fee per Share				\$23	\$15	\$0		\$9	\$16
Vs. Class Performance Fee per Share				-\$23	-\$3	\$0		\$0	\$0
Equalisation Credit				-\$23	-\$3	\$0		\$0	\$0
Investor Carried Forward HWM				\$1,250	\$1,338	\$1,338		\$1,391	\$1,484
<b>Adjustment due to Premium Subscriptions</b>									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Mid Year 6	Year 7	Year 8
Subscription Price							\$1,365		
Investor HWM							\$1,365	\$1,365	\$1,391
Ending NAV per Share								\$1,400	\$1,500
Investor Specific								\$35	\$109

Performance									
Investor Specific Performance Fee per Share								\$5	\$16
Vs. Class Performance Fee per Share								\$4	\$0
Equalisation Credit								\$4	\$0
Investor Carried Forward HWM								\$1,391	\$1,484

\* Initial Offer Price of \$1,000

\*\* Performance fee rate of 15%

## **CHEYNE DYNAMIC CREDIT FUND (UCITS)**

**Supplement dated 19 January, 2023**

**to the Prospectus for Cheyne Select UCITS Fund plc**

This Supplement contains information relating specifically to the **Cheyne Dynamic Credit Fund (UCITS)** (the "**Fund**"), a sub-fund of Cheyne Select UCITS Fund plc (the "**Company**"), an open-ended umbrella type investment company, with segregated liability between Funds, authorised by the Central Bank 3 September 2009 as a UCITS pursuant to the UCITS Regulations.

**This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 31 December 2021 (the "Prospectus") which immediately precedes this Supplement and is incorporated herein.**

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

**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 is actively managed.**

**The Annex to this Supplement outlines information about the environmental and social characteristics promoted by the Fund pursuant to the SFDR requirements.**

The Fund will use financial derivative instruments for investment purposes. While the prudent use of derivatives can be beneficial, they also involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments.

Investors should read and consider the section entitled "Risk Factors" before investing in the Fund.

### **1. Interpretation**

In this Supplement, the following words and phrases have the meanings set forth below, except where the context otherwise requires:

"Business Day"	means any day (except Saturday or Sunday) on which banks in London are open for business and/or such other day or days as may be determined by the Directors and notified to Shareholders.
"CDS Index"	means a diversified portfolio of reference entities, which will generally be Corporates, defined by an established credit index provider.
"CDS Index Swap"	means a credit derivative contract linked to the performance of a portfolio of Credit Default Swaps referencing Corporates in a

	CDS Index.
“Corporate(s)”	means companies of any sector or industry, banks or other corporate issuers of debt across all market capitalisations.
“Credit Default Swap”	means a credit derivative contract which provides the Fund with exposure to the credit risk of an underlying Corporate. In a Credit Default Swap, one party (protection buyer) pays a periodic fee to another party (protection seller) in return for compensation if a default (or similar credit event) occurs by a reference entity (which for the Fund will generally be a Corporate).
"Dealing Day"	means (i) each Wednesday (or where a Wednesday is not a Business Day the next succeeding Business Day) and/or (ii) the final Business Day of each calendar month and/or (iii) such other day or days as may be determined by the Directors and notified to Shareholders in advance, provided there is always one Dealing Day per fortnight.
"Dealing Deadline"	<p>(a) in relation to applications to subscribe for Shares, 4 p.m. Irish time on the Business Day falling at least one (1) Business Days prior to the relevant Dealing Day; and</p> <p>(b) in relation to applications for the redemption of Shares, 4 p.m. Irish time on the Business Day falling at least three (3) Business Days prior to the relevant Dealing Day,</p> <p>and in each case such other day and/or time as the Directors shall from time to time determine, provided always that the Dealing Deadline is not later than the Valuation Point and is prior to the close of business in the market that closes first on the relevant Dealing Day.</p>
“Developed Markets”	means the countries listed as developed on the FTSE Country Classification of Equity Markets and every member of European Union to the extent that they are not included in that list.
“Emerging Markets”	means any markets that are not Developed Markets.
“Index Options”	means a derivative contract that gives the holder the right to buy or sell an underlying financial index at a stated exercise price on or before a stated date.
“Index Tranche”	means a credit derivative contract referencing a CDS Index, where the CDS Index is divided into various tranches according to their relative seniority and degree of protection against default losses in the CDS Index (incurred following defaults of Corporates in the CDS Index, adjusted for any recovery value on the debt of the defaulted Corporate). Each Index Tranche is defined by the tranche attachment point, (where the default loss exposure starts) and detachment point, (where it ends). For

example, an Index Tranche with an attachment point of 3% and detachment point of 6% will benefit from protection against cumulative default related losses in the CDS Index up to 3% of the reference portfolio and will only incur losses of principal if default losses exceed 3%. Should default losses exceed 6% the Index Tranche is no longer subjected to further losses and they are assigned to more senior tranches.

“Minimum Holding”	means the minimum number of Share required to be held by Shareholders having such value as may from time to time be specified by the Directors in relation to each Class and set out in this Supplement.
“Performance Period”	means each Accounting Period.
“SFDR”	means the Sustainable Finance Disclosure Regulation ((EU) 2019/2088);
“Target Characteristics”	means the environmental and social characteristics promoted by the Fund, being reduction of carbon emissions, contribution to the provision of environmental solutions and social impact;
“Taxonomy Regulation”	means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending SFDR;
“Total Return Swap”	means a bilateral financial transaction where the counterparties swap the total return of a single asset, a basket of assets or a financial index in exchange for periodic cash flows.
“Valuation Point”	means the close of business in the relevant market on the relevant Dealing Day (or such other time as the Directors may determine).

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

## 2. Base Currency

The Base Currency shall be the US Dollar. The Net Asset Value per Share will be published and settlement and dealing will be effected in the relevant currency of the specific Share Class.

## 3. Investment Objective

The Fund’s investment objective is to seek to generate positive total rates of return, with a low correlation to broader market conditions including the levels of interest rates and corporate defaults, as further described in the ‘Investment Strategy’ section below. There can be no assurance that the Fund will achieve its investment objective.

## 4. Investment Policy

The Fund seeks to achieve its investment objective primarily through the implementation of an investment strategy (further detailed below) that obtains long and/or synthetic short exposure to global corporate credit



risk through investment in instruments and financial derivative instruments (“**FDI**”) listed below together with utilising a high degree of hedging. Short positions may only be taken through FDIs. Long positions may be held through a combination of the direct purchase of securities and/or FDIs. The Fund’s use of FDIs is further described in the section entitled ‘Further Detail on the Use of Financial Derivative Instruments’ below.

In identifying investments for the Fund, the Investment Manager will seek to ensure that at least 30% of the long portfolio exposure of the Fund is comprised of “**Qualifying Investments**”, being investments where the underlying Corporate meets at least one of the three environmental and social characteristics promoted by the Fund: reduction of carbon emissions, contribution to the provision of environmental solutions and social impact (“**Target Characteristics**”) and displays good corporate governance practices. As detailed further under ‘*Investment Strategy*’ below and in the Annex to this Supplement, the Investment Manager will not assess whether short positions are Qualifying Investments. In addition, the Fund applies an Exclusions List (as defined below under ‘*ESG Restrictions*’). Further information in respect of the Fund’s promotion of the Target Characteristics is outlined below and is also available at the following website: [www.cheynecapital.com](http://www.cheynecapital.com).

The Fund may invest on a global basis across all Developed Markets and may invest up to 10% of the Net Asset Value of the Fund in Emerging Markets.

The Fund may invest directly in individual corporate credit instruments to obtain the desired exposure to global credit markets. Such corporate credit instruments include corporate bonds (which may be fixed and/or floating rate), notes and debentures. The Fund may also invest indirectly from both the long and short side in corporate credit instruments through investment in Credit Default Swaps, CDS Index Swaps, Index Tranches, options on CDS Index Swaps, equity swaps (including, by way of example, swaps on ETFs which invest in credit assets such as corporate bonds) and Total Return Swaps.

The choice of whether to invest in a particular Index Tranche will be based on the Investment Manager’s assessment of the outlook for defaults of the corporates in the related CDS Index portfolio. For example, should the Investment Manager assess that defaults are likely to increase from current levels then investing in a tranche that benefits from the protection of subordination would be more likely.

The Fund may invest in both investment grade Corporates and lower-rated (commonly referred to as “high-yield”) Corporates which are rated by any nationally recognised statistical rating organisation or, if unrated, determined by the Investment Manager to be of comparable quality. Exposure to unrated Corporates is not expected to exceed 10% of the Net Asset Value of the Fund. The majority of the Fund’s Corporate exposure will be rated by at least one nationally recognised statistical rating organisation.

The Fund will engage in hedging transactions via FDIs in order to seek to target attractive risk-reward opportunities and to limit but not eliminate directional market risk. In addition, certain investments may be denominated in currencies other than US Dollars (the Base Currency of the Fund). The Investment Manager may, but is not obliged to, hedge such foreign currency exposure of the Fund to currencies other than the Base Currency of the Fund through the use of certain FDIs in order to reduce exposure to currency fluctuations. The Fund’s use of FDIs for hedging purposes is further described in the section entitled ‘Further Detail on the Use of Financial Derivative Instruments’ below.

For purposes of the Fund’s investment objective and policy or where market conditions may require a defensive investment strategy, the Fund may invest in cash or cash equivalents including, but not limited to; short-term government bonds, treasury bills, commercial paper, interest bearing accounts of a bank or broker, certificates of deposit, government securities and other forms of money market instruments such as bankers acceptances or bills of exchange.

The Fund may, in accordance with the UCITS Regulations, also hold ancillary liquid assets (types of which have been listed immediately above) to provide security, collateral or margin in respect of its activities.

The Fund may also invest up to 10% of its Net Asset Value in other collective investment schemes, including exchange-traded funds.

With the exception of permitted investments in unlisted instruments and off-exchange FDI, investments will be made on Recognised Exchanges, as listed in Appendix II to the Prospectus.

## **5. Investment Strategy**

The Investment Manager will analyse potential investments using quantitative and qualitative techniques, as further described below. The Investment Manager's analysis will seek to identify various quantitative factors such as cash generation, debt profile, growth prospects, profitability, asset coverage and cash flow generation together with qualitative factors such as management, business environment, competition and corporate governance to analyse the credit of Corporates and identify investment opportunities in those securities. The Investment Manager will use the output of that analysis to identify investment opportunities, taking into consideration factors such as the level of credit spreads, volatility, correlations, market supply and demand imbalances of various credit instruments and liquidity, with the intent to improve the risk and return characteristics of the Fund.

The Investment Manager will then seek to dynamically allocate capital in a complimentary manner as follows:

### **A. Credit Long-Short**

The Investment Manager will invest in combinations of Credit Default Swaps that express long and short views on Corporates in a manner that, in aggregate, contains low levels of net credit market exposure. Quantitative and qualitative factors mentioned above will be used to determine whether long or short exposure to a particular a Corporate is appropriate.

### **B. Default Premium**

The Investment Manager will seek to generate income from taking directional exposure to diversified CDS Indices in order to benefit from the Investment Manager's assessment that the default rates implied by prevailing credit spreads exceed the level of defaults that will actually be observed. This strategy can utilise both CDS Indices and Index Tranches to capture the differential (the Default Premium) between the implied and realised default rates.

### **C. Volatility Premium**

This will be a market neutral, highly hedged strategy that combines Index Options and CDS Indices in order to receive income from the differential (the Volatility Premium) between credit spread volatility implied in the market pricing of Index Options and the credit spread volatility that subsequently prevails during the lifespan of the Index Option. By combining the sale of Index Options and the purchase of CDS Indices as a hedge, the strategy achieves a low level of market directionality.

Other combinations of investments that have low net credit market exposure may be used to in order to benefit from mis-pricings between related investments. For example, buying a CDS Index and selling the Credit Default Swaps of each of the underlying Corporates can create a low credit risk, positive income

investment. It is intended that by combining investments in this way will produce a diversified set of return sources in order to achieve the investment objective in a wide variety of market conditions.

When an investment is made, it will be closely monitored and the investment rationale for retaining the investment will be kept under review by the Investment Manager.

The Investment Manager will regularly review the exposure and investments of the Fund, as well as future potential investments, in light of the investment objective and policies of the Fund, and may change positioning by buying and/or selling relevant investments accordingly.

The Investment Manager intends to manage the net exposure of the Fund's Net Asset Value within the anticipated range of 300% short and 300% long of the Fund's Net Asset Value.

The Investment Manager will evaluate investments against the following indicators when determining whether an investment meets the relevant Target Characteristic:

A. Reduction of Carbon Emissions

The Corporate displays a trend of:

- a) carbon intensity reduction (as measured by tonnes of CO<sub>2</sub> / \$ million per revenue over the most recently reported year); and
- b) absolute carbon reduction (as measured by tonnes of CO<sub>2</sub> over the most recently reported year); and
- c) no environmental controversies other than minor, non-structural or resolved situations.

B. Contribution to the Provision of Environmental Solutions

The Corporate derives in excess of 10% of revenues from activities that contribute to the provision of environmental solutions which align with the environmental impact themes of the MSCI ESG Sustainable Impact Metrics: alternative energy, energy efficiency, green building, pollution prevention, sustainable water and sustainable agriculture.

C. Social Impact

The Corporate derives in excess of 10% of revenues from activities that contribute to the provision of social solutions which align with the social impact themes of the MSCI ESG Sustainable Impact Metrics: nutrition, sanitation, major diseases treatment, SME finance, education, affordable real estate or connectivity.

In addition, in order to be considered to be promoting the Target Characteristics, the Corporate must follow good corporate governance practices as determined by the Investment Manager in accordance with its internal evaluation process, which takes into account, amongst other factors, the Corporate's implementation of appropriate management structures, employee relations, remuneration of staff and tax compliance.

All long positions (whether single name or index) will be assessed to see if they constitute Qualifying Investments. Long index positions will be assessed for this purpose on a "look-through" basis. The Fund will not assess if synthetic short positions, whether single name or index, are Qualifying Investments.

The promotion of the Target Characteristics is a binding element of the Fund's investment process. With the exception of synthetic short positions as described above, when making investments the Fund will assess if the investment will be a Qualifying Investment, with a view to fulfilling the aim of having 30% of the long portfolio exposure of the Fund comprised of Qualifying Investments. In addition, the application of the Exclusion List, as described below, is a binding element of the investment process applying to all single name positions that the Fund takes.

### ***Integration of Sustainability Risks***

The Fund is categorised as an Article 8 product pursuant to the SFDR. In managing the Fund's portfolio, the Investment Manager takes into account sustainability risks and the potential impact of such risks on the Fund's returns. A sustainability risk is an environmental, social or governance ("**ESG**") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment (sustainability risks are referred to herein as "**ESG risks**").

For single name positions which form part of the Fund's portfolio, the Investment Manager takes into account ESG risks and the potential impact of such risks on the Fund's returns. In respect of such positions, the Investment Manager focuses on potential governance risks, considering in particular board composition (including age, gender, ethnicity and experience), division of management responsibilities, hiring practices and approach to executive remuneration, as well as studying previous behaviours of executive management, treatment of stakeholders and historic approach to sustainability issues.

CDS Index Swap, Index Tranche and Index Option positions which form part of the Fund's portfolio will reference CDS Indices that may not be constructed by reference to ESG risks. Where the Investment Manager identifies ESG risks specific to individual positions within a CDS Index, the Investment Manager may (but is not required to) seek to manage such risks through engaging in hedging transactions.

The Investment Manager generally makes use of ESG data provided by third parties and its own ESG analysis as part of its research process in order to evaluate issuers within its investable universe, both prior to investing and once a position is held. The investable universe is continuously evaluated and maintained, applying current ESG and market data. The ESG risk assessment by the Investment Manager's research team is synthesised with other credit considerations to determine a weighting relative to the maximum possible position size (adjusted for liquidity considerations) which the research team deems appropriate, with such weighting being applied to each credit in the Fund's investable universe.

To the extent that the Investment Manager concludes that there is an ESG risk associated with an investment which could cause an actual or a potential material negative impact on the value of the Fund's portfolio, the Investment Manager will assess the likelihood of that ESG risk occurring against the potential financial advantage from making the investment. If the potential financial advantage is assessed to outweigh the actual or potential material negative impact which could be caused by the ESG risk, then the Investment Manager will typically still make the investment.

By taking ESG risks into consideration during its investment decision making process, the intention of the Investment Manager is to manage such ESG risks in a way that they do not have a material impact on the performance of the Fund. However, no assurance can be given that the Investment Manager will be able to avoid and/or mitigate the impact of ESG risks on the Fund and losses may be incurred. A description of certain ESG risks which may be particularly relevant to the Fund's investment strategy are set out under the "Risk Factors" section of the Prospectus.

Although the Manager and the Investment Manager take into account ESG risks and other ESG factors as part of the investment process for the Fund, the Manager does not currently consistently evaluate the adverse impacts of investment decisions made on a uniform set of sustainability factors with respect to the

Fund for the purposes of the SFDR, given that the regulatory environment in which the Manager is operating is evolving, with guidance from competent authorities still developing regarding how ESG factors and their adverse impacts are defined and evaluated. In light of these circumstances, the Manager, in conjunction with the Investment Manager, keeps under review its approach to adverse sustainability impacts and their consideration as part of the investment process.

### ***Taxonomy***

As at the date of this Supplement, the Manager has not collected data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the Fund are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“**Taxonomy Aligned Investments**”). The Fund has zero exposure to Taxonomy Aligned Investments.

The “do no significant harm” principle applies only to those investments underlying the Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Fund do not take into account the EU criteria for environmentally sustainable economic activities.

### ***ESG Restrictions***

In addition to the other investment restrictions set out in this Supplement, when selecting investments, the Fund will also exclude direct exposure to Corporates from its portfolio that derive the majority of their revenue from:

- weapons for civilian use;
- controversial weapons;
- pornography;
- tobacco;
- gambling;
- predatory lending practices;
- the production and use of thermal coal; and
- fossil fuel extraction in the Arctic or oil sands, (the “**Exclusion List**”).

In the event that an investment which forms part of the Fund’s portfolio becomes subject to the Exclusion List, the Fund will not be obligated to dispose of that investment. However, the Fund will not increase the size of a position where the underlying Corporate has become subject to the Exclusion List.

The Fund reserves the right to exclude any Corporate which has committed a serious breach of national or international standards, regulations or laws or which has grossly violated broadly accepted ethical norms.

The Fund may take exposure to underlying Corporates that would otherwise be excluded if they are deemed to have demonstrated a trajectory towards more sustainable activities, for example through the regular issuance of green bonds to fund dedicated sustainable projects. Additionally, business objectives such as divestment or reduction of certain operations that the Investment Manager views as credible can be taken into account in determining long-term sustainability. Finally, the Investment Manager will take any engagement with a company’s management (such as meetings or regular reporting on any sustainability-related initiatives) and its likelihood of success into account in determining sustainability.

For the avoidance of doubt, the Fund will not apply the Exclusion List to underlying positions in indices or single-name synthetic short positions.

### ***Further Detail on the Use of Financial Derivative Instruments***

The Investment Manager may use Credit Default Swaps, CDS Index Swaps, Index Tranches, Index Options, Total Return Swaps, futures, forwards, swaps and other options, including both exchange traded and over the counter FDI, to achieve the Fund's investment objective and to hedge risks in the Fund. The Fund may also use futures and forwards to hedge currency and interest rate exposures. The underlying reference assets to such FDI will be the instruments listed in the Investment Policy section above together with interest rates, indices and currencies.

Where the Fund invests in FDI that are based on pre-defined, (non-bespoke) indices, such indices will be consistent with the investment policies of the Fund and in most instances will not be rebalanced more frequently than monthly. It is not anticipated that such rebalancing will increase Fund costs or impact the Fund's ability to comply with its investment restrictions. Details of any such indices used will be disclosed in the periodic reports of the Fund. Where the weighting of a particular constituent in the index exceeds the UCITS investment restrictions, the Investment Manager will as a priority objective look to remedy the situation taking into account the interests of Shareholders and the Fund.

A description of each such instrument is set out below:

#### *Credit Default Swaps*

When using Credit Default Swaps, the Fund will achieve long credit exposure by being the "protection seller" and short credit exposure by being the "protection buyer." Credit Default Swaps may be used by the Fund to take long credit exposure to a Corporate by entering into Credit Default Swaps by selling protection against a default in anticipation of a stable or improving credit position in a particular Corporate. Conversely, the Fund may take short credit exposure to a Corporate by entering into Credit Default Swaps by buying protection against a default in anticipation of a deteriorating credit position or default of a particular Corporate.

The Fund may also enter into CDS Index Swaps, which are contracts linked to the performance of a diversified portfolio of Credit Default Swaps. The Fund expects to use Credit Default Swaps for long exposure to individual Corporates and may also take synthetic short positions on individual Corporates or indices, either as a hedge against a long position or for investment purposes.

The Investment Manager may use Credit Default Swaps as an alternative to acquiring underlying securities, either alone or in conjunction with the securities, when such investment may be accomplished in a more efficient way through the use of such Credit Default Swaps.

#### *Swaps*

In a standard swap transaction, two parties agree to exchange returns (or differentials in rates of return) calculated with respect to a notional amount. Swaps in which the Fund may invest include currency swaps, equity swaps (including on ETFs), interest rate swaps and Total Return Swap.

#### *Futures*

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures may be used (i) to assist in achieving the Fund's interest rate duration profile; (ii) for the purpose of hedging foreign exchange or interest rate risk arising when investments are denominated in a currency other than the Fund's Base Currency; (iii) for the purpose of share class hedging; or (iv) for general hedging purposes in the case of equity futures of recognized equity indices.

### *Currency Forwards*

In forward foreign exchange contracts, the contract holders are obligated to buy or sell from another a specified amount of one currency at a specified price with another currency on a specified future date. Forward contracts cannot be transferred but they can be 'closed out' by entering into a reverse contract. Foreign currency forwards may be used for the purpose of hedging foreign exchange risk arising when investments are denominated in a currency other than the Fund's Base Currency or to hedge the value of certain classes of Shares in the Fund against changes in the exchange rate between the currency of denomination of the class of Shares and the Base Currency of the Fund.

### *Options*

Options are contracts whereby the holder has the right but not the obligation to either purchase (call option) or sell (put option) to the counterparty (or to the exchange for exchange traded options) an underlying investment for a specified price (the strike price) on a specified date or during a period to expire on a specified date. Such underlying investments may be specific securities, indices (with respect to Index Options) or any indebtedness of a Corporate. The Fund may also enter into swaptions which are options to enter into an interest rate or other type of swap (including Credit Default Swaps and CDS Index Swaps).

### *Options on futures*

An option on future is a contract which gives the contract buyer the right, but not the obligation, to exercise a feature of the option, such as buying a specified quantity of a particular future contract on, or up to and including, a future date (the exercise date). The 'writer' (seller) has the obligation to honour the specified feature of the contract. Since the option gives the buyer a right and the seller an obligation, the buyer pays the seller a premium.

### ***Risk Management***

The Investment Manager operates a risk management process on behalf of the Fund in relation to its use of FDI which allows it to accurately measure, monitor and manage the various risks associated with FDI and other investments, and which is intended to ensure that the Fund's investments including FDI exposure remains within the limits described below. This risk management process also takes into account any exposure created through FDI embedded in investments held by the Fund.

The risk management process is described in a statement, a copy of which has been filed with the Central Bank, and which will be updated from time to time to include any additional financial derivative instruments which the Investment Manager proposes to employ on behalf of the Fund ("**Risk Management Process**"). Until such time as the risk management statement has been updated, however, the Investment Manager will not use any FDI which is not for the time being included in the Risk Management Process.

As per the Risk Management Process, leverage and exposure in the Fund will be primarily controlled through the daily analysis and limitation of the Fund's Value at Risk ("**VaR**"). VaR is an estimate of the maximum daily loss the Fund is likely to suffer on any given day, or over a specified holding period, based on its current holdings, with a given level of confidence. The Absolute VaR of the Fund will not exceed 20% of the Fund's Net Asset Value. The VaR will be calculated to a one-tailed 99% confidence interval and a 20 day holding period and using an effective observation period of risk factors of at least 250 business days. The measurement and monitoring of all exposures relating to the use of FDI will be performed on at least a daily basis.

Net leverage, as computed by the commitment method, will be within an anticipated range of 400% and 1000% credit risk during most market conditions. It should be noted that a large proportion of these figures is driven by a short portfolio which, for broad market moves, is expected to serve to mitigate rather than add to risk. The net exposure of the fund is expected to vary between -300% and 300%. In normal market conditions, gross leverage, calculated on the basis of the notional values of the derivatives, is expected to range between 800% and 1300% of the Fund's Net Asset Value and will generally not exceed 1500% of the Fund's Net Asset Value, although it is possible that leverage may exceed this level from time to time. These values are influenced by the considerable degree of hedging arrangements that are designed to reduce market exposure. The Fund may reach higher levels due to FX hedging, perfectly offsetting positions at regulated clearing houses awaiting compression (and which represent no counterparty or market risk), or due to short-term options that have been hedged prior to expiry which can require a substantial level of gross leverage but carry a limited amount of market risk.

It should be noted that a significant percentage of the Fund's gross notional leverage figure outlined above will relate to transactions that seek to reduce the market directionality of the Fund's portfolio, and as a result its market volatility.

The range in the level of leverage may result from the investments acquired by the Fund and the varying use of FDI that are used to alter the Fund's exposures. The use of leverage can increase the potential return on investment and may assist the Fund achieve its investment objectives and policies.

VaR is a methodology that is used to estimate the risk or probability of losses in a portfolio. It is based on statistical analysis of historical price trends and volatilities and is designed to predict the likely scale of losses that might be expected to occur in a portfolio over a given period of time.

VaR has some limitations which result from the methodology's reliance on historical data and estimated correlations between portfolio holdings, which may not be an accurate predictor of future market conditions, particularly where the Fund experiences abnormal market conditions. An additional limitation of VaR is its focus on market risk as it does not measure other risks that may impact the Net Asset Value of the Fund. For example, VaR does not take into account liquidity risk.

Although the Fund utilises the Absolute VaR methodology there is no guarantee that this methodology captures the Fund's entire risk profile as generated through the Fund's investments, including the use of derivatives. In particular, in abnormal market conditions the VaR methodology may not be a reliable measure of risk and investors may suffer significant financial losses.

In order to protect investors, particularly under abnormal market conditions where the VaR methodology may not be an accurate measure of the Fund's risk profile, the Investment Manager may reduce the leverage in the portfolio by choosing to invest a greater proportion of the Fund's assets in cash or cash equivalents.

Information on FDI used for the Fund will be included in the Company's semi-annual and annual reports and accounts. The Company or the Manager will also provide information to Shareholders on request on the risk management process employed by the Investment Manager on the Fund's behalf, including details of the quantitative limits applied and information on the risk and yield characteristics of the main categories of investments held on behalf of the Fund.

#### *Share Class Currency Hedging*

The Shares issued in a currency other than the Base Currency of the Fund are exposed to possible adverse currency fluctuations between the currency in which such Shares are issued and the Base Currency of the Fund. The Investment Manager seeks to hedge this exposure with the aim of minimising the impact on the Net Asset Value per Share of the non-US Dollar denominated Classes.



Although the Investment Manager intends to seek to hedge such foreign currency exposure, there can be no assurance that the techniques used will be effective.

The mechanism of such hedging and risks and limitations of such currency hedging are disclosed in the Prospectus under the section entitled “*Class Currency Hedging*”.

### **Profile of a Typical Investor and Target Market Identification**

The Central Bank requires the Company to disclose in the Prospectus or Supplement the profile of a typical investor for whom that Fund is designed.

The Fund may suit investors looking for a alternative investment strategy to complement an existing portfolio, or investors looking for exposure to global corporate credit risk and who are prepared to accept moderate levels of volatility.

The investments of the Fund are subject to market fluctuations and other risks inherent in investing in securities.

Separately, distributors that are subject to the requirements of MiFID II are required to have in place adequate arrangements to obtain all appropriate information on the products they distribute and their identified target markets. To assist such distributors, information has been or may be provided to such distributors (as relevant) on what is considered to be the potential target market for the relevant Fund, in accordance with the above profile of a typical investor. The Fund may not be appropriate for investors outside the target market; responsibility for compliance with any applicable MiFID II distribution requirements rests with the relevant distributor.

## **5. Share Classes**

Shares will be issued to investors as Shares of a Class in this Fund. The Directors may, whether on the establishment of this Fund or from time to time, with prior notification to, and clearance by the Central Bank, create more than one Class of Shares in this Fund.

The Directors may in their absolute discretion differentiate between Classes of Shares, without limitation, as to currency denomination of a particular Class, dividend policy, hedging strategies if any applied to the designated currency of a particular Class, fees and expenses or the Minimum Initial Subscription or Minimum Holding applicable. The Directors may in their absolute discretion waive the Minimum Initial Subscription or Minimum Holding requirement.

At the date of this Supplement, the following Classes of Shares in the Fund are available for subscription:-

<b>Class of Share</b>	<b>Currency</b>	<b>Minimum Initial Subscription</b>	<b>Management Fee</b>	<b>Performance Fee</b>	<b>Minimum Holding</b>
<b>Class D1 (US\$)</b>	USD	\$5,000	0.75%	15%	\$5,000
<b>Class D2 (€)</b>	EUR	€5,000	0.75%	15%	€5,000

<b>Class D3 (£)</b>	GBP	£5,000	0.75%	15%	£5,000
<b>Class D4 (CHF)</b>	CHF	CHF5,000	0.75%	15%	CHF5,000
<b>Class E1 (US\$)</b>	USD	\$5,000	1.5%	15%	\$5,000
<b>Class E2 (€)</b>	EUR	€5,000	1.5%	15%	€5,000
<b>Class E3 (£)</b>	GBP	£5,000	1.5%	15%	£5,000
<b>Class E4 (CHF)</b>	CHF	CHF5,000	1.5%	15%	CHF5,000
<b>Class I1 (US\$)</b>	USD	\$100,000	1.0%	15%	\$100,000
<b>Class I2 (€)</b>	EUR	€100,000	1.0%	15%	€100,000
<b>Class I3 (£)</b>	GBP	£100,000	1.0%	15%	£100,000
<b>Class I4 (CHF)</b>	CHF	CHF100,000	1.0%	15%	CHF100,000
<b>Class X1 (US\$)</b>	USD	None	0.75%	10%	None
<b>Class X2 (€)</b>	EUR	None	0.75%	10%	None
<b>Class X3 (£)</b>	GBP	None	0.75%	10%	None
<b>Class X4 (CHF)</b>	CHF	None	0.75%	10%	None

Shares in the D Classes are only available for subscription by distributors and/or such other persons as the Directors may determine from time to time and subject to such terms and conditions as specified by the Directors.

Shares in the I Classes are available for subscription by institutional investors.

Shares in the E Classes are available for subscription by retail investors. With respect to distribution within the EU, no portion of the Management Fee with respect to Class E Shares is paid to dealers and/or distributors, except maintenance and/or administration type fees (where legally permissible) including payments to platforms. Accordingly, within the EU, Class E Shares are available for purchase by (or on behalf of) customers of: (i) dealers and/or distributors providing independent advice (e.g., independent financial investment advisors) or portfolio management services (e.g., discretionary investment managers); and (ii) dealers and/or distributors purchasing Class E Shares on behalf of their clients where either an arrangement with their client or applicable law prohibits such dealers and/or distributors from retaining any payment from a third party.

Shares in the X Classes are only available for subscription by the Manager, the Investment Manager and/or any other Cheyne Affiliate and/or their respective members, employees and/or such other persons as the Directors may determine from time to time and subject to such terms and conditions as specified by the Directors.

The Manager, Investment Manager and/or the Investment Advisor may from time to time at its sole discretion, use part of its investment management fee to remunerate distributors and certain other financial intermediaries and may pay reimbursements or rebates to certain institutional Shareholders.

The Directors may, in response to an investor request, determine to elect for “UK reporting fund” status for any Class. A list of Classes in respect of which the Directors have elected for “UK reporting fund” status is available from the Investment Manager upon request.

## **6. Initial Offer**

The Classes of Shares are being offered to investors at an initial price as set out below during the initial offer period which will conclude on the earlier of (i) the first investment by a Shareholder in that Class or (ii) on 20 July, 2023.

The initial offer price for Shares in any unlaunched Classes is as follows:

- USD\$1,000 for USD\$ denominated Classes
- EUR€1,000 for EUR€ denominated Classes
- GBP£1,000 for GBP£ denominated Classes
- CHF1,000 for CHF denominated Classes.

## **7. Application for Shares**

Applications for Shares may be made to the Administrator (whose details are set out in the Application Form).

Following the relevant initial offer period, applications received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the

Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day, provided that such applications have been received prior to the Valuation Point for the particular Dealing Day.

Initial applications should be made using the Application Form but may, if the Directors so determine, be made by facsimile or other electronic means 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 Directors or their delegate. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by facsimile or other electronic means without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

### *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 .01 of a Share.

Subscription monies, representing less than .0001 of a Share will not be returned to the investor but will be retained by the Company in order to cover administration costs.

### *Method and Timing of Payment*

Payment in respect of subscriptions for all Share Classes must be received by the Administrator no later than three Business Days after the relevant Dealing Day provided that the Directors reserve the right to defer the issue of Shares until receipt of subscription monies by the Fund.

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.

If payment in respect of a subscription has not been received by the relevant time, the Directors or their delegate may cancel the allotment and/or charge the investor interest at the SONIA rate +2% to be reimbursed to the Administrator together with an administration fee of €100, which is payable to the Fund. The Directors may waive such administration fee of €100 in whole or in part. In addition, the Directors have the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

### *Currency of Payment*

Subscription monies are payable in the currency of the relevant Share Class. If an application is made in a currency other than the currency of the relevant Share Class a foreign exchange deal will, at the risk and expense of the investor, be placed by the Administrator on behalf of the investor to convert such currency to the currency of the relevant Share Class at the then prevailing exchange rate available to the Administrator. Only the net proceeds (after deduction of the conversion expenses) will be applied towards payment of the subscription monies and neither the Manager, the Investment Manager or Administrator will be responsible for the exchange rate that applies upon such currency conversion. Foreign exchange

deals may be aggregated. Settlement must be made in the currency in which the order was placed.

At the discretion of the directors, subscriptions may be accepted on an “in specie” basis in accordance with the requirements of the Company as specified in the section entitled “*In Specie Subscriptions*” in the Prospectus.

#### *Confirmation of Ownership*

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, however, written confirmation of entry on the register in respect of each purchase of Shares will be sent to Shareholders within 48 hours of the allotment of Shares being made.

### **8. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator (whose details are set out in the Application Form) on behalf of the Company by facsimile, written communication or other electronic means and should include such information as may be specified from time to time by the Directors or their delegate.

Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion determine otherwise provided that such redemption request(s) have been received prior to the Valuation Point for the particular Dealing Day. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is €2,000 (or its US\$/£ equivalent). In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares of a Class having a Net Asset Value less than the relevant Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the redemption monies and may exercise their discretion in this respect. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

#### *Method of Payment*

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified in writing to the Administrator (provided any such account is in the name of the Shareholder). Redemption payments will only be made to the account of record of a registered Shareholder.

#### *Currency of Payment*

Shareholders will be repaid in the currency of the relevant Share Class. Where settlement is to be made in a currency other than the currency of the relevant Share Class a foreign exchange deal will be placed by the Administrator on behalf of the Shareholder to convert the currency of the relevant Share Class to such other

currency at the then prevailing exchange rate available to the Administrator. Only the net proceeds (after deduction of the conversion expenses) will be applied towards payment of the redemption proceeds.

#### *Timing of Payment*

Redemption proceeds in respect of all Shares Classes will typically be paid within 3 Business Days of the Dealing Deadline for the relevant Dealing Day, and in any event within ten Business Days of the 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”.

### **9. Single Swinging Price**

Shares will be issued and redeemed at a single price (the “Price”) (excluding subscription or redemption charges, if any) which will be the Net Asset Value per Share, which may, in exceptional circumstances at the Directors’ discretion, be adjusted on any Dealing Day in the manner set out below, depending on whether the Directors consider it appropriate and whether or not the Fund is in a Net Subscription Position or in a Net Redemption Position on such Dealing Day, to arrive at the Price. Where there is no dealing on the Fund or Share Class of the Fund on any Dealing Day, the Price will be the unadjusted Net Asset Value per Share rounded to four decimal places. The basis on which the assets of the Fund are valued for the purposes of calculating the Net Asset Value per Share is set out in the Prospectus under the heading “Calculation of Net Asset Value”. This provides that listed investments will be valued based on the closing mid-market price of such investment. However, the actual cost of purchasing or selling assets and investments for the Fund may deviate from the mid-market price used in calculating the Net Asset Value per Share due to dealing charges, taxes and other similar costs (“Duties and Charges”) and the difference between buying and selling prices of the underlying investments (“Spreads”). These costs have an adverse effect on the value of the Fund and are known as “dilution”.

The dilution adjustment, if applied at the discretion of the directors, will involve adding to, when the Fund is in a Net Subscription Position, and deducting from, when the Fund is in a Net Redemption Position, the Net Asset Value per Share such figure as the Directors consider represents an appropriate figure to meet Duties and Charges and Spreads in order to preserve the value of underlying investments for Shareholders. The resultant amount will be the Price rounded to four decimal places. Where a dilution adjustment is made, it will increase the Price when the Fund is in a Net Subscription Position and decrease the Price when the Fund is in a Net Redemption Position. The Price of each Class in the Fund will be calculated separately but any dilution adjustment will in percentage terms affect the Price of each Class in an identical manner.

### **10. Conversion of Shares**

Subject to the Minimum Initial Subscription and Minimum Holding of the relevant Fund or Classes, Shareholders may convert 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”.

#### **11. 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.

#### **12. 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.

The Management Fee payable by the Fund to the Manager, Investment Manager and/or the Investment Advisor in respect of each Class of Shares in the Fund is set out under Section 5 of this Supplement under the heading “Share Classes”. The total Management Fee payable cumulatively to the Manager, the Investment Manager and/or the Investment Advisor is 0.75% for Class D Shares, 1.5% for Class E Shares, 1.0% for Class I Shares and 0.75% for Class X Shares which total will be allocated between the Manager, the Investment Manager and/or the Investment Advisor as agreed between these parties from time to time. For the avoidance of doubt, the Investment Advisor will have no investment discretion.

The Manager, the Investment Manager and the Investment Advisor are entitled to be reimbursed by the relevant Fund for all of their out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund.

#### *Performance Fee*

Notwithstanding anything to the contrary in the Prospectus, in respect of Class D, Class E and Class I Shares, a Performance Fee shall be payable equal to 15% of the increase in the Net Asset Value of the relevant Class over the High Water Mark during a Performance Period. The performance fee will be calculated net of costs without deducting the performance fee itself, provided that in doing so it is in the investor’s best interest. The initial Performance Period shall commence on the first Business Day after expiry of the initial offer period and shall finish on 31 December, or the last Business Day, in the following calendar year.

In respect of Class X Shares, a Performance Fee shall be payable equal to 10% of the increase in the Net Asset Value of the relevant Class over the High Water Mark during a Performance Period. The performance fee will be calculated net of costs without deducting the performance fee itself. The initial Performance Period shall commence on the first Business Day after expiry of the initial offer period and shall finish on 31 December, or the last Business Day, in the following calendar year.

The Performance Fee shall be calculated and accrued in accordance with the provisions set out in the Prospectus under the heading “*Performance Fee*”. For the avoidance of doubt, the Performance Fee is paid to the Manager.

Please refer to the Schedule to this Supplement for an example of the calculation of the Performance Fee. The tabulation is provided as an illustration for information only. The tabulation does not constitute any

warranty as to success and is qualified in its entirety by the express provisions of the Prospectus and this Supplement.

#### *Adjustment Due to Deficit and Premium Subscriptions*

##### (a) Deficit Subscriptions

Where an investor subscribes for Shares at a time when the Net Asset Value per Share is less than the relevant High Water Mark, then an adjustment is required to reduce inequalities that may otherwise result to the respective investor or the Manager (an “**Equalisation Debit**”).

Where Shares are subscribed at a time when the Net Asset Value per Share is less than the relevant High Water Mark, no Performance Fee will be accrued in respect of such Shares until the High Water Mark has been recovered. Accordingly, new Shareholders will, in effect, be required to pay an equivalent Performance Fee with respect to any subsequent appreciation in the Net Asset Value per Share until the relevant High Water Mark has been reached. This will be achieved by the Company having the power to redeem a portion of that Shareholder’s holding of Shares for no consideration and to pay an amount equivalent to the relevant Performance Fee to the Manager at the end of the relevant Performance Period. After the High Water Mark has been achieved, the Performance Fee relating to such Shares will be calculated and levied in the same manner as for all other Shares.

##### (b) Premium Subscriptions

Where Shares are purchased at a time when the Net Asset Value per Share is greater than the High Water Mark (“**Premium Shares**”) (a “**Premium Subscription**”), a portion of the subscription amount equal to the accrual then in place per Share in respect of the Performance Fee shall be allocated to the prospective investor as an equalisation credit (an “**Equalisation Credit**”). The Equalisation Credit is designed to ensure that all Shareholders of a Class have the same amount of capital at risk per Share.

The Equalisation Credit will be at risk in the Fund and will therefore appreciate or depreciate based on the performance of the Class subsequent to the subscription. In the event of a decline in value below the Net Asset Value per Share at subscription, the Equalisation Credit due to the Shareholder will reduce in line with the Performance Fee accrual for other Shares, namely by an amount equal to the relevant percentage of the amount of the loss on a per Share basis until the Equalisation Credit is exhausted. Subsequent appreciation in the value of the Premium Shares will result in a recapture of any Equalisation Credit lost due to such reductions, but only to the extent of the previously lost Equalisation Credit up to the amount paid at subscription (less any part thereof previously applied).

At the end of the relevant Performance Period, an amount equal to the lower of either the Equalisation Credit paid at the time of the Premium Subscription (less any Equalisation Credit previously applied) or the Performance Fee of the relevant Class of the excess of the asset value per Premium Share over the High Water Mark is applied in the subscription for additional Shares for the Shareholder. If any Premium Share is redeemed before the last day in the Performance Period or if the appointment of the Manager is terminated, the Shareholder will receive additional redemption proceeds equal to any Equalisation Credit then remaining in respect of the redeemed Share.

#### *Portfolio Support Fees*

The Investment Manager shall be entitled to receive an annual Portfolio Support Fee out of the assets of the Fund, accrued at each Valuation Point and payable monthly in arrears at a rate of 0.08% per annum of the first \$150 million of the Net Asset Value of the Fund, 0.06% per annum of the Net Asset Value of the Fund between \$150 million and \$350 million; 0.04% per annum of the Net Asset Value of the Fund between \$350 million and \$500 million; and 0.02% per annum of the Net Asset Value of the Fund in excess of \$500



million.

The Portfolio Support Fee covers fees incurred in the performance of various middle and back office functions with respect to the Fund. This includes communicating with and providing instructions to the Depositary, the Administrator, borrowers and other service providers to the Fund with regard to trade capture, confirmation and reconciliation, payment and settlement reconciliation, trade collateral and margin, cash payments, net asset value determination, share class hedging, corporate actions, daily operations and other related matters.

#### *Use of Third Party Research and Other Services*

The Investment Manager may use research from brokers or a third party research provider (“third party research”). The costs of third party research may be allocated by the Investment Manager on a fair basis among its clients (or groups of its clients) including the Fund (each such allocation a “research charge”). Any such cost allocations will be based on a written policy and annual research budget set by the Investment Manager and agreed by the Manager and the Directors and an assessment of the potential value of third party research to the Investment Manager and such clients. Research charges may be paid into a separate research payment account controlled by the Investment Manager. The Investment Manager may delegate the administration of such account to a third party and arrange for payments to be credited to it in such manner as the Investment Manager considers appropriate. This may include deducting the research charge directly from the Fund’s assets and then transferring it into the research payment account at periodic intervals. The purchase of third party research will be subject to control and oversight by the Investment Manager designed to ensure that the research budget is managed and used in the interests of its clients and will include regularly assessing the quality of the research purchased.

The Fund will separately reimburse the Investment Manager for expenses incurred by the Investment Manager in obtaining market data, corporate access, analysis, pricing and valuation services and/or other similar information and/or services for the Fund, up to a maximum of 0.10 per cent. per annum of the average net asset value of the Fund.

#### *Administrator’s Fees*

The Administrator shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, based on the Net Asset Value of the Fund, of up to a maximum of 0.12%, subject to a minimum annual administration fee of USD110,000 (plus VAT, if any, thereon per annum). The minimum fee will be discounted by 25% for the first six months of the Fund. The minimum fee may be fully or partially waived by the Administrator for such period or periods of time as may be agreed between the Manager, the Company and the Administrator from time to time.

In addition to such base remuneration, the Administrator shall also be entitled to charge the Fund fees relating to any additional services required in relation to audit support, tax assistance or investor rebate services, as may be agreed with the Manager, the Company and which shall be charged at normal commercial rates.

The Administrator is also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund. From 1 January 2023, all fees for the following year shall be increased by the amount the last published Consumer Price Index (CPI) (All Items) (Ireland) completed by the Office for National Statistics (“CPI-U”) has increased since the CPI-U that was published immediately before January 1 of the previous year, plus four percent. Shareholders will be notified each year of any increases within the Company’s annual report.

### *Distribution Fees*

Distributors may be appointed to distribute and sell Classes of Shares of the Fund. Any such Distributor will be paid by the Manager, the Investment Advisor or the Investment Manager out of their own fees and not out of the assets of the Fund with respect to the Shares they distribute and sell.

### *Depository's Fees*

The Depository shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, of up to 0.03% (plus VAT, if any thereon) of the Net Asset Value of the Fund subject to a minimum fee. The minimum fee applicable shall be €15,000 per annum where there is no third party sub-custodian used and €21,000 per annum where a third party sub-custodian is used.

The Depository shall also be entitled to charge the Fund fees relating to any custody or transactional services, as may be agreed with the Company and which shall be charged at standard commercial rates. In addition to such remuneration, the Depository is entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund, including the fees and expenses of any sub-custodian (which shall be at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the Depository and which are payable by the Fund.

### *Establishment Expenses*

The costs of establishing the Fund are not expected to exceed €150,000 and will be amortised over a period of 5 years.

### *Redemption Fee*

A redemption fee not exceeding 3% of the redemption monies may be imposed on the redemption of Shares which shall be retained by the Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders. The Directors do not currently intend to charge any redemption fee and will give one month's notice to Shareholders of any intention to charge such a fee.

### *Conversion Fee*

A conversion fee not exceeding 5% of the Net Asset Value of Shares in the original Fund may be imposed on the conversion of Shares in any Fund to Shares in another Fund and payable into the assets of the original Fund. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the conversion fee chargeable to certain Shareholders.

## **13. Dividends and Distributions**

It is not the current intention of the Directors to pay dividends. The income and earnings and gains of the Fund will be accumulated and reinvested on behalf of the Shareholders. Any change to this dividend policy shall be set out in an updated Supplement and notified to Shareholders in advance.

## **14. Risk Factors**

Investors are referred to the section headed "Risk Factors" in the Prospectus.

### *Investment Risk*

The Fund may invest directly or indirectly in corporate debt securities and therefore will be subject to credit, liquidity and interest rate risks. There can be no assurance that the corporate debt securities in which the Fund invests will not be subject to credit difficulties or other market conditions leading to the loss of some or all of the sums invested in such securities. It is likely that a major economic event, such as a recession or reduction of liquidity in the market could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. Government debt is generally considered to be less exposed to credit risk and liquidity risk than corporate debt.

#### *Sub-Investment Grade Risk*

The Fund may be exposed to below investment grade credit exposures. Below investment grade debt may carry a greater risk of default. In addition, below investment grade debt securities tend to be more volatile than higher rated fixed income securities, so that adverse economic events may have a greater impact on the prices of below investment grade debt securities than on higher rated fixed income securities. Please also see "Liquidity Risk" in the section headed "Risk Factors" in the Prospectus.

#### *Credit Default Swaps*

The Fund may enter into Credit Default Swaps. A Credit Default Swap is a type of credit derivative which allows one party (the "protection buyer") to transfer credit risk of a reference entity (the "reference entity") to another party (the "protection seller"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events experienced by the reference entity. Credit Default Swaps may be used by the Fund to sell protection against the default of Corporates. The Fund will also have the option to purchase protection under a credit default swap in anticipation of a worsening of that Corporate's credit position. The Fund may also enter into Credit Default Swaps on baskets of credits, indices, or their tranches provided such indices have been cleared in advance by the Central Bank.

#### *Call Options*

The Fund may directly or indirectly sell or purchase call options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing his entire investment in the call option.

#### *Put Options*

The Fund may directly or indirectly sell or purchase put options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put option holds the underlying security, the loss on the put option will be offset in whole or in part by any gain on the underlying security.

The market value of a call option or a put option depends in part on market parameters other than the underlying price, such as implied volatility, which also may vary. During periods of market stress, implied volatilities typically rise, which may cause sellers of options to lose money. In contrast, as the market rallies, implied volatilities typically fall, which may cause buyers of options to lose money.

### Subordination Risk

The Fund may purchase subordinated debt securities (or take exposure to such securities through Credit Default Swaps) which are subject to certain additional risks. Such investments may be structurally or contractually subordinated to substantial amounts of senior indebtedness issued by the Corporate, all or significant portion of which may be secured, which means senior indebtedness would have to be paid-off in full by an issuer before the subordinated debt would be paid. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness. This means that holders of senior indebtedness may have rights to call an event of default or prevent an issuer from incurring additional debt, but that holders of subordinated indebtedness might not have such rights. Such subordinated debt generally provides higher yield than unsubordinated or senior debt.

### *Risks Relating to Leverage*

The Fund may operate with a large notional exposure to FDI and high gross leverage as set out under “Risk Management” above. The use of leverage creates special risks and may significantly increase the investment and counterparty risks of the Fund. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase the exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the Net Asset Value of the relevant Fund to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value of the relevant Fund may decrease more rapidly than would otherwise be the case. The Investment Manager may hedge instruments to enable the Investment Manager to group together larger trades than would otherwise be possible. As a result, the Investment Manager expects that this will enable certain trades and/or trading strategies to benefit from what the Investment Manager views to be pricing dislocations or excessive risk premia in the market. However, if the anticipated relationships between the derivative or other financial instruments being hedged breaks down, for example during a period of market stress, the Fund’s Net Asset Value could be adversely affected. The Investment Manager will in part use relationships observed in the past to determine hedging ratios, but there is no guarantee that such historic relationships will continue in the future.

### *Risk Factors Not Exhaustive*

The investment risks set out in this Supplement do not purport to be exhaustive and potential investors should be aware that an investment in the Fund may be exposed to risks of an exceptional nature from time to time.

## SCHEDULE

Worked example in respect of Class E Shares in the Fund

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Mid Year 6	Year 7	Year 8
Starting Net Asset Value per Share ("NAV per share")*	\$1,000	\$1,085	\$1,268	\$1,100	\$1,250	\$1,338	\$1,300	\$1,300	\$1,391
Ending NAV per share (before accrual of any Performance Fee)	\$1,100	\$1,300	\$1,100	\$1,250	\$1,350	\$1,300	\$1,370	\$1,400	\$1,500
High Water Mark ("HWM")	\$1,000	\$1,085	\$1,268	\$1,268	\$1,268	\$1,338	\$1,338	\$1,338	\$1,391
Performance Fee per share**	\$15	\$32	\$0	\$0	\$12	\$0	\$5	\$9	\$16
Ending NAV per share (after accrual of any Performance Fee)	\$1,085	\$1,268	\$1,100	\$1,250	\$1,338	\$1,300	\$1,365	\$1,391	\$1,484
Does ending NAV per share exceed the HWM?	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes
Is a Performance Fee payable?	Yes	Yes	No	No	Yes	No	No	Yes	Yes
<b>Adjustment Due to Deficit Subscriptions</b>									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Mid Year 6	Year 7	Year 8
Subscription Price				\$1,100					
Investor HWM				\$1,100	\$1,250	\$1,338		\$1,338	\$1,391
Ending NAV per Share				\$1,250	\$1,350	\$1,300		\$1,400	\$1,500
Investor Specific Performance				\$150	\$100	-\$38		\$62	\$109
Investor Specific Performance Fee per Share				\$23	\$15	\$0		\$9	\$16
Vs. Class Performance Fee per Share				-\$23	-\$3	\$0		\$0	\$0

Equalisation Credit				-\$23	-\$3	\$0		\$0	\$0
Investor Carried Forward HWM				\$1,250	\$1,338	\$1,338		\$1,391	\$1,484
<b>Adjustment due to Premium Subscriptions</b>									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Mid Year 6	Year 7	Year 8
Subscription Price							\$1,365		
Investor HWM							\$1,365	\$1,365	\$1,391
Ending NAV per Share								\$1,400	\$1,500
Investor Specific Performance								\$35	\$109
Investor Specific Performance Fee per Share								\$5	\$16
Vs. Class Performance Fee per Share								\$4	\$0
Equalisation Credit								\$4	\$0
Investor Carried Forward HWM								\$1,391	\$1,484

\* Initial Offer Price of \$1,000

\*\* Performance fee rate of 15%

## ANNEX II

### Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Cheyne Dynamic Credit Fund (UCITS)

Legal entity identifier: 391200QDCTWS4X6YSJ39

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?** *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☐ **Yes** ☒ ☐ ☒ **No**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%	<input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> with a social objective  <input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>
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### What environmental and/or social characteristics are promoted by this financial product?

*[indicate the environmental and/or social characteristics promoted by the financial product and whether a reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product]*



The Fund promotes three environmental and social characteristics, (each a “**Target Characteristic**” and together the “**Target Characteristics**”) as set out below:

- 1) the Fund promotes the reduction of carbon emissions (“**Target Characteristic 1**”);
- 2) the Fund promotes contribution to the provision of environmental solutions (“**Target Characteristic 2**”); and
- 3) the Fund promotes social impact (“**Target Characteristic 3**”).

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

A reference benchmark has not been designated for the purpose of attaining the Target Characteristics.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

A portfolio holding is designated as a “**Qualifying Investment**” if it meets one or more of the Target Characteristics promoted by the Fund. In order to meet one of the Target Characteristics, the underlying Corporate must meet the requirements of E1, E2 and/or S1 as set out below, together with the Investment Manager’s good corporate governance requirements.

**E1 Reduction of Carbon Emissions**

- **Carbon intensity reduction** – the underlying issuer (the “**Corporate**”) exhibits a decline of 7% or greater, measured by tonnes of CO<sub>2</sub> emitted per \$ million of revenue generated over most recent reported year; **and**
- **Absolute carbon reduction** – the Corporate exhibits a zero absolute increase, measured by tonnes of CO<sub>2</sub> emitted over the most recently reported year; **and**
- The Corporate has **no environmental controversies** other than minor, non-structural or resolved situations.

**E2 Contribution to the Provision of Environmental Solutions**

- The Corporate contributes to the provision of environmental solutions – meaning, it **derives over 10% of its revenues from activities that contribute to the provision of environmental solutions** which align with the environmental impact themes of the MSCI ESG Sustainable Impact Metrics: alternative energy, energy efficiency, green building, pollution prevention, sustainable water and sustainable agriculture.

**S1 Social Impact**

- The Corporate **derives in excess of 10% of revenues from activities that contribute to the provision of social solutions** which align with the social impact themes of the MSCI ESG Sustainable Impact Metrics: nutrition, sanitation, major diseases treatment, SME finance, education, affordable real estate or connectivity.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

*[include, for financial products that make sustainable investments, a description of the objectives and how the sustainable investments contribute to the sustainable investment objective. For the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes]*

Not applicable - the Fund promotes environmental and/or social characteristics but does not commit to making “sustainable investments” within the meaning of Article 2(17) of the SFDR.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

*[include a description for the financial product that partially intends to make sustainable investments]*

Not applicable.

— How have the indicators for adverse impacts on sustainability factors been taken into account? *[include an explanation of how the indicators for adverse impacts in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of Annex I, are taken into account]*

Not applicable.

— How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details: *[include an explanation on the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



Not applicable.

*[Include statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]*

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, \_\_\_\_\_ *[if the financial product considers principal adverse impacts on sustainability factors, include a clear and reasoned explanation of how it considers principal adverse impacts on sustainability factors. Indicate where, in the information to be disclosed pursuant to Article 11(2) of Regulation (EU) 2019/2088, the information on principal adverse impacts on sustainability factors is available]*

No



**What investment strategy does this financial product follow?** *[provide a description of the investment strategy and indicate how the strategy is implemented in the investment process on a continuous basis]*

The Investment Manager will analyse potential investments using quantitative and qualitative techniques, as further described below. The Investment Manager’s analysis will seek to identify various quantitative factors such as cash generation, debt profile, growth prospects, profitability, asset coverage and cash flow generation together with qualitative factors such as management, business environment, competition and corporate governance to analyse the credit of Corporates and identify investment opportunities in those securities. The Investment Manager will use the output of that analysis to identify investment opportunities, taking into consideration factors such as the level of credit spreads, volatility, correlations, market supply and demand imbalances of various credit instruments and liquidity, with the intent to improve the risk and return characteristics of the Fund.



The Investment Manager will then seek to dynamically allocate capital in a complimentary manner as follows:

**A. Credit Long-Short**

The Investment Manager will invest in combinations of Credit Default Swaps that express long and short views on Corporates in a manner that, in aggregate, contains low levels of net credit market exposure. Quantitative and qualitative factors mentioned above will be used to determine whether long or short exposure to a particular Corporate is appropriate.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

## B. Default Premium

The Investment Manager will seek to generate income from taking directional exposure to diversified CDS Indices in order to benefit from the Investment Manager's assessment that the default rates implied by prevailing credit spreads exceed the level of defaults that will actually be observed. This strategy can utilise both CDS Indices and Index Tranches to capture the differential (the Default Premium) between the implied and realised default rates.

## C. Volatility Premium

This will be a market neutral, highly hedged strategy that combines Index Options and CDS Indices in order to receive income from the differential (the Volatility Premium) between credit spread volatility implied in the market pricing of Index Options and the credit spread volatility that subsequently prevails during the lifespan of the Index Option. By combining the sale of Index Options and the purchase of CDS Indices as a hedge, the strategy achieves a low level of market directionality.

Other combinations of investments that have low net credit market exposure may be used to in order to benefit from mis-pricings between related investments. For example, buying a CDS Index and selling the Credit Default Swaps of each of the underlying Corporates can create a low credit risk, positive income investment. It is intended that by combining investments in this way will produce a diversified set of return sources in order to achieve the investment objective in a wide variety of market conditions.

When an investment is made, it will be closely monitored and the investment rationale for retaining the investment will be kept under review by the Investment Manager.

The Investment Manager will regularly review the exposure and investments of the Fund, as well as future potential investments, in light of the investment objective and policies of the Fund, and may change positioning by buying and/or selling relevant investments accordingly.

The Investment Manager intends to manage the net exposure of the Fund's Net Asset Value within the anticipated range of 300% short and 300% long of the Fund's Net Asset Value.

In identifying investments for the Fund, the Investment Manager will seek to ensure that at least 30% of the long portfolio exposure of the Fund is comprised of Qualifying Investments. In addition, the Fund also applies an Exclusions List.

All long positions (whether single name or index) will be assessed to see if they constitute Qualifying Investments. Long index positions will be assessed for this purpose on a "look-through" basis. The Fund will not assess if synthetic short positions, whether single name or index, are Qualifying Investments.

### ● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

As part of its investment strategy, the Fund has imposed the following binding elements to attain the Target Characteristics.

The Investment Manager will evaluate investments against the following indicators when determining whether an investment meets the relevant Target Characteristic:

#### A. Target Characteristic 1

The Corporate displays a trend of:

- a) carbon intensity reduction (as measured by tonnes of CO<sub>2</sub> / \$ million per revenue over the most recently reported year); and
- b) absolute carbon reduction (as measured by tonnes of CO<sub>2</sub> over the most recently reported year); and
- c) no environmental controversies other than minor, non-structural or resolved situations.

## B. Target Characteristic 2

The Corporate derives in excess of 10% of revenues from activities that contribute to the provision of environmental solutions which align with the environmental impact themes of the MSCI ESG Sustainable Impact Metrics: alternative energy, energy efficiency, green building, pollution prevention, sustainable water and sustainable agriculture.

## C. Target Characteristic 3

The Corporate derives in excess of 10% of revenues from activities that contribute to the provision of social solutions which align with the social impact themes of the MSCI ESG Sustainable Impact Metrics: nutrition, sanitation, major diseases treatment, SME finance, education, affordable real estate or connectivity.

In addition, the Fund imposes the following portfolio level binding elements of its investment strategy.

### Exclusion List

In respect of single name positions, the Fund will exclude direct exposure to Corporates from its portfolio that derive the majority of their revenue from:

- weapons for civilian use;
- controversial weapons;
- pornography;
- tobacco;
- gambling;
- predatory lending practices;
- the production and use of thermal coal; and
- fossil fuel extraction in the Arctic or oil sands.

### Promotion of Target Characteristics

The promotion of the Target Characteristics is a binding element of the Fund's investment process. With the exception of synthetic short positions, when making investments the Fund will assess if the investment will be a Qualifying Investment, with a view to fulfilling the aim of having 30% of the long portfolio exposure of the Fund comprised of Qualifying Investments.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?*** *[include an indication of the rate, where there is a commitment to reduce the scope of investments by a minimum rate]*

The Investment Manager has not committed to a minimum rate to reduce the scope of the investments considered.

- ***What is the policy to assess good governance practices of the investee companies?*** *[include a short description of the policy to assess good governance practices of the investee companies]*

The Investment Manager utilises an internal evaluation process to assess the good governance practices of investee companies. The Investment Manager's credit research team begins by evaluating an issuer against MSCI's ESG Pillar Scoring - MSCI provide a governance rating "pillar" score between 0-10, where a higher score indicates stronger governance and reduced governance risks. The Investment Manager's credit investment team then conducts further assessments of the governance of an issuer in order to create an "adjusted" ESG Pillar Score for each investment, comprising up to a two-point amendment to the original MSCI ESG Pillar Score. This adjustment allows for the Investment Manager to capture of transitional factors which are not sufficiently assessed through the MSCI score or take into account data that is not fully captured in the MSCI scoring process. The Investment Manager's risk management team has oversight of these pillar scoring adjustments. To be eligible for inclusion in the portfolio an issuer must have a minimum Cheyne-adjusted Governance Score of 1. The Cheyne-adjusted "G" score outlines the Investment Manager's definition of "good governance" from the perspective of inclusion in the portfolio under Article 8, as well as a further scale within "good

*[include note only for financial products referred to in Article 6 of Regulation (EU) 2020/852*

Taxonomy-aligned activities are expressed as a share of:

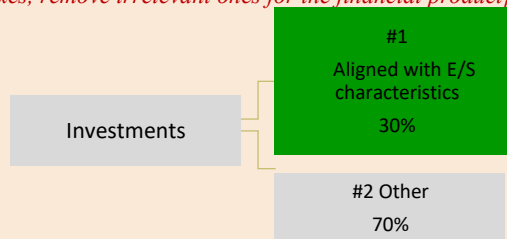
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

*[include note only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852*

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*[Include only relevant boxes, remove irrelevant ones for the financial product]*



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

*[include the note below where the financial product commits to making sustainable investments]*

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

governance” from 1-10 . An issuer with a score of 0 will not be deemed to meet the good governance requirements and is not investable



**What is the asset allocation planned for this financial product?** *[include a narrative explanation of the investments of the financial product, including the minimum proportion of the investments of the financial product used to meet the environmental or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy, including the minimum proportion of sustainable investments of the financial product where that financial products commits to making sustainable investments, and the purpose of the remaining proportion of the investments, including a description of any minimum environmental or social safeguards]*

The Investment Manager expects that at least 30% of the Fund’s long portfolio exposure will constitute Qualifying Investments that attain the Target Characteristics. All long positions (whether single name or index) will be assessed to see if they constitute Qualifying Investments. Long index positions will be assessed for this purpose on a “look-through” basis. The Fund will not assess if synthetic short positions, whether single name or index, are Qualifying Investments. The remaining investments of the Fund will be comprised of investments which meet the investment policy of the Fund . While these investments may not achieve the Target Characteristics, they will be subject to the Exclusion List.

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?** *[for financial products that use derivatives as defined in Article 2(1), point (29), of Regulation (EU) No 600/2014 to attain the environmental or social characteristics they promote, describe how the use of those derivatives meets those characteristics]*

Derivatives are subject to assessment as Qualifying Investments on a “look-through” basis. All long positions (whether single name or index) will be assessed by the Investment Manager to see if they constitute Qualifying Investments. The Investment Manager will not, however, assess if synthetic short positions, whether single name or index, are Qualifying Investments. The Investment Manager believes

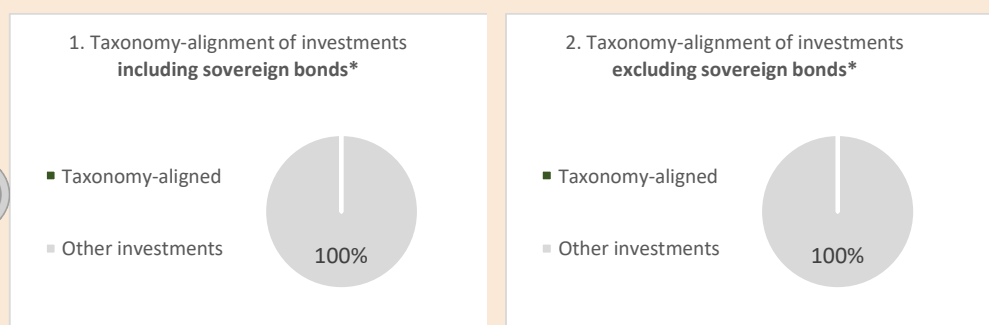
that by buying and selling protection via Credit Default Swaps, the Product influences the cost of debt financing of underlying issuer companies. By allocating the Product's long portfolio to names that exhibit the Target Characteristics the Product influences the pricing of Credit Default Swaps of these companies and indirectly the pricing of their corporate bonds.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

*[include a section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 and include the graphical representation referred to in Article 15(1), point (a), of this Regulation, the description referred to in Article 15(1), point (b), of this Regulation, a clear explanation as referred to in Article 15(1), point (c), of this Regulation, a narrative explanation as referred to in Article 15(1), point (d), of this Regulation and the information referred to in Article 15(3) of this Regulation]*

The Fund does not commit to making any sustainable investments. The Investment Manager does not currently collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the Product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("Taxonomy Aligned Investments"). The Fund has zero exposure to Taxonomy Aligned Investments.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

**What is the minimum share of investments in transitional and enabling activities?** *[include section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]*

Not applicable.

**What is the minimum share of sustainable investments with an environmental**



**objective that are not aligned with the EU Taxonomy?** *[include section only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities and explain why the financial product invests in sustainable investments with an environmental objective in economic activities that are not Taxonomy-aligned]*

Not applicable.

**What is the minimum share of socially sustainable investments?** *[include section only where the financial product includes sustainable investments with a social objective]*

Not applicable.

**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining investments of the Fund will be comprised of investments which meet the investment policy of the Fund. While these investments may not achieve the Target Characteristics, they will be subject to the Exclusion List.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?** *[include section where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

No index has been designated as a reference benchmark.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.

*[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]*

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



### **Where can I find more product specific information online?**

**More product-specific information can be found on the website:** *[include a hyperlink to the website referred to in Article 23 of this Regulation]* [Cheyne Capital | Responsible](#)

[Investment](#)

**CHEYNE SELECT  
UCITS FUND plc (the Company)**

(the Company is an open-ended investment company with variable capital constituted as an umbrella fund with segregated liability between its sub funds under the laws of Ireland authorised and regulated by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as may be amended, supplemented or consolidated form time to time) (the **UCITS Regulations**)

**ADDITIONAL INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF  
GERMANY**

**Information contained herein is selective, containing specific information in relation to the Company. This document (the German Country Supplement) forms part of and should be read in conjunction with the Prospectus for the Company dated 31 December 2021 (the Prospectus) and the supplements for the following sub fund:**

- 1. Cheyne Global Credit Fund**
- 2. The Cheyne Fund (UCITS)**
- 3. Cheyne Dynamic Credit Fund (UCITS) (the “Sub Funds”)**

**This document is for distribution in Germany only.**

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used herein.

Dated 07 February 2023



The offering of the shares of Cheyne Global Credit Fund, The Cheyne Fund (UCITS) and Cheyne Dynamic Credit Fund have not been notified to the German Financial Services Supervisory Authority in accordance with Section 310 of the Investment Code (Kapitalanlagegesetzbuch). Shares of Cheyne Global Credit Fund and The Cheyne Fund (UCITS) may not be offered to investors in the Federal Republic of Germany.

## REGISTRATION AND SUPERVISION

The Company has notified the German Financial Services Supervisory Authority (the **BaFin**) of its intention to sell shares in the Sub-Fund in the Federal Republic of Germany.

## FACILITIES TO INVESTORS IN GERMANY

ACOLIN Europe AG (“**Acolin**”) will provide facilities to investors in Germany in accordance with Section 306a of KAGB.

The contact details of Acolin are:

ACOLIN Europe AG  
Reichenaustrasse 11 a – c  
78467 Konstanz  
Germany

Email: [facilityagent@ACOLIN.com](mailto:facilityagent@ACOLIN.com).

## SUBSCRIPTION, REPURCHASE AND REDEMPTION ORDERS AND PAYMENTS TO INVESTORS IN GERMANY

Investors in Germany can submit their subscription, repurchase and redemption orders relating to the shares of the Sub-Fund to the respective entity in Germany maintaining their custody accounts (*depotführende Stelle*) which will in turn forward the requests for processing to SS&C Financial Services (Ireland) Limited (the “**Administrator**”) of the Company or will request the redemption on its own name for the account of the investor.

Distributions of the Sub-Funds, the payments of redemption proceeds and other payments to the investors in Germany will also be made through the respective entity in Germany maintaining the client’s custody account (*depotführende Stelle*) which will credit the payments to the investor’s account.

Investors may contact Acolin to request information on how redemption proceeds are paid out and how subscription, redemption and conversion requests can be placed. The latest subscription, conversion and redemption prices as well as notifications to the investors, if any, are available free of charge upon request at the office of Acolin.

## DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection free of charge during normal business hours on weekdays (Saturdays and public holidays excepted) at the registered office of the Company and from Acolin:

- the Constitution of the Company;
- the Prospectus (as amended and supplemented);
- the relevant Key Investor Information Documents;
- the Annual and Semi-annual Reports relating to the Company when available;
- the Management Agreement;

- the Investment Management Agreement;
- the Investment Advisory Agreement;
- the Administration Agreement;
- the Depositary Agreement
- the Legislation; and
- a list of past and current directorships and partnerships held by each Director over the last five years
- any other documents specified in the Prospectus as being available for inspection.

## ADDITIONAL INFORMATION TO INVESTORS

In the following cases investors in Germany will be additionally informed in German through a durable medium in the meaning of Section 167 of the Investment Code about:

- the suspension of redemption of shares;
- the termination of the management of a Sub Fund or the Company, or the liquidation of a Sub Fund or the Company;
- changes being made to the constitution of the Company which are not in compliance with the existing investment principles or which affect material investor rights or which relate to fees and cost refunds that may be withdrawn from the Sub Fund;
- the merger of Sub Funds in the form of the information on the merger that is required to be prepared according to the UCITS Regulations; or
- the conversion of the Company into a feeder fund or changes to a master fund in the form of the information that are required to be prepared according to the UCITS Regulations.

## PUBLICATIONS

The net asset value of the share classes of the Sub-Funds and the issue and redemption prices are available free of charge Acolin on every bank day in Germany. Moreover, issue and redemption prices, together with the interim profit and the aggregate amount of income deemed to have been received by the holder of foreign investment units after 31 December 1993 are published daily on [www.cheynecapital.com](http://www.cheynecapital.com).

## NOTICES TO SHAREHOLDERS

Notifications to the Shareholders, if any, will be published at [www.cheynecapital.com](http://www.cheynecapital.com) and will also be available free of charge from Acolin.

## COMPLAINTS

Information regarding the Company's complaints procedure is available to investors free of charge and upon request from Acolin. Investors may also file complaints about the Company with Acolin or directly to La Touche House, Custom House Dock, Dublin 1, Ireland. A copy of the complaints procedures are available to investors upon request and free of charge from Acolin and Cheyne Capital Management (UK) LLP (the "**Investment Manager**").

## TAXATION IN GERMANY

It is strongly recommended that investors seek professional advice concerning the tax consequences of the purchase of the Company's shares prior to making an investment decision.

The Company currently qualifies as an investment fund pursuant to Art. 1(1b) of the German Investment Tax Act (Investmentsteuergesetz) (the **Tax Act**), and it is intended that certain classes of shares will comply with the publication requirements under the Tax Act in order to qualify them as tax transparent within the meaning of the Tax Act. Nonetheless, it cannot be guaranteed that the applicable requirements of the Tax Act will be fully and permanently met with respect to these share classes. It

should be noted that this information does not constitute legal or tax advice and investors and prospective investors are urged to seek professional advice as regards tax legislation applicable to the acquisition, holding and disposal of shares as well as that applicable to distributions made by the Company.