

**FundLogic Alternatives p.l.c.**

**Platform Provider and Distributor  
Morgan Stanley & Co. International plc**

**Supplement dated 1 March 2021  
for  
SciBeta HFE US Equity 6F EW UCITS ETF**

This Supplement contains specific information in relation to the SciBeta HFE US Equity 6F EW UCITS ETF (the “**Sub-Fund**”), a sub-fund of **FundLogic Alternatives plc** (the “**Fund**”), an umbrella fund with segregated liability between sub-funds and authorised by the Central Bank of Ireland (the “**Central Bank**”) pursuant to the Regulations. The Sub-Fund is managed by FundLogic SAS (the “**Investment Manager**”).

**This Supplement forms part of and should be read in conjunction with the Prospectus for the Fund dated 1 March 2021, as may be amended from time to time (the “Prospectus”).**

**The Sub-Fund may invest principally in financial derivative instruments and employs a synthetic replication approach to achieve its investment objective.**

The Directors of the Fund whose names appear in the section entitled **Directors of the Fund** in the Prospectus accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure 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 such information.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

Save as disclosed herein, there has been no significant change and no significant new matter has arisen since the date of the Prospectus.

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## 1. INVESTMENT OBJECTIVE AND POLICIES

### 1.1. Investment Objective

The Sub-Fund's investment objective is to seek medium to long term capital appreciation by providing Shareholders with a return equivalent to the performance of the Scientific Beta United States HFI Multi Beta Multi Strategy Six Factor EW Market Beta Adjusted (Leverage) Net Return, denominated in EUR (the "**Index**") before all fees and expenses charged to, or incurred by, the Sub-Fund. For a further description of the Index see the section entitled **Information on the Index** below.

### 1.2. Investment Policy

The Sub-Fund, which is passively managed, will seek to achieve its objective by taking exposure to the economic performance of the Index which is composed of equity and equity-related securities including both common stock and preferred shares and is described in more detail in the section entitled Description of the Index at 1.2.1 below, through a total return swap (the "**Index Total Return Swap**").

The Index Total Return Swap will give the Sub-Fund economic exposure to the Index in exchange for a floating rate of return being paid by the Sub-Fund. The performance of the Sub-Fund will be determined by the performance of the Index.

The Sub-Fund will purchase funding assets as described below (the "**Funding Assets**") and transfer the economic interest in such Funding Assets to the Approved Counterparty under a total return swap (the "**Funding Swap**") in exchange for a floating rate of return being received by the Sub-Fund from the Approved Counterparty. This floating rate of return shall in turn be paid to the Approved Counterparty under the Index Total Return Swap referred to above. It is not accordingly anticipated that the Sub-Fund will be exposed to the performance or risks of the Funding Assets other than in the event of a default by an Approved Counterparty under the terms of a Funding Swap. The Funding Swap and the Index Total Return Swap (together, the "**Swaps**") will be unfunded swaps.

The securities comprising the Funding Assets will be listed or traded on a market outlined in Appendix II of the Prospectus and include equity securities or other securities with equity characteristics, including, but not limited to, preferred stocks, warrants and certificates on equities and depository receipts for such securities (ADRs traded in the United States markets and GDRs traded in other world markets), issued by companies worldwide which are unlikely to be, though they may be, constituents of the Index. They also include debt securities which may include, without limitation, government and corporate bonds and notes (fixed and floating interest rate) and commercial paper and may be rated either above or below "investment grade" by Standard & Poor's and/or Moody's or, if unrated, determined to be of equivalent credit quality by the Investment Manager. They also include units in collective investment schemes. No more than 10% of the Sub-Fund's Net Asset Value will be invested in other collective investment schemes, including ETFs classified as collective investment schemes. The Funding Assets acquired will be those which, in the opinion of the Investment Manager, are suited for the purpose of the Funding Swap. The Swaps will assist the Sub-Fund in seeking to achieve its objective.

More than 50% of the Funding Assets will be directly invested in equity securities or other securities with equity characteristics that are admitted to trading on a stock exchange or listed on another recognised market.

The sole approved counterparty/ counterparties for all off exchange derivatives is Morgan Stanley or any of its affiliates or subsidiaries that is a UCITS eligible counterparty (the "**Approved Counterparty**"). The Approved Counterparty does not have discretion over the Sub-Fund's assets.

The Approved Counterparty may provide collateral to the Sub-Fund so that the Sub-Fund's risk exposure to the Approved Counterparty is reduced to the extent required by the Central Bank. Collateral will be in the form required by the Central Bank.

The Sub-Fund may be leveraged through the use of FDI. The Sub-Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI must not exceed 100% of its Net Asset Value. The maximum leverage of the Sub-Fund (including leverage contained within the Index), as measured by the commitment approach, will not exceed 100% of Net Asset Value of the Sub-Fund. For the avoidance of doubt, the total exposure of the Sub-Fund (being the Net Asset Value of the Sub-Fund combined with its global exposure) may not exceed 200% of the Net Asset Value of the Sub-

Fund.

In addition to the Swaps, the Sub-Fund may, subject to the requirements laid down by the Central Bank, enter into forward currency exchange contracts for efficient portfolio management purposes. For example, they may be used to seek to hedge against the risk of adverse currency movements between the Base Currency and the currency of denomination of the assets of the Sub-Fund. For further information on the types of financial derivative instruments that the Sub-Fund may enter into please see the section entitled **Information on the Financial Derivative Instruments** below. The use of efficient portfolio management techniques may impact positively or negatively on the performance of the Sub-Fund. If it is proposed to utilise any FDIs which are not contained in this Supplement or the risk management process in respect of the Sub-Fund, the Fund will submit an updated Supplement to the Central Bank and will submit an updated risk management process to the Central Bank in accordance with the Central Bank's guidance titled UCITS Financial Derivative Instruments and Efficient Portfolio Management prior to the Sub-Fund engaging in using such FDIs.

The Sub-Fund may invest in ancillary liquid assets in order to achieve its objective of providing Shareholders with a return equivalent to the performance of the Index. These may include bank deposits, certificates of deposit, fixed or floating rate instruments (including government and corporate bonds and notes rated either above or below "investment grade" by Standard & Poor's and/or Moody's or, if unrated, determined to be of equivalent credit quality by the Investment Manager), commercial paper, floating rate notes and freely transferable promissory notes. Fund assets (other than permitted unlisted investments) will be listed or traded on the Markets referred to in Appendix II of the Prospectus.

The Sub-Fund will have only long exposure.

The Sub-Fund may enter into repurchase, reverse repurchase and stock lending agreements (together with total return swaps "**Securities Financing Transactions**") in relation to any of the securities listed above subject to the conditions and limits laid down by the Central Bank for efficient portfolio management purposes.

The Sub-Fund's exposure to Securities Financing Transactions is as set out below (in each case as a percentage of Net Asset Value):

	Expected	Maximum
Total Return Swaps	200%	210%
Repurchase Agreements & Reverse Repurchase Agreement	0%	100%
Stock Lending	0%	10%

***The above shows the expected and maximum notional for the total return swaps.***

#### 1.2.1 Description of the Index

The Index is an index that is designed to have allocation to a portfolio of equities and equity related securities that are listed or traded on any stock exchange that is located in North America through equally-weighted allocations to 6 sub-indices, details of which can be found at [www.scientificbeta.com/#/tab/multibeta](http://www.scientificbeta.com/#/tab/multibeta). Furthermore, specific methodology rules in respect of the Index can be found at <https://www.scientificbeta.com/#/content/SciBeta-US-HFI-MBMS-6F-EW-MBA-Lev-Index-EUR-NR>. Each sub-index is a portfolio of equity and equity related securities and forms a segment of the Index.

Each sub-index will reflect one of the six following investment styles:

1. Value (investing in equities and equity related securities with high book to market value ratio)
2. High Momentum (investing in equities and equity related securities that have outperformed in the past)
3. Low volatility (investment in equities and equity related securities with low volatility)

4. Size (investment in medium capitalisation equities and equity related securities)
5. High Profitability (investment in equities and equity related securities that have a high gross profitability ratio, defined as the ratio of the previous fiscal year's gross profit to total assets of the relevant issuer)
6. Low Investment (investing in equities and equity related securities whose issuer has low asset growth rate)

In order to ensure that each of the sub-indices is diversified; an equally weighted combination of four diversification (as described below) based weighing schemes is applied to the respective portfolio of equity and equity related securities selected for that sub-index:

Max Deconcentration – Aims to increase the diversification of securities in the portfolio

Max Decorrelation – Aims to reduce the correlation between the securities of the portfolio

Efficient Max Sharpe Ratio – Aims to increase the risk-adjusted performance (which provides for performance after deducting the return available from investment in risk free assets) of the portfolio

Diversified Risk Weighted - Aims to spread the risk equally across all of the securities contained in the portfolio

The Index then allocates equal weights to each of the sub-indices with an aim to generate better risk adjusted returns than investing in a portfolio of equities and equity related securities that is weighted based on the market capitalisation of the individual securities. Where a weighting exceeds the permitted UCITS investment restrictions the Index sponsor will rebalance the Index components to rectify the breach.

The Index Bloomberg Ticker is SBUEAMLN. The rebalancing frequency of the Index will be quarterly. This is not expected to have a material impact on the costs of the Sub-Fund.

The anticipated level of tracking error is 0.20%. The tracking error is defined as the annualised volatility of the differences in weekly returns between the Sub-Fund's Net Asset Value (before the deduction of any fees and expenses) and the Index. The tracking error helps measure the quality of the replication. The ability of the Sub-Fund to track the performance of the Index might be affected by some events happening in the normal course of a Sub-Fund's management such as accrued interests on cash balances held within the Sub-Fund portfolio. Details of the Sub-Fund's portfolio are available at [www.fundlogic.com](http://www.fundlogic.com). Details of the Sub-Fund's indicative Net Asset Value per Share will be made available at [www.bloomberg.com](http://www.bloomberg.com).

Further details of the Index, its components, its rebalancing frequency and its performance can be found at [www.scientificbeta.com](http://www.scientificbeta.com)

### ***Underlying Instruments of the Index***

The Index components are equity and equity-related securities including common stock and preferred shares.

In addition, up to 10% of the net assets of the Index may be comprised of unlisted transferable securities.

In addition to equity securities, the Index will also include FDIs in relation to such securities. For example: (i) equity swaps may be included for access to certain issuers and jurisdictions; and (ii) foreign currency exchange forward contracts may be utilised to hedge against underlying currency risk in the Index.

FDIs which are included in the Index may be exchange-traded or OTC. Any use of FDI within the Index will be used for (i) hedging or (ii) investment purposes.

The maximum leverage of the Index as measured by the commitment approach will not exceed 30%.

This is a summary of the Index. There is no assurance that the Index objective will be achieved.

### **1.2.2 Profile of a Typical Investor**

An investment in the Sub-Fund is suitable for investors seeking medium to long term capital appreciation. Shares in the Sub-Fund are available to both retail and institutional investors.

## 2. INVESTMENT RESTRICTIONS

The general investment restrictions as set out in the Prospectus shall apply.

The Directors may from time to time impose such further investment restrictions as shall be compatible with or in the interests of Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are located.

## 3. INFORMATION ON THE FINANCIAL DERIVATIVE INSTRUMENTS

**Total Return Swaps.** A total return swap is a bilateral financial contract, which allows the Sub-Fund to enjoy all of the cash flow benefits of an asset without actually owning this asset. The underlying reference assets of swaps can be single name securities, indices, custom baskets of securities, interest rates or currencies. The counterparties to swap transactions will be institutions subject to prudential supervision and belonging to categories approved by the Central Bank and will not have discretion over the assets of the Sub-Fund.

**Forward Currency Exchange Contracts.** The Sub-Fund may buy and sell currencies on a spot and forward basis. A forward currency exchange contract involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract and such contracts will be used for hedging purposes.

## 4. INDEX SPONSOR

The Index has been developed by Edhec-Risk Institute ScientificBeta and is independently calculated, published and rebalanced by Edhec-Risk Institute ScientificBeta.

## 5. INVESTMENT MANAGER

The Investment Manager for the Sub-Fund is FundLogic SAS. The Investment Manager is incorporated in France with a registered office is at 61 Rue de Monceau, 75008 Paris, France. The Investment Manager is regulated by the Autorité des Marchés Financiers in France. As at 6 November 2020, FundLogic SAS had approximately \$9.6 billion of assets under management.

The Fund has appointed the Investment Manager as investment manager for the Sub-Fund pursuant to the amended and restated investment management agreement between the Fund and the Investment Manager dated 8 September 2020 as may be further amended (the “**Agreement**”).

Subject to controls imposed by the Directors under the Agreement, all relevant laws and regulations, this Supplement, the Prospectus and the Articles, the Investment Manager has discretion to take day-to-day investment decisions and to deal in investments and to conduct the investment management of the Sub-Fund. The Investment Manager has also agreed to provide the Sub-Fund with risk management services in accordance with the risk management process in respect of the Sub-Fund.

The Agreement provides that the Investment Manager shall be responsible for loss to the Sub-Fund and/or the Fund to the extent such loss arises out of negligence, wilful default or fraud by itself, its directors, officers, servants, employees and appointees. The Investment Manager, its directors, officers, servants, employees and appointees shall not be liable for loss to the Sub-Fund and/or the Fund on account of anything done or suffered by the Investment Manager in good faith in accordance with or in pursuance of any request or advice of the Sub-Fund and/or the Fund.

The Agreement shall continue in force until terminated pursuant to the terms set out therein. Except as set forth in the Agreement, either party may terminate the Agreement on giving not less than 90 days’ prior written notice (or such other period as may be agreed between the parties).

## 6. SUB-CUSTODIAN

Pursuant to an agreement dated 30 November 2017 (the “**Sub-Custody Agreement**”), the Depositary has appointed Morgan Stanley & Co. International plc (“**MSIP**”) as sub-custodian in relation to the Sub-Fund, subject to the overall supervision of the Depositary, and MSIP may in such capacity hold certain assets of the Sub-Fund from time to time. MSIP is a company incorporated with limited liability under the laws of England and Wales whose principal place of business for this agreement is at 25 Cabot

Square, Canary Wharf, London E14 4QA and is regulated by the Financial Conduct Authority (“FCA”) in the UK.

The Sub-Custody Agreement may be terminated by either party on 30 days’ written notice, or, where the Services Agreement (as defined below) is not terminated, with MSIP’s written permission or forthwith by notice in writing in certain circumstances such as the insolvency of MSIP. The Sub-Custody Agreement provides that MSIP shall indemnify the Depositary for certain losses unless MSIP’s liability arises (i) in connection with the potential liability of the Depositary that is released pursuant to applicable law following the occurrence of an external event beyond the reasonable control of MSIP the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; (ii) out of the negligence, wilful default or fraud of the Depositary or any of its affiliates; or (iii) as a result of the delegation by MSIP of the safekeeping of assets to the Depositary or any of its affiliates.

## 7. SERVICE PROVIDER

The Fund has appointed MSIP (the “**Service Provider**”) to provide certain services to the Fund as service provider pursuant to a services agreement dated 30 November 2017 (as may be amended) in respect of the Sub-Fund (the “**Services Agreement**”).

Under the Services Agreement, the Service Provider or certain other members of the Morgan Stanley Group of companies (the “**Morgan Stanley Companies**”) will provide services to the Fund including the provision to the Fund of settlement, clearing and foreign exchange facilities. The Fund may also utilise Morgan Stanley Companies and other brokers and dealers for the purposes of executing transactions for the Fund.

Further detail in respect of the Services Agreement is set out in the section entitled **Other Information** below.

The Service Provider may also be an Approved Counterparty for the purposes of the Swap.

## 8. BORROWING AND LEVERAGE

The Fund may borrow money in an amount up to 10% of its net assets at any time for the account of any Sub-Fund and the Fund may charge the assets of the Sub-Fund as security for any such borrowing, provided that such borrowing is only for temporary purposes.

The Sub-Fund may be leveraged through the use of FDI. The Sub-Fund’s global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI must not exceed its Net Asset Value. The maximum leverage of the Sub-Fund, as measured by the commitment approach, will not exceed 100% of Net Asset Value of the Sub-Fund. For the avoidance of doubt, the total exposure of the Sub-Fund (being the Net Asset Value of the Sub-Fund combined with its global exposure) may not exceed 200% of the Net Asset Value of the Sub-Fund.

## 9. RISK FACTORS

- 9.1 The risk factors set out in the section entitled **Risk Factors** in the Prospectus apply.
- 9.2 The following additional risk factors also apply;

### Trading Issues Risk

The Shares will be listed for trading on selected exchanges as the Directors may determine from time to time in respect of the Sub-Fund and which are specified on [www.londonstockexchange.com](http://www.londonstockexchange.com) (the Trading Stock Exchange(s)). However, there can be no assurance that an active trading market for such Shares will develop or be maintained. Trading in Shares on a Trading Stock Exchange may be halted due to market conditions or for reasons that, in the view of the relevant Trading Stock Exchange, make trading in Shares inadvisable. In addition, trading in Shares on a Trading Stock Exchange is subject to trading halts caused by extraordinary market volatility pursuant to stock exchange “circuit breaker” rules. There can be no assurance that the requirements of a Trading Stock Exchange necessary to maintain the listing of the Sub-Fund will continue to be met or will remain unchanged or that the Shares will trade with any volume, or at all, on any stock exchange. Furthermore, any securities that are listed and traded on stock exchanges can also be bought or sold by members of

those exchanges to and from each other and other third parties on terms and prices that are agreed on an “over-the-counter” basis and may also be bought or sold on other multi-lateral trading facilities or platforms. The Fund has no control over the terms on which any such trades may take place.

**Shares purchased on the secondary market cannot usually be sold directly back to the Sub-Fund. Investors must buy and sell Shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current Net Asset Value per Share when buying Shares and may receive less than the current Net Asset Value per Share when selling them.**

### **Costs of Buying or Selling Shares Risk**

Investors buying or selling Shares in the secondary market will pay brokerage commissions or other charges determined and imposed by the applicable broker. Brokerage commissions are often a fixed amount and may be a significant proportional cost for investors seeking to buy or sell relatively small amounts of Shares. In addition, secondary market investors will incur the cost of the difference between the price that an investor is willing to pay for Shares (the “**bid**” price) and the price at which an investor is willing to sell Shares (the “**ask**” price). This difference in bid and ask prices is often referred to as the “spread” or “bid/ask spread.” The bid/ask spread varies over time for Shares based on trading volume and market liquidity, and is generally lower if the Sub-Fund’s Shares have more trading volume and market liquidity and higher if the Shares have little trading volume and market liquidity. Further, increased market volatility may cause increased bid/ask spreads. Due to the costs of buying or selling Shares, including bid/ask spreads, frequent trading of Shares may significantly reduce investment results and an investment in Shares may not be advisable for investors who wish to trade regularly in relatively small amounts.

### **Counterparty Risk**

The Sub-Fund employs a synthetic replication approach to achieve its investment objective and as such will be exposed to the credit risk of any parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Sub-Fund. This would include the counterparties to any FDI or repo that it enters into including the Funding Swap and the Index Total Return Swap. Trading in FDI which have not been collateralised gives rise to direct counterparty exposure. The Sub-Fund mitigates much of its credit risk to its counterparties by receiving collateral with a value at least equal to the exposure to each counterparty but, to the extent that any FDI is not fully collateralised, a default by the counterparty may result in a reduction in the value of the Sub-Fund.

### **Inaction by the Common Depositary and/or the International Central Securities Depositaries**

Investors that settle or clear through the International Central Securities Depositaries (as defined below) will not be a registered Shareholder in the Sub-Fund and will instead hold an indirect beneficial interest in such Shares and the rights of such investors shall be governed by their agreement with the International Central Securities Depositaries, either directly or through their agents. The Fund will issue any notices and associated documentation to the Common Depositary’s Nominee, which is the registered holder of the Global Share Certificate (each as defined below), with such notice as is given by the Fund in the ordinary course when convening general meetings. The Directors understand that the Common Depositary’s Nominee has a contractual obligation to relay any such notices received by the Common Depositary’s Nominee to the International Central Securities Depositaries, pursuant to the terms of its appointment by the International Central Securities Depositaries. The International Central Securities Depositaries will in turn relay notices received from the Common Depositary to the investors that settle or clear their Shares in the Sub-Fund through the International Central Securities Depositaries in accordance with its rules and procedures. The Directors understand that the Common Depositary is contractually bound to collate all votes received from the International Central Securities Depositaries (which reflect votes received by the International Central Securities Depositaries from underlying investors) and that the Common Depositary’s Nominee should vote in accordance with such instructions. The Fund has no power to ensure that the Common Depositary relays notices of votes in accordance with their instructions. The Company cannot accept voting instructions from any persons, other than the Common Depositary’s Nominee.



## Payments

Upon instruction of the Common Depositary's Nominee, redemption proceeds and any dividends declared are paid by the Fund, in respect of the Sub-Fund, to the International Central Securities Depositories. Investors must look solely to the International Central Securities Depositories for their redemption proceeds or the share of each dividend payment made by the Fund, in respect of the Sub-Fund, that relates to their investment in the Sub-Fund. Investors shall have no claim directly against the Fund in respect of redemption proceeds or dividend payments due on Shares represented by the Global Share Certificate and the obligations of the Fund will be discharged by payment to the International Central Securities Depositories upon the instruction of the Common Depositary's Nominee.

## Failure to Settle

If the Authorised Participant submits a dealing request and subsequently fails or is unable to settle and complete the dealing request, as the Authorised Participant is not a registered Shareholder of the Sub-Fund, the Fund, on behalf of the Sub-Fund, will have no recourse to the Authorised Participant other than its contractual right to recover such costs. In the event that no recovery can be made from the Authorised Participant, any costs incurred as a result of the failure to settle will be borne by the Sub-Fund.

## 10. DIVIDEND POLICY

It is not the intention of the Directors to declare a dividend in respect of any Share Class. Any distributable profits will remain in the Sub-Fund's assets and be reflected in the Net Asset Value of the relevant Class of Shares.

## 11. KEY INFORMATION FOR PURCHASING AND SELLING

### Base Currency

EUR

### Primary Market Initial Dealing Timetable

Shares in the Sub-Fund will be available as follows:

Minimum Subscription (Cash)
5,000 Shares (or cash equivalent)

The Directors may, in their discretion, waive the minimum amounts above either generally or in relation to any specific subscription or repurchase.

Shares are issued at the Net Asset Value per Share on each Dealing Day.

### Dealing Day and Business Day

Every day (except a Saturday or Sunday, legal public holidays in the United States of America, France, the United Kingdom, Ireland) or days on which the Index is not published during which banks in the United States of America, Ireland, France, and the United Kingdom are open for normal business.

The 24<sup>th</sup> and the 31<sup>st</sup> December are deemed public holidays for the purpose of this Supplement.

### Dealing Deadline

12.00 pm Irish time on the relevant Dealing Day.

The Directors may, in their discretion, in exceptional circumstances only, waive the Dealing Deadline either generally or in relation to any specific subscription provided that applications are received prior to the Valuation Point for that particular Dealing Day.

### **Settlement Date**

2 Business Days after the relevant Dealing Day in the case of subscriptions and 3 Business Days after the relevant Dealing Day in case of repurchases.

In respect of subscriptions investors will be liable for any interest, losses or other costs incurred as a result of failing to settle an order within these time frames.

### **Valuation Point**

In the case of transferable securities and listed FDI, the valuation point will be such time on a Dealing Day which reflects the close of business on the markets relevant to such assets and liabilities or such other time as the Directors may determine from time to time and notify to Shareholders. In the case of OTC FDI, the valuation point will be the close of business on the Dealing Day of the markets relevant to the underlying assets to which the FDIs relate or such other time as the Directors may determine from time to time and notify to Shareholders. For the avoidance of doubt, the time at which the net asset value is determined will always be after the Dealing Deadline. No applications for Shares will be accepted after the close of business of the earliest closing market.

### **Redemption Gate**

The provisions of the section of the Prospectus entitled **Repurchase of Shares** in respect of the ability of the Directors to refuse to redeem Shares in excess of 10% of the total number of Shares in the Sub-Fund or 10% of the Net Asset Value of the Sub-Fund where the total requests for repurchase on any Dealing Day exceed that amount shall not apply to the Sub-Fund.

### **Subscription Gate**

The provisions of the section of the Prospectus entitled **Application for Shares** in respect of the ability of the Directors to defer a cash application for Shares in excess of 10% of the Net Asset Value of the Sub-Fund shall not apply to the Sub-Fund. For the avoidance of doubt, the Directors shall retain the discretion to refuse to accept a subscription for Shares in the Sub-Fund.

### **Website**

[www.Bloomberg.com](http://www.Bloomberg.com) and [www.fundlogic.com](http://www.fundlogic.com)

## **12. CHARGES AND EXPENSES**

All of the fees and expenses payable in respect of the Sub-Fund are paid as one single fee. This is referred to as the total expense ratio or “**TER**”. The TER does not include extraordinary costs and certain ongoing costs and expenses. The TER for the Sub-Fund will be up to 0.30% per annum of the Net Asset Value of the Sub-Fund. The below mentioned expenses will be paid out of the TER.

### **Initial and Repurchase Charges**

No initial charge or repurchase charge is payable in respect of the Share Classes.

The Sub-Fund may impose an anti-dilution levy or adjustment on the issue and repurchase of Shares as further described in the section of the Prospectus entitled **Issue and Repurchase Prices/Calculation of Net Asset Value/Valuation of Assets**.

### **Management Charge**

The Fund will pay up to 0.07% per annum to the Investment Manager from the assets attributable to the Sub-Fund which is accrued daily and paid monthly in arrears.

### **Administrator’s, Registrar’s and Depositary’s Fees**

The Fund will pay to MSIP, out of the assets of the Sub-Fund, a fee which will not exceed 0.23% per annum of the net assets of the Sub-Fund and will be accrued daily and paid monthly in arrears.

MSIP will, inter alia, pay the fees and expenses of any Service Provider and in particular, the

Administrator, Depositary and Registrar which are not covered by the management charge payable to the Investment Manager and will be entitled to retain any excess after payment of such fees.

Notwithstanding the above, any transaction charges, reasonable fees and customary agents' charges due to any local market sub-custodian (not including the Depositary or any of its affiliates), which shall be charged at normal commercial rates, together with value added tax, if any, thereon, shall be paid out of the assets of the Sub-Fund or, if paid by the Depositary, shall be reimbursed to the Depositary out of the assets of the Sub-Fund.

### 13. PRIMARY MARKET PURCHASES AND SALES OF SHARES

The Sub-Fund offers and issues exchange-traded Shares in large blocks called creation units (the predetermined number of shares an authorised participant must subscribe for or redeem when subscribing or redeeming for Shares). To purchase or redeem a creation unit, you must be an authorised participant or you must transact through a broker that is an authorised participant. An authorised participant is an entity authorised by the Sub-Fund to subscribe and redeem for Shares in the Sub-Fund and who has entered into an authorised participant agreement with the Fund, on behalf of the Sub-Fund. MSIP is the sole authorised participant for the Sub-Fund (the "**Authorised Participant**") and was appointed pursuant to an authorised participant agreement between the Fund, on behalf of the Sub-Fund, and the Authorised Participant dated 9 May 2014 as amended on 3 October 2014, 30 November 2017 and 13 January 2020 (the "**Authorised Participant Agreement**"). All other investors may purchase Shares through the Authorised Participant on the secondary market, as further described below.

Requests for the purchase of Shares should be made in accordance with the provisions set out in the section entitled **Applications for Shares** in the Prospectus and in accordance with the Authorised Participant Agreement.

Requests for the sale of Shares should be made in accordance with the provisions set out in the section entitled **Repurchase of Shares** in the Prospectus and in accordance with the Authorised Participant Agreement.

### 14. SECONDARY MARKET PURCHASES AND SALES OF SHARES

The Shares are listed for secondary trading on Trading Stock Exchanges and individual Shares may be purchased and sold on Trading Stock Exchanges through a broker-dealer. The opening and closing days for the Trading Stock Exchanges will be specified on [www.londonstockexchange.com](http://www.londonstockexchange.com). If an investor buys or sells Shares in the secondary market, such investor will pay the secondary market price for Shares. In addition, an investor may incur customary brokerage commissions and charges and may pay some or all of the spread between the bid and the ask price in the secondary market on each leg of a round trip (purchase and sale) transaction.

Shares purchased on the secondary market cannot usually be sold directly back to the Fund. In exceptional circumstances as determined by the Directors, whether as a result of disruptions in the secondary market or otherwise, Shareholders are entitled to apply to the Fund in writing to have the Shares in question registered in their own name, to enable them to access the redemption facilities described in the "**Repurchase of Shares**" section of the Prospectus. Investors wishing to do so should contact the Administrator to provide such proper information, including original documentation, as the Administrator shall require in order to register the investor as a Shareholder. A charge, which shall be at normal market rates, may apply for this process.

#### Secondary Market Prices

The trading prices of Shares will fluctuate continuously throughout trading hours based on market supply and demand rather than the Net Asset Value per Share, which is only calculated at the end of each Business Day. The Shares will trade on the Trading Stock Exchange at prices that may be above (i.e., at a premium) or below (i.e., at a discount), to varying degrees, the Net Asset Value per Share. The trading prices of Shares may deviate significantly from the Net Asset Value per Share during periods of market volatility and may be subject to brokerage commissions and/or transfer taxes associated with the trading and settlement through the relevant stock exchange. If the stock exchange value of the Shares of the Sub-Fund significantly varies from its Net Asset Value investors who have acquired their Shares on the secondary market should be allowed to sell them directly back to the Sub-Fund. Where the trading prices of Shares does deviate significantly from the Net Asset Value, Shares

can be sold directly back to the Sub-Fund. There can be no guarantee that once the Shares are listed on a stock exchange they will remain listed. Information showing the number of days the market price of Shares was greater than the Net Asset Value per Share and the number of days it was less than the Net Asset Value per Share (*i.e.*, premium or discount) for various time periods is available on the [www.bloomberg.com](http://www.bloomberg.com).

The indicative Net Asset Value per Share (the “**INAV**”), which is an estimate of the Net Asset Value per Share calculated using market data will be disseminated at regular intervals throughout each Business Day. The INAV is based on quotes and last sale prices from the securities’ local market and may not reflect events that occur subsequent to the local market’s close. Premiums and discounts between the INAV and the market price may occur and the INAV should not be viewed as a “real-time” update of the Net Asset Value per Share, which is calculated only once a day. Neither the Sub-Fund, nor the Investment Manager or any of their affiliates, nor any third party calculation agents involved in, or responsible for, the calculation or publication of such INAVs makes any warranty as to their accuracy.

## 15. SETTLEMENT OF ETF SHARES

For the purposes of this Supplement, the following Definitions shall apply:

**Clearstream** means Clearstream Banking S.A. and any such successor in business thereto.

**Common Depositary** means the entity appointed as depositary for the International Central Securities Depositories, currently Citibank Europe plc.

**Common Depositary’s Nominee** means the entity appointed as nominee for the Common Depositary and as such, acts as the registered holder of the Shares of the Sub-Fund, currently Citivic Nominees Limited.

**Dematerialised Form** means Shares, title to which is recorded as being in uncertificated form and which may be transferred by means of a computer based settlement system in accordance with the Companies Act 1990 (Uncertificated Securities) Regulations 1996 of Ireland.

**Euroclear** means Euroclear Bank S.A./N.V. and any such successor in business thereto.

**Global Share Certificate** means the certificate evidencing entitlement to Shares, as further described below.

**International Central Securities Depositary** means such Recognised Clearing and Settlement System(s) used by the Fund, in respect of the Sub-Fund, in issuing Shares through the International Central Securities Depositary settlement system.

**Recognised Clearing and Settlement System** means a clearing system recognised by the Irish Revenue Commissioners for the purposes of Section 739B TCA.

Notwithstanding the section of the Prospectus headed **Form of Shares**, Shareholders that buy Shares in the Sub-Fund on the secondary market are not reflected in the Sub-Fund’s share register.

Investors’ title and rights relating to Shares in the Sub-Fund are determined by the clearance system through which it settles and/or clears its Shares. Shares in the Sub-Fund will settle through the International Central Securities Depositories and the Common Depositary’s Nominee will act as the registered holder of all Shares in the Sub-Fund.

The Directors have resolved that Shares in the Sub-Fund will not currently be issued in Dematerialised (or uncertificated) Form but no temporary documents of title or share certificates will be issued, other than the Global Share Certificate required for the International Central Securities Depositories (being the Recognised Clearing and Settlement System through which the Shares of the Sub-Fund will be settled). The Fund has applied for admission for clearing and settlement through the International Central Securities Depositories. The International Central Securities Depositories for the Company are Euroclear and Clearstream. All investors in the Sub-Fund will ultimately settle in the International Central Securities Depositories but may have their holdings within Central Securities Depositories. A Global Share Certificate will be deposited with the Common Depositary (being the entity nominated by the International Central Securities Depositories to hold the Global Share Certificate) and registered in the name of the Common Depositary’s Nominee (being the registered holder of the Shares of the

relevant Sub-Fund, as nominated by the Common Depositary) on behalf of Euroclear or Clearstream and accepted for clearing through Euroclear or Clearstream. Interests in the Shares represented by the Global Share Certificate will be transferable in accordance with applicable laws and any rules and procedures issued by the International Central Securities Depositories. Legal title to the Shares of the Sub-Fund will be held by the Common Depositary's Nominee.

A purchaser of interests in Shares will not be a registered Shareholder in the Sub-Fund but will hold an indirect beneficial interest in such Shares and the rights of such investors shall be governed by their agreement with the International Central Securities Depositories, either directly or indirectly through their agents, as appropriate. All references herein to actions by Shareholders will refer to actions taken by the Common Depositary's Nominee as registered Shareholder following instructions from the International Central Securities Depositories upon receipt of instructions from the investors. All distributions, notices, reports and statements to such Shareholder referred to herein, shall be distributed to investors in the Sub-Fund in accordance with such International Central Securities Depositories' procedures.

All Shares in issue are represented by a Global Share Certificate and the Global Share Certificate is held by the Common Depositary and registered in the name of the Common Depositary's Nominee on behalf of an International Central Securities Depositary. The beneficial interests in such Shares will only be transferable in accordance with the rules and procedures for the time being of the International Central Securities Depositary.

Investors must look solely to the International Central Securities Depositories for documentary evidence as to the amount of their interests in any Shares. Any certificate or other document issued by the International Central Securities Depositories, as to the amount of interests in such Shares standing to the account of any person shall be conclusive and binding as accurately representing such records.

Investors must look solely to the International Central Securities Depositories for their share of each payment or distribution made by the Sub-Fund to or on the instructions of the Common Depositary's Nominee and in relation to all other rights arising under the Global Share Certificate. The extent to which, and the manner in which, an investor may exercise any rights arising under the Global Share Certificate will be determined by the rules and procedures of the International Central Securities Depositories. Investors shall have no claim directly against the Fund, the Paying Agent or any other person (other than the International Central Securities Depositories) in respect of payments or distributions due under the Global Share Certificate which are made by the Sub-Fund to or on the instructions of the Common Depositary's Nominee and such obligations of the Fund shall be discharged thereby. The International Central Securities Depositories shall have no claim directly against the Fund, the Paying Agent or any other person (other than the Common Depositary).

The Fund or its duly authorised agent may from time to time require investors to provide them with information relating to: (a) the capacity in which they hold an interest in Shares; (b) the identity of any other person or persons then or previously interested in such Shares; (c) the nature of any such interests; and (d) any other matter where disclosure of such matter is required to enable compliance by the Fund with applicable laws or the constitutional documents of the Fund.

Notices of general meetings and associated documentation will be issued by the Fund to the registered holder of the Global Share Certificate, the Common Depositary's Nominee. Investors must look solely to the International Central Securities Depositories and the rules and procedures for the time being of the International Central Securities Depositories governing delivery of such notices and exercising voting rights.

## **16. PAYING AGENT**

The Fund has appointed Citibank, N.A., London Branch, as paying agent (the "**Paying Agent**") for the Shares in the Sub-Fund. In such capacity, the Paying Agent will be responsible for, among other things, ensuring that payments received by the Paying Agent from the Fund are duly paid, maintaining independent records of securities and dividend payment amounts; and communicating information to the International Central Securities Depositories. Payment in respect of the Shares will be made through the International Central Securities Depositories in accordance with the standard practices of the International Central Securities Depositories. The Fund may vary or terminate the appointment of the Paying Agent or appoint additional or other registrars or paying agents or approve any change in the office through which any registrar or paying agent acts.

## 17. HOW TO EXCHANGE SHARES

Requests for the exchange of Shares should be made in accordance with the provisions set out in the section entitled **Exchange of Shares** in the Prospectus.

## 18. ESTABLISHMENT CHARGES AND EXPENSES

The cost and expenses of establishing the Sub-Fund were paid by MSIP.

## 19. OTHER CHARGES AND EXPENSES

Further details of charges and expenses payable out of the assets of the Fund are set out in the Prospectus under the headings **Management Charges and Expenses** and **General Charges and Expenses**.

## 20. OTHER INFORMATION

As at the date of this Supplement, there are fifty-three other sub-funds of the Fund currently in existence: Emerging Markets Equity Fund, MS PSAM Global Event UCITS Fund, Indus PacifiChoice Asia Fund, MS Ascend UCITS Fund, MS Alkeon UCITS Fund, MS Swiss Life Multi Asset Protected Fund, MS Dalton Asia Pacific UCITS Fund, MS Lynx UCITS Fund, MS Scientific Beta Global Equity Factors UCITS ETF, MS Fideuram Equity Smart Beta Dynamic Protection 80 Fund, MS Nezu Cyclical Japan UCITS Fund, MS Scientific Beta US Equity Factors UCITS ETF, MSCI Emerging Markets ESG Equity Fund, MS Tremblant Long/Short Equity UCITS Fund, Global Equity Risk Premia Long/Short UCITS Fund, MS Fideuram Equity Smart Beta Dynamic Protection 80 Fund II, DAX® 80 Garant, IPM Systematic Macro UCITS Fund, Quantica Managed Futures UCITS Fund, Smartfund 80% Protected Growth Fund, Smartfund 80% Protected Balanced Fund, MSCI China A International Fund, Smartfund Growth Fund, Smartfund Balanced Fund, Smartfund Cautious Fund, 80% Protected Index Portfolio, Market Neutral Credit UCITS Fund, Academy Quantitative Global UCITS Fund, Arno Fund, Abante 80% Proteccion Creciente Fund, Moderate 80% Protected Fund, Cautious 85% Protected Fund, Equity Risk Managed Fund, Cube Global Cross Asset UCITS Fund, Investcorp Geo-Risk Fund, CZ Absolute Alpha UCITS Fund, Morgan Stanley RADAR ex Agriculture & Livestock Fund, Generali 80% Protected Fund – A, Generali 80% Protected Fund – D, SciBeta HFE EM Equity 6F EW UCITS ETF, SciBeta HFE Europe Equity 6F EW UCITS ETF, SciBeta HFE Pacific ex-Jap Equity 6F EW UCITS ETF, SciBeta HFE Japan Equity 6F EW UCITS ETF, Smartfund 80% Protected Balanced Fund – C, Smartfund 80% Protected Growth Fund – C, Carrhae Capital Long/Short Emerging Market Equity UCITS Fund, ACUMEN Capital Protection Portfolio, ACUMEN Income – Protection Portfolio, Movestic Avancera 75, Movestic Avancera 85, ACUMEN ESG Protection Portfolio, Pergola 90 and SciBeta HFI US Equity 6F EW (USD) UCITS ETF.

### Services Agreement

Pursuant to the Services Agreement, neither the Service Provider nor any Morgan Stanley Company nor their employees or officers will be liable for any loss, cost, charge, fee, expense, damage or liability resulting from any act or omission made in connection with the Services Agreement or the services provided thereunder. In particular, but without limitation, the Service Provider will not be liable for any loss of, or any failure to insure, investments, or for the quality, quantity, condition or delivery of investments or the correctness, validity, sufficiency or genuineness of any of the documents relating to investments. This exclusion does not apply where such loss results directly from the negligence, wilful default or fraud of the Service Provider or any Morgan Stanley Company or their employees or officers.

The Service Provider or any Morgan Stanley Company or their employees or officers will not in any circumstances be liable for any consequential loss, damage or liability regardless of whether it is aware of the likelihood of such loss, damage or liability. The Fund will fully indemnify the Service Provider or any Morgan Stanley Company or their employees or officers on demand against any and all claims which the Service Provider or any Morgan Stanley Company or their employees or officers may suffer or incur directly or indirectly (including those incurred to a sub-custodian, broker, executing broker, exchange, clearing house or other regulatory authority) as a result, or in connection with, or arising out of the Services Agreement, related documents, related transactions and any other matters set out in the Services Agreement. This indemnity will not extend to the Service Provider or any Morgan Stanley Company or their employees or officers in so far as the claims suffered by the same are a direct result of its fraud, wilful default, negligence, breach of applicable law or regulation (other than where the breach of law or regulation arises as a result of the indemnified person taking any action or inaction on

the instructions of the Fund or its agents or as a result of the failure by the Fund to take any action required to be taken by it under applicable law or regulation).

As security for the payment and discharge of all liabilities of the Fund to the Service Provider and the Morgan Stanley Companies, all investments and cash held by the Service Provider and each such Morgan Stanley Company will be charged by the Fund in their favour and will therefore constitute collateral for the purposes of the rules of the FCA. Investments and cash may also be deposited by the Fund with the Service Provider and other Morgan Stanley Companies as margin and will also constitute collateral for the purposes of the FCA rules. Investments which constitute collateral for the purposes of the FCA rules may not be segregated from the Service Provider's own investments and may be available to creditors of the Service Provider or the Morgan Stanley Companies. Cash which the Fund transfers to the Service Provider will, subject to the terms of the Agreement, be client money for the purposes of the FCA rules and will therefore be subject to the client money protections conferred by the FCA rules.

Either party may terminate the Services Agreement by giving at least five Business Days' prior written notice. The Service Provider may terminate the Services Agreement with immediate effect if it determines in its discretion that it has become unlawful under any applicable law for the Service Provider or the Morgan Stanley Companies, or the Fund to perform of any or all of its respective obligations thereunder.

### **Authorised Participant Agreement**

Pursuant to the Authorised Participant Agreement, the Authorised Participant is permitted to subscribe for and/or redeem creation units in the Sub-Fund. Under the Authorised Participant Agreement, the parties agree that the process for Creations/Redemptions (as defined in the Authorised Participant Agreement) shall be executed in accordance with operating memorandum as contained in Schedule II of the Authorised Participant Agreement.

The Authorised Participant Agreement provides that the Authorised Participant shall only be liable to the Fund for direct losses arising directly from the performance and the execution of the obligations of the Authorised Participant under the Authorised Participant Agreement suffered by the Fund as a result of the Authorised Participant's negligence, material breach, fraud or wilful default in respect of its duties under the Authorised Participant Agreement and under no circumstance shall the Authorised Participant indemnify or be liable towards the Fund or any other person for indirect, consequential or special damages.

The Authorised Participation Agreement shall take effect as of the date of its execution by the Fund and the Authorised Participant and shall remain in force for an undetermined period unless terminated by either of the parties. Either party may terminate the Authorised Participant Agreement by giving the other party 30 calendar days' written notice. Any such termination will be effective upon receipt of the notice.

### **Euronext Dublin Listing**

The Shares in the Sub-Fund were admitted to the Official List and to trading on the Main Securities Market of Euronext Dublin. Neither the admission of the Shares to the Official List and to trading on the Main Securities Market of Euronext Dublin nor the approval of the listing particulars pursuant to the listing requirements of Euronext Dublin shall constitute a warranty or representation by Euronext Dublin as to the competence of the service providers to or any other party connected with the Sub-Fund, the adequacy of information contained in the listing particulars or the suitability of the Sub-Fund for investment purposes.

Any such suspension shall be notified immediately, and in any event, within the same business day, to Euronext Dublin.

The Net Asset Value per Share will also be notified to Euronext Dublin immediately upon calculation.

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