

**NEWPORT CORE FUND**  
**Supplement**  
**to the Prospectus dated 15 June 2017**

**for**

**NEWSCAPE FUNDS PLC**  
**An open ended umbrella fund with segregated liability between sub-funds**

**This Supplement contains information in relation to the Newport Core Fund (the Fund), a sub-fund of Newscape Funds plc (the Company) an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the Central Bank). The Company is an umbrella fund with segregated liability between sub-funds.**

**This Supplement forms part of, may not be distributed unless accompanied by (other than to prior recipients of the Prospectus of the Company dated 15 June 2017 (the Prospectus), and must be read in conjunction with, the Prospectus.**

Dated: 14 July 2017

A&L Goodbody

## IMPORTANT INFORMATION

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Certain risks attached to Investments in the Underlying Investments are set out in the Prospectus and in the section “Risk Factors” below.

It is the intention of the Company to invest on behalf of the Fund in Financial Derivative Instruments for Investment Purposes and for the purposes of Efficient Portfolio Management, which in the case of the Fund are further outlined below.

The Fund may be completely invested in cash or cash-like liquid assets. The investor’s attention is drawn to the difference between the nature of a deposit and the nature of an investment in the Fund. Please note that the principal invested in the Fund is capable of fluctuation.

### Suitability of Investment

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed Risk Factors of the Prospectus and the section headed Risk Factors in this Supplement for a discussion of certain risks that should be considered by you.

An investment in any Class of Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### Responsibility

The Directors (whose names appear under the heading **Management of the Company - Directors of the Company** of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the importance of such information.

### General

This Supplement sets out information in relation to each Class of Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

The base currency of the Fund is United States Dollars (USD)

### Distribution of this Supplement and Selling Restrictions

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus (other than to prior recipients of the Prospectus). The distribution of this Supplement and the offering or purchase of any Class of Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the

Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Class of Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement. If you wish to apply for the opportunity to purchase any Class of Shares, it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## TABLE OF CONTENTS

1.	INVESTMENT OBJECTIVE, STRATEGY AND POLICIES .....	5
2.	INVESTMENT MANAGER, ADVISOR & SUB-DISTRIBUTOR .....	9
3.	MATERIAL CONTRACTS .....	9
4.	INVESTMENT RESTRICTIONS .....	10
5.	PROFILE OF A TYPICAL INVESTOR .....	10
6.	RISK FACTORS .....	10
7.	DIVIDEND POLICY .....	15
8.	KEY INFORMATION FOR PURCHASING AND REPURCHASING .....	15
9.	CHARGES AND EXPENSES AND MINIMUM SUBSCRIPTIONS .....	16
10.	MISCELLANEOUS .....	19

## **1. INVESTMENT OBJECTIVE, STRATEGY AND POLICIES**

### **Investment Objective**

The Fund's investment objective is to produce a total return (total return includes interest, capital gains, dividends and distributions) with an emphasis on capital growth.

### **Investment Strategy**

The Fund will endeavour to achieve its investment objective by investing in a blend of global equities with some fixed income exposure and other assets as outlined within the Investment Policy.

In selecting suitable investment opportunities for the Fund, the Investment Manager will adopt a top down asset allocation process. The Fund will invest in a diversified number of investment opportunities that offer the potential for a **medium** level of capital return with a **moderate** level of risk. The portfolio construction process first takes into account the overall portfolio risk budget followed by a geographical, sectoral and capitalisation focus. Resultant asset allocation is driven by an initial and ongoing assessment of top down factors such as interest rates, macro-economic outlook, inflationary expectations, fiscal and external account balances and geopolitical issues.

The aim is to produce a fund that is diversified, targets a moderate/ medium volatility and focuses on capital growth.

There is no guarantee that the investment objective of the Fund will be achieved.

### **Investment Policy**

The Fund will target investments with a balanced risk and moderate volatility using a diversified multi-asset approach, and investing in a variety of transferable securities (including high-yield securities) and money market instruments.

The Fund may invest in fixed income securities (bonds), equity related securities (stocks) and cash/cash equivalents as well as seeking limited exposure to property and/or commodities insofar as such investment is permitted under the Regulations, and also permitted collective investment schemes including UCITS and AIFs within the guidelines as issued by the Central Bank that give exposure to such asset classes. The Fund may invest in FDIs for investment purposes, efficient portfolio management or hedging purposes.

The Fund may be completely invested in cash or cash-like liquid assets such as US Treasury Bills or UK gilt-edged securities or other money market securities at any time when the Investment Manager believes it is in the best interests of shareholders. Examples of when this might occur would be at times of extreme market stress due to the occurrence of a catastrophic event or at a time when the Investment Manager believes there is an unavoidable need to reduce risk significantly across global markets.

There is no geographic focus, economic focus or industry focus to the Fund. The Investment Manager will manage the Fund on a risk budget that is always focused on both the target return and target volatility of the Fund. The risk budget of the Fund seeks to assess, having regard to the portfolio as a whole and not any one particular stock, the level of risk attached to the portfolio. Where the risk budget indicates that the Fund is overweight in what the Investment Manager determines to be low risk securities, such as US Treasury Bills, the Investment Manager may invest the remaining capital in securities determined by the Investment Manager to carry a higher risk such as global equities. While the Investment Manager will look to opportunistic investments that carry higher volatility, these will always be offset with lower volatility positions maintaining the risk budget at a moderate/medium level to comply with the stated objective of the Fund. The risk budget is an ever changing aspect of the funds' investments and will be guided by the investments held at any point in time, market behaviour & volatility or perceived risks/opportunities.

The debt securities and equity related securities and FDI (other than permitted unlisted investments) that the Fund acquires will be listed or traded on a Market, save that the Fund may invest up to 10% of its Net Asset Value in unlisted securities.

### **Collective Investment Schemes**

**The Fund may invest up to one hundred percent of its Net Asset Value in the shares or units of other regulated collective investment schemes which are UCITS or AIFs that satisfy the requirements of the**

## **Central Bank.**

It is expected that the Fund will have a bias towards investing in regulated collective investment schemes which offer indirect exposure to the asset classes detailed above rather than investing directly in such asset classes. In particular this will arise where the Investment Manager considers allocating to another manager with specific expertise in a sector or strategy would be better suited to achieving the objectives of the Fund than if the Investment Manager was to invest directly. The domicile of such collective investment schemes will be within the EEA, the USA, Guernsey, Jersey, the Isle of Man or as may be permitted subject to compliance with the Central Bank UCITS Regulations. The collective investment schemes in which the Fund invests may be listed and/or traded on a Market or unlisted and may be open-ended or closed-ended provided they comply with the requirements of the Central Bank.

Where the Fund invests more than 20% of its net assets in other UCITS or open-ended collective investment undertaking or both, the maximum level of the management fees that may be charged in respect of the relevant Fund and the underlying CIS will not exceed 3.5% per annum of the Net Asset Value of the Fund. Details of such fees will also be contained in the Company's annual report.

The collective investment schemes in which the Fund may invest will be chosen on the basis of what the Investment Manager believes to be the skill and expertise of their manager, such as proven experience, demonstrable resource and knowledge in a particular field or for the purpose of gaining exposure to market movement in financial markets. The Investment Manager will also base this choice on a number of due diligence criteria including strategy, adherence to the fund mandate, management team, track record, assets under management, operational controls and all UCITS requirements.

## **Money Market Securities**

The money market instruments that the Fund may invest in include sovereign debt obligations, treasury bills, money market investments (such as including money market funds having a minimum credit rating from a recognised rating agency of A1-P1), certificates of deposit and term and call deposits with a deposit taking institution.

Such instruments may be fixed or floating rate, investment grade and issued or guaranteed by any sovereign government or their agencies, local authority, supranational or public international bodies, banks, corporate bodies or other commercial issuers. The Fund may invest on a worldwide basis but securities acquired will be issued by entities domiciled in and denominated in the currency of an OECD member.

## **Debt Securities**

The Fund may invest in a broad range of debt securities of various types and maturities issued by government or corporate entities, including, for example, fixed rate, floating rate notes, bonds, index linked debt securities, that are securitised and listed/traded and, in addition, convertible bonds (which will or will not embed leverage), coupon-bearing and deferred interest instruments (such as zero coupon bonds).

The index linked debt securities in which the Fund invests will not embed leverage and will typically be UK gilt-edged securities or US Treasury Bills and usually linked to the Consumer Price Index or similar economic indices.

The debt securities in which the Fund may invest may be fixed or floating rate and may be either rated by a recognised rating agency such as Moody's or Standard & Poor's or unrated.

## **Equity Securities**

The Fund may invest in equity securities and other securities with equity characteristics, such as preferred stock and warrants on equities as well as depository receipts for such securities (such as ADRs traded in the United States markets and GDRs traded in other world markets), issued by companies worldwide.

The equity securities in which the Fund may invest will be primarily medium to large capitalisation stocks and will be selected on a value basis i.e. stocks of companies that the Investment Manager believes the market has undervalued and which may be trading for less than their intrinsic or "real" values.

## **Property**

The Fund may seek exposure to property assets up to 10% of the net asset value of the Fund. The Fund cannot hold property assets directly and such exposure will be achieved by investing in transferable securities including debt and/or equity securities issued by companies that derive a majority of their value from property assets such as asset backed securities (which will be bonds with no embedded leverage or derivative), listed Real Estate Investment Trusts (REITs) and units or shares in closed-ended funds which predominantly invest in property, which in each case qualify as transferable securities pursuant to the Central Bank UCITS Regulations.

A REIT is a corporation or trust that uses the pooled capital of many investors to purchase and manage property. REITs are traded on major exchanges similar to equity and are therefore classed as transferable securities as they meet the requirements of liquidity, availability of price, availability of accurate and comprehensive information and transferability.

### **Currency Strategies**

The Investment Manager may, from time to time, also seek to generate gains by taking positions (explained below in “*Spot Foreign Exchange*”) in currencies that it views as being mis-priced. These currencies will be selected from amongst the main OECD currencies. The Fund will not have a specific currency strategy and may take a non-explicit view on currency exposure through its geographical asset allocation.

### **Commodities**

The Fund may seek exposure to commodities by investing in commodity focused transferable securities, namely through listed shares such as mining stocks and by using instruments such as exchange traded funds (ETFs) and collective investment schemes, in compliance with all applicable Investment Restrictions. The ETFs that the Investment Manager envisages using will be UCITS ETFs. Due to the nature of this type of investment, the Investment Manager would expect that there would also be exposures to the underlying commodity prices by virtue of the relationship between the listed equity price and the underlying commodity price in which the company or companies operate.

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

**Investors should note that the Fund may invest in FDIs for investment purposes, efficient portfolio management or hedging purposes. The use of FDIs for the purposes of investment, efficient portfolio management or hedging may on occasions lead to an increase in risk profile of the Fund or result in a fluctuation in the expected level of volatility.**

The Fund may invest in FDIs for investment purposes. These may include forwards, financial futures contracts (or options on such contracts) dealt in either regulated markets or over the counter.

The Fund will be leveraged as a result of the Fund’s investment policy, including the use of derivatives. The level of leverage which will be employed by the Fund will vary from time to time but any such leverage will be within the limits set out by the Central Bank. The degree of leverage will be calculated using the commitment approach and therefore leverage shall not exceed 100% of the Fund’s net assets.

The Fund may also utilise FDIs for efficient portfolio management and hedging purposes. In addition, the Fund may enter into stock lending, repurchase and reverse repurchase agreements only for efficient portfolio management purposes subject to the conditions and the limits set out in the Central Bank UCITS Regulations.

The Fund is expected to have a moderate/medium level of volatility. The use of FDIs for the purposes of investment, efficient portfolio management or hedging may on occasions lead to an increase in risk profile of the Fund or result in a fluctuation in the expected level of volatility. Please see below the section entitled “**Risk Factors**” in relation to such risks.

Investment in FDIs is subject to the conditions and limits contained in the Central Bank UCITS Regulations. Subject to these limits, the Company, on behalf of a Fund may invest in FDIs dealt on any of the regulated markets set out in the list of Markets in Appendix I to the Prospectus (and/or over the counter FDIs (OTCs)) which will be used for investment purposes, efficient portfolio management and for hedging.

The use of FDIs will be fully supported by a risk management process utilised by the Investment Manager which enables it to accurately measure, monitor and manage the various risks associated with FDIs and to ensure that the use of FDIs continue to be commensurate with the overall investment objectives of the Fund. 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 any recent developments in the risk and yield characteristics of the main categories of investments. The Fund will only invest in FDIs in accordance with the risk management policy filed with and cleared by the Central Bank.

A Fund may invest in FDIs dealt over-the-counter provided that the counterparties to over-the-counter transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.

Position exposure to the underlying assets of FDIs, including embedded FDIs 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.

The following is a description of the types of financial derivative instruments which may be used by the Fund:

*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 contracts allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract's delivery date. Frequently using futures to achieve a particular strategy instead of using the underlying or related security or index, results in lower transaction costs being incurred. For example, the Investment Manager may enter into interest rate or bond futures in order to seek to reduce the interest exposure of fixed rate bonds.

*Spot Foreign Exchange:* The Fund may enter into spot foreign exchange transactions which involve the purchase of one currency with another, a fixed amount of the first currency being paid to receive a fixed amount of the second currency. **Spot** settlement means that delivery of the currency amounts normally takes place two business days in both relevant centres after the trade is executed.

*Forward Foreign Exchange Contracts:* A forward contract locks-in the price at which an asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date.

Forward FX contracts may be used for the most part for hedging purposes to seek to reduce foreign exchange risk where the assets of the Fund are denominated in currencies other than the Base Currency but may also be used to take views on the direction of currency movements.

*Options:* There are two forms of options; put options and call options. Put options are contracts sold for a premium that gives one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) of the contract, a specific quantity of a particular product or financial instrument at a specified price. Call options are similar contracts sold for a premium that gives the buyer the right, but not the obligation, to buy from the seller of the option at a specified price. Options may also be cash settled. The Fund may be a seller or buyer of put and call options. For example, currency options or options on currency futures, may be used to take a positional view on currency volatility whereby the Fund could for example sell volatility on a daily basis across a range of currency pairs provided the price of volatility was above a specified level. The Investment Manager may also enter into options on interest rate or bond futures to reflect its view that credit risk may change in a particular way or alternatively, to reflect its view on interest rate volatility. The Fund may purchase or sell these instruments either individually or in combinations.

*Hedging:* Futures (such as equity index futures), forwards and options may be used to hedge against downward movements in the value of a Fund's portfolio, either by reference to specific securities or markets to which the Fund may be exposed. Forward foreign exchange contracts are also 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. Hedged classes are identified below.

*Global Exposure:* The Fund will use the commitment approach to measure global exposure and so ensure that the Fund's use of FDIs is within the limits specified by the Central Bank. This approach converts the UCITS' FDI positions into the market value of equivalent positions in the underlying assets, and seeks to ensure that the UCITS' FDI risk is monitored in terms of any future "commitments" to which it is (or may be) obligated. Simple leverage is calculated as being global exposure divided by the Fund's Net Asset Value. The commitment approach will be used in the manner set out in the Central Bank UCITS Regulations.



## Structured Finance Transaction Regulations

While the Company is authorised to enter into securities financing transactions (SFTs) (as defined under Article 3 (11) of Regulation (EU) 2015/2365) (the SFTR), it is not anticipated that the Fund will enter into any SFTs. However, in the event that the Fund contemplates entering into such transactions, investors will be provided with further details of the structure and use of such transactions, together with any other information required to be disclosed to investors in accordance with Articles 13 and 14 of the SFTR. In the event that the Fund will enter into any STFs, shareholders will be notified in advance and the supplement will be updated accordingly.

### 2. INVESTMENT MANAGER, INVESTMENT ADVISOR, SUB-INVESTMENT ADVISOR & SUB-DISTRIBUTOR

#### 2.1. Investment Manager

The Company has appointed Newscap Capital Group Limited as Investment Manager for the Fund. The Investment Manager was incorporated in 2000 and is a private limited company organised under the laws of England and Wales having its main place of business at 86 Jermyn Street, London SW1Y 6JD, United Kingdom. The Investment Manager is authorised and regulated in the United Kingdom by the FSA (now FCA) since 2001. As at 2017, the Investment Manager had approximately US\$600 million in assets under management and advice.

#### 2.2. Investment Advisor

The Company has appointed Newport Private Wealth Pty Ltd as an investment advisor to the Fund (the **Investment Advisor**). The Investment Advisor has its main place of business at Level 34, 120 Collins Street, Melbourne VIC 3000, Australia. The Investment Advisor will have no discretionary powers with regard to the assets of the Fund. The Investment Advisor carries out non-discretionary services focused around fundamental and quantitative research, fund selection, portfolio construction and associated services.

#### 2.3. Sub-Investment Advisor

The Company has appointed Momentum Global Investment Management Limited as a sub-investment advisor to the Fund (the **Sub-Investment Advisor**). The Sub-Investment Advisor has its main place of business at The Rex Building, 62 Queen St, London EC4R 1EB, United Kingdom. The Sub-Investment Advisor will have no discretionary powers with regard to the assets of the Fund. The Sub-Investment Advisor carries out non-discretionary services focused around fundamental and quantitative research, fund selection, portfolio construction and associated services.

#### 2.4. Sub-Distributor

The Company has appointed Newport Distribution Limited as a Sub-Distributor to the Fund (the **Sub-Distributor**). The Sub-Distributor has its registered office at PO Box 957, Offshore Incorporation Centre, Coastal Building, Wickham Cay II, Road Town, Tortola, British Virgin Island. The Sub-Distributor will have no discretionary powers with regard to the assets of the Fund. The Sub-Distributor carries out non-regulated introductory services to professional investment managers and intermediaries in multiple jurisdictions.

### 3. MATERIAL CONTRACTS

#### 3.1. Investment Management Agreement

Certain provisions of the Investment Management Agreement are set below.

**The Investment Management Agreement** dated 4 January 2010 between the Company and the Investment Manager (the **Agreement**); this Agreement provides that the appointment of the Investment Manager will be for an initial term of three years (the **Initial Term**) and then for successive periods of one year thereafter (**Successive Terms**) unless and until terminated by the Company or the Investment Manager by the giving to the other party of not less than six months' written notice of such termination, such notice to expire on the final day of the Initial Term or the final day of any Successive Term. In certain circumstances the Agreement may be terminated forthwith by notice in writing by either party to the other. This Agreement contains certain indemnities in favour of the Investment Manager which are restricted to exclude matters resulting from the wilful misfeasance, bad faith, fraud, wilful default or negligence of the Investment Manager in the performance or non-performance of its obligations and duties thereunder.

#### 4. INVESTMENT RESTRICTIONS

The general investment restrictions as set out in the Prospectus in the section headed **Funds** shall apply to the Fund.

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.

#### 5. PROFILE OF A TYPICAL INVESTOR

Investment in the Fund is suitable for investors seeking capital gains over the long term and who are expecting a moderate/medium level of volatility. The typical investor would be a retail or professional investor who wants to gain exposure to an actively managed multi-asset portfolio and is expecting moderate/medium levels of risk and volatility in absolute terms. Equally the Fund could be incorporated in a portfolio to create differing risk profiles. **Investment in the Fund should be viewed as a medium to long term investment. Investment in the Fund may not be suitable for all investors.**

#### 6. RISK FACTORS

The general risk factors as set out in the section headed **Risk Factors** of the Prospectus shall apply.

**AN INVESTMENT IN THE SHARES OF THE FUND IS SPECULATIVE AND INVOLVES A DEGREE OF RISK. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD CONSIDER THE FOLLOWING RISK FACTORS. THESE RISK FACTORS MAY NOT BE A COMPLETE LIST OF ALL RISK FACTORS ASSOCIATED WITH AN INVESTMENT IN THE FUND.**

Currency hedging may be utilised to hedge share classes denominated in currencies other than the base currency of the Fund. See **Classes of Share** below.

In addition, the following risk factors apply to the Fund.

##### **Collective Investment Schemes**

Investors should be aware that there are risks associated with investing in underlying collective investment schemes which may affect the performance of the Fund. These include, but are not limited to, liquidity, valuation risks, interest rate fluctuations, suspension of trading, reliance on the underlying fund manager, leverage, economic and political conditions, regulatory changes, limitation of hedging techniques, currency exchange rate fluctuations, emerging markets, counterparty credit risk and the use of derivatives. Underlying collective investment schemes may utilise leverage and other speculative investment practices that may increase the risk of investment loss, may be less liquid than for example equities, may not be required to provide immediate or on demand pricing or valuation information to investors, may involve complex tax structures, and may not be subject to the same regulatory requirements as the Fund. The Fund may be liable to pay or indirectly suffer subscription, redemption, management, investment management, performance, distribution, administration and/or custody fees or charges in respect of each collective investment scheme in which it invests.

##### **Market Risk**

The investments of the 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 will occur. Currency and debt markets can be volatile and prices can change substantially and quickly. Since investment in assets may involve currencies other than the Base Currency, the value of the Fund's assets may also be affected by changes in currency rates and exchange control regulations, including currency blockage. The performance of the Fund will therefore depend in part on the ability of the Investment Manager to anticipate and respond to such fluctuations in prices, market interest rates and currency rates and to utilise appropriate strategies to maximise returns, while attempting to reduce the associated risks to investment capital.

##### **Currency Risk**

The NAV per Share of the Fund will be computed in the Base Currency, whereas the investments may be acquired in other currencies. The Base Currency value of the investments of the Fund designated in another

currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The investments may be hedged into the Fund's Base Currency. In addition, currency hedging transactions, while potentially reducing the currency risks to which the Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty.

Where the Fund engages in foreign exchange transactions which alter the currency exposure characteristics of its investments the performance of the Fund may be strongly influenced by movements in exchange rates as currency positions held by the Fund may not correspond with the securities positions held.

Where the Fund enters into "cross hedging" transactions (e.g., utilising currency different than the currency in which the security being hedged is denominated), the Fund will be exposed to the risk that changes in the value of the currency used to hedge may not correlate with changes in the value of the currency in which the securities are denominated, which could result in loss on both the hedging transaction and the securities.

### **Interest Rate and Currency Risks**

The NAV may be adversely affected by changes in interest rates and currency exchange rates. Interest rates and currency exchange rates are determined by factors of supply and demand in the international money markets, which are in turn influenced by macro-economic factors, speculation and central bank and other forms of government intervention. Fluctuations in short-term and/or long-term interest rates or currency exchange rates may affect the value of the Shares.

### **Default Risk**

Investments in fixed income securities are subject to the risk that the issuer could default on its obligations and the Fund could sustain losses on such investments. The Investment Manager will seek to limit such risks by credit research and securities selection but there can be no assurance that the Fund will not acquire securities with respect to which the issuer subsequently defaults.

### **Yield Risk**

Investments in fixed income securities entail certain risks including adverse income fluctuation associated with general economic conditions affecting the fixed income securities market, as well as adverse interest rate changes and volatility of yields. When interest rates decline, the market value of the Fund's fixed income securities can be expected to rise. Conversely, when interest rates rise, the market value of the Fund's fixed income securities can be expected to decline.

### **Sub Investment Grade Assets**

Sub investment grade assets will carry greater credit and liquidity risk than investment grade sovereign or corporate bonds or loans. The market value of the assets will generally fluctuate with, among other things, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the issuers of the loans. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher rated securities which react primarily to fluctuations in the general level of interest rates. During an economic downturn or a sustained period of rising interest rates, highly leveraged issuers of high yield securities may experience financial stress and may not have sufficient revenues to meet their interest payment obligations. There are fewer investors in lower-rated securities, and it may be harder to buy and sell securities at an optimum time.

### **Liquidity of Shares**

The Shares are redeemable on a daily basis but are subject to the limitations and restrictions set out in the Prospectus whereby Directors can limit the number of Shares in the Fund redeemed on a Dealing Day to 10% of the Fund's Net Asset Value. The board of Directors has the power to impose restrictions on the redemption of shares as described in the section **Redemption of shares**. A long term investment is recommended considering the risks mentioned above, especially price volatility.

### **Derivatives**

## **(i) Derivatives General Risk**

Different derivative instruments (and the manner in which trades are implemented) involve levels of exposure to risk.

The prices of derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of futures and options contracts and payments pursuant to swap agreements are highly volatile, and 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 value of futures, options and swap agreements also depends upon the price of the assets underlying them. In addition, the Fund's assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties.

Investors should be aware of the following points:

### **Off-Exchange Transactions**

While some off-exchange markets are highly liquid, transactions in off-exchange, or non-transferable, derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out 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 a fair price is.

### **Clearing House Protections**

On many exchanges, the performance of a transaction by a broker (or the third party with whom he is dealing on the Fund's behalf) is "guaranteed" by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover the Fund as the customer and may not protect the Fund if the broker or another party defaults on its obligations to the Fund. There is no clearing house for traditional options, nor normally for off-exchange instruments which are not traded under the rules of a recognised or designated investment exchange.

### **Suspensions of Trading**

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

### **Insolvency**

A derivative broker's insolvency or default may lead to positions being liquidated or closed out without the Fund's consent. In certain circumstances, the Fund may not get back the actual assets which it lodged as collateral and the Fund may have to accept any available payment in cash.

### **Correlation Risk**

The Company may utilise forward contracts and currency options to seek to hedge against fluctuations in the relative values of the Company's portfolio positions as a result of changes in currency exchange rates and market interest rates. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions nor does it prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the positions' value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Company to hedge against any exchange rate or interest rate fluctuation which is so generally anticipated that the Company is not able to enter into a hedging transaction at a price sufficient to protect the Company from the decline in value of the portfolio position anticipated as a result of such a fluctuation

## **Collateral Risk**

Cash received as collateral may be invested in other eligible securities, including shares of a short term money market fund in accordance with the requirements of the Central Bank. Investing this cash subjects that investment, as well as the securities loaned, to market appreciation or depreciation and the risks associated with such investments, such as failure or default of the issuer of the relevant security.

## **Repurchase Agreements**

Subject to the conditions and limits set out in the Central Bank UCITS Regulations, the Fund may enter into repurchase agreements. The value of the security purchased may be more or less than the price at which the counterparty has agreed to purchase the security. If the other party to a repurchase agreement should default, the Fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and other collateral held by the Fund in connection with the refuted repurchase agreement are less than the repurchase price. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or its failure to repurchase the securities as agreed, the Fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement.

## **Reverse Repurchase Agreements**

Reverse repurchase transactions involve risks in that (a) in the event of the failure of the counterparty with which cash of a Fund has been placed there is the risk that collateral received may realise less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; and that (b) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Fund to meet redemption requests, security purchases or, more generally, reinvestment.

## **Stock-Lending Risk**

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. However, the Fund could experience delays and costs in recovering the securities loaned or in gaining access to the collateral. The collateral will typically be maintained at a value of at least equal to the market value of any securities loaned. However in the event of a sudden market movement there is a risk that the value of the collateral may fall below the value of the securities transferred. For securities lending made with connected persons of the Depositary, it must be made on arm's length commercial terms and the Depositary's written consent is required. Investors should refer to the section entitled "Portfolio Transactions and Conflicts of Interest" in the Prospectus for further details.

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

The value of the assets of the Company may be adversely affected by uncertainties, such as international political and economic developments, changes in market conditions, government policies or in legal, regulatory or taxation requirements.

## **Settlement and Counterparty Risk**

Settlement risk occurs when a transaction is not completed as duly agreed between the parties. This may be due to an error or omission in the necessary settlement, clearing or registration processes or due to the lack of creditworthiness of one of the parties to the transaction.

Counterparty risk occurs when a party to a contract fails to honour and defaults on its obligations thereunder. Funds which are party to these risks can incur considerable losses.

### **(ii) Derivatives Instrument Specific Risks**

The Fund will transact a number of derivative instruments as part of its investment strategy. These instruments will include, but are not restricted to: OTC options, Exchange traded Future and Options and currency options.

## **Futures**

Futures are standardised forwards which are traded on exchanges. Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the Fund's position with cash. They carry a high degree of risk. The "gearing" or "leverage" often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small market movement can lead to a proportionately much larger movement in the value of the Fund's investment, and this can work against the Fund as well as for the Fund. Futures transactions have a contingent liability, and investors should be aware of the implications of this, in particular the margining requirements.

## **Options**

There are many different types of options with different characteristics subject to different conditions:

### **(a) Buying Options**

Buying options involves less risk than writing options because, if the price of the underlying asset moves against the Fund, the Fund can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if the Fund buys a call option on an asset contract and the Fund later exercises the option, the Fund will acquire the asset. This will expose the Fund to the risks of that particular asset.

### **(b) Writing Options**

If the Fund writes an option, the risk involved is considerably greater than buying options. The Fund may be liable for margin to maintain its position and a loss may be sustained well in excess of any premium received. By writing an option, the Fund accepts a legal obligation to purchase or sell the underlying asset if the option is exercised against the Fund, however far the market price has moved away from the exercise price. If the Fund already owns the underlying asset which the Fund has contracted to sell (known as **covered call options**) the risk is reduced. If the Fund does not own the underlying asset (known as **uncovered call options**) the risk can be unlimited. Certain options markets operate on a margined basis under which buyers do not pay the full premium on their option at the time they purchase it. In this situation the Fund may subsequently be called upon to pay margin on the option up to the level of its premium. If the Fund fails to do so as required, the Fund's position may be closed or liquidated in the same way as a futures position.

### **(c) Contingent Liability Transactions**

Contingent Liability Transactions that are margined, require the Fund to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If the Fund trades in Futures or sells Options, the Fund may sustain a total loss of the margin it deposits with the broker to establish or maintain a position. If the market moves against the Fund, the Fund may be called upon to pay substantial additional margin at short notice, to maintain the position. If the Fund fails to do so within the time required, its position may be liquidated at a loss and the Fund will be liable for any resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances, over and above any amount paid, when the contract was entered into. Contingent Liability Transactions that are not traded on or under the rules of a recognised or designated investment exchange may expose the Fund to substantially greater risks.

## **Concentration Risk**

While the Investment Manager will regularly monitor the concentration of the Fund's exposure to related risk, concentration in any one currency, region or country or with respect to any given counterparty or Investment Manager may arise from time to time. To the extent there is a downturn or other problem in any area where the Fund has concentration, this could reduce the return the Fund receives on its investments and, consequently, could have an adverse impact on the Fund's financial conditions and its ability to pay distributions.

## **Limited Number of Investments**

The Fund anticipates that it will be diversified. However, in the event of a material demand for redemptions, the Fund could be forced to sell liquid positions resulting in an over-weighting in a small number of illiquid investments. In such circumstances, the aggregate return of the Fund may be substantially and adversely

affected by the unfavourable performance of a single investment. The Fund's restriction of repurchases of Shares in excess of ten per cent of the total Net Asset Value of the Fund on any one Dealing Day will mitigate this risk to an extent should these circumstances arise.

### **Unidentified Portfolio**

Because not all of the specific investments of the Fund have been identified, the Shareholders must rely on the ability of the Investment Manager to make appropriate investments for the Fund and to manage and dispose of such investments. While the Fund intends to make only carefully selected investments that meet the investment criteria of the Fund, the Investment Manager has complete discretion with respect to the selection of such investments.

### **Hedging**

The Fund may utilise different financial instruments to seek to hedge against declines in the values of the Fund's positions as a result of market movements. Hedging against a decline in the value of the Fund's positions does not eliminate fluctuations in the values of the Fund's positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the Fund's positions' value. Such hedging transactions also limit the opportunity for gain if the value of the Fund's positions should increase. It may not be possible for the Fund to hedge against a change or event at a price sufficient to protect its assets from the decline in value of the Fund's positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all, or the Investment Manager may choose not to hedge all or any of the Fund's exposure.

## **7. DIVIDEND POLICY**

It is the current intention of the Directors to accumulate all income receipts and capital gains of the Fund for reinvestment and not to make distributions to Shareholders of the Fund. If it is decided to amend the dividend policy, all details will be contained in an updated supplement and all Shareholders will be notified in advance.

## **8. KEY INFORMATION FOR PURCHASING AND REPURCHASING**

**Initial Offer Period for Class A USD Shares, Class A Sterling Shares, Class A EUR Shares Class, B USD Shares, Class B Sterling Shares, Class B EUR Shares, Class C USD Shares, Class C Sterling Shares, Class C EUR Shares.**

From 9.00 a.m. (Irish time) on 17 July 2017 to 5.00 p.m. (Irish time) on 16 January 2018 (or such longer or shorter period as the Directors may determine and notify to the Central Bank). After the Initial Offer Period the Shares are continuously available.

**Initial Issue Price for Class A USD Shares, Class A Sterling Shares, Class A EUR Shares Class, B USD Shares, Class B Sterling Shares, Class B EUR Shares, Class C USD Shares, Class C Sterling Shares, Class C EUR Shares.**

£100 or US\$100 per Share (please see Classes of Shares for further information)

### **Base Currency**

USD

### **Borrowing Limits**

10% of the Net Asset Value of the Fund as set out under the "**Borrowing and Lending Powers**" section of the Prospectus.

### **Business Day**

A day except a Saturday or a Sunday on which banks in London, Dublin and Luxembourg are open for normal banking business or such other day(s) as the Directors may, with the approval of the Depositary determine, and notify to Shareholders in advance.

## **Dealing Day**

Any Business Day or such other day(s) as the Directors may, with the approval of the Depositary determine, and notify to Shareholders in advance.

## **Classes of Shares**

The classes of Shares currently available for subscription in the Fund are set out in the Chart in Section 9 of this supplement. All the classes of Shares currently available for subscription are accumulating share classes. More important information about the classes of Shares is set out in the Chart in Section 9.

In respect of share classes that are denominated in a currency other than the Base Currency of the Fund the Investment Manager shall use reasonable endeavours to hedge versus the Base Currency of the Fund. The adoption of this strategy may substantially limit holders of the USD Shares from benefiting if USD respectively falls against the Base Currency of the Fund and/or against the other currencies in which the assets of the Fund are denominated. It is intended that any hedging into USD will not exceed 100% of the net assets of the relevant hedged Share class. Over hedged positions will not be permitted to exceed 105% of the net assets of the relevant Share class on any Dealing Day. Hedged positions will be kept under review to ensure that the permitted level is not exceeded and such review will incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward month to month. To the extent that the relevant Share classes exceed 100% hedged at any stage due to market movements or other circumstances beyond the control of the Investment Manager, the Investment Manager will seek to rectify the situation immediately taking due account of market conditions and the best interests of the relevant Shareholders. The hedged USD Share classes will not be leveraged as a result of these transactions.

The cost and any gains or losses associated with hedging transactions for a class will be allocated solely to the relevant hedged Share classes.

Investors in share classes which are denominated in a currency other than the Base Currency of the Fund should be aware that hedging transactions will be attributable to these classes, therefore any currency exposures of different currency classes may not be combined or offset and currency exposures of assets of the Fund may not be allocated to separate share classes. Furthermore, the exchange rate used for the purpose of converting the proceeds of trades to or from USD is likely to be the rate prevailing at the time the necessary currency hedging contracts are put in place which means that this exchange rate risk is borne by those transacting investors in share classes denominated in a currency other than the Base Currency.

## **Dealing Deadline**

12.00 noon (Irish time) on the relevant Dealing Day unless in exceptional circumstances the Directors determine otherwise, provided the application is received before the Valuation Point for the relevant Dealing Day.

## **Settlement / Payment Date**

In the case of subscriptions, cleared funds or monies must be received and accepted within three Business Days following the relevant Dealing Day, unless otherwise approved by the Directors.

In the case of repurchases, proceeds will usually be paid by electronic transfer to a specified account (in the absence of any other specific instruction) at the Shareholder's risk and expense within four Business Days following the Dealing Day after the receipt of the relevant duly signed repurchase documentation.

## **Valuation Point**

The Valuation Point for the Fund is 5.00 p.m. (London time) on the relevant Dealing Day or such other time as the Directors may from time to time determine. For the avoidance of doubt, the time at which the Net Asset Value is determined will always be after the Dealing Deadline.

## **9. CHARGES AND EXPENSES AND MINIMUM SUBSCRIPTIONS**

The following is a chart that gives details of the fees that investors may be charged in connection with their investment in the Fund and the minimum initial investment and minimum additional investment amounts that apply to an investment in each class of Share (the **Chart**). Please refer to the sections that follow the Chart for more important information on fees and charges.



Share Class	Currency	Minimum Initial Investment	Minimum Additional Investment	Preliminary Charge	CDSC	Repurchase Fee	Investment Manager Fee (% of NAV)
A Acc	USD	\$7,500	\$1,000	up to 5%	N/A	N/A	1.00%
A Acc	GBP	£7,500	£1,000	up to 5%	N/A	N/A	1.00%
A Acc	EUR	€7,500	€1,000	up to 5%	N/A	N/A	1.00%
B Acc	USD	\$7,500	\$1,000	N/A	up to 5%	N/A	1.00%
B Acc	GBP	£7,500	£1,000	N/A	up to 5%	N/A	1.00%
B Acc	EUR	€7,500	€1,000	N/A	up to 5%	N/A	1.00%
C Acc	USD	\$7,500	\$1,000	N/A	N/A	3%	1.00%
C Acc	GBP	£7,500	£1,000	N/A	N/A	3%	1.00%
C Acc	EUR	€7,500	€1,000	N/A	N/A	3%	1.00%
I Acc	USD	\$5,000,000	\$500,000	N/A	N/A	N/A	0.25%
I Acc	GBP	£5,000,000	£500,000	N/A	N/A	N/A	0.25%
I Acc	EUR	€5,000,000	€500,000	N/A	N/A	N/A	0.25%
R Acc	USD	\$7,500	\$1,000	N/A	up to 5%	N/A	1.00%
R Acc	GBP	£7,500	£1,000	N/A	up to 5%	N/A	1.00%
R Acc	EUR	€7,500	€1,000	N/A	up to 5%	N/A	1.00%

The Directors may for each relevant class of Share waive such minimum initial subscription and minimum additional subscription amounts in their absolute discretion.

The Investment Manager is permitted to make a Preliminary Charge on the issue of Shares to investors at the rates set out in the Chart. The percentage rates of charge shown in the Chart will be charged as a percentage of the amount the investor invests in a class of Share. The Directors may on a case by case basis waive or reduce, in their absolute discretion, the preliminary charge applicable to a share class.

There are no exchange charges.

### Contingent Deferred Sales Charge

A Contingent Deferred Sales Charge will be payable to the Fund when Shares in certain classes, as set out in the Chart, are redeemed. Such amounts will be payable as provided for below as a percentage of the issue price (and not redemption price) of the Shares in question where Shares are redeemed within five years of their date of issue unless stated otherwise.

- Up to one year from the date of issue – 5%;
- Over one year and up to two years from the date of issue – 4%;
- Over two years and up to three years from the date issue – 3%;
- Over three years and up to four years from the date issue – 2%;
- Over four years and up to five years from the date issue – 1%;
- Over five years from the date of issue – 0%.

When redeeming Shares, Shareholders will be treated, for the purposes of calculating the Contingent Deferred Sales Charge payable (if any) to have redeemed shares on a first in – first out basis.

No repurchase charge will be charged when Shares in the classes to which a Contingent Deferred Sales Charge applies are redeemed.

### Anti-Dilution Levy

To preserve the value of the underlying assets and to cover dealing costs the Investment Manager, on behalf of the Company, may deduct from the repurchase proceeds when there are net redemptions an anti-dilution levy of up to a maximum of 2% thereof to cover dealing costs and to preserve the underlying assets of the relevant Fund. Any such charge shall be retained for the benefit of the Fund. The Investment Manager, on behalf of the Company, reserves the right to waive such charge at any time.

## Investment Manager's Fees

The Investment Manager's fees for each class of Shares in the Fund will be as set out in the Chart.

Such fees shall accrue and be calculated on each Dealing Day and be payable monthly in arrears. The annual fee payable to the Investment Manager in respect of each share class as set out in the Chart may be increased by the addition of up to 0.50% (plus VAT, if any) of the Net Asset Value of the Fund without the prior approval of the Shareholders. The maximum Investment Manager's fees payable out of the assets of the Fund may be up to 1.50% of the Net Asset Value of the Fund for all share classes other than the Class I Shares which shall be subject to a maximum Investment Manager's fees up to 0.75% of the Net Asset Value of the Fund.

The Investment Manager is also entitled to be paid certain specific costs and out-of-pocket expenses incurred directly in relation to the Fund that including marketing and data and information source subscription expenses.

## Investment Advisor's Fees

The Investment Advisor will be remunerated for the services provided to the Fund on an ongoing basis at a rate of 0.50% per annum for all share classes with the exception of the I share class where the rate will be 0.25% per annum. The annual fee shall accrue and be calculated on each Dealing Day on all share classes and be payable monthly in arrears. This fee is separate to any fee payable to the Investment Manager and will not reduce the fee payable to the Investment Manager.

## Sub- Investment Advisor's Fees

The Sub-Investment Advisor will be remunerated for its services directly by the Fund at an initial rate of 0.25% per annum on a specific % allocation of the portfolio only as notified by the Investment Advisor to the Investment Manager. The fee shall accrue and be calculated on each Dealing Day and be payable monthly in arrears on the following calculation:  **$0.25\% / 365 \times \text{daily average NAV advised} \times \text{days in the period}$** . This fee is separate to any fee payable to the Investment Manager and will not reduce the fee payable to the Investment Manager. The headline fee will increase from 0.25% to 0.50% on the one year anniversary after launch of the Fund.

## Sub-Distributor Fees

The Sub-Distributor will be remunerated for its services directly by the Fund on an ongoing basis at a rate of 0.25% per annum. The annual fee shall accrue and be calculated on each Dealing Day on all share classes and be payable monthly in arrears. This fee is separate to any fee payable to the Investment Manager and will not reduce the fee payable to the Investment Manager.

## Administrator's Fees

The Administrator shall be entitled to receive an annual fee out of the net assets of the Fund charged at commercial rates as may be agreed from time to time up to a maximum fee of 0.08% of the Net Asset Value of the Fund accrued and calculated on each Dealing Day and payable monthly in arrears subject to a minimum monthly fee of up to €3,000. The Administrator is entitled to be repaid all of its reasonable expenses agreed upon transaction and other charges (which will be at normal commercial rates) and other out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any).

## Depositary's Fees

The Depositary shall be entitled to receive an annual fee out of the net assets of the Fund charged at commercial rates as may be agreed from time to time up to a maximum fee of 0.03% of the Net Asset Value of the Fund accrued and calculated on each Dealing Day and payable monthly in arrears (plus VAT thereon, if any) subject to a minimum monthly fee of up to €3,000.

The Depositary is also entitled to sub-custodian's fees which will be charged at normal commercial rates as well as agreed upon transaction charges (which will be at normal commercial rates) and other out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any).

## Marketing Levy

The Fund may levy a discretionary marketing fee payable to the Investment Manager for onward transmission to an intermediary or distributor or by way of direct payment to an intermediary or distributor of up to 3% of the

issue price of Shares in a class. Any such levy will be amortised over a five year period and charged to the relevant share class.

### **Distribution Charge**

The Fund may incur a distribution fee or charge payable out of the assets of the Fund and attributable to the relevant Class of Shares, payable to the Investment Manager for onward transmission to an intermediary or distributor or by way of direct payment to an intermediary or distributor of up to 5% of the issue price of Shares in each of the Class B Shares, Class C Shares and Class R Shares. Any such fee or charge incurred will be amortised over a five year period and charged to the relevant share class.

Class R Shares shall rebate the Distribution Charge whereby 2% of the Distribution Charge will be credited to investor's initial investment in the form of additional Class I Shares at the original subscription date and the remaining 3% of the Distribution Charge will be available for onward payment to distributors.

For the avoidance of doubt, the Distribution Charge, Preliminary Charge and Marketing Levy will not be charged on the same subscription.

### **Establishment Costs**

The cost of establishing the Fund and the expenses of the initial offer of Shares in the Fund, marketing costs and the fees of all professionals relating thereto are estimated not to exceed €50,000 and are being borne by the Fund and charged to the Fund and amortised over the first five years of the Fund's operations or such other period as may be determined by the Directors and notified to Shareholders.

These costs may not be charged to the Fund until such time as the Fund has sufficient assets to cover such costs. The Investment Manager may initially incur any or all of these establishment costs on behalf of the Fund, in which case they will be entitled to be reimbursed out of the assets of the Fund for any such expenditure.

This section should be read in conjunction with the section of the Prospectus entitled **Fees and Expenses** where further details of the charges and expenses to be borne by the Fund are set-out.

## **10. MISCELLANEOUS**

New Funds may be created from time to time by the Directors with the prior approval of the Central Bank in which case further Supplements incorporating provisions relating to those Funds will be issued by the Company.

As at the date of this Supplement there are four other sub-fund in existence namely:

- Newscape Emerging Market Equity Fund;
- Newscape Diversified Growth Fund;
- Newscape Diversity & Governance Fund;
- 5alpha Conservative Fund; and
- 5alpha Adventurous Fund.

## Schedule 1 – Collateral Policy

### Collateral Policy

#### 1. Permitted Types of Collateral

##### 1.1. *Non-Cash Collateral*

1.1.1. Non-cash collateral must at all times meet with the following requirements:

- (i) Liquidity: Non-cash collateral 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 Regulation 74 of the UCITS Regulations;
- (ii) Valuation: Collateral must 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;
- (iii) Issuer credit quality: Collateral received should be of high quality;
- (iv) Correlation: Collateral received should be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty;
- (v) 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 NAV. When Funds are exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer;
- (vi) Immediately available: Collateral received should be capable of being fully enforced by the Company at any time without reference to or approval from the relevant counterparty; and
- (vii) Non-cash collateral received cannot be sold, pledged or reinvested by the Company.

##### 1.2. *Cash collateral*

1.2.1. Reinvestment of cash collateral must at all times meet with the following requirements:

- (i) Cash received as collateral may only be invested in the following:
  - (a) deposits with an EU credit institution, a bank authorised in the remaining Member States of the European Economic Area (EEA) (Norway, Iceland, Liechtenstein), a bank authorised by a signatory state, other than an EU Member State or a Member State of EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan and United States of America) or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand (the Relevant Institutions);
  - (b) high quality government bonds;
  - (c) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the Company 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 (ref CESR/10-049);
- (ii) meet the requirements in section 1.1.1 above, where applicable;

- (iii) Invested cash collateral may not be placed on deposit with the counterparty or a related entity.

**2. Level of collateral required**

The levels of collateral required are as follows:

Repurchase agreements	at least 100% of the exposure to the counterparty
Reverse repurchase agreements	at least 100% of the exposure to the counterparty
Lending of portfolio securities	at least 100% of the exposure to the counterparty
OTC derivatives	Such collateral to ensure, in any event, that counterparty exposure is managed within the limits set out in section of the Prospectus headed <b>Investment Restrictions</b>

**3. Haircut policy**

In advance of entering into OTC derivative transactions and repurchase and reverse repurchase agreements, the Investment Manager will determine what haircut is acceptable for each class of asset received as collateral and will be set out in the agreement with the relevant counterparty or otherwise documented at the time of entering into such agreement. Such haircut will take into account the characteristics of the asset such as the credit standing or price volatility of the assets received as collateral as well as the outcome of any stress test performance in accordance with the Central Bank's requirements. In respect of securities lending, the Investment Manager does not apply a haircut to the non-cash assets received as collateral but instead, in accordance with market practice, operates a policy of over-collateralisation whereby collateral is marked to market on an on-going basis. Counterparties may be required to post additional collateral from time to time.

**4. Operational costs/fees**

The Company may deduct direct and indirect operational costs and fees incurred in the use of efficient portfolio management techniques from the revenue delivered to the Company from the use of such techniques. These costs and fees shall be charged at normal commercial rates and shall not include hidden revenue. The Investment Manager does not receive costs or fees of this type. The entities to which such direct and indirect operational costs and fees are paid (including whether such entities are related to the Company or Depositary) will be disclosed in the Company's annual report. All revenues from efficient portfolio management techniques, net of direct and indirect operational costs will be returned to the Fund.