

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

**Promoter and Distributor**  
**Morgan Stanley & Co International plc**

**Supplement dated 18 February 2014**  
**for**  
**INDUS SELECT ASIA PACIFIC FUND**

This Supplement contains specific information in relation to the **Indus Select Asia Pacific Fund** (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 Indus Capital Advisors (Hong Kong) Limited (the “Investment Manager”).

**This Supplement forms part of and should be read in conjunction with the Prospectus for the Fund dated 18 February 2014 (the Prospectus).**

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

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.

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## 1. INVESTMENT OBJECTIVE AND POLICIES

### 1.1. Investment Objective

The investment objective of the Sub-Fund is to seek capital appreciation over the long-term.

### 1.2. Investment Policy

The Sub-Fund will seek to achieve its objective principally through long term investment in equities and equity related securities including, without limitation, common stock, convertible bonds, warrants, preferred stock and depository receipts, of companies whose registered office or principal place of business is in the Asia Pacific region (including Japan) or that have substantial assets or significant cash flows from the Asia Pacific region. The Sub-Fund may also invest in equities and equity related securities of companies located in other geographic locations such as India or the United States.

Indus Capital Advisors (Hong Kong) Limited, the investment manager of the Sub-Fund, (the “**Investment Manager**”), has researched and analysed securities in the course of advising Indus Capital Partners, LLC (its parent company), which itself manages several long/short private investment funds focused in Japan, Asia Pacific and emerging markets. The Investment Manager has identified what it regards as attractive investment opportunities for long-term growth and development. Accordingly, the Sub-Fund’s portfolio will almost exclusively consist of what the Investment Manager believes to be among its “best long-only” companies in the Asia Pacific region.

The Investment Manager will not be strictly limited with respect to the markets or instruments in which it may invest on behalf of the Sub-Fund. Companies of all sizes and geographic locations (although with a primary focus on the Asia Pacific region) will be considered for investment. It is anticipated that market capitalisation of securities will not be less than US\$750 million. In order to maintain flexibility and to capitalize on investment opportunities as they arise, the Investment Manager is not required to invest any particular percentage of the Sub-Fund’s portfolio in any type of investment, strategy, country or region and the amount of the Sub-Fund’s portfolio that is invested in any type of investment or that is weighted in different strategies, countries, regions or sectors, can change at any time based on the availability of attractive market opportunities; provided, however, that it is anticipated that the Sub-Fund will invest primarily in the Asia Pacific region.

The Sub-Fund may, subject to the requirements laid down by the Central Bank, enter into financial derivative instrument (“**FDI**”) transactions both for investment and efficient portfolio management purposes. These may include swaps, options, futures, options on futures, and forward currency exchange contracts. For example: (i) equity swaps may be utilised for efficient cash management to minimise taxes on the purchase or sale of equities or for access to certain issuers / and jurisdictions; (ii) single name options may be utilised to hedge out the risk associated with an industry or gain exposure to an issuer; (iii) index futures on broad based indices may be utilised in order to hedge the equity portion of the portfolio from movements in the general equity market; and (iv) options on futures may be utilised to quantify the potential loss from a contract expiring in a loss position. In addition, for example, FDI may be used to seek to hedge against the risk of adverse currency movements between the Currency Hedged Share Classes as described under Classes of Shares below. For further information on the types of FDIs that the Sub-Fund may enter into please see the section entitled **Information on the Financial Derivative Instruments** below.

The Sub-Fund will be leveraged through the use of FDI. The Sub-Fund’s leverage will not exceed 100% of its Net Asset Value. Investment in FDI may increase the risk profile of the Sub-Fund.

The Sub-Fund may invest in ancillary liquid assets for cash management purposes which may include bank deposits, certificates of deposit, investment grade fixed or floating rate debt instruments, investment grade commercial paper and freely transferable promissory notes.

The investments of the Sub-Fund (other than permitted unlisted investments) will be listed or traded on the Markets referred to in Appendix II of the Prospectus.

The Sub-Fund may enter into repurchase, reverse repurchase and stock lending agreements subject to the conditions and limits laid down by the Central Bank for efficient portfolio management purposes.

## **Profile of a Typical Investor**

Investment in the Sub-Fund is suitable for investors seeking a long-term appreciation of capital. Shares in the Sub-Fund will be 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. CERTAIN TRADING POLICIES OF THE INVESTMENT MANAGER**

### **Allocation of Investments**

It is the Investment Manager's (and its affiliates') policy that neither the Sub-Fund nor any other clients of the Investment Manager (the "**Other Clients**") shall receive inappropriate preferential treatment or otherwise be treated unfairly. Due to the differences in investment objectives and strategies, risk tolerance, tax status and other criteria between the Sub-Fund and the Other Clients, there are and will be differences among the investments of the Sub-Fund and those of Other Clients. In addition to those factors, the Investment Manager may also consider one or more of the following factors when determining the allocation of investment opportunities between the Sub-Fund and the Other Clients: legal and/or regulatory restrictions, account size, the portion of the portfolio invested, the nature of the security to be allocated, size of available positions, supply and demand for a security at a given price level, current market conditions, timing of cash flows and account liquidity. In light of these differing factors, there are circumstances where: (i) the Sub-Fund and all Other Clients participate in a given investment; (ii) only the Sub-Fund or certain Other Clients participate and/or (iii) the Sub-Fund and certain or all Other Clients invest at different times, levels and prices, in each case as determined by the Investment Manager in the manner that it believes is in the overall best interests of the Sub-Fund and the Other Clients.

Certain Other Clients may pursue investment objectives, strategies and styles similar to each other or to that of the Sub-Fund and accordingly, such Other Clients and the Sub-Fund may invest in the same or similar securities but also, due to the allocation factors described above, may take different action with respect to a particular security or securities. These considerations may cause the Investment Manager to recommend differing investment approaches or specific positions to the Sub-Fund and certain Other Clients. The Investment Manager may also take investment action or give investment advice that differs among the Sub-Fund and certain Other Clients. For example, the Investment Manager may buy securities on behalf of the Sub-Fund while selling simultaneously the same securities on behalf of certain Other Clients. Alternatively, the Investment Manager may take a long position in a security on behalf of the Sub-Fund while maintaining a short position in that same security on behalf of certain Other Clients, in each case within the investment objectives of the Sub-Fund and such Other Clients and within the investment viewpoint of the Investment Manager.

### **Aggregation of Orders**

From time to time, the Investment Manager (and its affiliates) may, but is not required to, aggregate orders for purchases or sales of securities on behalf of the Sub-Fund and certain Other Clients. Aggregated trade orders will be made by the Investment Manager in a manner that it considers to be fair, and consistent with its fiduciary duties. The Sub-Fund and the Other Clients participating in aggregated trade orders do not always pay (or receive) average share price with respect to securities transactions. In the event that purchase or sale orders are placed at the same time with the same order instructions (i.e., position amounts, price limits, etc.), the Sub-Fund and the Other Clients participating in such aggregated trade orders will generally participate on an average share price basis. In circumstances where trade orders contain different instructions or limitations or, are placed at different times, the Sub-Fund and the Other Clients that place such trade orders will generally pay (or receive) prices corresponding to the executed transactions based on order instructions and timing of trades. Personnel of the Investment Manager responsible for trading securities on behalf of the Sub-Fund and the Other Clients typically monitor the markets in which the Investment Manager trades in an effort to

increase flexibility and efficiency of the Investment Manager's trading practices in order to maximize benefits for the Sub-Fund and the Other Clients.

### **Trade Error Policy**

Consistent with its fiduciary duties, the Investment Manager's policy is to take the utmost care in making and implementing investment decisions for the Sub-Fund. In the event that a trade error is made on behalf of the Sub-Fund, the Investment Manager will, when possible, attempt to break or otherwise correct the trade as promptly as practicable.

## **4. INFORMATION ON THE FINANCIAL DERIVATIVE INSTRUMENTS**

**Swaps.** These include interest rate swaps, total return swaps, swaptions and currency swaps. An interest rate swap involves the exchange by the Sub-Fund with another party of their respective commitments to pay or receive cash flows. 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. A swaption is an option granting its owner the right but not the obligation to enter into an underlying swap. A currency swap is a foreign exchange agreement between two parties to exchange principal and fixed rate interest payments on a loan in one currency for principal and fixed rate interest payments on an equal loan in another currency.

**Options.** The Sub-Fund may also enter into options traded over-the-counter (or OTC options). Unlike exchange traded options, which are standardised with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC options are generally established through negotiation with the other party to the option contract. A call option on an investment is a contract under which the purchaser, in return for a premium paid, has the right to buy the securities underlying the option at the specified exercise price at any time during the term of the option. A put option is a contract that gives the purchaser, in return for a premium paid, the right to sell the underlying securities at the specified exercise price during the term of the option. Index put options may be purchased provided that all of the assets of the Sub-Fund, or a proportion of such assets which may not be less in value than the exercise value of the put option purchased, can reasonably be expected to behave in terms of price movement in the same manner as the options contract.

**Futures and Options on Futures.** The sale of a futures contract creates an obligation by the seller to deliver the type of financial instrument called for in the contract in a specified delivery month for a stated price. The purchase of a futures contract creates an obligation by the purchaser to pay for and take delivery of the type of financial instrument called for in the contract in a specified delivery month, at a stated price.

**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.

## **5. INVESTMENT MANAGER**

The Company has appointed the Investment Manager to manage the investment and re-investment of the assets of the Sub-Fund.

The Investment Manager is a member firm of an investment management group specialising in investment in international equity securities focusing particularly on the Asia Pacific region, Japan and emerging markets. The Investment Manager's address is 3208 ICBC Tower, 3 Garden Road, Central, Hong Kong.

The Investment Manager is registered with, and holds a license for portfolio management from, the Hong Kong Securities and Futures Commission. As at 31 December 2013, the Investment Manager has approximately US\$ 1.1 billion assets under management.

The Company has appointed the Investment Manager as investment manager for the Sub-Fund pursuant to an investment management agreement between the Company and the Investment Manager dated 21 October 2010, as amended from time to time (the "Agreement").

The Agreement provides that the Investment Manager shall be responsible for loss to the Company to the extent such loss is due to negligence (whether through an act or omission), wilful default or fraud by itself, its directors, officers, servants, employees, agents and appointees. The Investment Manager

shall also be liable to the Company for contractual breach of the Agreement and for its tortious conduct, breach of fiduciary duty and any misrepresentation made by or on behalf of the Investment Manager to the Company in connection with the Agreement. The Company shall indemnify and keep indemnified and hold harmless the Investment Manager from and against any and all actions, proceedings, claims, demands, losses, damages, costs and expenses directly or indirectly suffered or incurred by the Investment Manager as a consequence of any breach by the Company of any term of the Agreement.

The Agreement shall continue in force until terminated pursuant to the Agreement. Either party may terminate the Agreement on giving not less than three months' prior written notice (or such other period as may be agreed between the parties). The Agreement may be terminated at any time in the circumstances set out in the Agreement.

## 6. RISK MANAGER

Pursuant to a risk management agreement dated 26 August 2010 (the "**Risk Management Agreement**"), Morgan Stanley & Co. International plc (the "**Promoter**") has agreed to provide certain Sub-Funds of the Company, including the Sub-Fund, with risk management and compliance reporting services in accordance with the Risk Management Agreement and the risk management processes in respect of the Sub-Funds.

The Agreement provides that the Promoter shall not be liable for any loss, damage or expense (including, without limitation, reasonable legal counsel and professional fees and other costs and expenses incurred in connection with the defence of any claim, action or proceedings) directly suffered or incurred by the Company or the Sub-Fund arising directly out of any act or omission done or suffered by the Promoter (its directors, officers, servants, employees, delegates or sub-contractors) in the performance or non-performance of its duties thereunder, save for such loss, damage or expense as shall directly result from the negligence, bad faith, wilful default or fraud of the Promoter (its directors, officers, servants, employees, delegates or sub-contractors) in the performance or non-performance of its duties under this Agreement. In no circumstance shall the Promoter be liable for any indirect, special or consequential losses of the Company or the Sub-Fund or any other party arising from the performance or non-performance of its duties thereunder.

The Agreement shall continue in force until terminated pursuant to the Risk Management Agreement. Either party may terminate the Agreement on giving not less than 90 days' written notice at any time. The Agreement may also be terminated at any time in the circumstances set out in the Agreement.

## 7. 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 Custodian 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 will be leveraged through the use of FDI. The Sub-Fund's leverage will not exceed 100% of its Net Asset Value.

## 8. RISK FACTORS

8.1. The risk factors set out in the section entitled **Risk Factors** in the Prospectus apply. Shareholders are urged to read section 16.11 of the Prospectus entitled **Emerging Markets** for information on the risks associated with investment in such markets.

8.2. The following additional risk factors also apply:

### 8.3. **Absence of Prior Active Market**

The Sub-Fund is new and thus has no operating history.

## 9. CURRENCY RISK

The Base Currency of the Sub-Fund is US Dollar. Shareholders may subscribe in Euro or Pound Sterling into the EUR or GBP denominated Share classes respectively.

The EUR and GBP denominated Share classes are Currency Hedged Share Classes. Shareholders in the Currency Hedged Share Classes are urged to read the section of the Prospectus entitled **Hedged Share Classes** for information on the currency risks associated with investment in those Share classes.

## 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

US Dollar

### Classes of Shares

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

Class	Currency Denomination	Currency Hedged Shares	Initial Issue Price per Share	Minimum Initial Subscription	Management Charge	Performance Fee	Minimum Subsequent Subscription /Minimum Repurchase Amount	Minimum Holding (Number of Shares)
<b>Class A EUR Shares</b>	Euro	Yes	€1000	€1,000,000	1%	15%	€10,000	1,000 Shares
<b>Class A USD Shares</b>	US Dollar	No	\$1000	US\$1,000,000	1%	15%	\$10,000	1,000 Shares
<b>Class A GBP Shares</b>	Pound Sterling	Yes	£1000	£1,000,000	1%	15%	£10,000	1,000 Shares
<b>Class B EUR Shares</b>	Euro	Yes	€1000	€1,000,000	1.5%	N/A	€10,000	1,000 Shares
<b>Class B USD Shares</b>	US Dollar	No	\$1000	US\$1,000,000	1.5%	N/A	\$10,000	1,000 Shares
<b>Class B GBP Shares</b>	Pound Sterling	Yes	£1000	£1,000,000	1.5%	N/A	£10,000	1,000 Shares
<b>Class C EUR Shares</b>	Euro	Yes	€1000	€1,000,000	1.5%	15%	€10,000	1,000 Shares
<b>Class C USD Shares</b>	US Dollar	No	\$1000	US\$1,000,000	1.5%	15%	\$10,000	1,000 Shares
<b>Class C GBP Shares</b>	Pound Sterling	Yes	£1000	£1,000,000	1.5%	15%	£10,000	1,000 Shares
<b>Class D EUR Shares</b>	Euro	Yes	€1000	€1,000,000	2%	N/A	€10,000	1,000 Shares

<b>Class D USD Shares</b>	US Dollar	No	\$1000	US\$1,000,000	2%	N/A	\$10,000	1,000 Shares
<b>Class D GBP Shares</b>	Pound Sterling	Yes	£1000	£1,000,000	2%	N/A	£10,000	1,000 Shares
<b>Class E USD Shares</b>	US Dollar	No	\$1000	US\$100,000	N/A	N/A	\$50,000	N/A

The limits set out above may be raised, lowered or waived at the discretion of the Directors (or their delegate). Shareholders will be notified of any permanent change to the Minimum Initial Subscription Amount, the Minimum Subsequent Subscription Amount, the Minimum Holding and/or the Minimum Repurchase Amount. The Company has the power to redeem the remaining holding of any Shareholder who redeems his holding of Shares in any Share class to below the Minimum Holding.

The Class A EUR Shares, Class A USD Shares, Class A GBP Shares, Class B EUR Shares, Class B USD Shares and Class B GBP Shares comprised the initial investor share classes and are no longer being offered.

Class E USD Shares are only available to investors who have agreed separate fee arrangements with the Investment Manager.

The EUR and GBP denominated Share classes are Currency Hedged Share Classes. In respect of the Currency Hedged Share Classes the Investment Manager will seek to hedge against the risk of currency movements between the Base Currency of the Sub-Fund and the currency in which the relevant Currency Hedged Share Class is denominated. Investors in EUR and GBP denominated Share classes are referred to the description and risks related to Currency Hedged Share Classes in section 16.5 of the Prospectus.

Investors must subscribe into a Share class in the currency in which that Share class is denominated. Repurchase payments are also made in the currency in which the relevant Share class is denominated.

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

#### **Initial Offer Period for each Share class**

The Class A USD Shares and Class B USD Shares are issued at their Net Asset Value per Share on each Dealing Day.

The initial offer period for all Share Classes other than the Class A EUR Shares, Class A USD Shares, Class A GBP Shares, Class B EUR Shares, Class B USD Shares and Class B GBP Shares shall be from 9.00 a.m. (Irish time) on 22 October 2010 until 2.00 p.m. (Irish time) on 31 July 2014 as may be shortened or extended by the Directors in accordance with the requirements of the Central Bank.

#### **Dealing Day and Business Day**

Every day (except legal public holidays in the United Kingdom and Ireland and days on which the stock markets in London are closed) during which banks in Ireland and the United Kingdom are open for normal business and such other day or days as the Directors may from time to time determine and notify in advance to Shareholders, provided that in any event there shall be at least one Dealing Day per fortnight.

#### **Dealing Deadline**

12 midday Irish time on the Business Day preceding the relevant Dealing Day.

The Directors may, in their discretion and on an exceptional basis 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**

In the case of subscriptions, by 12 midday Irish time, 3 Business Days after the relevant Dealing Day. In the case of repurchases, within 5 Business Days after the relevant Dealing Day.

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 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.

### **Redemption Gate**

The provisions of section 19 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 only apply where the Net Asset Value of the Sub-Fund exceeds €200 million.

In the case of the Sub-Fund, where the Net Asset Value of the Sub-Fund remains less than €200 million, if total requests for repurchase on any Dealing Day exceed 25% of the total number of Shares in the Sub-Fund or 25% of the Net Asset Value of the Sub-Fund, the Directors may in their discretion refuse to redeem any Shares in excess of 25%. Any request for repurchase on such Dealing Day shall be reduced rateably and the repurchase requests shall be treated as if they were received on each subsequent Dealing Day until all the Shares to which the original request related have been repurchased. With respect to any application received in respect of the initial Dealing Day, to the extent that subsequent applications shall be received in respect of following Dealing Days, such later applications shall be postponed in priority to the satisfaction of applications relating to the initial Dealing Day, but subject thereto shall be dealt with as set out in the preceding sentence.

### **Dilution Levy**

Notwithstanding the provisions of the Prospectus, no anti-dilution levy will apply to any subscriptions or redemptions in respect of the Sub-Fund.

## **12. CHARGES AND EXPENSES**

### **Initial and Repurchase Charges**

The Sub-Fund may on any Dealing Day require a Shareholder to pay an initial charge of up to 5% of the issue price of Shares of the relevant class on that Dealing Day. Any initial charge received by the Sub-Fund may be paid to the Distributor, or any sub-distributor or intermediary, who has the discretion to waive or rebate such charge.

The Sub-Fund may on any Dealing Day require a Shareholder to pay a charge for the exchange of Shares of any class of up to 3% of the total repurchase price of the Shares of the Original Class on that Dealing Day.

The Sub-Fund may on any Dealing Day require a Shareholder to pay a repurchase charge of up to 3% of the repurchase price of Shares of the relevant class on that Dealing Day. The amount of any such charge will be deducted from the amount to be paid by the Sub-Fund to the Shareholder in respect of Shares to be repurchased.

The Sub-Fund may also impose an anti-dilution levy or adjustment on 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 Company will pay to the Investment Manager from the assets attributable to each class of Shares of the Sub-Fund the following fees which are based on a percentage of net assets attributable to such class of Shares, which is accrued daily and paid monthly in arrears at an annual rate set out below:-

1% per Class A EUR Share, Class A USD Share and Class A GBP Share (collectively the “**Class A Shares**”)

1.5% per Class B EUR Share, Class B USD Share and Class B GBP Share (collectively the “**Class B Shares**”)

1.5% per Class C EUR Share, Class C USD Share and Class C GBP Share (collectively, the “**Class C Shares**”)

2% per Class D EUR Share, Class D USD Share and Class D GBP Share (collectively, the “**Class D Shares**”)

## **Performance Fee**

In addition to the Management Charge the Investment Manager is entitled to a performance fee (the “Performance Fee”) in relation to the Class A Shares and the Class C Shares. If applicable, the Performance Fee will be paid out of the net assets attributable to the relevant Share Class.

The Performance Fee shall be calculated and shall accrue at each Valuation Day and the accrual will be reflected in the Net Asset Value per Share of the relevant Share Class. The Performance Fee will be paid annually in arrears as soon as practicable after the close of business on the Business Day following the end of the relevant Performance Period.

The Performance Fee shall be calculated in respect of each period of twelve months beginning on 1 January and ending on the following 31 December (a “Performance Period”). The first Performance Period shall begin from the end of the Initial Offer Period of the relevant Share Class and shall finish on 31 December 2010.

The Performance Fee for each Performance Period shall be equal to 15% of the amount, if any, by which the Net Asset Value of the relevant Share Class exceeds the Indexed Net Asset Value of such Share Class on the last Business Day of the Performance Period, subject to the Net Asset Value of the relevant Share Class before performance fee accrual being above the High Water Mark. In addition, the Performance Fee with respect to any redemptions of Shares during the Performance Period will crystallise and become payable within 14 days of redemption date.

“Indexed Net Asset Value” means in respect of the initial Performance Period for a Share Class the Initial Offer Price of the relevant Share Class multiplied by the number of Shares of such Share Class issued during the Initial Offer Period, increased or decreased on each Dealing Day by the value of any subscriptions or redemptions of Shares which have taken place since the Initial Offer Period, adjusted by the Benchmark Return over the course of the Performance Period. For each subsequent Performance Period for a Share Class the “Indexed Net Asset Value” means either (i) where a Performance Fee was payable in respect of the prior Performance Period, the Net Asset Value per Share of the relevant Share Class at the beginning of the Performance Period multiplied by the number of Shares of such Share Class in issue at the beginning of such Performance Period, increased or decreased on each Dealing Day by the value of any subscriptions or redemptions of Shares which have taken place since the beginning of such Performance Period, adjusted by the Benchmark Return over the course of the Performance Period; or (ii) where no Performance Fee was payable in respect of the prior Performance Period, the Indexed Net Asset Value of the relevant Share Class at end of the prior Performance Period, increased or decreased on each Dealing Day by the value of any subscriptions or redemptions of Shares which have taken place since the beginning of such Performance Period, adjusted by the Benchmark Return over the course of the Performance Period.

“High Water Mark” means in respect of the initial Performance Period for a Share Class the Initial Offer Price of the relevant Share Class multiplied by the number of Shares of such Share Class issued during the Initial Offer Period, increased or decreased on each Dealing Day by the value of any subscriptions or redemptions of Shares which have taken place since the Initial Offer Period. For each subsequent

Performance Period for a Share Class the “High Water Mark” means either (i) where a Performance Fee was payable in respect of the prior Performance Period, the Net Asset Value per Share of the relevant Share Class at the beginning of the Performance Period multiplied by the number of Shares of such Share Class in issue at the beginning of such Performance Period, increased or decreased on each Dealing Day by the value of any subscriptions or redemptions of Shares which have taken place since the beginning of such Performance Period; or (ii) where no Performance Fee was payable in respect of the prior Performance Period, the High Water Mark of the relevant Share Class at end of the prior Performance Period, increased or decreased on each Dealing Day by the value of any subscriptions or redemptions of Shares which have taken place since the beginning of such Performance Period. Accordingly, no Performance Fee will be payable in respect of a Share Class unless it has exceeded the highest Net Asset Value per Share at which a Performance Fee was last paid, or the issue price of that Share Class, whichever is higher.

“Benchmark Return” means the performance of the MSCI (All Country) Asia Pacific Index (USD) (the “Index”) over the course of the Performance Period. The Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia. The Index consists of the following 13 developed and emerging market country indices: Developed: Australia, Hong Kong, Japan, New Zealand, Singapore; Emerging: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The Performance Fee shall be calculated by the Administrator and verified by the Custodian.

If the Investment Management Agreement is terminated, the fees due to the Investment Manager shall be calculated on the basis of a Performance Period ending on the last day on which the Investment Management Agreement is in effect, subject to a pro rata adjustment based on the number of days elapsed in the current Performance Period as a percentage of the total number of days in the Performance Period.

The Directors may, with the consent of the Investment Manager, waive or reduce any portion of the Performance Fee.

For the avoidance of doubt, the calculation of any Performance Fee shall include all income and net realised and unrealised gains and losses. Investors shall note that Performance Fees may be paid on unrealised gains, which may subsequently never be realised.

### **Risk Management, Administrator’s and Custodian’s Fees**

The Company will pay the Promoter, out of the assets of the Sub-Fund, a fee, which will not exceed 0.40% per annum of the net assets of the Sub-Fund and will be accrued daily and paid monthly in arrears.

The Promoter will, inter alia, pay the fees and expenses of the Administrator and Custodian in full out of this fee and will be entitled to retain any excess after payment of such fees for risk management services provider by the Promoter.

Notwithstanding the above, any transaction charges, reasonable fees and customary agents’ charges due to any sub-custodian (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 Custodian, shall be reimbursed to the Custodian out of the assets of the Sub-Fund.

### **Ongoing Charges and Expenses**

The additional charges and expenses specified in the section entitled **Ongoing Charges and Expenses** in the Prospectus will, save in respect of the fees of the Distributor, be paid out of the assets of the Sub-Fund.

## **13. HOW TO SUBSCRIBE FOR SHARES**

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.

#### **14. HOW TO REPURCHASE SHARES**

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.

#### **15. 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.

#### **16. ESTABLISHMENT CHARGES AND EXPENSES**

The cost and expenses of establishing the Sub-Fund will be paid by Morgan Stanley & Co International plc.

#### **17. OTHER CHARGES AND EXPENSES**

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

#### **18. OTHER INFORMATION**

As at the date of this Supplement there are twenty-two other sub-funds of the Fund currently in existence, Emerging Markets Equity Fund, Salar Convertible Absolute Return Fund, MS PSAM Global Event UCITS Fund, MS Algebris Global Financials UCITS Fund, Indus PacifiChoice Asia Fund, MS SOAM U.S. Financial Services UCITS Fund, MS Cohen & Steers Global Real Estate L/S Fund, MS Alkeon UCITS Fund, MS Ascend UCITS Fund, MS Perella Weinberg Partners Tökum Long/Short Healthcare UCITS Fund, RiverCrest European Equity Alpha Fund, MS Claritas Long Short Market Neutral UCITS Fund, MS SLJ Macro UCITS Fund, MS QTI UCITS Fund, MS Turner Spectrum UCITS Fund, MS Short Term Trends UCITS Fund, MS Long Term Trends UCITS Fund, MS Discretionary Plus UCITS Fund, MS Swiss Life Multi Asset Protected Fund; MS Dalton Asia Pacific UCITS Fund, MS Broadmark Tactical Plus UCITS Fund and MS TCW Unconstrained Plus Bond Fund.