

FundLogic Alternatives plc

MS ASCEND UCITS FUND

SIMPLIFIED PROSPECTUS

26 August 2011

This Simplified Prospectus contains key information in relation to the MS Ascend UCITS Fund (the “Sub-Fund”), a sub-fund of FundLogic Alternatives plc (the “Company”). The Company was incorporated on 28 April 2010 and is an umbrella open-ended investment company authorised by the Central Bank of Ireland (the “Central Bank”) under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (the “Regulations”). The Company currently has eleven funds, the Sub-Fund, MS PSAM Global Event UCITS Fund, Salar Convertible Absolute Return Fund, Indus Select Asia Pacific Fund, Emerging Markets Equity Fund, Indus PacificChoice Asia Fund, MS Algebris Global Financials UCITS Fund, MS SOAM U.S. Financial Services UCITS Fund, MS Cohen & Steers Global Real Estate L/S Fund, MS Alkeon UCITS Fund and MS Perella Weinberg Partners Tökum Long/Short Healthcare UCITS Fund.

Potential investors are advised to read the Prospectus of the Company dated 27 July 2010 and the Supplement dated 26 August 2011 (together the Prospectus) before making an investment decision on whether or not to invest in the Sub-Fund. The rights and duties of the investor as well as the legal relationship with the Company are laid down in the Prospectus. If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or an independent financial advisor. Words and terms defined in the Prospectus have the same meaning in this Simplified Prospectus, unless the context otherwise requires.

Capitalised terms used herein (but not defined herein) have the meanings attributed to them in the Prospectus.

The base currency of the Sub-Fund is US Dollar.

Investment Objective:	The Sub-Fund’s investment objective is to provide Shareholders with a return linked to the performance of a reference portfolio (the “ Reference Portfolio ”).
Investment Policy:	<p>The Sub-Fund is exposed to the economic performance of the Reference Portfolio through a total return swap (the “Portfolio Total Return Swap”). The Portfolio Total Return Swap will give the Sub-Fund economic exposure to the Reference Portfolio in exchange for a floating rate of return being paid by the Sub-Fund. The performance of the Sub-Fund will primarily be determined by the performance of the Reference Portfolio.</p> <p>The Sub-Fund expects to purchase Funding Assets (as defined below) and transfer the economic interest in such Funding Assets (as defined below) to the Approved Counterparty under a total return swap (the “Funding Swap”) in exchange for a floating rate of return being received by the Sub-Fund from the Approved Counterparty. This floating rate of return shall in turn be paid to the Approved Counterparty under the Portfolio Total Return Swap referred to above.</p> <p>The Reference Portfolio is a notional portfolio representative of a dynamically managed portfolio of investments primarily consisting of long and short equity positions which will be made by the Investment Manager in implementing its strategy to generate superior risk-adjusted returns over a broad range of market environments (the “Ascend Investment Strategy”). The Reference Portfolio may also consist of other instruments such as fixed income securities, collective investment schemes and financial derivative instruments (“FDIs”) as set out in</p>

	<p>further detail in Underlying Instruments of the Reference Portfolio below.</p> <p><i>Ascend Investment Strategy</i></p> <p>The Ascend Investment Strategy is proprietary to the Investment Manager. The strategy is a variation of the “Jones Model” investing strategy with the intention of achieving capital appreciation in a broad range of market environments. The Jones Model is an investment strategy whereby the portfolio is long securities and short securities, and which seeks to hedge against market fluctuations. The Ascend Investment Strategy is focused on targeting absolute returns rather than returns that are correlated to the broad stock market. The Investment Manager invests in companies it identifies through a disciplined process involving thorough bottom-up fundamental research.</p> <p>The Ascend Investment Strategy’s emphasis is primarily on individual equity securities in the U.S. markets referred to in Appendix II of the Prospectus.</p> <p><i>Ascend Investment Process</i></p> <p>The net market exposure of the Reference Portfolio may vary significantly depending on the Investment Manager’s assessment of shifting economic and market conditions as well as particular long and short investing opportunities; consequently, the Reference Portfolio has neither a long nor short bias.</p> <p><u><i>Long Portfolio Investments</i></u></p> <p>For the Reference Portfolio’s long positions, the Investment Manager employs “bottom-up” fundamental analysis to identify companies that may display some or all of the following characteristics:</p> <ul style="list-style-type: none"> • Improving revenue and earnings growth • Strong cash flow and/or access to capital • Competitive advantage and/or dominant industry position • High barriers to entry exist with respect to the company’s existing business • New, innovative, or revolutionary products • Proven, strong management team • Short- or intermediate-term “catalysts” to propel market price of stock upwards • Undiscovered value/hidden assets on the company’s balance sheet • Business of company is in out-of-favor industries resulting in low valuation • Favorable risk/reward ratio with high probability of success • Not well covered by Wall Street analysts <p><u><i>Short Portfolio Investments</i></u></p> <p>For the Reference Portfolio’s short positions, the Investment Manager employs “bottom-up” fundamental analysis to identify companies that may display some or all of the following characteristics:</p> <ul style="list-style-type: none"> • Deteriorating financial performance and/or condition • Balance sheet irregularities and/or questionable accounting practices • Decelerating earnings • Product cycle dislocations • Equity dilution • Weak or inept management team • Flawed business model • Misrepresentations and/or unrealistic projections by management • Increasing competition and/or market-share laggard • A clear catalyst that is expected to cause the stock price to decline significantly
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	<p>Short positions will, in general, not be selected solely on an “over valuation” basis.</p> <p>The Investment Manager believes that entrepreneurial companies that identify and capitalize on emerging trends present compelling opportunities in many different market conditions and can experience rapid and dramatic periods of growth. Such periods are often attributable to specific “catalysts” such as innovative or proprietary products and services, a shift in the competitive landscape, management changes, or redeployment of company assets.</p> <p>The Investment Manager utilizes numerous sources to identify these companies. An initial source is an extensive network of national and regional brokers, analysts, and investment bankers who maintain close contacts with company executives and local entrepreneurs. Additional sources include screening software (to identify companies producing positive or negative earnings reports and specific financial criteria as well as stocks experiencing sizeable price moves), industry publications, the financial press, news wires, buy-side contacts, and the internet.</p> <p>After an idea has been generated, the Investment Manager will perform an in-depth investigation and analysis. This process may include interviews with management, customers, suppliers, competitors, industry specialists, and others. The Investment Manager believes that its idea generation system and extensive investment industry experience provides it with a strategic advantage in amassing vital information, dissecting financial statements, forecasting future operating performance, and assessing market conditions to make insightful and effective market decisions.</p> <p>After carefully selecting securities that have been filtered through a variety of analytic methods as well as through the Investment Manager’s evaluation process, the Investment Manager will continue to monitor the impact of industry diversification as well as the potential effect of general macro-economic factors on performance of the Reference Portfolio. The risks and/or rewards of each industry group and economic sector will be analyzed in order to avert hidden risks or limited return potential within the Reference Portfolio. The percentage of long versus short positions will vary depending on opportunities that become available. The Reference Portfolio is designed to be flexible, maintaining a favorable risk/reward profile that strives to provide superior long-term investment performance while guarding against unforeseen events and potential risks.</p> <p>The Investment Manager will generally close out a long or short position if one or more of the following characteristics are present:</p> <ul style="list-style-type: none"> • Security reaches target price or stop loss price • The Investment Manager’s investment view in respect of the security is correct • Events fail to confirm the Investment Manager’s investment view in respect of the security • Fundamentals either deteriorate (in the case of a long position) or improve (in the case of a short position), thus changing the risk-reward profile <p><i>Underlying Instruments of the Reference Portfolio</i></p> <p>Although the Ascend Investment Strategy focuses on equity and equity-related securities that are publicly traded, it may pursue a highly diverse range of instruments.</p> <p>The Reference Portfolio will seek to achieve maximum capital appreciation by investing primarily in equity and equity-related securities including common stock, preferred shares, convertible securities, fixed income securities (both corporate and government), exchange traded funds (“ETFs”), publicly traded as well as over-the-counter options and warrants. The Reference Portfolio will primarily invest in equity securities of companies with market capitalizations of greater than \$500 million,</p>
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	<p>however it may invest in certain companies regardless of the issuer's market capitalization. Such investments may include companies having smaller market capitalizations, such as mid-cap and small-cap stocks.</p> <p>Convertible securities include preferred shares and convertible debt (including convertible bonds) or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula.</p> <p>The fixed income securities in which the Reference Portfolio may invest may have any rating (including below investment grade) and may be unrated and be either fixed or floating and government or corporate. Fixed income securities will be deemed to be below investment grade, if they have a rating BB+ and/or lower by Standard & Poor's, or an equivalent rating by any of the other principal rating agencies or, if unrated, are determined to be below investment grade by the Investment Manager. No more than 30% of the net asset value of the Reference Portfolio may be invested in below investment grade securities.</p> <p>No more than 20% of the net asset value of the Reference Portfolio may be invested in collective investment schemes, which provide exposure to listed and unlisted equities and debt securities and are consistent with the investment objective of the Sub-Fund. ETFs may be used by the Reference Portfolio in seeking maximum capital appreciation or for hedging purposes. Typically, an ETF holds a portfolio of common stocks designed to track the performance of a particular index or a "basket" of stocks of companies within a particular industry sector or group. Index futures on broad based indices may be utilised in order to hedge the equity portion of the Reference Portfolio from movements in the general equity market. In addition, up to 10% of the net assets of the Reference Portfolio may be comprised of unlisted transferable securities, including commodities related ETFs which are not eligible non-UCITS collective investment schemes but will be eligible as transferable securities under the Regulations.</p> <p>In addition to direct investment in equity securities, the Ascend Investment Strategy will also gain exposure to such securities through the use of FDIs in relation to such securities both for investment and efficient portfolio management purposes. For example: (i) the Reference Portfolio may invest in a variety of options, whether singly or in combination with other options or securities positions, including options on specific securities, as well as market index or "market basket" options, options on currencies or other instruments, for speculative purposes, to increase directional exposure, or in order to seek to limit certain risks, primarily general market risks;(ii) equity swaps and contracts for differences may be utilised for access to certain issuers and jurisdictions or for other investment purposes; (iii) index futures on broad based indices may be utilised in order to hedge the equity portion of the Reference Portfolio from movements in the general equity market or for other investment purposes; and (iv) foreign currency exchange options may be utilised to hedge against underlying currency risk in the Reference Portfolio or for other investment purposes.</p> <p>The Reference Portfolio may, from time to time, hold all or a portion of its assets in cash or cash equivalents (which shall include, but shall not be limited to, short-term fixed income securities including commercial paper (i.e. investment grade short-term paper issued by credit institutions) and money market obligations such as short and medium-term treasury bills and treasury notes (both fixed and floating rate), certificates of deposit and bankers' acceptances, when opportunities are limited or in other circumstances deemed appropriate by the Investment Manager.</p> <p>FDIs in which the Reference Portfolio may invest may be exchange-traded or OTC.</p> <p>This is a summary of the Reference Portfolio. There is no assurance that the Reference Portfolio's objective will be achieved. The strategy may use all or any of</p>
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	<p>these investment techniques and instruments to pursue its investment objective or for hedging purposes</p> <p>The Total Return Swap</p> <p>The Sub-Fund uses two total return swaps, the Portfolio Total Return Swap and the Funding Swap (as defined below) (together, the “Swaps”). The sole Approved Counterparty in respect of the Swaps will be Morgan Stanley & Co International plc (the “Approved Counterparty” or “MSIP”).</p> <p>There are two strategic components to the Swaps: (1) to gain exposure to the economic performance of the Reference Portfolio as described above; and (2) to transfer the economic interest in the “Funding Assets” (as described below) to the Approved Counterparty.</p> <p>It is not accordingly anticipated that the Sub-Fund will be exposed to the performance or risks of the Funding Assets other than in the event of a default by the Approved Counterparty under the terms of the Funding Swap.</p> <p><i>(i) The Portfolio Total Return Swap</i></p> <p>The Portfolio Total Return Swap will give the Sub-Fund the economic exposure to the Reference Portfolio in exchange for a floating rate of return being paid by the Sub-Fund. This will be provided by the Approved Counterparty.</p> <p><i>(ii) The Funding Swap</i></p> <p>The Sub-Fund will purchase Funding Assets (as defined below) and transfer the economic interest in such Funding Assets (as defined below) to the Approved Counterparty pursuant to the Funding Swap in exchange for a floating rate of return being received by the Sub-Fund from the Approved Counterparty. This floating rate of return shall in turn be paid to the Approved Counterparty under the Portfolio Total Return Swap referred to above.</p> <p>“Funding Assets” will include equity securities and other securities with equity characteristics, including, but not limited to, preferred stocks, warrants on equities (which gives the holder the right to buy the underlying equity at a specified price and time) and depository receipts for such securities (American depository receipts traded in the United States markets and global depository receipts traded in other world markets), issued by companies worldwide and which may or may not be constituents of the Reference Portfolio. They may also include debt securities which may include, without limitation, government and corporate bonds and notes (fixed and floating interest rate) and commercial paper and may be rated either above or below “investment grade” by Standard & Poor's and/or Moody's or, if unrated, determined to be of equivalent credit quality by the Investment Manager. Funding Assets also include other collective investment schemes having similar investment objectives and policies to the Sub-Fund and ETFs, however, the Sub-Fund will not invest more than 10 per cent of its Net Asset Value in such schemes. The Investment Manager will determine which securities are included within the Funding Assets.</p> <p>Funding Assets (other than permitted unlisted investments) will be listed or traded on the Markets referred to in Appendix II of the Prospectus. For the avoidance of doubt, the Swaps will not be so listed or traded as they are permitted unlisted investments.</p> <p>The Approved Counterparty will provide collateral to the Sub-Fund to ensure that the Sub-Fund's risk exposure to the Approved Counterparty does not exceed the level required by the Central Bank. The collateral will be in the form required by the Central Bank.</p>
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Risk Profile:	<p>Investment in the Company carries with it a degree of risk including but not limited to the risks referred to in the section entitled “Risk Factors” in the Prospectus and “Risk Factors” in the Supplement. These risks may include risks associated with the absence of a prior active market, currency risk, IPO securities risk, market risk and dependence on key personnel risk.</p> <p>The investment risks described above are not purported to be exhaustive and potential investors should review the Prospectus in its entirety, and consult with their professional advisors, before making an application for shares in the Company.</p>
Performance Data	Not applicable at the date of this document.
Profile of a Typical Investor:	<p>Investment in the Sub-Fund is suitable for investors seeking a long-term appreciation of capital.</p> <p>Shares in the Sub-Fund will be available to both retail and institutional investors.</p>
Distribution Policy:	It is not the intention of the Directors to declare a dividend in respect of any Share Class of the Sub-Fund. 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 of the Sub-Fund.
Fees and Expenses:	<p>Initial and Repurchase Fees:</p> <p>Initial Fee: With respect to Class A EUR Shares, Class A USD Shares and Class A GBP Shares, 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 such Shares on that Dealing Day.</p> <p>With respect to Class P EUR Shares, Class P USD Shares and Class P GBP Shares, the Sub-Fund may on any Dealing Day require a Shareholder to pay an initial charge of up to 3% of the issue price of such Shares on that Dealing Day.</p> <p>Repurchase Fee: No repurchase charge shall be payable in respect of the Shares .</p> <p>Exchange Fee: Up to 3% of the total repurchase price of the Shares of the Original Class on that Dealing Day where the Shares of the Original Class are Class A EUR Shares, Class A USD Shares, or Class A GBP Shares.</p> <p>No anti-dilution levy will apply to any subscriptions or redemptions in respect of the Sub-Fund.</p> <p>Management Charge</p> <p>2.5% of NAV per Class A EUR Share, Class A USD Share and Class A GBP Share (collectively the “Class A Shares”)</p> <p>1.5% of NAV per Class I EUR Share, Class I USD Share and Class I GBP Share (collectively, the “Class I Shares”)</p> <p>1.5% of NAV per Class P EUR Share, Class P USD Share and Class P GBP Share (collectively, the “Class P Shares”)</p>

	<p>No management fee is payable in respect of the Class E USD Shares.</p> <p>Performance Fee</p> <p>The Investment Manager will also be entitled to receive a performance fee (the “Performance Fee”) from the Company in respect of each Class of Shares in the Sub-Fund, of a percentage of the net appreciation in the Net Asset Value of each Class (before deduction of any unrealised accrued Performance Fee but after accrual for all other fees and expenses payable) calculated every twelve months to the end of December of each calendar year, each such period being a “Calculation Period”. “Payment Date” means the date at which the Performance Fee crystallised during a Calculation Period is paid. The Payment Date will be within 14 calendar days of the end of the relevant Calculation Period.</p> <p>For the first Calculation Period which shall be from the close of the relevant initial offer period to 31 December 2011, the “High Water Mark Net Asset Value” means the Net Asset Value per Share at which the relevant Share Class was launched multiplied by the number of Shares of such Share Class in issue at the launch of the relevant Share Class. The initial offer price will be taken as the starting price for the calculation of the initial Performance Fee.</p> <p>During each Calculation Period the High Water Mark Net Asset Value is increased or decreased on each Dealing Day with respect to any subscriptions or redemptions of Shares which have taken place during such Calculation Period. With regard to redemptions, by an amount equal to the percentage which such redemptions represent of the Net Asset Value on the relevant Dealing Day (ie, if a redemption equal to 5% of the Net Asset Value is accepted, the High Water Mark Net Asset Value will be reduced by 5%). With regard to subscriptions, by an amount equal to the value of the subscription.</p> <p>For each subsequent Calculation Period for a Share Class, the “High Water Mark Net Asset Value” means either (i) where a Performance Fee was payable in respect of the prior Calculation Period, the Net Asset Value per Share of the relevant Share Class at the beginning of the Calculation Period multiplied by the number of Shares of such Share Class in issue at the beginning of such Calculation Period, increased or decreased on each Dealing Day with respect to 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 Net Asset Value of the relevant Share Class at the end of the prior Calculation Period, increased or decreased on each Dealing Day with respect to any subscriptions or redemptions of Shares which have taken place since the beginning of such Performance Period.</p> <p>The Performance Fee shall be equal to 20% for Class I, Class P and Class A Shares and 0% for Class E Shares of the amount by which the Net Asset Value exceeds the High Water Mark Net Asset Value as at the end of the relevant Calculation Period, plus any Performance Fee accrued in respect of any Shares which were redeemed during the Calculation Period.</p> <p>For the purposes of the Performance Fee calculation, the Net Asset Value shall be calculated before the deduction of any accrual for Performance Fee for that Calculation Period, other than Performance Fee accrued in the Fund in respect of any Shares which were redeemed during the Calculation Period but not yet paid.</p> <p>No Performance Fee may be accrued until the Net Asset Value exceeds the High Water Mark Net Asset Value. The Performance Fee is accrued on each Dealing Day on the basis of the performance of the Net Asset Value of the Share Class in question during the relevant Calculation Period. If applicable, Performance Fees are deducted from the Sub-Fund attributable to the Class in question, and paid on</p>
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	<p>or before the Payment Date to the Investment Manager.</p> <p>If a Shareholder redeems all or part of their Shares before the end of the Calculation Period, any accrued Performance Fee with respect to such Shares will crystallise on that Dealing Day and will then become payable to the Investment Manager within 14 calendar days of the end of each Calculation Period. When a Performance Fee is crystallised on a redemption of Shares prior to the end of a Calculation Period, it will not be reimbursed to the Sub-Fund despite any poor performance that the Sub-Fund may suffer from the date of such redemption to the end of the relevant Calculation Period.</p>
Taxation:	<p>The Company is an investment undertaking within the meaning of Section 739B of the Irish Taxes Consolidation Act 1997 and is not chargeable to Irish tax on its relevant income or relevant gains, subject to the exceptions as set out in the section entitled "Taxation" in the Prospectus. No Irish stamp duty is payable on the issue, redemption or transfer of shares in the company.</p> <p>Shareholders and potential investors should consult with their professional advisers in relation to the tax treatment of their holdings in the Company.</p>
Publication of Share Price:	<p>The latest Net Asset Value per Share will be available on Bloomberg and will be kept up to date.</p>
How to Buy/ Sell Units/Shares:	<p>Investors may, subject to the provisions of the Prospectus, subscribe for Shares, redeem, exchange or transfer shares on any Dealing Day directly through:</p> <p>Northern Trust International Fund Administration Services (Ireland) Limited George's Court 54-62 Townsend Street Dublin 2 Ireland</p> <p>Tel + 353 1 542 2000 Fax + 353 1 542 2920</p> <p>The minimum initial subscription, minimum subsequent subscription, minimum repurchase amount and minimum holding amount for Shares in the Sub-Fund is as set out in the Prospectus.</p>
Additional Important Information:	<p>Custodian: Northern Trust Fiduciary Services (Ireland) Limited</p> <p>Administrator: Northern Trust International Fund Administration Services (Ireland) Limited</p> <p>Investment Manager: Ascend Capital LLC</p> <p>Promoter: Morgan Stanley & Co International plc</p> <p>Risk Manager: Morgan Stanley & Co International plc</p> <p>Distributor: Morgan Stanley & Co International plc</p> <p>Auditor: Ernst & Young</p> <p>Additional information and copies of the latest annual and half yearly reports may be obtained (free of charge) from the Administrator and the Prospectus and the memorandum and articles of association of the Company may be inspected at the below address:</p> <p>Northern Trust International Fund Administration Services (Ireland) Limited</p>

	<p>George's Court 54-62 Townsend Street Dublin 2 Ireland</p> <p>Tel + 353 1 542 2000 Fax + 353 1 542 2920</p> <p>Hours of business: 9 am to 5 pm Monday – Friday.</p>
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