FundLogic Alternatives plc

Supplement dated 18 February 2014

for

Salar Convertible Absolute Return Fund

This Supplement contains specific information in relation to the **Salar Convertible Absolute Return 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.

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

The Sub-Fund's principal economic exposure will be effected through financial derivative instruments.

An investment in the Sub-Fund should not constitute a substantial proportion 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. In the event of any conflict between the Prospectus and this Supplement, this Supplement shall prevail.

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1 INVESTMENT OBJECTIVE AND POLICIES

1.1 Investment Objective

The Sub-Fund's investment objective is to generate capital growth, whilst seeking to preserve capital, through exposure to the convertible bond markets.

1.2 Investment Policy

The Sub-Fund is exposed to the economic performance of a reference portfolio (the "**Reference Portfolio**"), described in more detail in **Description of the Reference Portfolio** at 1.3 below, through a total return swap (the "**Portfolio Total Return Swap**"). In addition, 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**"). The performance of the Sub-Fund will primarily be determined by the performance of the Reference Portfolio.

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. 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 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.

1.3 Description of the Reference Portfolio

The Reference Portfolio is a notional portfolio representative of a dynamically managed portfolio primarily consisting of convertible bond positions which will be made by the Investment Manager in implementing its absolute return strategy.

Absolute return strategies aim to produce a positive return on capital regardless of the direction of financial markets. This is the goal of the Sub-Fund. However, there is no guarantee that the Sub-Fund will meet this goal.

The Reference Portfolio will generally be made up of a strategic mix of long convertible bond positions and synthetic short equity positions in the underlying equity (the "**Ferox Investment Strategy**"). The Reference Portfolio will be comprised primarily of such positions in convertible bonds and listed and unlisted convertible preference shares. These convertible securities will be issued by investment grade, sub-investment grade and unrated companies, governments and supra-national issuers from any country or jurisdiction globally.

Convertible bonds are securities which have the right to convert into a fixed number of shares. Convertible bonds therefore have debt- and equity-like features. When the equity value of the convertible is low, the convertible's value behaves like a bond. As the equity value goes up, the convertible's value behaves more like an equity. Investors benefit as they receive the upside participation of an equity rising, but the downside protection given by the bond component if the equity into which it may convert falls in value.

Underlying Instruments of the Reference Portfolio

In addition to convertible securities, the Reference Portfolio may include (either as a hedge or as an outright position) listed and unlisted equities (in any market globally including emerging markets) and debt securities (which may be below investment grade and be either fixed or floating and government or corporate). Debt 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. While it is not currently expected that the Reference Portfolio will have significant emerging market or below investment-grade debt exposure, there are no limits to the extent that such investments might be included in the Reference Portfolio, if deemed appropriate by the Investment Manager. The Reference Portfolio may, but is not obliged to, include exposures through derivative instruments for investment or efficient portfolio management purposes including equity and bond options (listed and OTC) and asset swapped convertible option transactions ("**ASCOTs**") which provide exposure to the equity option component of a convertible without the credit and interest rate exposure, currency forward exchange contracts and non deliverable forward contracts for cash management and foreign exchange hedging purposes, bond futures to hedge interest rate risk, over-the counter ("**OTC**") credit default swaps to hedge credit risk and total return swaps, warrants, contracts for difference, interest rate swaps and interest rate futures to hedge interest rate risk. Derivative instruments may be exchange-traded or OTC.

This is a summary of the Reference Portfolio. There is no assurance that the Reference Portfolio's objective will be achieved.

Ferox Investment Strategy

The Ferox Investment Strategy will aim to take a range of positions in convertible bonds, of which some will benefit from the underlying share prices rising and some will benefit from the underlying share price falling. As these trades have an asymmetric profile - the potential gains are greater than the total risk at the time of the trade's inception - it is hoped that gains will outweigh losses on a consistent basis. Equally, it will look to establish positions where an apparently low valuation of a convertible bond can be arbitraged or held until the valuation normalises. Where a convertible bond appears overvalued, the Investment Manager would seek to do the opposite and establish a position which would benefit from falling valuations.

The Ferox Investment Strategy uses convertible bonds and short positions in equities to execute three types of trade:

- Bond floor trades (long positions in convertibles) - the Investment Manager would select convertibles close to their bond floor. The bond floor is the theoretical value of the convertible bond if it did not include an option to convert into shares. Thus, the Ferox Investment Strategy will take a long position in a convertible bond where there is a low (or no) value attributable to the option element of the convertible bond. The value of the option element of the convertible bond will increase in rising equity markets resulting in gains. If the underlying stock falls, ie in falling equity markets, the bond floor protects the performance of the convertible bond on the downside. It should be noted, however, that if the issuing company's credit quality has deteriorated, the convertible bond's minimum value will fall accordingly.

- Long positions in convertible bonds where the value of the option element of the convertible bond is significant in relation to the overall value of the convertible bond, with a corresponding short position in the underlying equity. In such circumstances, if the value of the underlying equity falls, the gains made from the short position in the equity should outweigh the fall in value of the bond itself.

- Long positions in convertible bonds with short positions in the underlying equity which are designed to benefit from movements up or down in the underlying equity value.

The Investment Manager intends to blend these strategies to build a portfolio to produce absolute returns.

By managing a dynamic combination of these types of trade, the Investment Manager believes that the Sub-Fund should benefit from both rising and falling share prices. It should also be able to capitalise on inefficiencies in the convertible bond market.

The Ferox Investment Strategy is proprietary to the Investment Manager. It is expected that the Investment Manager will draw on the experience accumulated since the Investment Manager's foundation in 2000 to create a Reference Portfolio that encompasses those convertible bonds that offer the most attractive risk/return.

1.4 General

While the Sub-Fund will hold an unleveraged exposure to the Reference Portfolio (i.e. the Sub-Fund will not expose more than 100% of its Net Asset Value to the Reference Portfolio), investors should note that the Reference Portfolio itself will be leveraged. The Sub-Fund's global exposure (which will include the leverage inherent in the Reference Portfolio) is subject to an advanced risk management process. In compliance with the Regulations, the Sub-Fund's risk management process aims to ensure that on any day the absolute VaR of the Sub-Fund will not exceed 20% of the Net Asset Value of the Sub-Fund using a confidence interval of 99% and a holding period of one month and a historical observation period of not less than 1 year. The leverage of the Sub-Fund calculated using the sum of the notionals of the derivatives used is not expected to exceed 600% of the Net Asset Value of the Sub-Fund.

The Sub-Fund may enter into financial derivative instrument ("FDI") transactions, such as forward currency exchange contracts for efficient portfolio management purposes. FDI can be used 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 in respect of forward currency exchange contracts please see the section entitled **Information on the Financial Derivative Instruments** below.

2 THE TOTAL RETURN SWAPS

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 described above will be Morgan Stanley or any of its affiliate or subsidiary that is a UCITS eligible counterparty (the "**Approved Counterparty"** or **"Morgan Stanley**").

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.

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.

2.1 The Portfolio Total Return Swap

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.

2.2 The Funding Swap

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 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.

"**Funding Assets**" will primarily include convertible bonds but may also 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 (ADRs traded in the United States markets and GDRs 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 investment schemes having similar investment objectives and policies to the Sub-Fund and exchange traded funds, however, the Sub-Fund will not invest more than 10 per cent of its Net Asset Value in such schemes. The Investment Manager will advise on which securities are included within the Funding Assets.

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 a permitted unlisted investment.

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.

The Sub-Fund may retain amounts in cash or investment grade 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) pending re-investment, or for use as collateral, arising from the Sub-Fund's use of FDIs if this is considered appropriate to the investment objective.

The Sub-Fund may not enter into fully funded swaps.

3 THE APPROVED COUNTERPARTY AND THE HEDGING STRATEGY

Morgan Stanley may incur costs in hedging its obligations under the Swap transactions. Any costs incurred by the Morgan Stanley in implementing its hedging strategy (including costs and fees of the Investment Manager in relation thereto) paid or reimbursed by Morgan Stanley will ultimately be borne by the Sub-Fund as costs under the terms of the Swap.

4 INVESTMENT RESTRICTIONS

The general investment restrictions as set out in the Prospectus shall apply. In addition, the Investment Manager will apply the following restrictions in respect of the Reference Portfolio:

The Investment Manager will attempt to manage the Reference Portfolio without exposing it to currency exposure, other than the currency exposure related to profits or losses on investments.

The Directors may from time to time impose such further investment restrictions in order to comply with the laws and regulations of the countries where Shareholders are located.

5 INFORMATION ON THE FINANCIAL DERIVATIVE INSTRUMENTS

<u>Swaps</u>

These include credit default swaps, interest rate swaps and total return swaps, swaptions, currency swaps and spread locks. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. The seller receives a fixed rate of income throughout the term of the contract. An interest rate swap involves the exchange by one party with another party of their respective commitments to pay or receive cash flows. A total return swap is a bilateral financial contract, which allows one party 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. Spread locks are contracts that guarantee the ability to enter into an interest rate swap at a predetermined rate above some benchmark rate.

<u>Options</u>

Options traded over-the-counter (or OTC options) are 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.

<u>Futures and Options on Futures</u>

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. Index put options may be purchased provided that all of the assets of the purchaser, 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.

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.

Ascots

The Reference Portfolio may include bond options (listed and OTC) including ASCOTs. ASCOTs provide exposure to the equity option component of a convertible without the credit and interest rate exposure.

6 INVESTMENT MANAGER

The Investment Manager for the Sub-Fund is Ferox Capital LLP. The Investment Manager is a UK limited liability partnership with its registered office at 66 St James's Street London SW1A 1NE, England.

Subject to controls imposed by the Directors under the investment management agreement between the Company and FEROX Capital LLP in relation to the Sub-Fund, all relevant laws and regulations, this Prospectus and the Articles, the Investment Manager has discretion to take day-to-day investment decisions and to deal in investments and to conduct the investment management of the Sub-Fund.

The Investment Manager is authorised and regulated by the Financial Services Authority in the UK. As at 30 November 2013 the Investment Manager had approximately $ 1.5 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 1 September 2010 (the "Agreement"), as amended.

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 tortuous 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 Investment Manager shall indemnify and keep indemnified and hold harmless the Company in the circumstances set out in 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.

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. In accordance with the requirements of the Central Bank, the absolute VaR of the Sub-Fund may not exceed 20% of the Net Asset Value of the Sub-Fund using a confidence interval of 99% and a holding period of one month and a holding period of one month and a historical observation period of not less than 1 year. The leverage of the Sub-Fund calculated using the sum of the notionals of the derivatives used is not expected to exceed 600% of the Net Asset Value of the Sub-Fund.

8 RISK FACTORS

The risk factors set out in the section entitled **Risk Factors** in the Prospectus apply.

The following additional risk factors also apply:

(a) Absence of Prior Active Market

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

(b) Currency Risk

The Base Currency of the Sub-Fund is USD. Shareholders may subscribe in Swiss Franc, Euro or Pound Sterling into the CHF, EUR or GBP denominated Share Classes respectively.

The CHF, EUR and GBP denominated Shares 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.

(c) The Directors will seek to manage the volatility of the Net Asset Value of the Fund.

However, prospective investors should be aware that investments are subject to normal market fluctuations and other risks inherent in investing in securities.

Depending on an investor's currency of reference, currency fluctuations between that currency and the base currency of a Fund may adversely affect the value of an investment in the Fund.

Changes in exchange rates may have an adverse effect on the value, price or income of the product

9 DIVIDEND POLICY

Shares are available either as Distribution Shares or Accumulation Shares. Distribution Shares will pay dividends while Accumulation Shares will not pay dividends.

It is intended that the Fund will apply to the United Kingdom's HM Revenue & Customs for Reporting Fund Status in respect of each account period of certain relevant Share Classes. There can be no guarantee that certification will be obtained for any or all account periods of such relevant Classes. The Directors intend to declare dividends in respect of the Qualifying Shares in respect of substantially all of the net income arising from the assets attributable to such Shares Dividends are normally expected to be distributed at the end of June and December of each year, where profits are available, or at such other times determined by the Directors, in accordance with the provisions of the Prospectus and Memorandum and Articles of Association.

The income and gains of the Accumulation Shares will be accumulated in the price of the Shares of that Class. To the extent that a dividend is declared in respect of a Distribution Share (which has not been specified as a Distribution – income Share), it will be automatically reinvested in such further Distribution Shares of the same Class as at a price per Share equal to the most recently available Subscription Price for such Shares.

Under the Articles, the Directors are entitled to pay such dividends on any class of Shares at such times as they think appropriate and as appear to be justified out of the profits of the Sub-Fund, being (i) the accumulated revenue (consisting of all revenue accrued including interest and dividends earned by the Sub-Fund) less expenses and/or (ii) realised and unrealised gains on the disposal/valuation of investments and other funds less realised and unrealised accumulated losses of the Sub-Fund, provided in each case that dividends may only be paid out of funds available for the purpose which may be lawfully distributed.

With respect to the Distribution Shares, the Fund operates a policy known as “income equalisation”. Income equalisation is accrued income included in the price of Distribution Shares purchased and redeemed during the accounting year. The subscription price of the Distribution Shares is deemed to include an equalisation payment calculated by reference to the accrued income of the Fund and the first distribution in respect of any Distribution Share will include a payment of capital usually equal to the amount of such equalisation payment. The redemption price of each Distribution Share will also include an equalisation payment in respect of the accrued income of the Fund up to the date of redemption. Income Equalisation is accounted for as a finance cost in the Profit and Loss Account.

Allocation of income to holders of any Shares which are specified as Accumulation Shares will be transferred to the capital assets of the Fund upon declaration and be reflected in the value of Shares on the first Business Day following the end of that period.

To the extent that any dividend is declared, it will be paid in compliance with applicable laws. Any distribution of income for Shares that is unclaimed for a period of six years after having become due for payment, shall be forfeited and shall revert to the Fund.

10 KEY INFORMATION FOR PURCHASING AND SELLING

Base Currency

US Dollar

Classes of Shares

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

		Acc/Dist	Method	Annual Performance Fee	Annual Management Fee	Ccy	Initial Offer Price	Minimum Initial Subscription	Minim Subse Subsc
Institutional - Regular	Class A	Acc	Standard	15%	1.50%	CHF	100.00	500,000	10,000
	Class A	Acc	Standard	15%	1.50%	EUR	100.00	500,000	10,000
	Class A	Acc	Standard	15%	1.50%	GBP	100.00	500,000	10,000
	Class A	Acc	Standard	15%	1.50%	USD	100.00	500,000	10,000
	Class A	Dist	Standard	15%	1.50%	CHF	100.00	500,000	10,000
	Class A	Dist	Standard	15%	1.50%	EUR	100.00	500,000	10,000
	Class A	Dist	Standard	15%	1.50%	GBP	100.00	500,000	10,000
	Class A	Dist	Standard	15%	1.50%	USD	100.00	500,000	10,000
	Class A	Acc	Mutualised	15%	1.50%	CHF	100.00	500,000	10,000
	Class A	Acc	Mutualised	15%	1.50%	EUR	100.00	500,000	10,000
	Class A	Acc	Mutualised	15%	1.50%	GBP	100.00	500,000	10,000
	Class A	Acc	Mutualised	15%	1.50%	USD	100.00	500,000	10,000
	Class A	Dist	Mutualised	15%	1.50%	CHF	100.00	500,000	10,000
	Class A	Dist	Mutualised	15%	1.50%	EUR	100.00	500,000	10,000
	Class A	Dist	Mutualised	15%	1.50%	GBP	100.00	500,000	10,000
	Class A	Dist	Mutualised	15%	1.50%	USD		500,000	10,000

							100.00		
Institutional - Seed	Class B	Acc	Standard	10%	0.75%	CHF	100.00	500,000	10,000
	Class B	Acc	Standard	10%	0.75%	EUR	100.00	500,000	10,000
	Class B	Acc	Standard	10%	0.75%	GBP	100.00	500,000	10,000
	Class B	Acc	Standard	10%	0.75%	USD	100.00	500,000	10,000
	Class B	Dist	Standard	10%	0.75%	CHF	100.00	500,000	10,000
	Class B	Dist	Standard	10%	0.75%	EUR	100.00	500,000	10,000
	Class B	Dist	Standard	10%	0.75%	GBP	100.00	500,000	10,000
	Class B	Dist	Standard	10%	0.75%	USD	100.00	500,000	10,000
	Class B	Acc	Mutualised	10%	0.75%	CHF	100.00	500,000	10,000
	Class B	Acc	Mutualised	10%	0.75%	EUR	100.00	500,000	10,000
	Class B	Acc	Mutualised	10%	0.75%	GBP	100.00	500,000	10,000
	Class B	Acc	Mutualised	10%	0.75%	USD	100.00	500,000	10,000
	Class B	Dist	Mutualised	10%	0.75%	CHF	100.00	500,000	10,000
	Class B	Dist	Mutualised	10%	0.75%	EUR	100.00	500,000	10,000
	Class B	Dist	Mutualised	10%	0.75%	GBP	100.00	500,000	10,000
	Class B	Dist	Mutualised	10%	0.75%	USD	100.00	500,000	10,000
Retail - Regular	Class C	Acc	Standard	15%	2.00%	CHF	100.00	10,000	1,000
	Class C	Acc	Standard	15%	2.00%	EUR	100.00	10,000	1,000
	Class C	Acc	Standard	15%	2.00%	GBP	100.00	10,000	1,000
	Class C	Acc	Standard	15%	2.00%	USD	100.00	10,000	1,000
	Class C	Dist	Standard	15%	2.00%	CHF	100.00	10,000	1,000
	Class C	Dist	Standard	15%	2.00%	EUR	100.00	10,000	1,000
	Class C	Dist	Standard	15%	2.00%	GBP	100.00	10,000	1,000
	Class C	Dist	Standard	15%	2.00%	USD	100.00	10,000	1,000
	Class C	Acc	Mutualised	15%	2.00%	CHF	100.00	10,000	1,000
	Class C	Acc	Mutualised	15%	2.00%	EUR	100.00	10,000	1,000
	Class C	Acc	Mutualised	15%	2.00%	GBP	100.00	10,000	1,000
	Class C	Acc	Mutualised	15%	2.00%	USD	100.00	10,000	1,000
	Class C	Dist	Mutualised	15%	2.00%	CHF	100.00	10,000	1,000
	Class C	Dist	Mutualised	15%	2.00%	EUR	100.00	10,000	1,000
	Class C	Dist	Mutualised	15%	2.00%	GBP		10,000	1,000

							100.00		
	Class C	Dist	Mutualised	15%	2.00%	USD	100.00	10,000	1,000
Retail - Seed	Class D	Acc	Standard	10%	1.25%	CHF	100.00	10,000	1,000
	Class D	Acc	Standard	10%	1.25%	EUR	100.00	10,000	1,000
	Class D	Acc	Standard	10%	1.25%	GBP	100.00	10,000	1,000
	Class D	Acc	Standard	10%	1.25%	USD	100.00	10,000	1,000
	Class D	Dist	Standard	10%	1.25%	CHF	100.00	10,000	1,000
	Class D	Dist	Standard	10%	1.25%	EUR	100.00	10,000	1,000
	Class D	Dist	Standard	10%	1.25%	GBP	100.00	10,000	1,000
	Class D	Dist	Standard	10%	1.25%	USD	100.00	10,000	1,000
	Class D	Acc	Mutualised	10%	1.25%	CHF	100.00	10,000	1,000
	Class D	Acc	Mutualised	10%	1.25%	EUR	100.00	10,000	1,000
	Class D	Acc	Mutualised	10%	1.25%	GBP	100.00	10,000	1,000
	Class D	Acc	Mutualised	10%	1.25%	USD	100.00	10,000	1,000
	Class D	Dist	Mutualised	10%	1.25%	CHF	100.00	10,000	1,000
	Class D	Dist	Mutualised	10%	1.25%	EUR	100.00	10,000	1,000
	Class D	Dist	Mutualised	10%	1.25%	GBP	100.00	10,000	1,000
	Class D	Dist	Mutualised	10%	1.25%	USD	100.00	10,000	1,000
Management	Management	Acc	n/a	0%	0%	EUR	100.00		
	Management	Acc	n/a	0%	0%	GBP	100.00		
	Management	Acc	n/a	0%	0%	USD	100.00		

The Base Currency of the Sub-Fund is **USD. The EUR, GBP and CHF denominated Share classes are denominated in Euro, Pound Sterling and Swiss Francs respectively.**

The **EUR, GBP and CHF** 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, GBP and CHF 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.

Management Shares may only be issued by the Sub-Fund to (i) the Investment Manager or any of its members or employees, (ii) any person connected with any such person (including, without limitation, a trustee of a trust established by or for such a person), (iii) any company, partnership or other person or entity controlled by or which is the controller of any such persons, (iv) any nominee of any of the foregoing, (v) any Shareholder who enters into an agreement with the Investment Manager whereby the Shareholder has appointed the Investment Manager to carry out investment management or advisory services on its behalf, or, (vi) any other person as the Directors may from time to time determine. The Directors shall determine, in their sole discretion, a person's eligibility to subscribe for Management Shares.

Initial Offer Period

Class B Acc Standard GBP, Class B Dist Standard GBP, Class A Acc Standard GBP, Class A Dist Mutualised GBP, Class B Acc Standard USD, Class A Acc Standard USD, Class B Acc Standard EUR, Class A Acc Standard EUR, Class A Acc Mutualised EUR, Class C Acc Mutualised EUR, Class B Acc Mutualised EUR and Management Acc Standard GBP and Class B Acc Mutualised EUR Shares in the Fund are available at their Net Asset Value per Share on each Dealing Day.

As the Management Acc Standard USD Share Class in the Fund was previously launched and then subsequently redeemed, this Share Class is now available at the initial offer price set out in the table above from 9.00 a.m. (Irish time) on 23 April 2013 until 5.30 p.m. (Irish time) on 31 July 2014. Such offer period may be shortened or extended by the Directors in accordance with the requirements of the Central Bank.

The initial offer period for all Share Classes other than those mentioned in the preceding two paragraphs has been extended to 5:30 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.

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.

Dealing Day

Every Friday (except legal public holidays in the United Kingdom and Ireland, 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

In the case of subscriptions, 12 midday Irish time 1 Business Day prior to the relevant Dealing Day.

In the case of repurchases, 12 midday Irish time 4 Business Days prior to the relevant Dealing Day.

The Directors may, in their discretion, 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. For the avoidance of doubt, no applications shall be accepted after the close on a Dealing Day of any market relevant to the assets and liabilities of the Sub-Fund.

Settlement Date

In the case of subscriptions, within 3 Business Days after the relevant Dealing Day.

In the case of repurchases, within 4 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.

In respect of repurchases, an investor may request (by way of the repurchase form) in respect of a specific repurchase, a Settlement Date that is within 2 Business Days after the relevant Dealing Day ("**Early Settlement Date**").

Where an investor requests such Early Settlement Date, the Sub-Fund will impose a deduction of 1% on the repurchase proceeds of such investor in respect of that repurchase. Such deduction will be credited to the assets of the Sub-Fund for the benefit of the shareholders of the Sub-Fund.

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.

11 CHARGES AND EXPENSES

11.1 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 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**.

11.2 Management Charge

The Company will pay to the Investment Manager from the assets attributable to each class of Shares of the Sub-Fund the fees set out above 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.

11.3 Performance Fee

The Investment Manager is also entitled to receive an annual Performance Fee in respect of each Class A Share, Class B Share, Class C Share and Class D Share in the Sub-Fund. The Performance Fee will be calculated in respect of each calendar year by reference to the Net Asset Value per Share of the Class concerned as at the last Valuation Point in that calendar year (a "Calculation Period"). The first Calculation Period shall be from the close of the relevant initial offer period to the last Valuation Point in the relevant calendar year and the initial offer price of the relevant Class shall be the starting Net Asset Value per Share for the calculation of the Base Net Asset Value per Share (as defined below).

The Directors have the right to change the Calculation Period to each calendar quarter in each year with effect from the start of the calendar year following that in which the Directors determine to make such change subject to giving at least three months' prior written notice thereof to the Shareholders.

The Performance Fee in respect of each Class A Share and Class C Share in any Calculation Period will be equal to 15% and in respect of each Class B and Class D Share in any Calculation Period will be equal to 10% of the appreciation in the Net Asset Value per Share of the Class concerned (before deduction for any accrued Performance Fees and adjusted to take into account any dividend paid during such period in respect of Distribution Shares) during that Calculation Period (or part thereof during which the relevant Share was in issue) above the Base Net Asset Value per Share (as defined below) for that Class in respect of that Calculation Period (or part thereof). The calculation methodology is set out in further detail below.

The Performance Fee will normally be payable in arrears within 14 calendar days of the end of each Calculation Period in the case of Class A Shares, Class B Shares, Class C Shares and Class D Shares which remain in issue at the end of the Calculation Period. However, in the case of the Shares of the relevant Class redeemed during a Calculation Period, the Performance Fee in respect of those Shares will be calculated as though the date of redemption were the end of a Calculation Period and will be payable within 14 calendar days after the date of redemption. In the event of a partial redemption, whether during or at the end of a Calculation Period, Class A Shares, Class B Shares, Class C Shares and Class D Shares will be treated as redeemed on a first in, first out ("fifo") basis for the purpose of calculating the Performance Fee.

The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to intermediaries and/or Shareholders part or all of the initial and/or repurchase charge, Management Fee and/or Performance Fee. Any such rebates may be applied in paying up additional Class A Shares, Class B Shares, Class C Shares and Class D Shares to be issued to the Shareholder, or may (at the discretion of the Investment Manager) be paid in cash.

If the Investment Management Agreement is terminated before the last Valuation Point in any Calculation Period the Performance Fee in respect of the current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant period.

11.4 Overview of Methodology – Mutualised Share Classes

The Performance Fee will be calculated by the Administrator and verified by the Custodian. For each of the Classes, a Performance Fee calculation in respect of each Calculation Period will be equal to the aggregate of the Performance Fees determined in respect of each separate subscription of Shares, accrued daily. The Performance Fee calculation for each separate subscription of Shares will be 15% for Class A Shares and Class C Shares and 10% for Class B Shares and Class D Shares of any increase in the Net Asset Value per Share of the relevant Share Class during the Calculation Period over the Base Net Asset Value per Share relating to that subscription, after deduction of the Management Fee (but not any accrued Performance Fees) and any trading expenses for that period. The Base Net Asset Value per share is the greater of the Net Asset Value per Share of the relevant Class at the time of issue of that Share and the highest Net Asset Value per Share of the relevant Class achieved as of the end of any previous Calculation Period if any. Since Performance Fees are aggregated and applied to the Share Class as a whole, the actual Performance Fee incurred for each separate subscription is determined by the change in Net Asset Value per Share of the Share Class. **There may be occasions where an investor effectively pays Performance Fees for which it has gained no benefit or where some investors are subsidising other investors**. If the Investment Management Agreement is terminated other than at the end of a Calculation Period the Performance Fee will be calculated as if such Performance Fee Calculation Period ended on the date of such termination. The Calculation Period for Shares that are redeemed shall terminate on the effective date of redemption. In the event of a partial redemption, Shares shall be redeemed on a first in, first out basis, for the purposes of calculating the Performance Fee.

11.5 **Overview of Methodology – Standard Classes**

The Performance Fee will be calculated by the Administrator and verified by the Custodian. The Performance Fee will be calculated on a Share-by-Share basis so that each Standard Class A Share, Class B Share, Class C Share and Class D Share is charged a Performance Fee, which equates precisely with that Share's performance. This method of calculation is intended to ensure so far as possible that (i) any Performance Fee paid to the Investment Manager is charged only to those Shares which have appreciated in value during the relevant Calculation Period, (ii) all holders of relevant Shares of the same Class have the same amount per Share at risk in the Sub-Fund and (iii) all relevant Shares of the same Class have the same Net Asset Value per Share.

11.6 **Equalisation – Standard Classes**

In order to achieve these objectives, the Subscription Price at which the Standard Class A Shares, Class B Shares, Class C Shares and Class D Shares will be issued on any Dealing Day (other than the first Dealing Day in any Calculation Period) will be the Net Asset Value per Share of each such Class before accrual for the Performance Fee (if any). The difference between the Subscription Price of a Standard Class A Share, Class B Share, Class C and Class D Share and the Net Asset Value per Share of that Class after accrual for the Performance Fee per Share is referred to as an "Equalisation Credit". An adjustment will then be made at the end of each Calculation Period to compensate for the difference between the amount of Performance Fee accrued in respect of a Standard Class A Share, Class B Share, Class C Share and Class D Share at the time of subscription and the Performance Fee payable in respect of that Share at the end of the Calculation Period. This adjustment is described in further detail below.

11.7 **Adjustments – Standard Classes**

At the end of each Calculation Period, the Performance Fee per Share will be calculated in respect of all Standard Class A Shares, Class B Shares, Class C and Class D Shares subscribed for on each Dealing Day during that Calculation Period, as described under "Performance Fee Calculation Methodology" below.

If the Performance Fee per Standard Class A Share, Class B Share, Class C and Class D Share calculated (at the end of the Calculation Period) in respect of any such Share subscribed for on a Dealing Day is less than the Performance Fee per Share accrued in respect of that Share on that Dealing Day, the difference per Share multiplied by the number of Standard Class A Shares, Class B Shares, Class C and Class D Shares of that Class subscribed for by the holder of that Share on that Dealing Day will be applied to subscribe for additional Shares of the relevant Class to be issued to that Shareholder.

If the Performance Fee per Standard Class A Share, Class B Share, Class C and Class D Share calculated (at the end of the Calculation Period) in respect of any such Shares of that Class subscribed for on a Dealing Day is greater than the Performance Fee per Share accrued in respect of that Share on that Dealing Day, such number of such Shares of that Class held by the holder of that Share as have an aggregate Net Asset Value equal to the difference per Share multiplied by the number of Standard Class A Shares, Class B Shares, Class C Shares and Class D Shares of that Class subscribed for by the holder of that Share will be redeemed by the Sub-Fund at par value (the aggregate par value being retained by the Sub-Fund) and an amount equal to the aggregate Net Asset Value of the Standard Class A Shares, Class B Shares, Class C Shares and Class D Shares so redeemed will be paid to the Investment Manager as a Performance Fee (a "Performance Fee Redemption").

11.8 Performance Fee Calculation Methodology- Standard Classes

At the end of each Calculation Period, the Performance Fee per Share will be calculated in respect of all Standard Class Shares, subscribed for on each Dealing Day during that Calculation Period. The Performance Fee in respect of each relevant Share in any Calculation Period will be equal to 15% for the Standard Class A Shares and Class C Shares and 10% for the Class B Shares and Class D Shares of the appreciation in the Net Asset Value per Share (before deduction for any accrued Performance Fees) during that Calculation Period (or part thereof during which the relevant Share was in issue) above the Base Net Asset Value per Share in respect of that Calculation Period (or part thereof). The Base Net Asset Value per Share is the greater of the Net asset Value per Share of the relevant Class at the time of issue of that Share and the highest Net Asset Value per Share of the relevant Class achieved as of the end of any previous Calculation Period if any. The Performance Fee calculation methodology, in respect of the Mutualised Shares is set out above under the heading 'Overview of Methodology - Mutualised Shares Classes'.

The Performance Fee is based on net realised and net unrealised gains and losses as at the end of each Calculation Period and as a result, incentive fees may be paid on unrealised gains which may subsequently never be realised.

11.9 The Administrative and Operating Fee

The Company will pay Morgan Stanley & Co International plc (the "**Promoter**"), out of the assets of the Sub-Fund, an aggregate fee in respect of the services provided by the Promoter. This Administrative and Operating Fee will not exceed 0.30% 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 the Administrative and Operating Fee.

11.10 Ongoing Charges and Expenses

The Investment Manager shall also be entitled to be reimbursed for out of pocket and general expenses not to exceed 0.25% of the net assets of the Sub-Fund per annum.

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.

12 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.

13 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.

14 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.

15 ESTABLISHMENT CHARGES AND EXPENSES

The cost and expenses of establishing the Sub-Fund will be paid by the Promoter.

16 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.**

17 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, MS PSAM Global Event UCITS Fund, Indus Select Asia Pacific Fund, MS Algebris Global Financials UCITS Fund, Indus PacifiChoice Asia Fund, MS SOAM U.S. Financial Services UCITS Fund, MS Ascend UCITS Fund, MS Cohen & Steers Global Real Estate L/S Fund, MS Alkeon UCITS Fund, MS Perella Weinberg Tōkum 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.