

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

**Supplement dated 18 February 2014**

**for**

**MS QTI UCITS FUND**

This Supplement contains specific information in relation to the **MS QTI UCITS 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 will be managed by FundLogic SAS (the “**Investment Manager**”).

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

**The Sub-Fund’s principal economic exposure will be effected through investment in transferable securities, cash deposits and near cash 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 Sub-Fund may invest substantially in deposits with credit institutions and investors should be aware of the difference between the nature of a deposit and the nature of an investment in the Sub-Fund, in particular investors should note that the principal invested in the Sub-Fund is capable of fluctuation.**

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 provide Shareholders with returns based on (i) exposure to the Quest QTI Strategy; (ii) investments in transferable securities and money market instruments issued by government issuers; and (iii) investments in cash deposits and cash equivalent securities as set out under the heading **Investment Policy** at 1.2 below.

Further information in respect of the Quest QTI Strategy and the manner in which the Sub-Fund gains exposure to the Quest QTI Strategy is set out in more detail under the heading **Description of the Quest QTI Strategy** at 1.4 below.

### 1.2 Investment Policy

In order to achieve the Sub-Fund's investment objective, the Investment Manager intends to invest the net proceeds of any issue of Shares (whether on the Launch Date or subsequently) in some or all of the instruments (each a **"Fund Asset"** and together the **"Fund Assets"**) set out below. Due to investment in the instruments noted below the Sub-Fund is likely to have a medium to high level of volatility.

- (a) the Sub-Fund shall, in order to gain exposure to the Quest QTI Strategy, invest in transferable securities in the form of structured financial instruments ("**SFI**") selected by the Investment Manager. The SFI are a type of debt instrument which fall within the categorisation of 'transferable securities' as contemplated by the UCITS Notices and Regulations. The SFI shall provide the Sub-Fund with exposure to the Quest QTI Strategy (see **Description of the Quest QTI Strategy** at 1.4 below). The SFI shall be issued by special purpose vehicles (initially two or more such vehicles established in Jersey) whose share capital will be held by a charitable trust. The SFI shall be independently valued by a third-party administrator (initially Dominion Fund Administrators Limited) and shall be listed on one or more of the Markets set out in Appendix II of the Prospectus. The SFI shall provide exposure on a 1:1 basis to interests in a Delaware trading company which intends to track the returns of the Quest QTI Strategy. The SFI shall not embed leverage or derivatives. The investment by the Sub-Fund in the SFI shall not exceed 20% of the Net Asset Value of the Sub-Fund. Morgan Stanley & Co. International plc (the **"Promoter"**), acting in its capacity as dealer for the SFI (the **"Dealer"**), shall commit to purchase the SFI from the Sub-Fund at their most recent net asset value as calculated by the third-party administrator in the absence of Market Disruption Events which give rise to the temporary suspension or termination of the Sub-Fund (further details of which are set out under the heading **Market Disruption Events** at 1.6 below), subject to receiving two Business Days' prior notice from the Sub-Fund;
- (b) collective investment schemes both UCITS and non-UCITS in accordance with the requirements of the Regulations and the Central Bank. No more than 10% of the Net Asset Value of the Sub-Fund may be invested in such collective investment schemes;
- (c) units or shares in closed-ended funds constituted as investment companies or as unit trusts which in accordance with the requirements of section 1.1.1 of UCITS Notice 9 are deemed to be investments in transferrable securities. No more than 10% of the Net Asset Value of the Sub-Fund may be invested in such instruments;
- (d) fixed income securities and money market instruments issued by government issuers which are listed, traded or dealt in on one or more of the Markets set out in Appendix II of the Prospectus. The fixed income securities and money market instruments in which the Sub-Fund may invest shall include (but not be limited to) treasury bills, fixed and floating rate bonds and zero coupon bonds that will be of investment grade or above. An investment in such fixed income securities and money market instruments may constitute up to 100% of the Net Asset Value of the Sub-Fund;

- (e) cash deposits and near cash instruments for the purposes of cash management. Cash deposits shall include standard deposits such as bank certificates of deposit and bank deposits with credit institutions. An investment in cash deposits and near cash instruments may constitute up to 100% of the Net Asset Value of the Sub-Fund in the event that the Sub-Fund reduces its investment in SFI. For example, the proportion of the Sub-Fund's assets invested in cash deposits and near cash instruments is likely to be higher when the Investment Manager anticipates higher liquidity needs resulting from potential investor redemptions;
- (f) financial derivative instruments (**FDI**) transactions, such as forward currency exchange contracts, currency futures, cross currency asset swaps or currency options 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. See section 15 of the Prospectus (**Efficient Portfolio Management**) for more details in this regard; and
- (g) transferable securities and money market instruments other than the securities referred to in paragraph (a) above such as unlisted securities. No more than 10% of the Net Asset Value of the Sub-Fund may be invested in such transferable securities and money market instruments.

### 1.3 Borrowing and Leverage

The Sub-Fund may invest up to 100% (or up to 110% on a temporary basis due to the Sub-Fund's ability to borrow up to 10% of its net assets as further set out below) of the Net Asset Value of the Sub-Fund in Fund Assets as set out above. The Sub-Fund shall not have any short positions in Fund Assets except through the use of FDIs for the purposes of efficient portfolio management and currency hedging.

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

The Sub-Fund may engage in transactions in FDIs (including forward currency exchange contracts, currency futures, cross currency asset swaps or currency options) for the purposes of efficient portfolio management and currency hedging within the conditions and limits laid down by the Central Bank from time to time. The level of leverage is expected to be minimal and will in any event not exceed 100% (or up to 110% on a temporary basis) of the Net Asset Value of the Sub-Fund. FDI used for efficient portfolio management and hedging are not expected to have a material effect on the risk profile of the Sub-Fund. The Sub-Fund will use the commitment approach to measure its global exposure, together with leverage, shall not exceed 100% (or up to 110% on a temporary basis) of its Net Asset Value.

### 1.4 Description of the Quest QTI Strategy

As set out above, the Sub-Fund invests in Fund Assets which provide exposure to the Quest QTI Strategy. The Quest QTI Strategy in turn provides exposure to a selection of futures contracts in markets for currencies, fixed-income, equity indices and commodities selected by Quest Partners LLC ("Quest"). In gaining exposure to the Quest QTI Strategy, the Investment Manager seeks to offer Shareholders performance comparable to that generated by a broad class of managed futures trading strategies of trend-following commodity trading advisors ("**CTA**") at a lower cost than actively managed CTA programs, while seeking to provide risk-adjusted performance comparable to or better than that of the asset class. As an asset class, managed futures have historically exhibited low correlations with most traditional asset classes such as equities and fixed income. Adding managed futures to a traditional portfolio may potentially result in a higher risk-adjusted portfolio return.

The Quest QTI Strategy systematically assigns notional long or short positions to 47 underlying futures contracts across the six market sectors of currencies, fixed-income, equity indices, energy, metals and agricultural. Each futures contract included in the Quest QTI Strategy (each, an "**index component**") is assigned an individual target weight with respect to each of the moving average crossover models employed by the index methodology (each, a "**model**"). Based on the aggregate target weight of each index component in each of the six sectors as compared to the aggregate target weights of all index

components in the Quest QTI Strategy as a whole, the approximate target weight of each of the six sectors is as follows: 8% currencies, 38% fixed-income, 21% equity indices, 14% energy, 6% metals and 13% agricultural.

The notional long and short positions that comprise the Quest QTI Strategy are based on certain signals that seek to predict the expected outlook for prices using a series of “moving average crossover” models. Moving average crossover models have been employed, for almost fifty years, by numerous CTAs. A “moving average” refers to the average historical price of an underlying futures contract over a given number of trading days. Generally, a moving average crossover model seeks to forecast the establishment, continuation or reversal of trends for the underlying futures contracts by observing the relationship between a moving average calculated over a smaller number of recent trading days (a “**short-term indicator**”) and a moving average calculated over a longer period of trading days (a “**long-term indicator**”).

The Quest QTI Strategy utilises three different moving average crossover models each based upon a different pair of moving averages calculated over short, medium and long-term periods, respectively. Each model assigns a notional long or short position, depending on whether the relationship between the applicable moving averages forecasts a positive or negative expected outlook for each underlying futures contract. For any underlying futures contract, when its short-term indicator increases from an amount less than its long-term indicator to an amount greater than its long-term indicator, the futures contract’s existing negative outlook switches to positive and a “long position” signal is generated. This is equivalent to covering a short position and establishing a long position. Conversely, when the short-term indicator for an underlying futures contract declines from an amount greater than its long-term indicator to an amount less than its long-term indicator, the futures contract’s existing positive outlook switches to negative and a “short position” signal is generated. This is equivalent to a long position being sold and a short position being established.

The level of the notional allocation to each underlying futures contract within the Quest QTI Strategy is a function of its price volatility measured over a specified period. Generally, a notional allocation remains static until the relevant underlying futures contract (i) undergoes rebalancing due to a specific positive or negative signal generated by a moving average crossover model or (ii) its measured volatility increases or declines by a factor of 3 relative to its measured volatility at the time its then current notional allocation was established. Following either such event, the notional allocation of the particular futures contract will be recalculated and the Quest QTI Strategy will incorporate the new allocation.

There are no long/short limits to the index components in the Quest QTI Strategy. The extent to which the Quest QTI Strategy is net long or short in respect of any index component or the entire index portfolio is purely a mechanical determination based upon the historical price performance and volatility of the index components. For instance, it is theoretically possible for the Quest QTI Strategy to be long or short all 47 index components at any given time.

## **1.5 Profile of a Typical Investor**

The Sub-Fund is suitable for professional investors seeking capital growth who are prepared to accept a medium to high degree of volatility. The Sub-Fund may suit investors who are seeking to benefit from the potential diversification and non-correlation benefits of the Quest QTI Strategy that seeks to track generally the performance generated by the broad class of managed futures strategies of trend-following CTAs. Typical investors are expected to be informed investors who understand and are willing to accept capital risk. Investors should have at least a 3 to 5-year investment horizon.

## **1.6 Market Disruption Events**

A Market Disruption Event is the occurrence or existence of one or more of the following events, which occur in relation to any Fund Asset:

- (i) it is not possible to obtain a price or value (or an element of such price or value) of any Fund Asset according to the rules or normal accepted procedures for the determination of such price or value (whether due to the non-publication of such price or value or otherwise);

- (ii) the calculation of the price or value of any Fund Asset is, at the relevant time, in the opinion of the Dealer in respect of SFI and/or the Investment Manager in relation to any Fund Asset impractical or impossible to make;
- (iii) there is in connection with any Fund Assets (save for SFI) (A) a reduction in liquidity in or (B) materially increased cost of maintaining, establishing or unwinding any position in the determination of the Investment Manager;
- (iv) any suspension of or limitation is imposed on trading on any exchanges, quotation systems or over-the-counter market where any Fund Asset is traded; and/or there exists an event or circumstance that prevents or materially limits transactions in any Fund Asset. For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, provided however that where a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Dealer in respect of SFI and in all other cases by the Investment Manager constitute a Market Disruption Event;
- (v) the occurrence of any event that generally makes it impossible or impractical to convert any currency which was, immediately prior to the occurrence of such event, a foreign exchange currency, as determined by the Dealer in respect of SFI and in all other cases by the Investment Manager;
- (vi) the occurrence of any event that generally makes it impossible or impractical to convert the currency of the country of issue and/or country of payment of any Fund Asset into the Base Currency through customary legal channels, as determined by the Dealer in respect of SFI and in all other cases by the Investment Manager;
- (vii) the occurrence of any event that generally makes it impossible or impractical to deliver or transfer (a) the currency from accounts inside the country of issue and/or country of payment of any Fund Asset to accounts outside such country of issue and/or country of payment or (b) the currency of the country of issue and/or country of payment of any Fund Asset between accounts inside such country of issue and/or country of payment, or to a party that is a non-resident of the country of issue and/or country of payment, as determined by the Dealer in respect of SFI and in all other cases by the Investment Manager;
- (viii) a general moratorium is declared in respect of banking activities in London, Dublin or New York;
- (ix) the occurrence of any early termination event or event of default or illegality affecting a Fund Asset or other breach of obligations by the issuer of a Fund Asset; and/or
- (x) a change in law or regulations (including, without any limitation, any tax law), or the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), which affect the holding, acquisition, trading, transfer or hedging of a Fund Asset.

As set out above, upon the occurrence of a Market Disruption Event the Directors will temporarily suspend the calculation of the Net Asset Value and any subscription, redemption and exchange of Shares; and/or the Directors may, in certain circumstances, terminate the Sub-Fund.

## **2 INVESTMENT RESTRICTIONS OF THE SUB-FUND**

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 either compatible with or in the best interests of Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are located.

## **3 INVESTMENT MANAGER**

The Investment Manager for the Sub-Fund is FundLogic SAS. The Investment Manager is incorporated in France with a registered office is at 61 Rue de Monceau, 75008 Paris, France.

The Investment Manager is regulated by the Autorité des Marchés Financiers in France. As at 31

December 2013, FundLogic SAS had approximately \$2.1 billion of assets under management.

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

The Fund has appointed the Investment Manager as investment manager for the Sub-Fund pursuant to an investment management agreement between the Fund and the Investment Manager dated 5 October 2012 (the “**Agreement**”)

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

The Agreement shall continue in force until terminated pursuant to the terms set out therein. Except as set forth in the Agreement, either party may terminate the Agreement on giving not less than 3 months prior written notice (or such other period as may be agreed between the parties).

#### **4 RISK MANAGER**

Pursuant to a risk management agreement dated 26 August 2010, as amended (the “**Risk Management Agreement**”), the Promoter has agreed to provide certain sub-funds of the Fund, 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 Risk Management 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 Fund 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 the Risk Management Agreement. In no circumstance shall the Promoter be liable for any indirect, special or consequential losses of the Fund or the Sub-Fund or any other party arising from the performance or non-performance of its duties thereunder.

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

#### **5 RISK FACTORS AND INVESTMENT CONSIDERATIONS**

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

The following additional risk factors also apply:

##### **General Risks**

###### *Absence of Prior Active Market*

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

#### *Currency Risk*

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

The EUR, GBP and CHF denominated Shares are Hedged Share Classes. To the extent that Share class currency hedging is successful, the performance of a Hedged Share Class is likely to move in line with the performance of the Sub-Fund's underlying assets; however, Shareholders in a Hedged Share Class will not benefit if the currency of that Hedged Share Class falls against the Base Currency and/or the currency in which assets of the Sub-Fund are denominated. Shareholders in the 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.

Depending on a Shareholder's currency of reference, currency fluctuations between that currency and the Base Currency may adversely affect the value of an investment in the Sub-Fund. Changes in exchange rates may have an adverse effect on the value, price or income of the Sub-Fund.

#### *Counterparty Risk*

The Sub-Fund will purchase or enter into Fund Assets, including SFI, from several counterparties (not excluding the Promoter), which will expose the Sub-Fund to the issuer or credit risk of such counterparties and their ability to satisfy the terms of such contracts.

### **Risks and Investment Considerations Associated with the Quest QTI Strategy and the Investment Manager**

#### *The Sub-Fund may be exposed to Entities Which Use Margin Funding*

The Sub-Fund shall obtain exposure to the Quest QTI Strategy by investing (in accordance with the Investment Policy) in SFI and unlisted securities. Such instruments may provide the Sub-Fund with direct or indirect exposure to entities which use debt financing or trade on margin (i.e. borrowing against the assets purchased) to obtain an optimum return on their equity capital. The use of such techniques may therefore increase the volatility of the price of the SFI and unlisted securities and as a result may impact the returns of the Sub-Fund.

#### *Trading in Futures, Forwards and Options is Speculative and Volatile*

The rapid fluctuations in the market prices of futures, forwards, and options make an investment in the Quest QTI Strategy volatile. Volatility is caused by, among other things: changes in supply and demand relationships; weather; agriculture, trade, fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; and changes in interest rates. The Quest QTI Strategy may not take account of all of these factors. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and this intervention may cause these markets to move rapidly.

#### *Exposure to Commodities Involves Certain Risks*

Indirect exposure to the commodities markets via investment in the SFI may subject the Sub-Fund to greater volatility than investments in traditional securities. The performance of the Quest QTI Strategy may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

#### *Markets or Positions May Be Correlated and May Expose the Sub-Fund to Significant Risk of Loss*

Different markets traded or individual positions may be highly correlated to one another at times. Accordingly, a significant change in one such market or position may affect other such markets or positions. The Investment Manager cannot always predict correlation. Correlation may expose the Sub-Fund to significant risk of loss.



*Increases in Assets Under Management Obtaining Exposure to the Quest QTI Strategy Could Lead to Diminished Returns*

Quest does not intend to limit the amount of additional equity that it may manage, and it will continue to seek major new accounts which track the Quest QTI Strategy. However, in general, the rates of returns often diminish as a trading advisor's assets under management increase. This can occur for many reasons, including the inability to execute larger position sizes at desired prices and because of the need to adjust the Quest QTI Strategy to avoid exceeding speculative position limits. These limits are established by the U.S. Commodity Futures Trading Commission and the exchanges on the number of speculative futures and options contracts in a commodity that one trader may own or control.

*The Sub-Fund's success is dependent on the performance of the Quest QTI Strategy*

Therefore, the success of the Sub-Fund depends on the judgment and ability of Quest in selecting the futures contracts for the Quest QTI Strategy. The Quest QTI Strategy may not prove successful under all or any market conditions. If the Quest QTI Strategy is unsuccessful, the Sub-Fund may incur losses.

The Sub-Fund's objective is to provide Shareholders with returns based on the exposure to Quest QTI Strategy, as such the performance of Quest has an indirect impact on the Sub-Fund's ability to meet its objective. Quest, in turn, is dependent on the services of a limited number of persons to develop and refine its trading approaches and strategies and execute the trading transactions. The loss of the services of any of Quest's principals or key employees, or the failure of those principals or key employees to function effectively as a team, may have an adverse effect on that Quest's ability to manage its trading activities successfully, or may cause Quest to cease operations entirely. This, in turn, could negatively impact the Sub-Fund's performance.

*The Sub-Fund Places Significant Reliance on the Relationships of the Sub-Fund with Third Parties*

The Sub-Fund is dependent on the services of independent third parties to obtain exposure to the Quest QTI Strategy. The loss of the services of any such third parties, including any licence to use the Quest QTI Strategy, may have an adverse effect on the Investment Manager's ability to implement the Investment Policy of the Sub-Fund and achieve the Investment Objective of the Sub-Fund.

*Exposure to Currencies Involves Certain Risks*

The Sub-Fund's indirect exposure to foreign currencies subjects the Sub-Fund to currency risk. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates and the imposition of currency controls or other political developments in the relevant countries. In addition, the Sub-Fund may incur transaction costs in connection with conversions between various currencies.

*There Are Disadvantages to Making Trading Decisions Based on Technical Analysis.*

The Quest QTI Strategy will base trading decisions on mathematical analyses of technical factors relating to past market performance rather than fundamental analysis. The buy and sell signals generated by a technical, trend-following trading strategy are derived from a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest in the markets. The profitability of any technical, trend-following trading strategy depends upon the occurrence in the future of significant, sustained price moves in some of the markets traded. A danger for trend-following trading strategies is whip-saw markets, that is, markets in which a potential price trend may start to develop but reverses before an actual trend is realized. A pattern of false starts may generate repeated entry and exit signals in technical systems, resulting in unprofitable transactions. In the past, there have been prolonged periods without sustained price moves. Presumably these periods will continue to occur. Periods without sustained price moves may produce substantial losses for the Quest QTI Strategy. Further, any factor that may lessen the prospect of these types of moves in the future, such as increased governmental control of, or participation in, the relevant markets, may reduce the prospect that the Quest QTI Strategy will be profitable in the future.

*Limited Recourse*

A Shareholder will solely be entitled to look to the assets of the Sub-Fund in respect of all payments in respect of its Shares. If the realised net assets of the Sub-Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such

Shares nor any claim against or recourse to any of the assets of any other sub-fund or any other asset of the Fund.

## **6 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 Fund Assets and be reflected in the Net Asset Value of the relevant class of Shares.

## **7 KEY INFORMATION FOR PURCHASES AND SALES OF SHARES**

### **Base Currency**

USD

### **Classes of Shares**

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

<b>Class</b>	<b>Currency Denomination</b>	<b>Hedged Shares</b>	<b>Initial Issue Price per Share</b>	<b>Minimum Initial Subscription</b>	<b>Management Charge</b>	<b>Minimum Subsequent Subscription /Minimum Repurchase Amount</b>	<b>Minimum Holding</b>
<b>Class A EUR Shares</b>	Euro	Yes	€1,000	€100,000	1.75% per annum	€1,000	€100,000
<b>Class A USD Shares</b>	US Dollar	No	\$1,000	\$100,000	1.75% per annum	\$1,000	\$100,000
<b>Class A GBP Shares</b>	Pound Sterling	Yes	£1,000	£100,000	1.75% per annum	£1,000	£100,000
<b>Class A CHF Shares</b>	Swiss Franc	Yes	CHF1,000	CHF100,000	1.75% per annum	CHF1,000	CHF100,000
<b>Class I EUR Shares</b>	Euro	Yes	€1,000	€1,000,000	1.00% per annum	€10,000	€1,000,000
<b>Class I USD Shares</b>	US Dollar	No	\$1,000	\$1,000,000	1.00% per annum	\$10,000	\$1,000,000
<b>Class I GBP Shares</b>	Pound Sterling	Yes	£1,000	£1,000,000	1.00% per annum	£10,000	£1,000,000
<b>Class I CHF Shares</b>	Swiss Franc	Yes	CHF1,000	CHF1,000,000	1.00% per annum	CHF10,000	CHF1,000,000
<b>Class B EUR Shares</b>	Euro	Yes	€1,000	€1,000,000	0.40% per annum	€10,000	€1,000,000
<b>Class B USD Shares</b>	US Dollar	No	\$1,000	\$1,000,000	0.40% per annum	\$10,000	\$1,000,000
<b>Class B GBP Shares</b>	Pound Sterling	Yes	£1,000	£1,000,000	0.40% per annum	£10,000	£1,000,000
<b>Class B CHF Shares</b>	Swiss Franc	Yes	CHF1,000	CHF1,000,000	0.40% per annum	CHF10,000	CHF1,000,000

The minimum amounts set out above may be raised, lowered or waived at the discretion of the Directors (or their delegate) either generally or in relation to any specific subscription or repurchase. 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 Sub-Fund has the power to redeem the remaining holding of any Shareholder who redeems its holding of Shares in any Share class to below the Minimum Holding (or its foreign currency equivalent, where applicable).

The Class B EUR Shares, Class B USD Shares, Class B GBP Shares and Class B CHF Shares will be the initial investor share classes and therefore it is expected that such Shares will only be available for subscription until such time as the net assets of the Sub-Fund reach USD 100 million, or such other amount as may be determined by the Directors from time to time in their absolute discretion. Confirmation can be obtained from the Distributor as to whether any of these Share Classes are currently being offered for subscription at any time after the initial offer period set out below.

The EUR, GBP and CHF denominated Share classes are Hedged Share Classes. In respect of the Hedged Share Classes the Investment Manager will seek to hedge against the risk of currency movements between the Base Currency and the currency in which the relevant Currency Hedged Share Class is denominated. Shareholders in EUR, GBP and CHF denominated Share classes are referred to the description and risks related to Hedged Share Classes in section 16.5 of the Prospectus. All hedging transactions will be clearly attributable to the specific Hedged Share Class (es) and therefore currency exposures of different Share classes shall not be combined or offset and currency exposures of assets of the Sub-Fund shall not be allocated to separate Share classes.

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.

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

For all Share Classes (save for Class B EUR Shares and Class B USD Shares) will be from 9.00 a.m. (Irish time) on 8 October 2012 until 5:30 p.m. (Irish time) on 31 July 2014 (the “**Initial Offer Period**”) as may be shortened or extended by the Directors in accordance with the requirements of the Central Bank.

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

#### **Launch Date**

19 October 2012

#### **Business Day**

Every day (except legal public holidays in the United Kingdom, Ireland, France or the United States of America and days on which the stock markets in London are closed) during which banks in Ireland, France, the United Kingdom and the United States of America 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 Business Day 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 3 Business Days prior to 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, 12 midday Irish time on Business Day prior to the relevant Dealing Day.

In the case of repurchases, within 5 Business Days after the relevant Dealing Day.

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

### **Valuation Point**

Close of business on the relevant Dealing Day in the relevant markets.

For the avoidance of doubt, the time at which the Net Asset Value is determined will always be after the Dealing Deadline.

## **8 CHARGES AND EXPENSES**

### **Initial, Exchange and Repurchase Charges**

With respect to Class A 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. 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.

No repurchase charge shall be payable in respect of the Shares.

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

### **Management Charge**

The Fund will pay 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:

In respect of the Class I Shares: 1.00% per annum.

In respect of the Class A Shares: 1.75% per annum.

In respect of the Class B Shares: 0.40% per annum.

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 Management Charge. Any such rebates may be applied in paying up additional Shares to be issued to the Shareholder.

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

The Fund 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 Fund Assets or, if paid by the Custodian, shall be reimbursed to the Custodian out of the Fund Assets.

### **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 Fund Assets. The Investment Manager will be responsible for discharging the fees of the Distributor and any licensing fees out of its own fees.

### **Indirect Charges:**

The Sub-Fund will incur additional charges associated with obtaining exposure to the Quest QTI Strategy. Such indirect charges include, for example and without limitation, fees and expenses of the Delaware trading company which acts as the underlying asset of the SFI which the Sub-Fund invests in and a management fee for the trading advisor of the Delaware trading company. Such indirect charges shall accrue on a daily basis and not exceed 1.00% of the Net Asset Value of the Sub-Fund per annum.

## **9 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.

## **10 HOW TO SELL 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.

## **11 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.

## **12 ESTABLISHMENT CHARGES AND EXPENSES**

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

## **13 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**.

## **14 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, Indus Select Asia Pacific Fund, MS Algebris Global Financials UCITS Fund, Indus PacificChoice 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 Tökm Long/Short Healthcare UCITS Fund, RiverCrest European Equity Alpha Fund, MS Claritas Long Short Market Neutral UCITS Fund, MS SLJ Macro UCITS Fund, MS TCW Unconstrained Plus Bond Fund, MS Turner Spectrum UCITS Fund, MS Short Term Trends UCITS Fund, MS Long Term Trends UCITS Fund, MS Discretionary Plus UCITS Fund, MS Dalton UCITS Fund, MS Swiss Life Multi Asset Protected Fund, MS Dalton Asia

Pacific UCITS Fund and MS Broadmark Tactical Plus UCITS Fund.