

## MS TURNER SPECTRUM UCITS FUND

A SUB-FUND OF FUNDLOGIC ALTERNATIVES PLC, AN IRISH UCITS FUND

### FUND OBJECTIVE AND INVESTMENT STRATEGY

The Sub-Fund's objective is to seek long-term capital appreciation through a diversified portfolio of long and short positions in global equity and equity-related securities belonging to various market sectors of the economy.

The Investment Manager is likely to invest the assets of the Sub-Fund in the following five Long/Short Sub-Portfolios (1) Consumer; (2) Financial Services; (3) Medical Sciences; (4) Titan; and (5) Resources and Infrastructure. Each of the Sub-Portfolio Managers seeks to generate positive returns with low volatility and preserve capital in declining markets.

The Spectrum Strategy is based on the philosophy that earnings drive stock prices. Turner takes long positions in companies whose fundamentals support earnings that will exceed market consensus expectations and short positions in those with deteriorating earnings fundamentals.

### INVESTMENT MANAGER

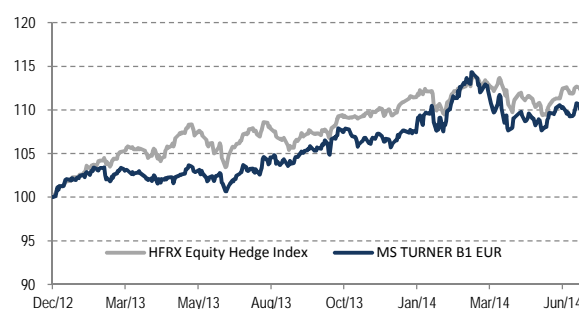
Turner Investments, L.P., founded in 1990, is an employee-owned investment management firm based in Berwyn, Pennsylvania, USA. Our investment professionals have been identifying and analyzing growth companies around the globe for over 20 years. Our investment team is grouped into sector-focused research teams that perform fundamental research on companies of all market caps across the globe. This structure allows analysts to maintain coverage of the companies they follow throughout their lifecycle.

Turner Investments, L.P. manages long-only and long/short U.S., global, and international equity strategies for institutions and high net worth individuals.

### FUND CHARACTERISTICS

Inception Date	28th December, 2012
Total Assets (USD)	\$41 Million
Base Currency	USD
Domicile	Ireland
Passporting Status	Italy, UK, Spain, Germany, France, Switzerland
Legal Structure	An Open-Ended Investment Company (OEIC)
Dealing Day	Every day (except legal public holidays in the United Kingdom or Ireland or days on which the stock markets in London are closed)
Subscription/ Redemption notice	12 midday Irish time on relevant dealing day
Settlement	Subscription: Dealing Day +3 Redemption: Dealing Day +5
Currency Share Classes Available	EUR / USD / GBP
Investment Manager	Turner Investments L.P.
Promoter & Distributor	Morgan Stanley & Co International plc
Custodian	Northern Trust Fiduciary Services (Ireland) Ltd
Administrator	Northern Trust International Fund Administration Services (Ireland) Ltd
Auditor	Ernst & Young

### PERFORMANCE <sup>1</sup>



Source: Morgan Stanley, Northern Trust, Bloomberg.

The above figures refer to the past. Past performance is not a reliable indicator of future results.

### HISTORICAL MONTHLY RETURNS

Share B1 (EUR)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD*
2013	2.61%	-0.50%	0.51%	-0.49%	0.47%	-1.24%	1.88%	0.46%	1.65%	1.54%	0.07%	0.43%	7.57%
2014	1.31%	3.71%	-2.24%	-1.58%	1.21%	0.30%							2.62%

Source: Morgan Stanley / Northern Trust. The above figures refer to the past. Past performance is not a reliable indicator of future results. Performance is quoted net of fees and based on unaudited figures.

### INVESTMENT MANAGER COMMENTARY <sup>2</sup>

The global equity markets once again turned out positive returns in June supported by ongoing accommodative monetary policy and improved growth. Despite a downward revision of first quarter GDP growth in the U.S. and tensions rising in Iraq threatening the stability of the region's oil supply, investors continued to look forward with optimism. For the month of June the S&P 500 Index posted a positive return of 2.06%, while the HFRX Equity Hedge Index generated a positive return of 1.52%.

For the month of June, all of the long/short Sub-Portfolio Managers with the exception of the one focused on the Medical Sciences sector generated positive results. Top contributors to performance were the Consumer and Resources & Infrastructure Sub-Portfolio Managers.

Top overall contributors to performance in June among our long positions were Renmark Media, Depomed, Horizon Parma, and BioDelivery Sciences International. Top detractors to overall performance in the long book were Louis XIII Holdings Limited, PVH Corp., Altisource Asset Management, and Intercept Pharmaceuticals.\*

As of 30 June 2014, the weightings of the five Sub-Portfolios Spectrum consists of were: Consumer, 19.8%; Financial Services, 17.6%; Medical Sciences, 20.8%; Resources & Infrastructure, 21.4%; and Titan, 20.4%.

The fund decreased its gross exposure to approximately 183% during the month, while net exposure increased to approximately 38%. The gross exposure of the five underlying Sub-Portfolios varied throughout the month; at month's end the Medical Sciences Sub-Portfolio had the highest gross exposure, at approximately 221%. The Sub-Portfolio with the lowest relative gross exposure was the Financial Services one, with approximately 155% gross exposure.

Compared to the overall number of positions held in May 2014, we increased the number of positions held during the month of June.

\*Discussion of substantial short positions in listed investments can affect market prices; therefore we do not discuss such information.

<sup>1</sup> Index information is included for illustration purposes only and is not intended to imply that the portfolio was similar to any index either in composition or element of risk.

<sup>2</sup> Information sourced from Turner Investments

TOP HOLDINGS<sup>3</sup>

TOP 5 LONGS	
COMPANY / SECTOR	% of NAV
HCA HOLDINGS INC.	1.84%
CUBIST PHARMACEUTICALS, INC.	1.82%
STARWOOD HOTELS & RESORTS WORLDWIDE, INC.	1.80%
DEPOMED INC.	1.59%
GOOGLE, INC.	1.58%
	8.62%

Source: Morgan Stanley

RISK METRICS<sup>4</sup>

EXPOSURE AND RISK SUMMARY	
	% of NAV
Long Exposure	110.2%
Short Exposure	-72.3%
Gross Exposure	182.5%
Net Exposure	37.8%
Annualised Volatility <sup>5</sup>	6.3%
Absolute VaR <sup>7</sup>	7.27%

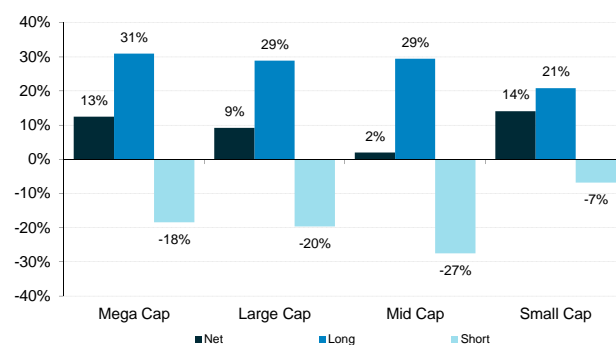
  

Number of Positions	
No. of Longs	183
No. of Shorts	147

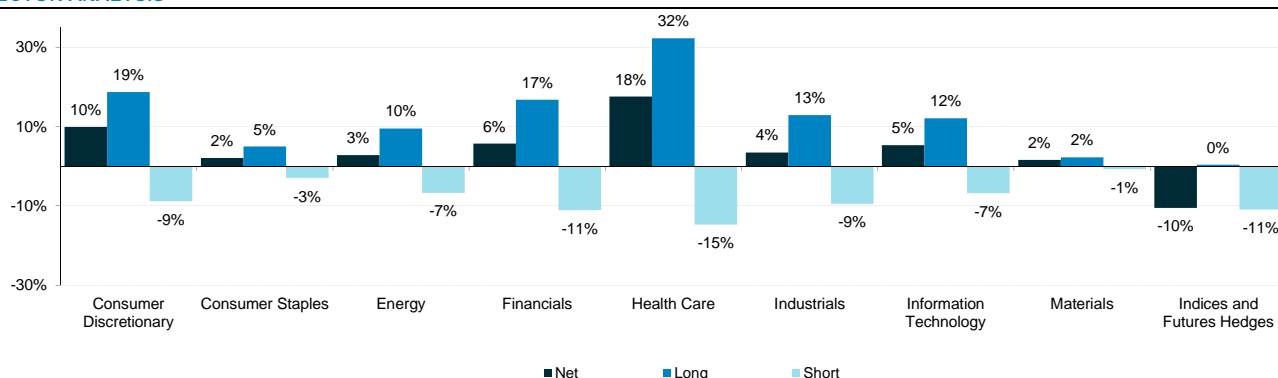
Source: Morgan Stanley

TOP 5 SHORTS	
COMPANY / SECTOR	% of NAV
EXPRESS SCRIPTS HOLDING COMPANY	-1.18%
CHARLES RIVER LABORATORIES INTERNATIONAL, INC.	-1.16%
WAL-MART STORES, INC.	-1.13%
THE WESTERN UNION COMPANY	-1.07%
SPRINGLEAF HOLDINGS, INC.	-0.95%
	-5.50%

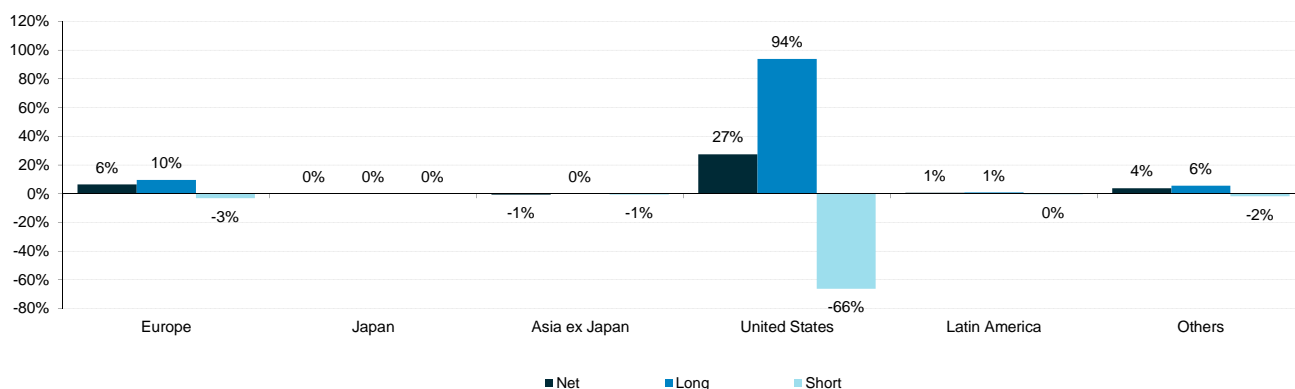
Source: Morgan Stanley

MARKET CAP ANALYSIS (EQUITIES)<sup>3, 6</sup>

Source: Morgan Stanley

SECTOR ANALYSIS<sup>4</sup>

Source: Morgan Stanley

GEOGRAPHIC ANALYSIS<sup>4</sup>

Source: Morgan Stanley

<sup>3</sup> Month-end data used. Exposure is delta adjusted, excludes market hedges<sup>4</sup> Month-end data used. Exposure is delta adjusted, includes market hedges<sup>5</sup> Volatility is computed as the standard deviation of the daily returns.<sup>6</sup> Mega Cap (>= 20 billion); Large Cap (>= 5 billion, < 20 billion); Mid Cap (>= 1 billion, < 5 billion); Small Cap (> 0, < 1 billion)<sup>7</sup> Var 99% - 20 days computed

## FUND SHARE CLASS DETAILS

	Share Class			Performance				Identifiers			Fees		
	Ccy	Min Inv	Launch Date	NAV	MTD	YTD	LTD	ISIN	BBG	SEDOL	Mgmt	Perf.	TER <sup>9</sup>
Class B1	EUR	1,000,000	28-Dec-12	1105.47	0.30%	2.62%	10.55%	IE00B8L62K65	FMSTB1E ID	B8L62K6	1.0%	0%	1.4%
Class B2	EUR	1,000,000	28-Jan-13	1070.32	0.26%	2.37%	7.03%	IE00B88P7K19	FMSTB2E ID	B88P7K1	1.5%	0%	1.9%

<sup>8</sup>Class B1 Shares (EUR) and Class B2 Shares are initial investor share classes. Therefore it is expected that Class B1 Shares and B2 Shares will only be available for subscription until such time as the net assets of the sub-fund reach \$20 million and \$70 million respectively, or such other amount as may be determined by the Directors from time to time in their absolute discretion.

<sup>9</sup> Total Expense Ratio includes Management Fees and Promoter Fees. For share classes launched before 31 July 2013, the TER is based on the expenses for the year ending 31 July 2013. This figure may vary from year to year.

Source: Morgan Stanley. NAV are computed by Northern Trust.

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Investments in derivative instruments carry certain inherent risks such as the risk of counter party default and before investing you should ensure you fully understand these risks. Use of leverage may also magnify losses as well as gains to the extent that leverage is employed.

These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of his or her investment.

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(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:

(1) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or which arises from an offer that is made on terms that such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets (in the case of that trust);

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