



MS Broadmark Tactical Plus UCITS Fund

A Sub-fund of Fundlogic Alternatives plc, an Irish UCITS Fund

Fund Objective and Investment Strategy

The MS Broadmark Tactical Plus UCITS Fund provides investors with an opportunity to access positive risk-adjusted returns in any market environment.

The Fund uses a multi-factor process which includes qualitative analysis of a number of factors: valuation, monetary policy, and investor sentiment and a quantitative momentum model using volume, breadth and price as the primary variables. The investment strategy is focused on risk management, minimizing draw-downs and creating positive returns from the equity markets by navigating through Bull and Bear market cycles. The portfolio is constructed using a dynamic and active asset allocation and mainly consist of instruments that provide exposure to equity securities: futures and options on securities; securities indices and shares of exchange-traded funds ("ETFs"). The portfolio will mainly seek exposure to U.S. equity markets but may also invest in equity securities of non-U.S. issuers.

Fund Characteristics

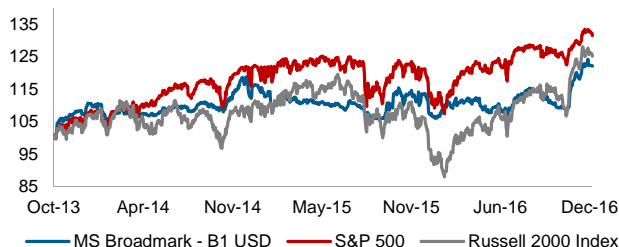
Inception Date	11-Oct-13
Total Assets (USD)	\$51.69 MM
Base Currency	USD
Domicile	Ireland
Passporting Status (registered in)	UK, Germany, Spain, France, Italy, Switzerland
Legal Structure	An Open-Ended Investment Company (OEIC)
Dealing Day	Every day (except legal public holidays in the United Kingdom or Ireland or days on which the stock markets in London are closed)
Subscription/Redemption notice	12 midday Irish time 1 Business Days prior to the relevant Dealing Day
Settlement	Subscription: Dealing Day +3 Redemption: Dealing Day +3
Currency Classes Available	EUR / USD / GBP
Investment Manager	Broadmark Asset Management LLC
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

Investment Manager

The Investment Manager for the Sub-Fund is Broadmark Asset Management LLC. The Investment Manager is registered as a limited liability company in the state of Delaware since 1999, having its registered office at 101 California Street, 16th Floor, San Francisco, CA 94111.

The Investment Manager is regulated by the U.S. Securities and Exchange Commission ("SEC"), Registration No. 801-57807. As of Dec 31, 2016, the Investment Manager had US\$ 814.8 million assets under management and employed four investment professionals with an average 36-year experience.

Performance⁽¹⁾



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

Historical Monthly Returns

Share B1 (USD)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct ⁽²⁾	Nov	Dec	YTD ⁽²⁾
2013	-	-	-	-	-	-	-	-	-	4.97%	3.09%	2.15%	10.54%
2014	-3.59%	1.52%	-0.66%	-0.02%	0.51%	1.08%	-0.87%	2.41%	-1.35%	2.81%	5.13%	-2.18%	4.57%
2015	-5.18%	2.51%	-1.45%	0.01%	-0.42%	-0.83%	0.97%	-2.59%	-1.49%	6.89%	0.30%	-0.23%	-1.95%
2016	-5.72%	2.13%	2.24%	-1.56%	-0.43%	-0.64%	4.56%	0.46%	-2.79%	-1.57%	8.39%	3.18%	7.76%

Source: Morgan Stanley. 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⁽³⁾

While U.S. stock market valuations moderated slightly in late 2016, most measures of stock market valuation remain at their highest levels in over a decade. In this high valuation environment, the stock market is particularly sensitive to interest rate increases. With interest rates gradually rising and sentiment at the most optimistic levels in over a year (negative territory from a contrary point of view), accompanied most recently by higher levels of relative corporate insider selling, we believe that the U.S. equity market is now vulnerable to a 6%–10% market correction. This could occur at any time. Accordingly, we have positioned our portfolios to be more defensive after participating in the most recent post-election rally in the areas of the greatest relative strength.

THE FOUR PILLARS OF OUR STRATEGY

Our assessment of the four pillars of our investment process is as follows:

- Valuation:** Valuation of the U.S. stock market remains elevated by any measure. The median price/earnings ratio on the S&P 500 is at 22.8x, just below its highest level reached in over a decade. Rising U.S. interest rates will exacerbate high valuations for U.S. equities and further rises in interest rates would be negative for valuation levels.
- Monetary factors and credit conditions:** There is now a widespread perception among investors that economic growth is a top priority for the new Trump Administration. Reflecting this prospective increase in economic activity, the 10-year Treasury note has risen from a July 2016 low of 1.35% to a December 2016 high of 2.59%, its highest level since 2014. Our rate of change indicators on interest rates are now turning negative. However, we have not yet seen credit spreads widen and the yield curve remains steep. Widening credit spreads and a flattening yield curve are usually a precursor to a more significant cycle market decline.
- Sentiment:** Investor sentiment among U.S. investors has become far more optimistic following the U.S. election and the subsequent stock market rise. This optimism is negative in our work. Many measures of investor sentiment that we look at show that optimism has reached its highest level (or the most negative level from a contrary standpoint) in almost two years. While most investors are generally wrong at market turning points—hence our contrary approach to assessing investor sentiment—we have found that one group of investors often gets it right—corporate insiders of U.S. corporations. We believe it is significant that at the same time we have seen optimism by the public reach its highest level in several years, we have seen the most relative corporate insider selling in over two years. These high relative levels of relative corporate insider selling, accompanied by optimism on the part of the public, is often a precursor of potential stock market vulnerability.
- Momentum:** While there was a rotational aspect to sector and industry group participation during the late 2016 stock market rally, we believe it is significant that though the U.S. stock market rose to new all-time highs in late 2016, the percentage of stocks above their 10- and 30-week moving averages has remained well below levels reached earlier in 2016. These divergences also suggest the possibility for a 6%–10% market correction.

1. 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.

2. October and YTD performances for 2013 start on October 11th, 2013.

3. Information sourced from Broadmark Asset Management LLC

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Risk Metrics ⁽⁴⁾

Exposure and Risk Summary	
	% of NAV
Long Exposure	54%
Short Exposure	-11%
Gross Exposure	66%
Net Exposure	43%
Annualised Volatility ⁽⁵⁾	9%
Relative VAR ⁽⁸⁾	0.35

Source: Morgan Stanley

Product Type ⁽⁹⁾

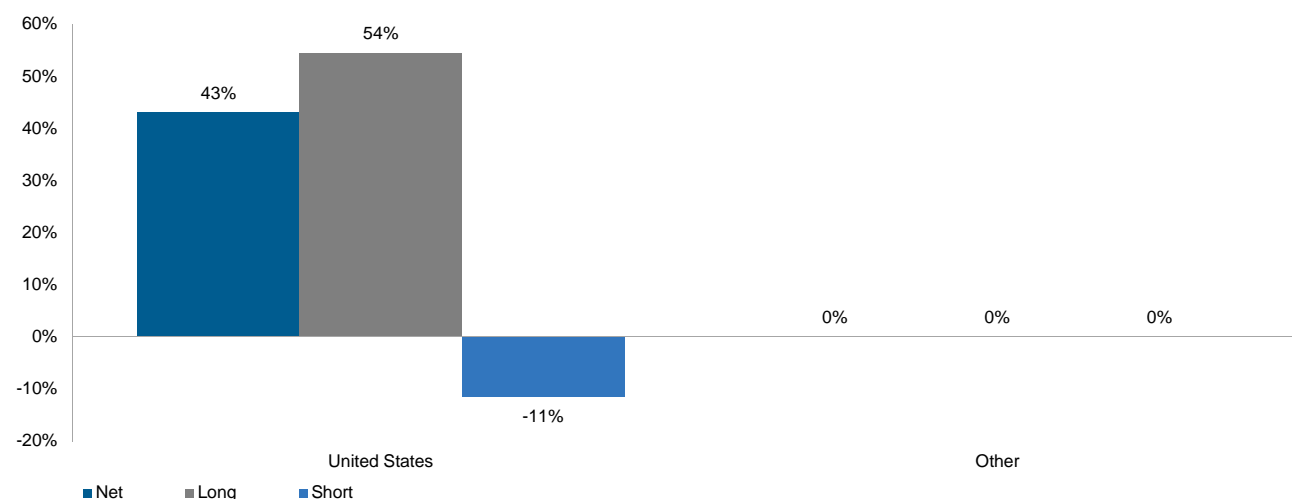
Gross Exposure According to Product Type	
	% of NAV
Equity Index Futs	50%
Cash and Cash Equivalents	100%
ETF's	0%
Options	16%
Other	0%
FX Futs	0%

Source: Morgan Stanley

Number of Positions	
No. of Longs	11
No. of Shorts	1

Source: Morgan Stanley

Geographic Analysis ⁽⁴⁾



Source: Morgan Stanley

Fund Share Class Details

	Share			Performance				Identifiers			Fees		
	CCY	Min Inv	Launch Date	Nav	MTD	YTD	LTD	ISIN	BBG	SEDOL	Mgmt	Perf.	TER ⁽⁷⁾
Class B1 ⁶	USD	1,000,000	11/10/2013	1221.30	3.18%	7.76%	22.13%	IE00BC1JD990	FLBTB1U ID	BC1JD99	0.75%	0.00%	1.15%
Class B2 ⁶	EUR	1,000,000	21/10/2013	1111.73	2.59%	5.41%	11.17%	IE00BC1JDH74	FLBTB2E ID	BC1JDH7	1.00%	15.00%	1.40%
Class B1 ⁶	EUR	1,000,000	25/03/2015	1084.93	3.07%	-	8.49%	IE00BC1JDG67	FLBTB1E ID	BC1JDG6	0.75%	0.00%	1.15%

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

4. Month-end data used. Exposure is Delta Adjusted, includes market hedges

5. Indicative values as insufficient data points for statistical calculations. The volatility is computed as the standard deviation of the daily returns.

6. Class B1 and B2 Shares (USD/ EUR/ GBP) are 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 \$100 MM, or such other amount as may be determined by the Directors from time to time in their absolute discretion.

7. Total Expense Ratio includes Management Fees and Promoter Fees. This figure may vary from year to year

8. Var 99% - 20days computed against Russell 2000 as benchmark

9. Month-end data used. Gross Delta Adjusted Exposure, except for Cash and Cash Equivalents, for which exposure equals Net Market Value

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MS Broadmark Tactical Plus UCITS Fund

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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,

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- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

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