**FundLogic Alternatives plc**

**Promoter and Distributor**
**Morgan Stanley & Co. International plc**

**Supplement dated 4 January 2021**
**for**

# ACUMEN ESG Protection Portfolio

This Supplement contains specific information in relation to the ACUMEN ESG Protection Portfolio (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**"). The Investment Manager has appointed Tavistock Wealth Limited ("**Tavistock**") to act as sub-investment manager to the Sub-Fund (the "**Sub-Investment Manager**").

**This Supplement forms part of and should be read in conjunction with the Prospectus for the Fund dated 4 January 2021 (the "Prospectus").**

**The Sub-Fund's principal exposure may 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 to 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 (i) to provide Shareholders with long term capital growth from a multi-asset portfolio taking account of the Sub-Fund's environmental, social and governance policy 'ESG Investment Policy' which is limited in scope and application as outlined in further detail below and (ii) to achieve a Common Protection Level (expressed as a percentage of the Net Asset Value per Share) for each Share Class. The "**Common Protection Level**" is the ratio of 90% of the highest Net Asset Value per Share ever achieved by the Class A GBP Share Class, and the current Net Asset Value per share of the Class A GBP Share Class.

Shareholders should be aware that there may be differences in the Net Asset Value per Share of each of the US Dollars and Euro Share Classes ("**Hedged Share Classes**") from the Class A GBP Share Class due to the cost of currency hedging and should refer to Section 11 below for further information.

The Hedged Share Classes may be launched on different dates, as subscriptions are accepted into each Hedged Share Class, at their Initial Issue Price.

## 1.2 Investment Policy

In order to achieve its investment objective, the Sub-Fund is actively managed and will take investment exposure to a portfolio of assets as set out below, where the composition will be determined from time to time by the Sub-Investment Manager (the "**Investment Portfolio**") and shall be subject to the constraints detailed in the **ESG Investment Policy** as outlined below.

The Investment Portfolio may have indirect exposure (as described below) to the asset classes of fixed income, equities and foreign exchange, as described below, without any particular geographic focus. Any exposure to equities and fixed income securities through ETFs and UCITS eligible indices (the "**ESG Investment Components**") will be subject to the ESG Investment Policy (as described below). The Sub-Investment Manager shall determine the allocation on a discretionary basis, subject to a maximum allocation of 100% of net exposure to fixed income and maximum allocation of 60% of net exposure to equities. The asset allocation process takes into account expected return potentials as well as volatilities and correlations between asset classes and between the constituents within each asset class. The Sub-Investment Manager strives for broad diversification while being reactive to changing market conditions.

The Sub-Fund will adopt a strategy that rebalances between the Investment Portfolio and cash (up to a maximum of 100%) (the "**Portfolio Strategy**") as set out in more detail under the Section 1.2.3. "**Risk Control Mechanism**" and will also gain exposure to a put option that will be held with the aim of achieving the Common Protection Level (the "**Put Option**"). The Sub-Fund will gain exposure to the Portfolio Strategy and the Put Option through a total return swap (collectively the "**Portfolio Swap**") as described below. The Put Option when exercised will require the Approved Counterparty to make a payment to the Sub-Fund in Pounds Sterling that will enable the Sub-Fund to achieve the Common Protection Level for each Share Class. Further information in relation to the Portfolio Swap is set out at the section entitled **Total Return Swaps** below.

### 1.2.1. ESG Investment Policy

The Sub-Investment Manager seeks to ensure that the ESG Investment Components of the Investment Portfolio meet the ESG criteria outlined below. Accordingly, the ESG Investment Components of the Investment Portfolio must achieve an aggregated minimum MSCI ESG rating of A, which represents a minimum score of 6.18 out of 10 (the "**MSCI rating**"). The MSCI rating is calculated using the MSCI ESG scoring methodology which is publicly available at: https://www.msci.com/esg-ratings. The MSCI ESG ratings methodology is a methodology developed by MSCI in order to attribute a ESG rating to a fund or an index, measuring specifically the Environmental, Social and Governance (ESG) characteristics of portfolio holdings.

In addition, each ESG Investment Component is required to achieve minimum asset-class-specific MSCI ESG (environmental, social, governance) ratings, as detailed below:

i For UCITS ETFs and UCITS eligible indices, the underlyings of which are equity securities or investment grade fixed income securities issued by corporate issuers, the ESG Investment Component must have a minimum A rating to be eligible for investment;

ii For UCITS ETFs and UCITS eligible indices, the underlyings of which are fixed income securities issued by government issuers located in developed markets, the ESG Investment Component must have a minimum BBB rating to be eligible for investment; and

iii For UCITS ETFs and UCITS eligible indices, the underlyings of which are fixed income securities issued by government issuers located in emerging markets or high yield fixed income securities issued by corporate issuers, the ESG Investment Component must have a minimum BB rating to be eligible for investment.

For the avoidance of doubt, an ESG Investment Component (being a UCITS ETF or a UCITS eligible index) may contain underlying fixed income or equity securities which do not meet the criteria outlined above. However, provided the relevant ESG Investment Component is rated in accordance with the criteria outlined above, it will be eligible for investment by the Investment Portfolio.

In addition to the above criteria, the ESG Investment Components are required to have an MSCI ESG coverage ratio greater than 90%. The coverage ratio measures the percentage of securities within the ESG Investment Component which have been assigned an ESG score by MSCI.

ESG Investment Components, the underlyings of which are equity securities or fixed income securities issued by corporate issuers that meet the minimum required criteria outlined above, are then further negatively screened (based on data provided by MSCI) by the Sub-Investment Manager to determine if any of the underlying securities have an involvement* in the following sectors:

i. Adult Entertainment
ii Alcohol
iii Civilian Firearms
iv Conventional Military Weapons
v Gambling
vi Genetically Modified Organisms
vii Nuclear Power
viii Tobacco

* involvement is defined as companies deriving 15% or more of revenue from such activities. Please note that fixed income securities issued by government issuers will not be subject to the application of a negative screen.

For the avoidance of doubt, the ESG Investment Policy shall not apply to (i) any foreign exchange assets as described in section 1.2.2, (ii) any assets held within the Investment Portfolio for the sole purpose of hedging or reducing risk such as, for example, UCITS eligible indices providing short exposure to bond futures or futures or forward contracts on foreign exchange or (iii) the Financing Assets (as detailed in Section 8.2 below) to which the Sub-Fund does not have any economic exposure as they are held by the Sub-Fund pursuant to the Financing Swap and such exposure is passed to the Approved Counterparty, as outlined below.

The Sub-Investment Manager will monitor the ESG Investment Components of the Investment Portfolio in line with the ESG Investment Policy outlined above. It is not expected that the Investment Portfolio will obtain exposure to the performance of ESG Investment Components that are not in line with the ESG Investment Policy. However, due to reliance on external data providers, this may occur from time to time. The Sub-Investment Manager will remove from the Investment Portfolio, any ESG Investment Components which no longer meet the relevant ESG Investment Policy criteria, within 125 calendar days, taking into account the best interests of Shareholders. However, none of the Sub-Investment Manager or its partners, employees or affiliates represent or warrant that the Investment Portfolio will not obtain exposure to ESG Investment Components that are not compliant with the ESG Investment Policy.

1.2.2 Asset Classes

The Investment Portfolio may obtain exposure to the various asset classes in the following manner:

(a) Fixed Income

(i) Indirect investment through UCITS ETFs with exposure to fixed income securities, such as bonds and money market instruments (such as short and medium-term treasury bills and treasury notes, and certificates of deposit and bankers' acceptances), which are issued by corporate or government issuers (including those located in emerging markets), which are fixed or floating rate, rated investment grade or below investment grade or unrated and listed or traded on the Markets referred to in Appendix II of the Prospectus; and

(ii) Total return swaps (as set out in more detail in the section entitled **Information on Financial Derivative Instruments within the Portfolio Strategy and the Sub-Fund** below) which reference the underlying fixed income securities set out in (a)(i) above or UCITS eligible indices which are comprised of the underlying fixed income securities set out in (a)(i) above.

The exposure to below investment grade securities within the Investment Portfolio will not exceed 30% of the Net Asset Value of the Sub-Fund.

In order to protect the value of Sub-Fund's assets (Portfolio Strategy and the Put Option) against a rise in interest rates, which would generally lead to a decrease in the value of the assets as described in (a) (i), and (ii) above, the Sub-Fund may as part of the Investment Portfolio obtain exposure to UCITS eligible indices that provide short exposure to derivative instruments known as bond futures. In the event of an increase in interest rates, the value of the futures contracts is expected to decrease and thus the Investment Portfolio may benefit from having a position in such indices.

Each of the above UCITS eligible indices takes exposure to a futures contract on bonds issued by a sovereign issuer which will be sold prior to its expiry date and a new future contract on same underlying issuer is bought.

These indices are developed and operated by Morgan Stanley & Co. International plc ("**MSIP**") in its capacity as index sponsor. Further details on these indices will be disclosed in the annual report of the Company.

(b) Equities

(i) Indirect investment through UCITS ETFs with exposure to equity and equity related securities, including common and preferred stock (American Depositary Receipts ("**ADRs**")) and (Global Depositary Receipts ("**GDRs**")), which are issued by corporate issuers (including those located in emerging markets), which are listed or traded on the Markets referred to in Appendix II of the Prospectus (with no specific industry or capitalisation focus); and

(ii) Total return swaps and options (as set out in more detail in the section entitled **Information on Financial Derivative Instruments within the Portfolio Strategy and the Sub-Fund** below) which reference the underlying equity securities set out in (b)(i) above or eligible indices which are comprised of the underlying equity securities set out in (b)(i) above.

(c) Foreign Exchange

(i) Swaps, options, futures and options on futures and forward currency exchange contracts (as set out in more detail in section 7 "Information on Financial Derivative Instruments within the Portfolio Strategy and the Sub-Fund" below) which reference foreign exchange rates or currencies and UCITS eligible indices with exposure to foreign exchange rates or currencies; and

(ii) Total return swaps (as set out in more detail in the section entitled **Information on Financial Derivative Instruments within the Portfolio Strategy and the Sub-Fund** below) which reference foreign exchange investments set out in (c)(i) above or UCITS eligible indices comprised of rolling forward or futures currency exchange contracts.

This asset class will be used for hedging purposes. Each of the UCITS eligible indices in (ii) above takes a short exposure to a futures or forward contract on foreign exchange which is then rolled on to another futures or forward contract without any discretionary input and are developed and operated by MSIP. These indices are developed and operated by MSIP in its capacity as index sponsor. Further details on these indices will be disclosed in the annual report of the Company.

Any UCITS ETF that the Sub-Fund will gain exposure to under the Portfolio Swap will not charge annual management fees in excess of 5% of those underlying funds' respective net asset values. Notwithstanding section 11 of the Prospectus, the Investment Portfolio may be comprised of up to 100%

in UCITS ETFs. The Investment Portfolio may not invest more than 20% of net asset value in any one UCITS ETF. Investment may not be made in a UCITS ETF which itself invests more than 10% of its net asset value in other open-ended collective investment schemes. For the avoidance of doubt, the Sub-Fund will not obtain exposure to collective investment schemes which are not UCITS.

As described above, the Sub-Fund expects to enter into FDI (Financial Derivatives Instruments) transactions in order to achieve its investment objective. The Investment Portfolio also expects to enter into FDI transactions to gain exposure to the securities referred to above. The Sub-Fund may utilise swaps, options, futures and forward currency exchange contracts. The Sub-Fund may also invest in FDI transactions for efficient portfolio management purposes.

For example: (i) equity swaps may be utilised for efficient cash management; or (ii) single name options may be utilised to hedge out the risk associated with an industry or gain exposure to an issuer; (iii) index futures on broad based indices may be utilised in order to hedge the equity portion of the strategy from movements in the general equity market and (iv) forward currency exchange contracts, currency index futures and currency index forwards in order to hedge the currency risk for the components of the Investment Portfolio.

FDIs may be exchange traded or over-the-counter.

The Investment Portfolio will not have an exposure to emerging markets in excess of 35% of the Net Asset Value.

The “long” exposure of the Portfolio Strategy will not exceed 105% of the Net Asset Value and the “short” exposure will not exceed 100% of Net Asset Value.

1.2.3 Risk Control Mechanism

The Investment Manager rebalances (potentially on a daily basis) the exposure between the Investment Portfolio and cash through the Portfolio Swap as agreed between the Investment Manager and the Approved Counterparty (as further described below), on the basis of certain volatility rules summarised below. The rebalancing seeks to control the volatility risk of the Portfolio Strategy by reducing the allocation to the Investment Portfolio if and when the realised volatility of the Portfolio Strategy, as observed for certain periods, increases. As the realised volatility of the Portfolio Strategy increases, the exposure to the Investment Portfolio is adjusted downwards to a minimum of 0% and the corresponding exposure to cash is adjusted upwards to a maximum of 100%, such that the anticipated realised volatility of the Portfolio Strategy within the observed periods is consistent with the volatility budget. The volatility budget i.e. the maximum targeted level of annualised change in value of the Portfolio Strategy will be between 5% and 7% over the term of the Portfolio Swap and is determined by the Sub-Investment Manager on a discretionary basis. The Sub-Investment Manager may from time to time determine the methodology used to calculate the realised volatility of the Investment Portfolio used in the calculation of the exposure to the Investment Portfolio.

1.2.4 Common Protection Level

The Sub-Fund will on each Dealing Day aim to offer an element of capital protection equal to the Common Protection Level for each Share Class. This capital protection is intended to be achieved through (i) the Put Option, as part of the Portfolio Swap (as described in section 8.1 below), from the Approved Counterparty that aims to pay any shortfall amount that the Sub-Fund may need to receive in order to pay the Common Protection Level to the Shareholders; and (ii) a legally enforceable deed of undertaking (the “**Deed of Undertaking**”) from MSIP or Morgan Stanley Europe SE (the “**Undertaking Provider**”) under which the Undertaking Provider will pay an amount in Pounds Sterling so that the Sub-Fund can achieve the Common Protection level for each of the Share Classes. Further, the Undertaking Provider may receive the premium paid for the Put Option at normal commercial rates as it may act as an Approved Counterparty to the Portfolio Swap. For the avoidance of doubt, the Sub-Fund is not a guaranteed fund in accordance with Regulation 93 of the Central Bank UCITS Regulations.

The premium payable for the exposure to the Put Option will be at normal commercial rates. The initial term of both the Portfolio Swap and Deed of Undertaking is four years but the Sub-Fund will aim to periodically extend the term. The Sub-Fund will pay additional premiums in relation to this extension.

1.2.5 Termination

Following the termination or maturity of the Deed of Undertaking or the Portfolio Swap, the Sub-Fund will terminate on the Business Day following the termination or at maturity of either the Deed of Undertaking or the Portfolio Swap. As above, the initial term of both the Deed of Undertaking and the Portfolio Swap is four years (which is subject to the Early Termination provision below in relation to the Deed of Undertaking), but the Sub-Fund will endeavour to extend the term periodically. If it is not possible to achieve this extension and the Directors determine that a termination of the Sub-Fund is likely to result, then Shareholders will be informed about the expected termination date of the Sub-Fund at least 3 months prior to such termination date.

1.2.6 Early Termination

The Undertaking Provider may early terminate the Deed of Undertaking if (a) the Deed of Undertaking no longer complies with laws and regulations which are relevant for providing Deeds of Undertaking to UCITS funds; (b) the Undertaking Provider no longer has the authorisation to provide the Deed of Undertaking; (c) upon the termination of the Class A GBP Share Class or (d) upon the termination of the Portfolio Swap.

In the event of Early Termination, the Undertaking Provider will pay the amounts described in section 1.2.4 "**Common Protection Level**" above in relation to the Put Option and the Deed of Undertaking.

### 1.3 Securities Financing Transaction Regulation

The Sub-Fund will not enter into repurchase and reverse repurchase agreements or stock lending agreements. The Sub-Fund's exposure to total return swaps is set out below (as a percentage of Net Asset Value):

| | **Expected** | **Maximum** |
|---|---|---|
| Total Return Swaps | 200% | 210% |

***The above shows the expected and maximum notional for the total return swaps and does not reflect the leverage inherent in the Portfolio Strategy and Put Option exposure inherent in the Portfolio Swap.***

### 1.4 Profile of a Typical Investor

Investment in the Sub-Fund is suitable for investors seeking a medium-term appreciation of capital, with the potential for a longer-term investment horizon.

## 2 INVESTMENT RESTRICTIONS

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 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 its registered office at 61 rue de Monceau, 75008 Paris, France. As at 6 November 2020, FundLogic SAS had approximately $9.6 billion of assets under management.

The Fund has appointed the Investment Manager as investment manager for the Sub-Fund pursuant to the investment management agreement between the Fund and the Investment Manager as amended and restated on 8 September 2020 and as may be further amended (the "**Agreement**").

Subject to controls imposed by the Directors under the Agreement, 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 Investment Manager has also agreed to provide the Sub-Fund with risk management services in accordance with the risk management process in respect of the Sub-Fund.

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 or in pursuance of any request or advice of the Sub-Fund and/or the 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 180 days' prior written notice (or such other period as may be agreed between the parties).

## 4 SUB-INVESTMENT MANAGER

The Investment Manager has appointed Tavistock Wealth Limited as the Sub-Investment Manager, pursuant to the sub-investment management agreement between the Investment Manager, the Fund and the Sub-Investment Manager dated 2 May 2018, as amended and restated from time to time (the "**Sub-Investment Management Agreement**"), to provide the Investment Manager with discretionary investment management services in relation to the investments in the Investment Portfolio. The Sub-Investment Manager may also from time to time determine the volatility budget and the methodology used to calculate the realised volatility of the Investment Portfolio used in the calculation of the exposure to the Investment Portfolio

The Sub-Investment Manager has its registered office at 1 Bracknell Beeches, Old Bracknell Lane, Bracknell, RG12 7BW. It is authorised and regulated by the Financial Conduct Authority (the "**FCA**") in the United Kingdom as a MiFID firm. Its principal activity is providing collective portfolio management services.

The Sub-Investment Manager shall be responsible for loss to the Investment Manager and the Fund to the extent such loss is due to wilful misfeasance, wilful deceit, fraud, bad faith, negligence or breach by the Sub-Investment Manager by itself, its directors, officers, servants, employees, agents and appointees or for its recklessness, breach of fiduciary duty and any misrepresentation made by or on behalf of the Sub-Investment Manager.

The Sub-Investment Management Agreement may be terminated by either the Investment Manager or the Sub-Investment Manager on giving not less than 180 days prior written notice (or such other period as may be agreed between the parties) to the other party.

## 5 SUB-CUSTODIAN

Pursuant to an agreement dated 27 November 2019 as amended from time to time (the "**Sub-Custody Agreement**"), the Depositary has appointed MSIP as sub-custodian in relation to the Sub-Fund, subject to the overall supervision of the Depositary, and MSIP may in such capacity hold certain assets of the Sub-Fund from time to time. MSIP is a company incorporated with limited liability under the laws of England and Wales whose principal place of business for this agreement is at 25 Cabot Square, Canary Wharf, London E14 4QA and is regulated by the Financial Conduct Authority in the UK.

The Sub-Custody Agreement may be terminated by either party on 30 days' written notice, or, where the Services Agreement (as defined below) is not terminated, with MSIP's written permission or forthwith by notice in writing in certain circumstances such as the insolvency of MSIP. The Sub-Custody Agreement provides that MSIP shall indemnify the Depositary for certain losses unless MSIP's liability arises (i) in connection with the potential liability of the Depositary that is released pursuant to applicable law following the occurrence of an external event beyond the reasonable control of MSIP, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; (ii) out of the negligence, wilful default or fraud of the Depositary or any of its affiliates; or (iii) as a result of the delegation by MSIP of the safekeeping of assets to the Depositary or any of its affiliates.

## 6 SERVICE PROVIDER

The Fund has appointed MSIP (the "**Service Provider**") to provide certain services (being the services set out in the paragraph immediately below) to the Fund as Service Provider pursuant to a Services Agreement dated 27 November 2019 in respect of the Sub-Fund, as amended from time to time (the "**Services Agreement**").

Under the Services Agreement, the Service Provider or certain other members of the Morgan Stanley Group of companies (the "**Morgan Stanley Companies**") will provide services to the Fund including the provision to the Fund of settlement, clearing and foreign exchange facilities (facilities to hold foreign exchange or to convert currencies). The Service Provider does not have discretion over the Sub-Fund's assets. The Fund may also utilise Morgan Stanley Companies and other brokers and dealers for the purposes of executing transactions for the Fund on an arm's length basis and at normal market rates.

Further detail in respect of the Services Agreement is set out in the section entitled **Other Information** below.

## 7 INFORMATION ON FINANCIAL DERIVATIVE INSTRUMENTS WITHIN THE PORTFOLIO STRATEGY AND THE SUB-FUND

**The following types of Financial Derivative Instruments may be used within the Portfolio Strategy and Sub-Fund to provide exposure to equities, fixed income and cash assets as set out in more detail in Section 1.2 "Investment Policy" above and to hedge currency impact for the non-Base Currency Share Classes.**

**Swaps.** These include total return swaps. 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. The underlying reference assets of swaps can be but not limited to single name securities, indexes or custom baskets of securities. See Section 8 below for further details.

**Options.** Options may be exchange traded or traded over-the-counter options and may have but not limited to single name securities, indexes or custom baskets of securities as underlying reference assets. 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 underlying reference assets 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 reference asset at the specified exercise price during the term of the option.

**Futures**. 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. The Investment Portfolio may employ indices that are comprised of futures. The Sub-Fund may employ futures on equities, currencies, fixed income securities and interest rates.

**Forward Currency Exchange Contracts**. 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. The forward currency exchange contracts will be used to hedge the currency risk of Investment Portfolio assets. The Sub-Fund or Investment Portfolio may obtain exposure to indices that are comprised of rolling forward or futures currency exchange contracts for this purpose and as well direct investment in forward currency exchange contracts.

## 8 TOTAL RETURN SWAPS

The Sub-Fund may use, as described above in 1.2, 1.2.3 and 1.2.4, a Portfolio Swap (which will deliver the economic performance of the Portfolio Strategy and the Put Option) and for the purpose of efficient portfolio management, a Financing Swap (as defined below).

### 8.1 **The Portfolio Swap**

The Portfolio Swap will give the Sub-Fund the economic exposure to the Portfolio Strategy and the Put Option in exchange for a floating rate of return (i.e. a market rate of return agreed with the Approved Counterparty from time to time that may be received by the Sub-Fund through the Financing Swap as described in Section 8.2 below) being paid by the Sub-Fund.

The Portfolio Swap contains exposure to the Put Option.

### 8.2 **The Financing Swap**

The Sub-Fund will purchase Financing Assets (as detailed below) and transfer the full economic interest in such assets to the Approved Counterparty pursuant to swap agreements (the "**Financing Swap**") in exchange for a floating rate of return (i.e. a market rate of return agreed with the Approved Counterparty from time to time) being received by the Sub-Fund from the Approved Counterparty.

"**Financing Assets**" will include an investment of up to 100% in regulated investment funds (including ETFs) which are UCITS funds which will deliver exposure to the asset classes of equities, fixed income, foreign exchange and alternative assets.

They 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 will not embed leverage) and depository receipts for such securities (American depositary receipts traded in the United States markets and global depositary receipts traded in other world markets), issued by companies worldwide and which may or may not be constituents of the Investment Portfolio.

The Financing Assets (other than permitted unlisted investments) will be listed or traded on the Markets referred to in Appendix II of the Prospectus. The Financing Assets will have no more than 35% exposure to emerging markets.

The assets acquired will be those which, based on the Investment Manager's assessment of the underlying liquidity of the securities as measured by the average daily trading volume, meets the daily liquidity of the Sub-Fund. The Investment Manager, when selecting the components of the Fund Assets, takes into account liquidity (for instance, looking at the daily liquidity of a stock observed during the past three months).

The Approved Counterparty does not have discretion over the selection of the Financing Assets.

It is not anticipated that the Sub-Fund will be exposed to the performance or risks of the Financing Assets other than in the event of a default by the Approved Counterparty under the terms of the Financing Swap. The ESG Investment Policy is not applied to the Financing Assets.

The Sub-Fund's exposure to the Approved Counterparty will be managed in one or more ways including through collateral provided to the Sub-Fund by the Approved Counterparty, a re-set of the counterparty exposure as permitted by the Central Bank.

## 9 APPROVED COUNTERPARTY(IES)

The sole approved counterparty / counterparties for all off exchange derivatives is Morgan Stanley or any of its affiliates or subsidiaries that is a UCITS eligible counterparty (the "**Approved Counterparty**"). The Approved Counterparty does not have discretion over the Sub-Fund's assets.

The Directors may from time to time, in their sole discretion, approve additional UCITS eligible counterparties. Any such additional counterparties will be disclosed in the annual report in respect of the Sub-Fund.

The Sub-Fund will pay a premium (which may be partly on an upfront basis and partly on a running basis) to the Approved Counterparty for exposure to the Put Option, under the Portfolio Swap, at normal commercial rates. In addition the costs and fees of the Investment Manager, Sub Investment Manager and Promoter's Fees (disclosed in Section 14 on Charges and Expenses) which are paid or reimbursed by Approved Counterparty may ultimately be borne by the Sub-Fund as costs, under the terms of the Portfolio Swap. Under the terms of the Portfolio Swap if the Approved Counterparty suffers a material increase in the cost of hedging the Portfolio Swap then such increase in costs may have to be borne by the Sub-Fund.

## 10 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, provided that such borrowing is only for temporary purposes and cannot be for the purpose of investments. The Fund may incur costs in relation to such borrowing.

In accordance with the requirements of the Central Bank, the absolute VaR of the Sub-Fund on any day may not exceed 20% of the Net Asset Value of the Sub-Fund using a one-tailed confidence interval of 99%, a holding period of 20 days and a historical observation period of at least one year. The absolute VaR of the Sub-Fund will be calculated daily.

The Sub-Fund's gross leverage calculated using the sum of the notional exposure of its derivatives positions (including leverage inherent in the Portfolio Strategy) is not expected to exceed 320.25% of the Net Asset Value of the Sub-Fund.

The maximum gross notional exposure of the Sub-Fund of 320.25% is comprised of the following elements: (i) up to 105% of Net Asset Value under the Portfolio Swap, which in turn provides exposure to the Portfolio Strategy (The Portfolio Strategy can have long exposure of 105 % of the Net Asset Value and short exposure of 100% of the Net Asset Value and as such total gross exposure of up to 215.25% of the Net Asset Value) and (ii) up to 105% of Net Asset Value under the Financing Swap.

The Sub-Fund will use the absolute VaR risk measurement approach and any reference to the commitment approach in respect of the Portfolio Strategy in this Supplement is intended solely as a supplementary disclosure to investors and relates to the Portfolio Strategy and not the Sub-Fund. The Sub-Fund may be leveraged through the use of FDI, including through the Portfolio Swap which provides exposure to the Portfolio Strategy. For the avoidance of doubt, the leverage limits disclosed above are consistent with and do not breach section 13.1 of the Prospectus which provides that the Sub-Fund's global exposure relating to FDI will not exceed its total Net Asset Value.

## 11 RISK FACTORS

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

The following additional risk factors also apply:

**Counterparty Risk**

The Sub-Fund will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Sub-Fund. This would include the counterparties to any FDI or repurchase agreement that it enters into. Trading in FDI which have not been collateralised gives rise to direct counterparty exposure. The Sub-Fund mitigates much of its credit risk to its counterparties by receiving collateral with a value at least equal to the exposure to each counterparty but, to the extent that any FDI is not fully collateralised, a default by the counterparty may result in a reduction in the value of the Sub-Fund. The Fund maintains an active oversight of counterparty exposure in line with Regulations and the collateral management process in respect of the Sub-Fund.

The restrictions on cash collateral as set out in the section entitled Efficient Portfolio Management in the Prospectus shall apply. Where cash collateral is re-invested it will be subject to the same risks as direct investments as set out in the section entitled Risk Factors in the Prospectus.

**Low Exposure to Portfolio Strategy**

Based on the risk control mechanism, if the realised volatility of the Portfolio Strategy exceeds the volatility budget there is a risk that there is low exposure to the Portfolio Strategy for certain periods. In this case, Shareholders will be exposed to overnight interest rates which might be negative.

**Termination of Sub-Investment Management Services**

The Investment Manager has appointed Tavistock Wealth Limited as the Sub-Investment Manager, to provide the discretionary investment management services in respect of the Investment Portfolio and in respect of the determination of the volatility budget. The Sub-Investment Manager may also from time to time determine the methodology used to calculate the realised volatility of the Investment Portfolio used in the calculation of the exposure to the Investment Portfolio. As such the Sub-Investment Manager has a significant input in respect of the ability of the Sub-Fund to meet its Investment Objective. As such, termination of Sub-Investment Management Services may have a material adverse impact on the performance of the Sub-Fund or may result in termination of the Sub-Fund.

Further, the provision of **Sub-Investment Management Services** by the Sub-Investment Manager is significantly dependent on the investment ability of John Leiper, the CIO of the Sub-Investment Manager ("**Key Man**"). The ability of the Sub-Fund to achieve its objective might be adversely affected, therefore, in the event that the Key Man ceases to devote substantially all of his business time to the business of the Sub-Investment Manager or to participate actively in the management of the Sub-Fund and that a suitable replacement could not be found.

**Common Protection Level**

The Sub-Fund aims to provide an element of capital protection, however, this will be dependent on the solvency of the Approved Counterparty. In the event of insolvency of the Approved Counterparty, the Sub-Fund will be exposed to the performance of the Financing Assets.

Investors should note that the Common Protection Level does not provide complete capital protection and only aims to provide a protection level equal to 90% of the highest Net Asset Value per Share achieved from the launch of the Sub-Fund onwards by the Class A GBP Shares expressed as a percentage of the current Net Asset Value per Share of the Class A GBP Share Class for each Share Class.

On each Dealing Day the Common Protection Level = 90 % x (the highest Net Asset Value per Share ever achieved by the Class A GBP Share Class) / Net Asset Value of the Class A GBP Share Class on such Dealing Day)

The Common Protection Level is then multiplied by the Net Asset Value of each share class in order to calculate the protection amount for each share class.

Further, while each Share Class of the Sub-Fund is exposed to the same Portfolio Strategy and Put Option aiming to deliver a protection level equivalent to the Common Protection Level, there may be differences in the Net Asset Value per Share of each of the Share Classes due to the cost of currency hedging as attributed to the relevant non-Base Currency Share Class. These differences are on account of cost of currency hedging are not protected by the Put Option and /or Deed of Undertaking. In addition, there may be differences in the Net Asset Value per Share of each of the Share Classes due to differences in the launch date of each of the Share Classes.

An indicative example is as follows:

- If on a given day, the highest Net Asset Value per Share ever achieved by the Class A GBP Share Class is £100 and its current Net Asset Value per Share is £96, the Common Protection Level is calculated as 90% * £100 / £96 = 93.75%.

- This Common Protection Level will be applied to each Share Class.

- If the Class A GBP Share current Net Asset Value per Share is £96, the corresponding protection amount is calculated by £96 x 93.75% = £90.

- However, if the Class A EUR Share current Net Asset Value per Share is €95, the corresponding protection amount is calculated as €95 x 93.75% = €89.06.

- Similarly, if the Class A USD Share current Net Asset Value per Share is USD 95, the corresponding protection amount is calculated as USD 95 x 93.75% = USD 89.06.

Thus each Share Class of the Sub-Fund, including Hedged Share Classes, benefits from the same Common Protection Level. Nevertheless the costs and impacts associated to the currency hedging program incurred by the Hedged Share Classes are not protected by the Put Option and/or Deed of Undertaking and could adversely impact the Hedged Share Classes Net Asset Value per Share.

It is important to note that, while a repurchasing Shareholder will receive an amount equal to the Net Asset Value per Share of the relevant Class on the Settlement Date, each Share may benefit from limited capital protection only (by reference to Common Protection Level), regardless of the Net Asset Value per Share at which such Share was purchased by the Shareholder.

The amount that may be received under the Portfolio Swap following the Put Option exercise or from the Undertaking Provider under the Deed of Undertaking will be paid in Pounds Sterling to the Sub Fund. Amounts paid to Shareholders will be converted at the relevant foreign exchange rate for each Share Class currency.

As a consequence in case of exercise of the Put Option and/or the Deed of Undertaking, Shareholders investing in non-Base Currency (EUR and USD share classes) may expect to have their investment impacted by currency risk for the period in between the payment under the Put Option and/or the Deed of Undertaking and the conversion of relevant amount into the currency of the relevant Share Class.

**Currency Risk**

The Sub-Fund's performance may be influenced by movements in currency exchange rates because the Investment Portfolio may hold securities positions that are not denominated in the Base Currency of the Sub-Fund.

Further, the Base Currency of the Sub-Fund is GBP. Shareholders may subscribe in USD, EUR or GBP into the USD, EUR or GBP denominated Share Classes respectively.

The EUR and USD 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.

**Active Management Risk**

The Sub-Investment Manager decides the composition of the Investment Portfolio and the volatility budget of the Portfolio Strategy and so the success of the Sub-Fund depends, among other things, upon the ability of the Sub-Investment Manager to manage the asset allocation within the Investment Portfolio. In addition, the Sub-Investment Manager may also from time to time determine the methodology used to calculate the realised volatility of the Investment Portfolio used in the calculation of the exposure to the Investment Portfolio. No assurance can be given that the Sub-Investment Manager will be successful in managing the Investment Portfolio and make an optimal determination of the volatility budget of the Portfolio Strategy or making determinations in relation to the volatility of the Investment Portfolio. Moreover, decisions made by the Sub-Investment Manager may cause the Sub-Fund to incur losses or to miss profit opportunities on which it may otherwise have capitalised. Additionally, the management of the Portfolio Strategy will result in brokerage and other transaction costs to which the Sub-Fund will be indirectly exposed. Shareholders will have no right or power to participate in the day-to-day management or control of the business of the Sub-Fund, nor an opportunity to evaluate the determination of (and any changes to) the specific strategies used, or investments made, by the Sub-Investment Manager within the Investment Portfolio or the terms of any such investment.

**Environmental, Social and Governance Investing**

Environmental, social and governance ("**ESG**") refers to an investment approach that incorporates ESG criteria into the investment process. The ESG Investment Policy is only applied to the Investment Portfolio's positions in UCITS ETFs and UCITS eligible indices (the "**ESG Investment Components**") as outlined in Section 1.2 **Investment Policy**. For the avoidance of doubt, the ESG Investment Policy shall not apply to (i) any foreign exchange assets as described in section 1.2.2, (ii) any assets held within the Investment Portfolio for the sole purpose of hedging or reducing risk such as described in Section 1.2.1. **ESG Investment Policy**. In addition, while the ESG Investment Policy includes minimum requirements for government securities, such government securities are not subject to the additional negative screening for involvement in adult entertainment, alcohol, civilian firearms, conventional military weapons, gambling, genetically modified organisms, nuclear power or tobacco. The Sub-Fund may therefore have exposure to positions which do not comply with the ESG Investment Policy, including where government securities provide indirect exposure to certain sectors. The ESG Investment Policy is also not applied to the Financing Assets. As outlined in section 8.2 above, it is not anticipated that the Sub-Fund will be exposed to the performance or risks of the Financing Assets other than in the event of a default by the Approved Counterparty under the terms of the Financing Swap.

There are a wide variety of ESG strategies available to investors, and prospective investors should carefully consider the ESG Investment Policy for consistency with their individual objectives and values. The ESG Investment Policy is expected to evolve over time as new ESG issues and concerns are identified and to reflect developments in best corporate governance and business practices.

The use of the ESG Investment Policy may affect the Sub-Fund's investment performance and, investment funds such as the Sub-Fund, which use ESG criteria to screen investments may perform differently or poorly compared to similar funds that do not use such criteria. As the Sub-Fund incorporates ESG criteria into the investment process, this could cause the Sub-Investment Manager to avoid or sell positions that otherwise meet the financial criteria for inclusion in the Investment Portfolio and this could have an impact on the investment performance of the Sub-Fund. In addition, the potential benefits to a security in having ESG characteristics may be long term and not visible in performance (or otherwise) for many years, or at all.

In applying the ESG Investment Policy, the Sub-Investment Manager is dependent upon information and data from third party providers, which may be incomplete, inaccurate, unavailable or provided with delay. As a result, there is a risk that the Sub-Investment Manager may incorrectly assess a security or issuer. There is also a risk that the Sub-Investment Manager may not apply the relevant ESG criteria correctly or that the Sub-Fund could have indirect exposure to issuers who do not meet the relevant ESG criteria used by the Sub-Investment Manager. Neither the Company nor the Investment Manager nor Sub-Investment Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any such ESG assessment.

**Impact of the valuation of Off Exchange Derivatives on the Net Asset Value of the Sub-Fund**

The Sub-Fund invests in derivatives, the valuation of which depends on multiple market parameters. Thus, Shareholders will not be able to derive the Net Asset Value of the Sub-Fund from an increase of the level of the Portfolio Strategy alone.

**MSIP as index sponsor**

MSIP acts as index sponsor in respect of the UCITS eligible indices that the Investment Portfolio may have exposure to, as outlined in section 1.2 above.

In light of MSIP acting as index sponsor of the UCITS eligible indices, the conflict of interest protections described in Section 25 of the Prospectus entitled **Sub-Fund Transactions and Conflicts of Interest** shall be adhered to.

### Impact of subscription/redemption on the OTC valuation

The value assigned to the OTC derivative instruments shall be the quotation received from the counterparty to such contracts at the Valuation Point. Investors should note that the valuation received from the counterparty will be impacted by the level of redemption or subscriptions received into the Sub-Fund on a daily basis. On a day when net subscriptions/only subscriptions are received, the counterparty will provide a price which is likely to be closer to their offer price for the contract, whereas if there are net redemptions/only redemptions received by the Sub-Fund, the counterparty will provide a price which is likely to be closer to their bid price for the contract. The independent valuation provider, which is appointed by the Board and approved by the custodian, will verify all values received from the counterparty on at least a weekly basis as set out in the Prospectus.

### Term and Limitation of the Deed of Undertaking

No assurance can be given that the Deed of Undertaking will be extended. There is a risk that the Deed of Undertaking is terminated early. Further the Deed of Undertaking is only protecting the Common Protection Level for each Share Class and will not protect any impact of exchange rate on both Base Currency and non-Base Currency Share Classes.

### Depositary/MSIP Insolvency

The Sub-Fund is subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors ("**Insolvency**") of the Depositary and/or MSIP in its capacity as sub-custodian. These risks include without limitation: the loss of all cash which is not treated as client money in accordance with any agreed procedures with MSIP; the loss of some or all of any securities held on behalf of the Sub-Fund which have not been properly segregated and so identified both at the level of the Depositary and/or MSIP or client money held by or with MSIP in connection with a reduction to pay for administrative costs of an Insolvency and/or the process of identifying and transferring the relevant securities and/or client money for other reasons according to the particular circumstances of the Insolvency; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets.

## 12 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 Sub-Fund's assets and be reflected in the Net Asset Value of the relevant Class of Shares.

## 13 KEY INFORMATION FOR PURCHASES AND SALES OF SHARES

### Base Currency

GBP

### Classes of Shares

Shares in the Sub-Fund will be available in the following Classes:

| Class | Currency Denomination | Currency Hedged Shares | Initial Issue Price per Share |
|---|---|---|---|
| **Class A GBP Shares** | GBP | No | £100 |
| **Class A EUR Shares** | EUR | Yes | €100 |
| **Class A USD Shares** | USD | Yes | $100 |

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**

The Initial Offer Period for the Class A EUR Shares and the Class A USD Shares will be from 9.00 am (Irish time) on 19 October 2020 until 5:30 pm (Irish time) on 18 April 2021 as may be shortened or extended by the Directors in accordance with the requirements of the Central Bank.

Class A GBP Shares are available at its Net Asset Value on each Dealing Day.

**Business Day**

Every day (except legal public holidays in London, Paris, New York or Dublin or days on which the stock markets in London, Paris and New York are closed) during which banks in London, Paris, New York or Dublin 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. The 24th and the 31st December are deemed public holidays for the purpose of this Supplement.

**Dealing Day**

Every Business and/or 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**

11:00 am (Irish time) on 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 (being the earliest close of business of any relevant market on that Dealing Day) for that particular Dealing Day. For the avoidance of doubt, no application 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, 3 Business Days after the relevant Dealing Day.

In the case of repurchases, 3 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.

**Valuation Point**

Close of business on the relevant Dealing Day.

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. With regards to the valuation of OTC FDI, some of the underlying of which are UCITS eligible indices, the OTC FDI and thus the Sub-Fund's Net Asset Value will be computed using the level officially published by the index calculation agent for the latest available close on the day on which the Net Asset Value is calculated by the Administrator.

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

## 14 CHARGES AND EXPENSES

### Redemption in Specie

The provisions of the section of the Prospectus entitled Repurchase of Shares in respect of the ability of the Directors to satisfy a repurchase request in whole or in part by an in-kind distribution of securities of the relevant Sub-Fund in lieu of cash with or without consent of the Shareholder shall not apply to the Sub-Fund.

### Fund Expenses

The Fund will pay up to 1% per annum in aggregate to the (a) Investment Manager (b) Sub-Investment Manager and (c) the Promoter from the assets attributable to the Sub-Fund which are based on a percentage of net assets attributable to each Class of Shares, which is accrued daily and paid quarterly in arrears.

The maximum fees paid by the Fund to the Sub-Investment Manager will be 0.88% of the Net Asset Value per annum.

The Promoter will, inter alia, pay the fees and expenses of any service provider to the Sub-Fund (other than the Investment Manager and the Sub-Investment Manager) and, in particular, the Administrator and Depositary and will be entitled to retain any excess after payment of such fees.

Notwithstanding the above, any transaction charges, reasonable fees and customary agents' charges due to any local market sub-custodian (not including the Depositary or any of its affiliates), which shall be charged at normal commercial rates, together with value added tax, if any, thereon, shall be paid out of the assets of the Sub-Fund or, if paid by the Depositary, shall be reimbursed to the Depositary out of the assets of the Sub-Fund.

The Promoter also acts as the Distributor to the Fund and hence will, inter alia, pay the fees of any sub-distributor.

### Initial, Exchange and Repurchase Charges

The Sub-Fund will not impose an anti-dilution levy or any initial, exchange or repurchase charges. The Distributor will not be entitled to any other fees out of the assets of the Fund.

### Ongoing Charges and Expenses

The additional charges and expenses specified in the section entitled **Ongoing Charges and Expenses** in the Prospectus will be paid out of the assets of the Sub-Fund.

## 15 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.

The Directors reserve the right to reject in whole or part any subscription at their sole discretion, but in particular may do so where the Approved Counterparty is unwilling to agree to an equivalent increase in the notional of the Portfolio Total Return Swap.

## 16 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.

## 17 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.

## 18 ESTABLISHMENT CHARGES AND EXPENSES

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

## 19 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.**

## 20 OTHER INFORMATION

As at the date of this Supplement, there are fifty-three other sub-funds of the Fund currently in existence: Emerging Markets Equity Fund, MS PSAM Global Event UCITS Fund, Indus PacifiChoice Asia Fund, MS Ascend UCITS Fund, MS Alkeon UCITS Fund, MS Swiss Life Multi Asset Protected Fund, MS Dalton Asia Pacific UCITS Fund, MS Lynx UCITS Fund, MS Scientific Beta Global Equity Factors UCITS ETF, MS Fideuram Equity Smart Beta Dynamic Protection 80 Fund, MS Nezu Cyclicals Japan UCITS Fund, MS Scientific Beta US Equity Factors UCITS ETF, MSCI Emerging Markets ESG Equity Fund, MS Tremblant Long/Short Equity UCITS Fund, Global Equity Risk Premia Long/Short UCITS Fund, MS Fideuram Equity Smart Beta Dynamic Protection 80 Fund II, DAX® 80 Garant, IPM Systematic Macro UCITS Fund, Quantica Managed Futures UCITS Fund, Smartfund 80% Protected Growth Fund, Smartfund 80% Protected Balanced Fund, MSCI China A International Fund, Smartfund Growth Fund, Smartfund Balanced Fund, Smartfund Cautious Fund, 80% Protected Index Portfolio, Market Neutral Credit UCITS Fund, Academy Quantitative Global UCITS Fund, Arno Fund, Abante 80% Proteccion Creciente Fund, Moderate 80% Protected Fund, Cautious 85% Protected Fund, Equity Risk Managed Fund, Cube Global Cross Asset UCITS Fund, Investcorp Geo-Risk Fund, CZ Absolute Alpha UCITS Fund, Morgan Stanley RADAR ex Agriculture & Livestock Fund, Generali 80% Protected Fund – A, Generali 80% Protected Fund – D, SciBeta HFE EM Equity 6F EW UCITS ETF, SciBeta HFE Europe Equity 6F EW UCITS ETF, SciBeta HFE Pacific ex-Jap Equity 6F EW UCITS ETF, SciBeta HFE Japan Equity 6F EW UCITS ETF, SciBeta HFE US Equity 6F EW UCITS ETF, Smartfund 80% Protected Balanced Fund – C, Smartfund 80% Protected Growth Fund – C, Carrhae Capital Long/Short Emerging Market Equity UCITS Fund, ACUMEN Capital Protection Portfolio, ACUMEN Income – Protection Portfolio, Movestic Avancera 75, Movestic Avancera 85, Pergola 90 and SciBeta HFI US Equity 6F EW (USD) UCITS ETF.

**Services Agreement**

Pursuant to the Services Agreement, neither the Service Provider nor any Morgan Stanley Company nor their employees or officers will be liable for any loss, cost, charge, fee, expense, damage or liability resulting from any act or omission made in connection with the Services Agreement or the services provided thereunder. In particular, but without limitation, the Service Provider will not be liable for any loss of, or any failure to insure investments, or for the quality, quantity, condition or delivery of investments or the correctness, validity, sufficiency or genuineness of any of the documents relating to investments. This exclusion does not apply where such loss results directly from the negligence, wilful default or fraud of the Service Provider or any Morgan Stanley Company or their employees or officers.

The Service Provider or any Morgan Stanley Company or their employees or officers will not in any circumstances be liable for any consequential loss, damage or liability regardless of whether it is aware of the likelihood of such loss, damage or liability. The Fund will fully indemnify the Service Provider or any Morgan Stanley Company or their employees or officers on demand against any and all claims which the Service Provider or any Morgan Stanley Company or their employees or officers may suffer or incur directly or indirectly (including those incurred to a sub-custodian, broker, executing broker, exchange, clearing house or other regulatory authority) as a result of, or in connection with, or arising out of, the Services Agreement, related documents, related transactions and any other matters set out in the Services Agreement. This indemnity will not extend to the Service Provider or any Morgan Stanley Company or their employees or officers in so far as the claims suffered by the same are a direct result of its fraud, wilful default, negligence, breach of applicable law or regulation (other than where the breach of law or regulation arises as a result of the indemnified person taking any action or inaction on the instructions of the Fund or its agents or as a result of the failure by the Fund to take any action required to be taken by it under applicable law or regulation).

As security for the payment and discharge of all liabilities of the Fund to the Service Provider and the Morgan Stanley Companies, all investments and cash held by the Service Provider and each such Morgan Stanley Company will be charged by the Fund in their favour and will therefore constitute collateral for the purposes of the rules of the FCA. Investments and cash may also be deposited by the Fund with the Service Provider and other Morgan Stanley Companies as margin and will also constitute collateral for the purposes of the FCA rules. Investments which constitute collateral for the purposes of the FCA rules may not be segregated from the Service Provider's own investments and may be available to creditors of the Service Provider or the Morgan Stanley Companies. Cash which the Fund transfers to the Service Provider will, subject to the terms of the Agreement, be client money for the purposes of the FCA rules and will therefore be subject to the client money protections conferred by the FCA rules.

Either party may terminate the Services Agreement by giving at least five business days' prior written notice. The Service Provider may terminate the Services Agreement with immediate effect if it determines in its discretion that it has become unlawful under any applicable law for the Service Provider or the Morgan Stanley Companies or the Fund to perform of any or all of its respective obligations thereunder.