ABERDEEN ALTERNATIVE STRATEGIES FUND

Supplement to the Prospectus

for

STRATEGIC ACTIVE TRADING FUNDS PLC

(an umbrella fund with segregated liability between sub-funds)

This Supplement contains specific information in relation to Aberdeen Alternative Strategies Fund (the **Fund**), a Fund of Strategic Active Trading Funds plc (the **Company**) an umbrella fund with segregated liability between sub-funds constituted as an open-ended investment company with variable capital and with limited liability incorporated under the laws of Ireland and authorised pursuant to the Regulations.

This Supplement forms part of and should be read in conjunction with the Prospectus dated 15th July, 2019 and the most recently published Active Trading Advisor Supplement.

The Directors of the Company, whose names appear in the **Directors and Secretary** section of the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Distribution of this document is not authorised unless it is accompanied by, and must be read in conjunction with the Prospectus, the Active Trading Advisor Supplement and a copy of the latest annual accounts and, if published thereafter, the latest half-yearly accounts. Such accounts will form part of the Prospectus.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

Dated: 1 January, 2020

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INVESTMENT OBJECTIVE AND POLICIES

Fund Overview

The Fund seeks to achieve capital appreciation with limited correlation to traditional fixed income or equity markets.

In pursuing the investment objective, the Fund will make investments in a diversified portfolio of securities and/or take exposure to a variety of alternative investment strategies, which may include Long/Short Equity, Relative Value, Event Driven, Credit, Niche and Global Macro, as further detailed below.

Investors will therefore be exposed to a diversified range of assets and investment strategies.

Subject to the section headed "**INVESTMENT RESTRICTIONS"** the securities/instruments in which the Fund shall invest and which are further detailed below under the section headed '***Exposure to different types of assets****,'* will exclusively consist of equities and equity related securities, government bonds, corporate debt, commodities, interest rates and currencies, warrants, loans, collective investment schemes (subject to a limit of 10% of Net Asset Value of the Fund), unlisted securities (which unlisted securities will meet the definition of transferable securities per the Regulations and will be subject to a limit of 10% of the Net Asset Value of the Fund) and derivatives (a full list of derivatives that may be utilised is included in the '***Use of Financial Derivative Instruments***' section below).

Derivatives will be used for hedging, efficient portfolio management and investment purposes and to manage foreign exchange risks. In particular derivatives will be used to vary the total exposure primarily to equity and fixed income markets, express views on currencies, interest rates, sectors, and individual equity and fixed income securities in order to enhance capital return. The use of derivatives for hedging purposes may limit downside volatility and/or preserve capital. Both long and short positions may be achieved synthetically using derivatives, as detailed below. There will be no physical short selling.

It is intended that the Fund will normally be fully invested however all or a substantial proportion of the physical assets of the Fund may at any time consist of cash, deposits and/or money market instruments (such as treasury bills, short-term government securities, commercial paper and certificates of deposit) where the Investment Manager or relevant Active Trading Advisor believes that market conditions so warrant.

Some of the trading strategies that the Fund may be exposed to may involve the use of leverage as part of particular strategies which will be monitored and limited in accordance with the requirements of the Central Bank. This may result in the Fund having a leveraged exposure to certain assets.

Classification of Active Trading Advisors & Trading Strategies

The Fund will be a multi-advisor fund, and the Company, acting for and on behalf of the Fund, has appointed a number of Active Trading Advisors to manage certain assets of the Fund (each such designation of assets being an “Account” of the Fund). The Investment Manager may allocate assets of the Fund to the Accounts of the Active Trading Advisors as it sees fit from time to time.

Investors will be exposed to a diversified range of assets and investment strategies, as detailed herein, by allocation to a range of Active Trading Advisors. The assets that are managed by the Active Trading Advisors remain within the custodial network of the Fund and so investors are not taking any counterparty risk as regards any Active Trading Advisor.

The Active Trading Advisors will be made up of independent asset managers and will have discretionary powers to manage the Account allocated to the Active Trading Advisor in accordance with the terms of such Active Trading Advisor’s appointment.

Active Trading Advisors may use different strategies, as detailed below, provided that they shall operate in accordance with the relevant investment restrictions applicable to the Fund and provided that, taken together, the various strategies pursued are consistent with the investment objective of the Fund.

The investment strategies employed by the Active Trading Advisors may include:

(i) ***Global Macro Strategy***

This strategy focuses on macro-economic opportunities across numerous markets and instruments. Investments may be either long or synthetically short in cash securities or financial derivative instruments as detailed below, which may be based upon equities, fixed income markets, currencies and indices thereof.

Global Macro strategies can be either systematic or discretionary.

Global Macro systematic strategies are applied to the most actively traded instruments, across asset classes, using a statistical, quantitative and systematic framework designed and implemented by the Active Trading Advisor. Active Trading Advisors use a combination of price and fundamental-based data which, together with robust (i.e. less likely to change) historical time series generate data outputs from which the Active Trading Advisors’ models determine the most optimal mix of securities for investment. The Active Trading Advisors’ can retain discretion as to investments made and may override the data outputs if it is of the view that an investment is not in the best interests of the Fund, for example, if the Active Trading Advisor perceives an immediate systemic risk within relevant markets that the systematic framework has not identified.

Global Macro discretionary strategies also tend to focus on the more liquid instruments across asset classes, in order to capture price trends driven by either macro-economics (the sum total of global economic activity and relates to items such as growth, inflation and unemployment) or micro economics (for example, the effects of national economic policies), whilst being mindful of financial flows, technical and market positioning. Market technicals are based on past prices and volumes traded, where past patterns can indicate future price changes. Market positioning relates to the position an investor has taken in a particular market, either long only, synthetic long or synthetic short, and how large or small that position is. Portfolio construction can be concentrated on best ideas (i.e. those trades that the Active Trading Advisor feels are the highest conviction, or the most likely to produce profits with the least amount of risk, within the Active Trading Advisor's given investment opportunity set), and there may be very little diversification, whilst other Active Trading Advisors' may be highly diversified amongst many markets and asset classes.

(ii) ***Long/Short Equity Strategy***

This strategy focuses on taking long only and synthetic long and synthetic short positions in the equity markets and seeks to outperform the relevant equity markets on a risk adjusted basis (with risk measured by the realised volatility of the Account relative to the relevant equity market). Equity markets are inherently volatile and traditional long-only equity strategies generally exhibit similar volatility levels. Conversely, equity long/short strategies typically attempt to select stocks that will outperform an index/benchmark (going long) and short stocks that are expected to underperform an index/benchmark (going short). Maintaining a long/short strategy can therefore limit an Active Trading Advisor's exposure to the overall market which in turn may lower the volatility relative to a long-only strategy.

The Active Trading Advisor typically seeks to identify undervalued and overvalued stocks based on fundamental analysis, and exploit these opportunities by taking long positions that are expected to increase in value and synthetic short positions that are expected to decrease in value. As the Fund invests in publicly listed equities this is a very liquid strategy. Active Trading Advisors can employ a variety of investment approaches and styles including: bottom-up driven, top-down, fundamental, systematic, pairs trading, small cap, value, growth at a reasonable price and trading-oriented, as further detailed below.

bottom-up driven- refers to selecting stocks purely on company specific attributes (for example, valuation, evaluation of management/business model and growth prospects).

top-down- refers to evaluating and investing in stocks, sectors or countries based on macroeconomic variables or more thematic issues as opposed to purely stock specific factors (for example, political and technology trends).

fundamental- refers to both financial analysis of a company (for example, evaluating income statement and balance sheet) as well as qualitative analysis (for example, company management, business model, quality of product/service and competition).

systematic- refers to a strategy where stocks are evaluated and portfolio construction is implemented using quantitative or systematic methods.

pairs trading- refers to a relative value trade whereby an investor takes a long position in one security and a synthetic short position in another similar security, often in the same sector. The investor looks to profit from the difference in intrinsic between the two securities whilst reducing market and/or sector specific risk.

small cap- refers to smaller capitalisation companies that tend to have less coverage as compared to larger capitalisation companies. This creates inefficiencies that can be exploited by stock pickers.

value- refers to the style of picking stocks that are perceived to be cheaper, based on financial metrics, relative to the market or peers.

growth at a reasonable price- refers to companies that can continue to grow their business over the medium-to-long term, whilst maintaining a reasonable valuation (relative to peers) and increase their intrinsic value organically over time.

trading-oriented- refers to a management style where an Active Trading Advisor may opportunistically trade positions and adjust exposure based on a number of factors including macroeconomic data and technical signals, such as price and volume

(iii) ***Event Driven Equity Strategy***

This strategy seeks to profit by realising price differentials that are perceived to exist between the current market price of a security and its expected future value based upon the occurrence of a specific corporate event, which may include but are not limited to mergers, restructurings, consolidations, acquisitions, liquidations, and spin-offs. An Active Trading Advisor will make an assessment of the magnitude of the price differential. This assessment is reached through due diligence/research and may include: i) understanding why a security is currently mispriced; ii) developing an estimate of intrinsic value based on examining the historical and predicted operating performance of a business; iii) reviewing all relevant public filings and documents including annual reports, quarterly reports, and conference call transcripts where available; iv) examining third-party data on key business drivers; and v) determining the potential catalysts that could unlock value for shareholders.

This strategy focuses on taking long only and synthetic long and synthetic short positions.

(iv) ***Relative Value Strategy***

Relative value strategies may encompass a range of investments in equities, bonds and fixed income and equity options, by simultaneously taking a long position in an undervalued security and a synthetic short position in a similar security that is overvalued relative to the long position.

These types of strategies aim to profit from the re-pricing of one or both positions, as opposed to market direction and as such seek to generate returns that have a low correlation to equity or fixed income markets.

For Active Trading Advisors using a relative value strategy, the investment process generally begins with a quantitative screening of their respective investment universes to find dislocations between two or more securities. The screenings typically look for securities whose value is trading high or low to a related security as a result of factors such as fund flows, or for fundamental reasons, like a company has missed earnings. Active Trading Advisors usually incorporate fundamental analysis to understand the drivers of the dislocation, how the securities have behaved in the past in relation to each other, past and potential earnings (especially for corporate issuers), and catalysts that could cause the relationship to normalise/unlock value. The Active Trading Advisor will then construct a trade to take advantage of the opportunity and have an understanding of the possible profit and loss. Portfolio construction involves selecting the trades with the best risk/reward while also taking into consideration if this agrees with the Active Trading Advisors macro views. Active Trading Advisors can factor in the correlation between trades, diversification, investment restrictions the Fund must adhere to, and scenario analysis to understand how a trade and portfolio will behave under different markets.

Included in this strategy are the following sub-strategies; Quantitative Market Neutral, Fixed Income Relative Value, Mortgage-Backed and Asset-Backed Security Relative Value, Convertible Relative Value, Risk Arbitrage, Volatility Arbitrage and Equity Statistical Arbitrage, as further detailed below.

- **Quantitative Market Neutral strategies**– Quantitative Market Neutral strategies evaluate overpriced and underpriced companies, trading stocks on a relative, long/short basis, seeking to keep a neutral exposure to the market overall. The overvaluation and undervaluation of companies is evaluated using a variety of quantitative statistical models, using both fundamental and technical market information, such as price and volume. Typically these strategies are implemented in global markets and usually with thousands of small positions in various companies. The holding period may range from weeks to months.

- **Fixed Income Relative Value strategies**– Fixed Income Relative Value strategies include debt instruments that are issued by government or government sponsored entities (GSEs). These securities can be, but are not limited to, government bonds such as US Treasuries, futures tied to government bonds, foreign exchange, and mortgage backed securities.

  Corporate Credit can be associated with fixed income relative value investing, particularly amongst more diversified Active Trading Advisors. What most of these securities have in common besides being issued by governments is that they are some of the most liquid and transparent securities traded. These securities also tend to be some of the best ways to express views on global growth and interest rates. The relative value part of the strategy is the evaluation of the price of one security to another. Active Trading Advisors may go long or synthetically long and short a security based on its historical and/or its relative valuation to another security. Active Trading Advisors can also be long one security and synthetically short another simultaneously based on their historical relationship if one security is trading low while the other is trading high.

Mortgage Backed and Asset Backed Security Relative Value strategies - Mortgage backed and Asset Backed Security Relative Value strategies are focused on trading mortgage and mortgage related instruments. There are two approaches associated with mortgage backed and asset backed security trading. The first is a diversified approach, where Active Trading Advisors take long and synthetically long and short positions based on macro and fundamental views, however they limit their investment universe to mortgages including agency mortgages, derivatives of mortgage backed securities (i.e. interest-only and principal-only securities, where the cash flows are backed by mortgage collateral. Interest-only securities are created by stripping out the interest cash flows component from the mortgage collateral. Principal-only securities are created by stripping out the principal cash flow component of the mortgage collateral) and non-agency mortgages. Under the second approach, Active Trading Advisors look to exploit security mispricings based on the borrower's mortgage prepayment (refinancing) behaviour.

- **Convertible Relative Value strategies -** Convertible Relative Value strategies hedge long positions in convertible bonds (which may embed derivatives and/or leverage) with synthetic shorts in the corresponding equities. The Active Trading Advisor is looking to isolate the positive yield between the convertible bond and the synthetic short equity position or to profit from a perceived mispricing between the two instruments.

- **Risk Arbitrage strategies -** Risk Arbitrage strategies seek to profit mostly from announced merger and acquisition transactions by anticipating whether a deal will close. A classic risk arbitrage trade will make money from the deal spread, which is the difference between the current share price of the target company and the price the acquirer is offering to pay. This spread reflects the market's assessment of the likelihood that the deal completes and typically reduces as the likelihood of completion increases. In a cash-for-stock transaction, Active Trading Advisors attempt to capture this deal spread by taking a long position in the target company and earn the spread when the deal completes. In stock-for-stock transactions, the same spread is captured by taking a long position in the target's stock and a synthetic short position in the acquirer's stock.

- **Volatility Arbitrage strategies -** Volatility Arbitrage strategies differ greatly in nature, but generally include Active Trading Advisors whose focus is derivatives-based strategies where the Active Trading Advisor takes long and synthetic long and synthetic short positions via a number of derivative instruments or derivatives and their underliers. These strategies tend not to have directional exposure to volatility as they aim to generate returns from capturing the idiosyncratic differences in the pricing of volatility rather than from being directionally exposed to volatility. Generally, these Active Trading Advisors seek to take advantage of market inefficiencies in the pricing of implied volatility across different but related instruments (for example. derivatives on an equity index and on the individual stocks comprised in that index); or profiting from the difference between the implied volatility level embedded in the market price of a derivative (computed using standard option pricing methodologies) and the Fund's own estimates of that implied volatility and/or the realised volatility level observed in the market on that underlier over a certain period. The portfolio is regularly re-hedged to maintain the delta-neutrality, and this re-hedging may help to realise profits in the strategy.

- **Equity Statistical Arbitrage strategies -** Equity Statistical Arbitrage strategies employ quantitative and computational investment techniques to identify statistically robust market inefficiencies in global equity markets. These techniques focus primarily on technical market information such as price and volume. In order to avoid spurious patterns, the Active Trading Advisor will utilise a variety of statistical techniques in analysing data output to ensure the data received is robust, i.e. less likely due to 'chance'. Portfolios are typically highly diversified in terms of the number of underlying positions and aim to be market, geographically and sector neutral.

(v) ***Niche Strategy***

Niche strategies are considered to be specialist strategies that do not easily fit within established fund classifications and are typically lowly or negatively correlated to traditional fixed income or equity markets. Niche strategies include the following sub-strategies, Tail-Risk Protection and Volatility strategies which are designed to respond to movements in the volatility of world equity markets and other assets.

- **Tail Risk Protection strategies -** Tail Risk Protection strategies include Active Trading Advisors that aim to provide a positive return in the context of a tail risk event. The generally accepted definition of tail risk is the possibility that an asset or portfolio will move more than three standard deviations from its current price being greater than implied by a normal distribution, or in general terms the risk of extreme price and volatility movements in the world financial markets. Active Trading Advisors using Tail Risk Protection strategies tend to focus on offering a positive return in a left-tail event, i.e. in the case of a market event that causes portfolio losses to be greater than three standard deviations or asset prices to fall by more than three standard deviations from their current levels (downside risk).

  Active Trading Advisors using Tail Risk protection strategies may vary in terms of how the strategy is implemented, although they have in common the fact that they tend to be derivative focused strategies and their aim is to provide a positive return in a tail-event. For example Active Trading Advisors may differ with regard to the attrinutes analysed in implementing the strategy, such as, how many asset classes they trade (multi-asset as opposed to single asset class e.g. equity volatility focused strategies), how they determine investment and risk levels (systematic managers have investment and risks levels which are determined through a rules based approach; for discretionary managers, the investment team determines where to invest and how much to invest based on their assessment of the opportunity set. Examples include targeting a fixed premium spend per month or targeting a certain level of potential gain in a left-tail event), and the maturity of the instruments that they focus on, to name but a few.

- **Volatility strategies -** Volatility strategies include derivative/volatility-focused strategies that do not fit well in either the Tail Risk Protection strategy or Volatility Arbitrage strategies (as described above) due to their idiosyncratic nature. An example of strategies included in this category would be directional volatility strategies that again offer directional exposure, long and/or short, to volatility but are not tail risk strategies.

  Volatility strategies will use a mixture of qualitative and quantitative analytical methodologies to identify opportunities in derivative instruments. Directional volatility strategies are used to profit from changes in implied volatility levels embedded in derivative prices: long (short) volatility strategies will benefit from an increase (fall) in implied volatility levels in a particular asset class or instrument.

(vi) ***Credit Strategy***

This strategy focuses on opportunities in the global debt markets, which will include investments in debt securities, loans (subject to a limit of 10% of the Net Asset Value of the Fund), equities and derivatives as detailed below.

Opportunities are identified via quantitative screening of markets and instruments as well as fundamental research utilising both in-house resources and external networks.

The investment process for Active Trading Advisors generally begins with a quantitative screening of their respective investment universes to find attractively priced securities. These quantatative screenings are typically undertaken to find securities that are trading at a value less than their potential future cash flows or that will have some catalyst (for example a corporate refinancing event that triggers an early repayment of a debt security, or the announcement of a merger which improves the credit rating of the corporate entity) that could unlock value. Active Trading Advisors also incorporate fundamental analysis to understand the bond covenants (i.e. legal terms of issue), the past and potential cash flows, recovery values, and the capital structure in the case of a company or the cashflow waterfall in the case of structured credit (the way in which the cashflow is allocated down the capital structure from senior to junior instruments under different scenarios is known as the waterfall structure. Structured credit instruments are typically created from a pool of loans and ranked according to seniority. The more senior the instrument, the earlier it is entitled to the cashflow generated from the loan pool such as principal and interest payments ahead of the more junior instruments. The more junior securities may also see their cashflow diverted away in favour of the senior instruments in the event that the cashflow is not sufficient to meet all obligations of the debt holders). Returns are typically driven by good credit analysis and credit differentiation. Portfolio construction involves selecting the trades with the best risk vs reward ratio. When constructing the portfolio and implementing trades, Active Trading Advisors could take into account the diversification, duration, yield, investment restrictions the Fund must adhere to and scenario analysis to understand how the trades and portfolio will behave in different markets

Sub-strategies may include Credit Value, Trading Focussed and Structured Credit.

- **Credit Value strategies -** Credit Value strategies typically include identifying and then buying a higher yielding instrument that is believed to be trading cheap to its fair value. These strategies tend to have a net long bias to the credit markets with positive carry. If a position provides positive carry, it suggests that the position provides a positive return while being held, for example, through the income generated from a coupon on a corporate debt position.

- **Trading-Focused strategies -** Trading-Focused strategies typically focus on the more liquid credit markets with a range of exposure profiles from net short to market neutral to net long biased. The opportunity set includes trading the fundamental mispricing of individual corporate credits or other structured credit instruments from both long and synthetic long and short sides with a short to medium term time horizon. There is typically flexibility to look across capital structures (such as loans, bonds, equity) for mispricing, as well as capability to trade structured credit instruments both in cash and derivative form, such as collateralized loan obligations, credit default swap indices and tranches (i.e. credit default swap indices can be divided into senior and junior instruments that have varying rights to receive the cashflow generated by the underlying pool of loans. These are known as different "tranches"), and residential mortgage backed securities.
  When analysing corporate credit instruments, a number of factors are looked at such as the level of debt held by the corporate entity, the type of debt held (loans, bonds, convertibles), potential for corporate activity (such as refinancing or acquisition) that may change the credit profile of a company and thus provide trading opportunities.

- **Structured Credit strategies** - Structured Credit strategies invest in a broad range of asset types ranging from corporate-related (such as collateralized loan obligations) to mortgage-related (residential mortgage backed securities and commercial mortgage backed securities) to other types of asset backed securities (such as student-backed loans, auto loans, credit card loans). Active Trading Advisors using this strategy would typically focus on analyzing the fundamental cash-flow behavior of the underlying collateral and pricing the security correctly.

  Structured credit securities are typically divided into senior and junior securities that have varying rights to receive the cashflow generated by the underlying pool of loans. These are known as different "tranches", each of which carries a different level of risk.

Accurately understanding the risks and pricing them allows Active Trading Advisors to identify where there is a mispricing and to trade it accordingly. In order to analyse the risks, the underlying collateral is examined at a granular level such as looking at borrower credit profiles and origination / servicing characteristics of the security.

Investment Policies

The Investment Manager will seek to achieve the Fund's objective set out above by arranging the investment in a broad range of assets as detailed herein by (i) selecting various experienced Active Trading Advisors, who generally follow different strategies and (ii) managing the allocation between the Accounts of such Active Trading Advisors. The Investment Manager may also manage the residual assets of the Fund, which have not been allocated to the Accounts, including arranging investment in collective investment schemes that satisfy the requirements of the Regulations and as further detailed below (subject to a limit of 10% of the Fund's Net Asset Value).

How the Investment Manager selects Active Trading Advisors and decides on Allocation

The Investment Manager will seek to identify and allocate assets to Active Trading Advisors with established track records that have historically been able to generate consistent returns at what the Investment Manager believes to be acceptable risk levels. Each Active Trading Advisor will have passed the Investment Manager's internal comprehensive due diligence processes.

The key features of how the Investment Manager implements its allocation process are outlined below:

The Investment Manager's Active Trading Advisor research approach is designed to establish two key measures by which it is able to compare different opportunities: 1) an investment proposition score, which is a measure of the overall quality of an Active Trading Advisor, and 2) a conviction rating, which is a measure of the Active Trading Advisor's ability to make money. The Investment Manager's research framework is primarily driven by its investment team. The team has access to the Investment Manager's extensive internal capabilities and can also use independent sources for further research and analysis.

The Investment Manager's investment research team prepares reports on different strategy areas for consideration which feed directly to the portfolio construction team of the Investment Manager. These reports assist with optimising strategy and fund allocations across all Accounts of the Fund.

The Investment Manager's overall approach brings together strategy views, best-rated Active Trading Advisors and risk-driven portfolio construction as well as output from the Operational Due Diligence process to provide the Fund with investment exposures designed to achieve its objective.

Exposure to different types of assets

The Investment Manager and Active Trading Advisors will, in aggregate, invest in a diversified portfolio of assets (as further described below) which, save as set out below, will be listed or traded on a Regulated Market. There is no geographic or industry limitation to the investment universe and investments may be made in emerging markets, which may include Russia and China. It is currently anticipated that no more than 20% of the Net Asset Value of the Fund is expected to be invested in emerging markets.

Equities and equity related securities

The Fund may invest, either directly or indirectly via financial derivative instruments (as detailed below) and/or collective investment schemes (subject to a limit of 10% of Net Asset Value of the Fund), in equity securities and other securities with equity characteristics, such as preferred stocks and warrants on equities as well as depository receipts for such securities (such as ADRs traded in the United States markets, EDRs and GDRs traded in other world markets), issued by companies worldwide. The securities may also include common stocks and other securities with equity characteristics, including preferred stocks, warrants rights (which are issued by a company to allow holders to subscribe for additional securities issued by that company) and convertible securities (which may embed derivatives and/or leverage), as well as depository receipts for such securities, and units or shares in closed ended-funds (meeting the requirements of the UCITS Notices regarding transferable securities) all of which are traded on stock exchanges or regulated markets set out in Schedule 1 of the Prospectus. The Fund may invest no more than 10 per cent. of its Net Asset Value in transferable securities and money market instruments other than those referred to in paragraph 1 of Schedule 3 of the Prospectus (UCITS Investment Restrictions).

The Fund may also invest in exchange traded units or shares of real estate investment trusts ("REITS") listed on recognised global exchanges. An investment in exchange traded units or shares of REITS is classified by the Investment Manager or Active Trading Adviser as an investment in transferable securities and shall be subject to the relevant UCITS investment limits for investing in transferable securities.

The Fund may also invest directly in equity securities of master limited partnerships ("MLPs"). MLPs are businesses organised as publicly traded limited partnerships which trade their proportionate shares of the partnership (units) on public security exchanges. This pass-through creates passive income or losses, along with dividend and investment income. MLPs make periodic distributions of their net income. MLP distributions are rolled up in the Fund's capital and are reinvested (as opposed to being distributed out to the Fund's investors. MLPs are most commonly businesses that are engaged in the extraction, processing, storage, distribution and transport of oil, gas and natural gas. Generally speaking, MLP investment returns are enhanced during periods of declining or low interest rates and tend to be negatively influenced when interest rates are rising. The MLP unit price can be influenced by general interest rate trends independent of specific underlying fundamentals. In addition, most MLPs are fairly leveraged and typically carry a portion of "floating" rate debt. As such, a significant upward swing in interest rates would drive interest expense higher. Furthermore, most MLPs grow by acquisitions partly financed by debt, and higher interest rates could make it more difficult to make acquisitions.

Government Debt

When the Investment Manager or relevant Active Trading Advisors believe it is in the best interests of the Fund, the Fund may invest up to 100 per cent. of its Net Asset Value in government debt securities and money market instruments issued or guaranteed by any EU member state, its local authorities, non-EU member states or public international body of which one or more EU member states are members (as detailed in and subject to the terms of Schedule 3 of the Prospectus). Such government debt securities may be fixed or floating rate and rated or unrated.

Corporate Debt

The Fund may invest in a broad range of debt securities of various types and maturities issued by corporate entities, including, for example, fixed rate, floating rate and variable rate notes (i.e.a type of floating rate note where the return is linked to a variable interest rate, reference asset or economic variable which may have the potential to be less than zero, and which may embed derivatives and/or leverage), bonds (including high yield corporate bonds), index linked debt securities, loan participation securities that are securitised and listed/traded and, in addition, bank loan assignments that qualify as money market instruments (as detailed below), convertible bonds (which may embed derivatives and/or leverage), preferred stock, warrants, credit-linked notes, IO (interest only) or PO (principal only) securities, debentures, coupon-bearing bonds, zero coupon bonds and deferred interest instruments (i.e. any instrument where there is no regular coupon payment, for example, subordinated debt issued by banks carry the ability for the issuer to defer interest payments for a period of time). Such debt securities may be fixed or floating rate and rated or unrated.

Collateralised Securities

The Fund may also invest in collateralised securities (which may embed derivatives and/or leverage) which meet the UCITS requirements such as non-agency RMBS (including those backed by Prime Jumbo, Alternative-A (Alt-A) and subprime mortgage loans, investment grade and non-investment grade non-Agency RMBS, and both senior and subordinated securities), commercial mortgage-backed securities (CMBS), CLOs, CDOs, CMOs, credit indices, credit index tranches, asset-backed securities (ABS) backed by consumer and commercial assets, leveraged loans (i.e. loans extended to companies or individuals that already have a considerable amount of debt), RMBS for which the principal and interest payments are guaranteed by a U.S. government agency or government-sponsored entity (agency RMBS) and Trust Preferred Securities, a description of which is set out below.

- **Mortgage-Backed Securities (MBS):** including Non-Agency RMBS, Agency RMBS, refers to a type of asset-backed security that is secured by a mortgage or collection of mortgages. Payments on mortgage-backed securities (MBS) typically include both interest and partial payment of principal. Principal may also be prepaid voluntarily, or as a result of refinancing or foreclosure.

- **Agency RMBS:** refers to U.S. residential MBS backed by mortgages that are guaranteed by a government-sponsored agency including the Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), or the Federal Home Loan Mortgage Corporation (FHLMC).

- **Non-agency RMBS:** refers to U.S. residential MBS that are backed by mortgages not guaranteed by the US government so there is credit risk as well as prepayment risk.

- **Collateralised Mortgage Obligations (CMOs):** CMO refers to a type of mortgage-backed security. A Fund may invest in CMOs, which generally represent a participation in, or are secured by, a pool of mortgage loans.

- **Asset-backed Securities (ABS):** ABS refers to a type of security which is structured like MBS, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, leases of various types of real estate and personal property and receivables from credit card agreements.

- **Commercial Mortgage-Backed Securities (CMBS):** CMBS refers to a type of mortgage-backed security backed by mortgages on commercial real estate rather than residential real estate.

- **Collateralised Debt Obligations (CDOs):**refers to a generic term referring to a structured security that repackages various fixed income assets (ranging from corporate loans, to mortgages and other assets) into a product that can be divided into tranches. These tranches will havevarying return profiles, which can then be sold. .

- **Collateralised Loan Obligations (CLOs):** refers to a type of CDO whereby the underlying collateral is made up of corporate loans.

- **Trust Preferred Securities (TRUPS):** refers to a type of CDO whereby the underlying collateral is made of trust preferred securities – typically issued by U.S. financial institutions as a form of hybrid capital with both equity and debt characteristics.

- **Credit Indices**: refers to tradable indices commonly include the credit default swap indices such as the CDX High Yield and Investment Grade indices which reference credits in the U.S., and the iTraxx XO and main indices, which reference credits in Europe. Credits refer to the spread on a corporate credit within a certain geography. Investment grade corporate credit typically trades with a lower spread, whilst high yield corporate credit typically trades with a higher spread.

- **Credit Index Tranches:** refers to tranches that may be based on standard indices (such as the CDX High Yield index) or bespoke. Indices can be tranched up and give buyers/sellers the opportunity to take a view on specific parts of the CDS index default loss distribution. Investors can gain exposure to the various tranches which will have a differing sensitivity to credit risk correlations among the credits in the index.

Interest Rates and Currencies

The Fund may obtain exposure to interest rates and/or currencies of any type through the holding of cash, deposits and/or use of derivatives such as futures, forwards, options and swaps (as described below).

The Investment Manager or Active Trading Advisors may utilise currencies and interest rates both to express directional views on markets and for hedging purposes. Currencies and interest rates may be both developed and emerging market-related.

Commodities

The Fund may seek exposure to commodities in accordance with the requirements of the Central Bank. Exposure to commodities will either be in the form of derivative exposure to UCITS compliant commodity indices which have been cleared by the Central Bank, or through investing in transferable securities of issuers whose business is connected with commodities.

Collective Investment Schemes

The Fund may invest up to 10% of the Net Asset Value of the Fund in the shares or units of collective investment schemes which are UCITS and non-UCITS funds that satisfy the requirements of the Central Bank (which currently comprise Class A Schemes established in Guernsey, Recognised Funds established in Jersey, Authorised Schemes established in the Isle of Man, retail non-UCITS open-ended collective investment schemes authorised by the Central Bank, an EEA member state, the United States, Jersey, Guernsey or the Isle of Man) and which comply, in all material respects, with the provisions of the UCITS Notices.

Loans

The Fund may invest up to 10% of its Net Asset Value in loan participations and/or loan assignments.

Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. When purchasing loan participations, the Fund assumes the economic risk associated with the corporate borrower and the credit risk associated with an interposed bank or other financial intermediary.

Loan assignments typically involve a transfer of debt from a lender to a third party. When purchasing loan assignments, the Fund assumes the credit risk associated with the corporate borrower only.

Such loans may be secured or unsecured. Loans that are fully secured offer more protection than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the corporate borrower's obligation.

*Use of Financial Derivative Instruments (**FDIs**)*

The Fund may also invest in FDIs for investment purposes and for efficient portfolio management (**EPM**), including various types of futures, forwards, options, swaps, swaptions, forward volatility agreements (FVAs), volatility swaps, spot foreign exchange transactions, interest rate caps and interest rate floors and contracts for differences, as detailed below, related to any of the asset classes listed in this Investment Policies section. Further details on FDI and relevant risks attached are detailed within the section of the Prospectus headed '*Investment Techniques and Instruments and*

Risk Factors'

The Fund may also seek exposure to some or all of the assets referred to in this Investment Policies section by obtaining exposure to financial indices which comply with the requirements in the UCITS Notices.

In addition to the foregoing, for EPM the transactions must satisfy four broadly-based requirements:

1. EPM may not include speculative transactions. Transactions for EPM purposes must be economically appropriate.

2. The purpose of an EPM transaction for the Fund must be to achieve one of the following in respect of the fund:

   (a) Reduction of risk;

   (b) Reduction of cost; or

   (c) The generation of additional capital or income for the Fund with no, or an acceptably low level of, risk.

3. Each EPM transaction must be covered globally i.e. there must be adequate cover from within the assets held by the Fund to meet the Fund's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movements, counterparty risk and the time available to liquidate any positions.
4. Each EPM transaction cannot result in a change to the Fund's investment objective or add substantial supplementary risks in comparison to the risks relative to the Fund identified in the Prospectus and this Supplement.

The use of derivatives for the purposes of EPM is not otherwise expected to raise the risk profile of the Fund or result in higher volatility.

The Fund will utilise the absolute Value at Risk (**VaR**) methodology to calculate the degree of leverage employed by the Fund. VaR methodology is the advanced risk measurement methodology used to assess the Fund's leverage and market risk volatility. Such VaR methodology will be used by the Fund in accordance with the requirements of the Central Bank pursuant to which the absolute VaR of the Fund's portfolio shall not exceed the maximum criteria as set by the Central Bank, which are currently 20 per cent. of the Net Asset Value of the Fund, calculated daily based on a one-tailed confidence level of not less than 99 per cent., a holding period of not less than 20 days and an effective observation period of at least one year. The amount of leverage (calculated as the sum of the notionals of the derivatives entered into by the Fund) would typically be expected to range between 800% and 3000% (of the Fund's Net Asset Value and is not expected to exceed 4000% of the Fund's Net Asset Value in most market conditions. It should be noted that leverage determined through the sum of the notional approach may appear elevated due to the use of short term interest rate products, which necessarily require significantly larger notionals to achieve a similar degree of sensitivity/exposure to short term key rates of an interest rate curve compared to longer term rates.

The Company on behalf of the Fund employs a risk management process which enables it to accurately measure, monitor and manage the various risks associated with FDIs. Any FDI not covered by the Risk Management Process will not be utilised until such time as a revised submission has been provided to the Central Bank. The Company on behalf of the Fund will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

Description of Financial Derivative Instruments utilised by the Fund

The various types of derivatives which may be utilised by the Fund and which may be implemented within the various trading strategies detailed above are as follows:

<u>Futures</u>

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures contracts allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract's delivery date. Frequently using futures to achieve a particular strategy instead of using the underlying or related security or index, results in lower transaction costs being incurred.

Single Stock Futures

Single Stock Futures are futures contracts whereby the underlying asset is a particular stock, and the stock price defines the value of the futures contract. These contracts are either settled in cash or delivery of the underlying stock at a specified future date.

Equity Index Futures

Equity Index Futures are futures contracts whereby the underlying asset is a market index, for example the S&P 500 Index. These contracts settle in cash only on specified future dates. An Active Trading Advisor may enter into Equity Index Futures to reflect their view on the direction of a particular equity market, whether on an outright directional view or on a relative basis.

Interest Rate Futures

An Interest Rate Future is a futures contract between the buyer and the seller agreeing to the future delivery of any interest-bearing asset (all maturities), for example Treasury-bill futures.

Bond Futures

A Bond Future is a contractual obligation for the contract holder to purchase (or sell) a bond on a specified date at a predetermined price. Bond Futures may reflect the Active Trading Advisors views that the yield curve may move in a particular way, whether on an outright directional view or on a relative basis.

Currency Futures

A Currency Future contract is an agreement that gives the investor the right to buy (or sell) an underlying currency at a fixed exchange rate at a specified date in the future.

<u>Forwards</u>

A forward contract is a non-standardised contract between two parties to buy or sell an asset at a specified price on a specified future date. The party agreeing to buy the underlying asset in the future assumes a long position, and the party agreeing to sell the asset in the future assumes a short position. Forward contracts are not traded on a centralised exchange, and are therefore regarded as over the counter (OTC) instruments. Being an OTC instrument, forward contract's specifications can be customised and may include mark-to-market and daily margin calls.

Currency Forward (Outright Forward)

In Currency Forward contract, the holder of the contract is obligated to buy (or sell) the currency at a specified price, at a specified quantity and on a specified future date.

Forward Volatility Agreement

A Forward Volatility Agreement is a forward contract on the implied volatility of a given equity stock, stock index, commodity index, currency, or interest rate. The payout is based on the level of the implied volatility at the end of the forward period.

To Be Announced (TBAs)

TBAs describe a forward mortgage-backed securities trade. Pass-through securities (i.e. securities backed by a pool of mortgages that pass through a monthly cash flow to investors that represent both interest and the repayment of principal on the loans) issued by Freddie Mac, Fannie Mae and Ginnie Mae trade in the TBA market. The actual mortgage-backed security that will be delivered to fulfil a TBA trade is not designated at the time the trade is made. Instead, the securities are "to be announced" 48 hours prior to the established trade settlement date.

<u>Options</u>

There are two forms of options, put and call options. Put options are contracts sold for a premium that gives one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) of the contract, a specific quantity of a particular product or financial instrument at a specified price on or before a specified date (depending on the type of option). Call options are similar contracts sold for a premium that gives the buyer the right, but not the obligation, to buy from the seller of the option at a specified price. Options may also be cash-settled. The Fund may be a seller or buyer of put and call options. Underlying assets may include equities, bonds, futures, indices and currencies. Further detail on types of options below:

Credit Spread Options

A Credit Spread Option is a derivative contract that transfers credit risk from one party to another. An initial premium is paid by the buyer in exchange for potential cash flows if a given credit spread changes from its current level. The buyer of a Credit Spread Option will receive cash flows if the credit spread between two specific benchmarks widens or narrows. Options based on credit spreads are important instruments for managing the risks associated with lower-rated bonds and debt.

Index Options

An Index Option is a derivative contract that gives the holder the right, but not the obligation, to buy (or sell) a market index at a predetermined price at a specified future date. An Index Option is essentially a vanilla option where the underlying asset is an index, for example equity indices, bond indices, commodity indices, CDX and other credit indices, etc.

Currency Options (Vanilla and Exotics First Generation)

A vanilla Currency Option (Foreign-Exchange Option or FX Option) is a derivative contract that gives the buyer the right, but not the obligation, to buy an underlying asset, in this case a particular currency, at a pre-agreed exchange rate at a specified future date. Owners of American-style options may exercise their right at any time before the option expires, whilst owners of European-style options may exercise their right only at expiration.

Exotic options differ from vanilla options in that they may have several triggers relating to determination of payoff. They will generally be used to aid in the managing of risk, for portfolio construction purposes, to exploit market inefficiency and for balance sheet management purposes. These types of options are usually used to lower the premiums to be paid and can also have longer maturities. Exotic options are generally traded OTC.

Option on Futures

An Option on Futures, also known as a Futures Option, is similar to a vanilla option contract but instead the underlying asset is a futures contract. The buyer of a Futures Option has the right, but not the obligation, to buy a particular futures position at a specified price at (or before if the option is American) a predetermined future date. The seller of the Futures Option must assume the opposite futures position if the buyer exercises their right.

Interest Rate Options

An Interest Rate Option is a contract whereby the buyer has the right, but not the obligation, to either receive (in the case of a cap) or pay (in the case of a floor) a predetermined interest rate (the strike price) over an agreed period.

Interest Rate Cap

An Interest Rate Cap is a derivative contract where the buyer receives payments at the end of each period in which the interest rate exceeds the agreed strike price.

Interest Rate Floor

An Interest Rate Floor is a derivative contract where the buyer receives payments at the end of each period in which the interest rate is below the agreed strike price.

Swaps

A swap is a derivative whereby two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument. For example, in the case of a swap involving two bonds, the benefit can be the periodic interest payments associated with such bonds. Specifically, two counterparties agree to exchange one stream of cash flows against another stream. These streams are called the 'legs' of the swap. The swap agreement defines the dates when the cash flows are to be paid and the way they are accrued and calculated. Usually at the time when the contract is initiated, at least one of these series of cash flows is determined by an uncertain variable such as a floating interest rate, foreign exchange or equity price.

Credit Default Swap (CDS)

A Credit Default Swap (CDS) is a financial swap agreement where the seller will compensate the buyer in the event of a loan default or other credit event. The buyer of the CDS will make a series of payments to the seller, and in exchange, the buyer will receive a payoff if the loan defaults. In the event of a default, the seller of the CDS will take possession of the defaulted loan.

Interest Rate Swap

An agreement between two counterparties where one stream of future interest payments is exchanged for another, based on a specified principal amount. Interest Rate Swaps often exchange a fixed payment for a floating payment that is linked to a reference rate, for example LIBOR.

Inflation Swap

An Inflation Swap operates in a similar way to an Interest Rate Swap except that it is an agreement negotiated between two parties to exchange payments at a fixed or floating rate in return for payments based on realised inflation over the relevant period. For example, the inflation reference rate will be determined by the UK Retail Price Index.

Total Return Swap (TRS)

A Total Return Swap is an agreement whereby one party makes payments based on a specified rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset. The return includes both the income generated and any capital gains. The underlying asset is referred to as the reference asset and is usually an equity index, loan, or bond. TRSs allow the party receiving the total return to gain exposure and benefit from a reference asset without actually having to own it. The Fund may only invest in total return swaps with OTC counterparties that comply with the conditions and the limits set down by the Central Bank in respect of OTC counterparties. The OTC counterparty does not assume any discretion over the composition or management of the portfolio.

Index Return Swap

An Index Return Swap is a Total Return Swap whereby the underlying asset is an index.

Cross-Currency Swap

A Cross-Currency Swap, also referred to as Cross-Currency Interest Rate Swap, is an agreement between two parties to exchange interest payments and principals denominated in two different currencies.

Volatility Swap

A Volatility Swap is a forward contract where the underlying asset is the future realised volatility of a given instrument. The payout is based on the level of realised volatility over the period of the swap.

Asset Swap

An Asset Swap is structured the same as a plain vanilla swap, but the key difference is that rather than regular fixed and floating interest rates being swapped, fixed and floating investments are being exchanged. For example, in a plain vanilla swap, a fixed LIBOR is swapped for a floating LIBOR. In an asset swap, a fixed investment such as a bond with guaranteed coupon payments is swapped for a floating investment such as an index.

To mitigate the counterparty risk resulting from swap transactions, the Fund will only enter into swap transactions with highly rated financial institutions specialised in this type of transaction and in accordance with the standard terms laid down by the International Securities Dealers Association.

<u>Contract for Difference (CFD)</u>

A Contract for Difference is a tradable instrument that mirrors the movements of the underlying asset, allowing profits and losses to be realised when the underlying asset moves in relation to the position taken, but the actual underlying asset is never owned.

Swaptions

A Swaption is an Option where the underlying asset is a Swap, and although the options can be traded on a variety of swaps, it usually refers to options on Interest Rate Swaps. That is, the buyer gains the right, but not the obligation, to enter into a specified swap agreement with the issuer on a specified future date.

Stocklending

The Fund may, subject to the conditions and limits set out in the UCITS Notices, enter into stocklending and repurchase/reverse repurchase agreements ("Repo agreements") solely for EPM in accordance with the relevant restrictions set out in Schedule 2 of the Prospectus and the investment guidelines set by the Investment Manager where relevant.

A reverse repo agreement is a transaction whereby the Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price reflecting a market rate of interest unrelated to the coupon rate of the securities.
A stock lending arrangement is an arrangement whereby title to the "loaned" securities is transferred by a "lender" to a "borrower" with the borrower contracting to deliver "equivalent securities" to the lender at a later date.

Ancillary Liquid Assets

The Fund may hold ancillary liquid assets such as cash, bank deposits, stock, bonds money market instruments such as short-term certificates, commercial papers, treasury-bills and certificate of deposit. The Fund's holding of such assets may be significant where the Investment Manager or relevant Active Trading Advisor believes that market conditions so warrant.

Investors should note the difference between the nature of a deposit and the nature of an investment in the Fund and in particular that the principal invested in the Fund is capable of fluctuation.

General

The Investment Manager may directly make investment decisions in respect of the assets of the Fund and shall do so in accordance with the Fund's investment objective and policies and the Investment Restrictions applicable to the Fund in respect of any such investments.

In respect of the Active Trading Advisors, the Investment Manager shall be permitted to decide upon the allocation of assets to, or withdrawal of monies from, an Account and shall not otherwise be entitled to manage the investments of any particular Accounts, this being the responsibility of the relevant Active Trading Advisor.

There is no guarantee that the investment objective of the Fund will be achieved.

Securities Financing Transactions and Total Return Swaps

The Fund may engage in securities financing transactions (stocklending arrangements and repurchase/ reverse repurchase agreements, "SFTs"), and Total Return Swaps as described above. The types of assets that will be subject to securities financing transactions and Total Return Swaps will be equity securities.

The maximum exposure of the Fund in respect of SFTs shall be 100% of the Net Asset Value of the Fund and in respect of Total Return Swaps, shall be a maximum gross exposure of 1200% of the Net Asset Value of the Fund. However, it is not anticipated that a Fund's exposure to SFTs will exceed 25% of the Net Asset Value of a Fund and with regard to Total Return Swaps exposure is likely to remain within the range of 0% to 800% of the Net Asset Value of the Fund. The collateral supporting SFTs will be valued daily at mark-to-market prices in accordance with the requirements of the Central Bank, and daily variation margin used if the value of collateral falls (due for example to market movements) below the required collateral coverage requirements in respect of the relevant transaction.

Collateral received and any investment of such collateral must meet the requirements of the Central Bank as set out in the Central Bank UCITS Regulations. The types of assets that may be received as collateral in respect of SFTs may include cash, certain government bonds of various maturities and baskets of certain equities for securities lending transactions.

In circumstances where collateral is received, collateral must, at all times, meet with the requirements of the Central Bank, and as further detailed within the Prospecus.

Additional detail on SFTs, namely the policy on sharing of returns and the associated risks, is given under the headings of the Prospectus "Efficient Portfolio Management", and "Risk Factors", to include counterparty risks that may apply to the Fund.

Delegation by an Active Trading Advisor

Subject to and in accordance with the requriements of the Central Bank, an Active Trading Advisor may, if permitted, delegate certain of the discretionary investment management functions in respect of an Account to sub-investment managers. The fees of each sub-investment manager so appointed shall be paid by the Active Trading Advisor out of its own fee. Details of any such appointments will be provided to Shareholders on request and shall be further disclosed in each annual and semi-annual report of the Fund.

INVESTMENT RESTRICTIONS

The general UCITS Investment Restrictions set out in Schedule 3 of the Prospectus shall apply to the Fund. In addition to the investment restrictions provided for in the section headed "**INVESTMENT OBJECTIVE AND POLICIES**" and in accordance with the Investment Policy of the Fund, the Fund´s investments shall be further restricted as set out below:

The Fund´s investments in equity securities in any single corporation must amount to less than 10 per cent. of the capital of the respective corporation.

The Fund´s investments in shares in collective investment schemes having the legal form of a corporation must amount to less than 10 per cent. of the capital of the respective corporation. In case of an umbrella fund the 10 per cent. threshold must be complied with in relation to the umbrella fund as a whole but not in relation to any single sub-fund.

From time to time the Company may agree more restrictive investment restrictions with the Investment Manager and/or any Active Trading Advisor.

INVESTMENT MANAGER

Aberdeen Asset Managers Limited has been appointed as Investment Manager by the Company pursuant to a discretionary investment management agreement (the **Investment Management Agreement**). The Investment Manager was incorporated in Scotland, has its registered office at 10 Queens Terrace, Aberdeen, Aberdeenshire, AB10 1YG. The Investment Manager is a subsidiary of Aberdeen Asset Management PLC and is headquartered in London, England.

The Investment Management Agreement shall continue in force for an initial period of 2 years after which it is terminable by either party on not less than 90 calendar days' written notice or immediately in certain circumstances including where either party (i) commits any material breach of its obligations under the Investment Management Agreement and shall fail to make good such breach within 30 days of receipt of written notice from the other party requiring it to do so; or (ii) is dissolved (except a voluntary dissolution for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other party) or be unable to pay its debts or commit any act of bankruptcy or if a receiver is appointed of any of the assets of either party. The Investment Management Agreement provides that the Company shall, out of the assets of the Fund, indemnify the Investment Manager, its affiliates, or any of their respective officers, directors, employees, agents, successors, representatives and assigns (each, an **Investment Manager Indemnified Person**) on demand and holds each Investment Manager Indemnified Person harmless against any and all losses to which any Investment Manager Indemnified Person may become subject except where such losses resulted directly or indirectly from the fraud, negligence or wilful misconduct of any Investment Manager Indemnified Person. The Company, acting on behalf of and in respect of the Fund, will not be liable to any Investment Manager Indemnified Person for any indirect or consequential losses.

ACTIVE TRADING ADVISORS

Details of the Active Trading Advisors that have been appointed to manage the assets of the Fund are set out in the Active Trading Advisor Supplement and will be disclosed in the periodic reports of the Fund.

The Investment Manager will review the performance of the Fund and each Active Trading Advisor in order to assess whether to make changes in the allocation of the Fund's assets among the various Active Trading Advisors. In assessing the on-going performance of the Active Trading Advisors, the Investment Manager reviews a variety (but not necessarily all) of the factors relating to the Active

Trading Advisors' operations and performance.

A Fund's position with an Active Trading Advisor may be terminated on short notice or assets may be allocated away from an Active Trading Advisor for a variety of reasons including if the Active Trading Advisor is deviating from historical strategies or violating its risk management policies or applicable law or regulation.

CURRENCY MANAGER

The Company on behalf of the Fund has appointed State Street Bank Europe Limited (the **Currency Manager**) to manage the Class Currency Hedging strategy described on page 28 of the Supplement in respect of the Fund pursuant to a currency management agreement (the **Currency Management Agreement**).

The Currency Management Agreement may be terminated by either party on (60) sixty days' prior written notice (or such shorter period as may be agreed in writing between the Currency Manager and the Company on behalf of the Fund) or by the Company in writing immediately in certain circumstances including where the Currency Manager (i) institutes any proceedings to adjudicate itself bankrupt or insolvent or there are any such proceedings instituted against it, (ii) files a petition seeking or consenting to reorganisation or relief under any applicable law relating to bankruptcy with respect to itself, (iii) consents to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) for itself or for a substantial part of its property, (iv) makes any general assignment for the benefit of its creditors, (v) admits in writing its inability to pay its debts generally as they become due, or (vi) takes any action in furtherance of any of the scenarios contained in paragraphs (i) to (vi) above.

In addition, the Company may by written notice immediately terminate the Currency Management Agreement if (A) any regulatory licence, approval or registration of the Currency Manager is cancelled or under review (due to wrongdoing, fraud, breach of any rule or regulation or other reason (other than any wrongdoing, fraud or breach of any rule or regulation by the Company)), (B) any allegation of criminal or fraudulent activity is made in respect of the Currency Manager or any principal, officer, director or employee of the Currency Manager, or the Company reasonably determines or suspects that any such criminal or fraudulent activity has occurred, (C) the Currency Manager becomes subject to any investigation, proceeding or litigation (or any investigation, proceeding or litigation is threatened) by any relevant governmental body, legal or regulatory authority involving alleged violation of applicable laws relating to any activities of the Currency Manager, or (D) the Currency Manager has materially breached any terms or conditions of the Currency Management Agreement.

The Company may also terminate the Currency Management Agreement and the appointment of the Currency Manager immediately upon effective delivery of instructions to the Currency Manager if at any time the Currency Manager shall no longer be authorised by law to provide the services for which it is appointed under the Currency Management Agreement.

The Currency Management Agreement provides that the Company shall indemnify and hold harmless the Currency Manager out of the assets of the Fund for any and all losses, damages, reasonable out-of-pocket expenses, legal and otherwise, fees, taxes, other than taxes in respect of the income or profits of the Currency Manager and other liabilities incurred by the Currency Manager to the extent arising out of or relating to the performance by the Currency Manager of its obligations or functions under the Currency Management Agreement, except where any such losses arise from the negligence, fraud or wilful misconduct of the Currency Manager. In no event shall the Company be liable to the Currency Manager for any indirect losses or damages (including any special, incidental, punitive and consequential losses and any lost profits or lost savings) related to the provision of the services for which it is appointed under the Currency Management Agreement.

PORTFOLIO CURRENCY HEDGING

A portion of the Fund's investments may, directly or indirectly, be exposed to or invested in securities that are denominated in currencies other than the Base Currency. In addition, the Fund's performance may be strongly influenced by movements in FX rates because currency positions held by the Fund may not correspond with the securities positions held.

To the extent an Active Trading Advisor or the Investment Manager makes investments denominated in currencies other than the Base Currency of the Fund, the Fund will be subject to the risk that such currencies will decline against the Base Currency. Such Active Trading Advisor or the Investment Manager may attempt, in its discretion, but is not required to, engage in hedging transactions with respect to the currency exchange rate risk on any such specific investment to the extent and in the manner such Active Trading Advisor or the Investment Manager deems practicable. To the extent such Active Trading Advisor or the Investment Manager does not hedge the currency exchange rate risk of non-Base Currency denominated investments, the Fund's overall hedge of the currency exchange rate risk between Base Currency and the non-Base Currency Class may offer no meaningful protection against currency exchange rate fluctuations between the non-Base Currency Class and the currency of such investment. With respect to all such hedging activities, the Fund (through its agents, including, without limitation, the Investment Manager) or an Active Trading Advisor, as the case may be, may (but is not required to) enter into currency forward transactions in the interbank market, currency swap transactions, foreign currency futures contracts, or any other instruments it deems advisable in an attempt to hedge this risk. Any hedging transactions are intended to protect the Fund from currency losses in respect of currency fluctuations but could also prevent the Fund from profiting from any currency gains. As it is impossible to predict with precision the exposure of the Fund to currency exchange risks and because the Fund (through its agents, including, without limitation, the Investment Manager) or an Active Trading Advisor, as the case may be, may not always be able to place, adjust or replace hedges in a timely manner, it is likely that the Fund will always be over- or under-hedged against currency exchange rate risks. Further, there can be no assurance that any such hedging transactions will be successful in lessening the currency exchange rate risk of the Fund on any given investment, nor can there be any assurance that such hedging transactions will not themselves incur significant losses. Such hedging transactions will entail expenses that may be significant. Hedge transactions will represent a cost to a Fund with no guaranteed corresponding benefit. Regulations in the markets in which the Fund invests may require or limit hedging or other use of FDIs, either explicitly or as a result of an Active Trading Advisor, the Fund or its agents (including, without limitation, the Investment Manager) managing resultant risk. Predicting the relative value of currencies is very difficult, and there is no assurance that any attempt to protect the Fund against adverse currency movements will be successful. In addition, hedging currency exposure may reduce or eliminate the potential gains that might result from a weakening of the Base Currency against non-Base Currency investments. Prospective investors should take into account the potential risk of loss arising from changes in value between the Base Currency and other currencies.

In addition to the foregoing, the Fund will operate Class currency hedging for certain non-Base Currency Classes, further details of which are set out below.

CLASS CURRENCY HEDGING

Hedged Currency Classes: If a non-Base Currency Class is marked as a "Hedged Class", investors in this Class should take note that it is the Fund's intention (where practicable) to hedge the currency exposure of holders of such Class. The adoption of this strategy may substantially limit holders of this Class from benefiting if the Class Currency falls against the Base Currency and/or against the other currencies in which the assets of the Fund are denominated. All costs and gains/losses of such hedging transactions will accrue solely to the holders of the hedged Class and shall not form part of the assets of the Fund or constitute a liability of the Fund. The strategy is undertaken and managed on behalf of the Fund by the Currency Manager.

Investors in the non-Base Currency Class should be aware that the exchange rate used for the purpose of converting the proceeds of their trade to or from Base Currency is likely to be the rate prevailing at the time the necessary currency hedging contracts are put in place which means that this exchange rate risk is borne by those transacting investors rather than by the other investors in the Fund.

The implications of this currency hedging policy is that holders of the non-Base Currency Class will limit any potential currency risk of the value of the Class Currency rising against the Base Currency. On the other hand, as noted above, as well as incurring the cost of such hedging transactions, holders of the non-Base Currency Class will sacrifice the potential gain should the value of the Class Currency fall against the Base Currency.

Any such hedging is not permitted to exceed 105 per cent. of the net assets of the relevant class of Shares on any Dealing Day and under-hedged positions shall not fall short of 95 per cent. of the portion of the Net Asset Value of the Class which is hedged against currency risk. Hedged positions will be kept under review to ensure that over-hedged positions do not exceed 105 per cent and this review will also incorporate a procedure to ensure that under-hedged positions and positions materially in excess of 100 per cent of Net Asset Value of the Class will not be carried forward from month to month.There is no guarantee that any hedging strategy undertaken by the Fund will be successful.

Although it is expected that subscription amounts paid for in respect of the non-Base Currency Classes will be converted on the relevant Dealing Day, it may in some cases occur after such Dealing Day (except for subscriptions received during the Initial Offer Period (as detailed below under the section headed "Description of Shares") which will be converted on receipt and in any event before the first Dealing Day). During such period it is possible that the value of the relevant currency may decline against the Base Currency, resulting in losses. Such hedging transactions will entail expenses that may be significant.

BORROWINGS

Borrowings not exceeding 10 per cent. of the assets of the Fund may be made on a temporary basis.

Foreign currency may be acquired by means of a back-to-back loan agreement. Foreign currency obtained in this manner is not classified as borrowing for the purpose of Regulation 70(1) provided that the offsetting deposit is denominated in the Base Currency of the Fund and equals or exceeds the value of the foreign currency loan outstanding

Borrowings of the Fund including back-to-back loan agreements (which are not classified as borrowing subject to the aforementioned criteria) shall in aggregate not exceed 30% of the Fund´s assets and shall only be made on a short-term basis, and subject always to borrowings of the Fund being limited to 10 per cent of the assets of the Fund.

RISK FACTORS

In light of the investment policies of the Fund an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Investment Risks

There can be no assurance that the Fund will achieve its investment objective. Prospective Shareholders have only limited information as to the potential assets of the Fund or other relevant economic financial information to assist them in evaluating the merits of investing in the Shares. By investing in the Shares, investors are depending on the ability of the Active Trading Advisors and the Investment Manager with respect to the selection of the Fund's investments.

Investment Manager's Discretion

The Investment Manager provides discretionary investment management services to the Fund, including, but not limited to (i) allocating the Fund's assets to the Accounts of the Active Trading Advisors, (ii) allocating the Fund's assets to investments in collective investment schemes and (iii) undertaking hedging, each on behalf of the Fund. All risk factors in this Section should be read to include the Investment Manager's activities to the extent that they apply to the Investment Managers activities, notwithstanding that the Investment Manager may not be listed directly therein.

For the avoidance of doubt, each Active Trading Advisor may invest in collective investment schemes and undertake hedging in respect of an Account.

Portfolio Turnover

Turnover of the Fund's investments may be higher than the average for more traditional portfolios. Accordingly, higher than average transaction and commission costs may be deducted out of the assets of the Fund from time to time, and the value of the Shareholder's investment in the Fund may be negatively affected.

Trading in Derivatives and Efficient Portfolio Management Techniques

The Fund may invest in a wide range of derivative products. Such derivative products could include exchange traded and certain over-the-counter derivative instruments, including complex derivative instruments which seek to modify or replace the investment performance of particular securities, currencies, interest rates, indices (including those relating to commodities) or markets on a leveraged or unleveraged basis. These investments may be extremely volatile and involve risks that can result in a loss of all or part of an investment, including, but not limited to, interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Foreign currency contract prices are influenced by, among other things, political events, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions, and currency devaluations and re-evaluations. In addition, governments from time to time directly intervene in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Derivatives may involve significant amounts of leverage, which can substantially magnify market movements and result in losses greater than the amount of the investment.

Some derivatives may be more volatile than their underlying securities and therefore, on a percentage basis, an investment in derivatives may be subject to greater fluctuations than an investment in the underlying security. For example, if each Active Trading Advisor causes the Fund to buy an option, the Fund will be required to pay a “premium” representing the market value of the option. Unless the price or the volatility of the instrument underlying the option changes so that it becomes profitable to exercise or sell the option before it expires, the Fund will lose the entire amount of the premium. The risk of writing (selling) options is unlimited in that the writer of the option must purchase (in the case of a put) or sell (in the case of a call) the underlying security at a certain price upon exercise. There is no limit on the price the Fund may have to pay to meet its obligations as an option writer. As assets that can have no value at their expiration, options can introduce a significant additional element of leverage and risk to the Fund’s market exposure. The use of certain options strategies can subject the Fund to investment losses that are significant even in the context of positions for which the relevant Active Trading Advisor has correctly anticipated the direction of market prices or price relationships.

Conflicts of interest may arise as a result of the Fund’s trading with counterparties. Such parties may obtain information regarding the Fund’s activities and strategies that could be used by such third parties to the detriment of the Fund.

Special Risks Associated with Trading in Over the Counter Derivatives

The Fund may invest in a wide range of over-the-counter derivative products. Such over-the-counter derivative products may be illiquid and are sometimes subject to larger spreads than exchange-traded derivatives transactions. If the Fund engages in such transactions, the Fund will be exposed to the risk that the counterparty (which will usually be a Principal Broker) will fail to perform its obligations under the transaction. The valuation of over-the-counter derivatives transactions is also subject to greater uncertainty and variation than that of exchange-traded derivatives. The “replacement” value of a derivatives transaction may differ from the “liquidation” value of such transaction, and the valuations provided by the Fund’s counterparty to such transactions may differ from the valuations provided by a third party or the value upon liquidation of the transaction. Under certain circumstances it may not be possible for the Fund to obtain market quotations for the value of an over-the-counter derivatives transaction. The Fund may also be unable to close out or enter into an offsetting over-the-counter derivatives transaction at a time it desires to do so, resulting in significant losses. In particular, closing out transactions in over-the-counter derivatives are effected only with the consent of the counterparty to the transaction. If such consent is not obtained, the Fund will not be able to close out its obligations and may suffer losses.

The participants in “over-the-counter” or “interdealer” markets are typically not subject to credit evaluation and regulatory control which would be the case for members of “exchange-based” markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in “exchange-based” markets. These factors may cause the Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such “counterparty risk” is present in all swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the relevant Active Trading Advisor has concentrated its transactions for the Fund with a single or small group of counterparties.

Special Risks Associated with Trading in Forward Contracts

Each Active Trading Advisor may engage in forward trading on behalf of the Fund. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardized. Instead, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated and there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, which can sometimes be of significant duration. There have been periods during which certain participants in these markets have been unable or unwilling to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and the price at which they were prepared to sell. Illiquidity or disruption in the forward markets could result in significant losses for the Fund.

Hedging Risks

The Fund may invest in a wide range of derivative products, as detailed above, for hedging purposes.

The Fund may utilize derivatives as part of its trading strategies and to hedge against market movements. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not always be possible for the relevant Active Trading Advisor to execute hedging transactions, or to do so at prices, rates or levels advantageous to the Fund.

The success of any hedging transactions will be subject to the movements in the direction of securities prices and currency and interest rates, and stability or predictability of pricing relationships. Therefore, while the Fund might enter into such transactions to reduce currency exchange rate and interest rate risks, unanticipated changes in currency or interest rates may result in poorer overall performance for the Fund than if it had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, each Active Trading Advisor may not be able to, or may not seek to, establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss.

Credit Risk from Counterparties

Each Active Trading Advisor may cause the Fund to enter into transactions in over-the-counter (**OTC**) markets which will expose the Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Fund may enter into repurchase agreements, forward contracts, options and swap arrangements, each of which expose the Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In addition, the bankruptcy or default of a Principal Broker or brokers or clearing-houses by or through which transactions are carried or settled may result in losses to the Fund. In the event of a bankruptcy or insolvency of any counterparty, Principal Broker or other broker or clearing-house, the Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Fund seeks to enforce its rights, inability to realize any gains on its investment during such period and fees and expenses incurred in enforcing its rights. The financial problems at Bear Stearns, Lehman Brothers, AIG and other well-known financial institutions illustrate these risks. The Fund may only have limited counterparties, the Principal Brokers, and therefore any bankruptcy or default of a Principal Broker is likely to have a significant negative impact on the Fund.

Risks associated with Futures and Options

The Active Trading Advisors may from time to time use both exchange-traded and OTC futures and options as part of their investment policy, for hedging purposes and/or to alter currency exposure. These instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in un-quantifiable further loss exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in OTC derivatives may involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess or value a position or to assess the exposure to risk.

Futures trading in many contracts on futures exchanges (although generally not in currencies) is subject to daily price fluctuations, restrictions, commonly referred to as “daily limits”, which prohibit the execution of futures trades on any given day outside a prescribed price range based on the previous day’s closing prices. Daily limits do not limit ultimate losses but may make it costly or impossible for the Active Trading Advisor to liquidate a futures position against which the market is moving. A series of “limit moves”, in which the market price moves the “daily limit” with little or no trading taking place, could subject the Fund to major losses.

Multi-Manager Strategy

In order to diversify among trading methods and markets, the Company will select a number of Active Trading Advisors, upon recommendation by the Investment Manager, each of which invests independently of the others. Although this diversification is intended to offset losses while maintaining the possibility of capitalising on profitable price movements, there can be no assurance that this strategy will not result in net losses for the Fund. The Active Trading Advisors may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Company.

In addition, some Active Trading Advisors may compete with each other from time to time for the same positions in the markets. Conversely, an Active Trading Advisor could hold from time to time opposite positions in the same security as held by other Active Trading Advisors. Each such position could cause the Fund transactional expenses but might not generate any net recognised gain or loss. There is no assurance that selection of multiple Active Trading Advisors will be more successful than selection of a single Active Trading Advisor. The Investment Manager may reallocate its assets among the Active Trading Advisors at any time. Any such reallocation could adversely affect the performance of the Fund or of any one Active Trading Advisor.

Risks associated with investment in other collective investment schemes

The Fund may, subject to a limit of 10% of the Net Asset Value of the Fund, invest in collective investment schemes which invest in some or all of the strategies and asset classes referred to in the Investment Objective and Polices section of this Supplement. Accordingly, such collective investment schemes may be exposed to the risks outlined in the Risk Factors sections of the Prospectus and this Supplement which relate to direct investment by the Fund.

In addition, there are other risks associated with investing in collective investment schemes including the possible application of redemption gates, redemption charges and the suspension of dealing by collective investment schemes. Additional risks include, but are not limited to, valuation risk, interest rate fluctuations, leverage, economic and political conditions, regulatory changes, limitation of hedging techniques, currency rate fluctuations and risks arising from the use of derivatives. Collective investment schemes may utilise leverage and other speculative investment practices that may increase the risk of investment loss, may be less liquid than certain direct investments may not be required to provide immediate or on demand pricing or valuation information to investors. In addition, the Fund may be liable to pay subscription charges, redemption charges, exchange charges and anti-dilution levies and may also bear its proportionate part of costs paid by the collective investment schemes including investment management fees, administration fees, custody fees, performance fees and other fees and expenses, resulting in one or more additional layers of fees and expenses given that Shareholders in the Fund bear the investment management fees, administrative costs, custody fees, performance fee and other fees and expenses of the Fund.

The Fund will not have any role in the management of the collective investment schemes and will not have an opportunity to evaluate individual investments made by collective investment schemes before they are made. Accordingly, the return of the Fund in respect of its investments in collective investment schemes will be dependent, among other things, upon the performance and solvency of the underlying investment manager. Neither the Fund nor the Investment Manager will have any right to remove or change any underlying investment manager though the Fund would have a right to request redemption of its shares or units in the collective investment schemes in question if it was dissatisfied with any matter, subject always to any redemption gates, fees or suspensions that may be applied at the level of the collective investment schemes in question. In addition, the collective investment schemes may have other clients and business ventures and, accordingly, may be subject to conflicts of interest. There is no guarantee that such underlying investment manager will have a conflicts of interest policy similar to that of the Fund. Underlying investment managers may be paid performance fees which may result in an incentive for such underlying investment manager to make riskier or more speculative investments for such collective investment schemes which may lead to losses suffered by the Fund.

Default and Liquidity Risks for Sub-Investment Grade Bonds

Investments in fixed income securities, specifically those which are rated below investment grade, are subject to the risk that the issuer could default on its obligations and the Fund could sustain losses on such investments. The Active Trading Advisors will seek to limit such risks by credit research and careful securities selection but there can be no assurance that the Fund will not acquire securities with respect to which the issuer subsequently defaults. The secondary market for sub-investment grade bonds is typically much less liquid than the market for investment grade bonds, frequently with significantly more volatile prices and larger spreads between bid and asked price in trading. At times the sub-investment grade bond market will be very illiquid. The Active Trading Advisors may have to sell holdings of sub-investment grade bonds at unfavourable prices in order to raise proceeds to pay for redemptions of Shares. Illiquid securities may be difficult to resell at approximately the price they are valued in the ordinary course of business in seven days or less. When investments cannot be sold readily at the desired time or price, the Active Trading Advisors may have to accept a lower price or may not be able to sell the security at all, or may have to forego other investment opportunities, all of which may have a negative impact on the Fund in question.

As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. During periods of rising interest rates, it is possible that the potential for capital gain on convertible securities may be less than that of a common stock equivalent if the yield on the convertible security is at a level that would cause it to sell at a discount.

Convertible securities may or may not be rated within the four highest categories by Standard & Poor's Ratings Group and Moody's Investors Service, Inc. and are, therefore, not investment grade. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities.

Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of the Fund's holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared, or the issuer enters into another type of corporate transaction which increases its outstanding securities.

Other Clients of Active Trading Advisors

An Active Trading Advisor may manage other accounts in respect of which it may have incentives to favour over the Fund (e.g., as a result of proprietary investments in such other accounts, advisor compensation arrangements with other accounts that are more lucrative or because of other factors). The Active Trading Advisor will not be subject to any absolute restrictions on taking new accounts, which could increase the competition for its time and adversely affect the Fund's performance. Strategies, transactions or other actions undertaken by an Active Trading Advisor for other accounts may have an adverse impact on the Fund.

Performance Fees

The Active Trading Advisors may be entitled to receive a performance fee or allocation, over and above a basic management fee to be paid to it and this performance fee may be substantial. The manner of calculating such fees may create an incentive for the Active Trading Advisors to make investments that are riskier or more speculative than would be the case if such fees were not paid to the Active Trading Advisor. The performance fee is based on realised trading and investment profit (or loss) (including dividends and interest paid to the relevant Account) plus or minus the change in unrealised trading and investment profit (or loss) on open positions since the end of any prior performance fee calculation period. As a result the performance fee may be paid on unrealised gains which may subsequently never be realised. In addition, the Active Trading Advisors may be entitled to a performance fee on the performance of the Account allocated to it and accordingly it is possible that performance fees may be payable to one or more of the Active Trading Advisors even though the overall Net Asset Value of the Fund may not have increased. The performance fee is payable only on the performance of that part of the portfolio for which the Active Trading Advisor is responsible.

Performance fees are accrued and paid by the Fund to each Active Trading Advisor depending on its individual performance. The Net Asset Value per Share of each Share in the Fund will reflect a pro rata portion of these fees, irrespective of the date on which that Share was subscribed. The Fund does not attempt to equalise the treatment of Shareholders with respect to the impact of these fees on the value of their individual shareholdings. As a result, the impact of performance fees on Shareholders will be different than if such fees were individually calculated for each Shareholder based on the performance of that Shareholder's investment. Whether a Shareholder is disadvantaged or advantaged by this will depend on the timing of investments by that Shareholder and the performance of the Fund. Potential investors should ensure that they understand the basis on which performance fees are charged and the implications for them of the Fund not applying any form of equalisation.

Changes to the Investment Objective and the Investment Policy

Any change in the investment objective or any material change to the investment policy of the Fund may only be made with the approval of an ordinary resolution of the Shareholders in the Fund or the prior written approval of all the Shareholders in the Fund. Shareholders will be bound by any resolution passed at a general meeting of the Company irrespective of how or whether or not they voted. In the event of a change of investment objective and/or policies of the Fund on the basis of an ordinary resolution passed at a general meeting, a reasonable notification period must be given to each Shareholder of the Fund to enable a Shareholder to have its Shares repurchased prior to the implementation of such change.

Active Trading Advisors

Potential investors should be aware that the performance of the Fund will depend to a large extent on the performance of the investments selected by each Active Trading Advisor. The UCITS Investment Restrictions, investment objective and investment policies give each Active Trading Advisor considerable discretion to invest the assets of the Fund and there can be no guarantee that each Active Trading Advisor's investment decisions will be profitable or will effectively hedge against the risk of market or other conditions which may cause the value of the Shares to decline.

While each Active Trading Advisor has investment and voting discretion with respect to the assets in the relevant Accounts (subject to the restrictions described generally herein and in the agreement with such Active Trading Advisor in respect of the Fund), Shareholders will be dependent on the ability of the Fund and its delegates to supervise the relevant Active Trading Advisor's compliance with the relevant Active Trading Advisory Agreement and the restrictions described herein. There can be no guarantee, however, that the service providers to the Fund, including the Active Trading Advisors, the Investment Manager, the Administrator and the Depositary will not change and the Directors may select other service providers where they determine it to be in the best interests of the Fund and the Shareholders.

Soft Commissions/Soft Dollar Payments

Each Active Trading Advisor may if permitted in the agreement appointing such Active Trading Advisor enter into transactions on a soft commission/soft dollar basis, i.e., utilise the services and expertise of brokers in return for the execution of trades through such brokers, provided that the transactions are entered into on the principle of best execution and such transactions are disclosed in the next succeeding annual or semi-annual report of the Fund. Any transaction must be in the best interests of the Fund and must provide benefits that will assist in the provision of investment services to the Fund.

In selecting brokers to effect portfolio transactions, each Active Trading Advisor will consider such factors as a broker's ability to effect prompt and reliable executions at favorable prices, the operational efficiency with which transactions are effected, the financial strength, integrity and stability of the broker, the quality, comprehensiveness and frequency of available research services considered to be of value, and the competitiveness of commission rates in comparison with other brokers. An Active Trading Advisor is not required to (i) obtain the lowest brokerage commission rates or (ii) combine or arrange orders to obtain the lowest brokerage commission rates on its brokerage business. If an Active Trading Advisor determines that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services provided by such broker, it may execute transactions for which such broker's commissions are greater than the commissions another broker might charge.

Such brokerage commissions may be paid to brokers who execute transactions for the Fund and who supply or pay for (or rebate a portion of the Fund's brokerage commissions to the Fund for payment of) the cost of property or services (such as research services, telephone lines, news and quotation equipment, computer facilities and publications) utilised by each Active Trading Advisor. The relevant broker must have agreed to provide best execution and the property or services must provide benefits that will assist in the provision of investment services to the Fund.

Each Active Trading Advisor may have the option, in compliance with applicable law and the agreement appointing such Active Trading Advisor, to use soft commissions or soft dollars generated by its investment activities to pay for the property and services described above (to the extent that applicable local regulations permit each of these property and services to be paid for in such way). The term "soft dollars" refers to the receipt by an Active Trading Advisor of property and services provided by brokers (or futures commission merchants in connection with futures transactions) without any cash payment by the Active Trading Advisor based on the volume of revenues generated from brokerage commissions for transactions executed for clients of each Active Trading Advisor. Each Active Trading Advisor will consider the amount and nature of research services provided by brokers, as well as the extent to which such services are relied upon, and will attempt to allocate a portion of the brokerage business of the Fund on the basis of those considerations. In addition each Active Trading Advisor could be subject to restrictions on soft-dollar arrangements as set out in the section in the Prospectus headed **Conflicts of Interest**.

Interest Rate and Currency Risks

The Net Asset Value of the Fund may be adversely affected by changes in interest rates and currency exchange rates. Interest rates and currency exchange rates are determined by factors of supply and demand in the international money markets, which are in turn influenced by macro-economic factors, speculation and central bank and other forms of government intervention. Fluctuations in short-term and/or long-term interest rates or currency exchange rates may affect the value of the Shares.

Risks Associated With Event-Driven Strategies

The relevant Active Trading Advisor may engage in event-driven strategies. Event-driven investment strategies may make investments in companies that are, among other things, involved in (or the target of) acquisition attempts or tender offers, or are involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In addition, each of the Active Trading Advisors may invest in markets or companies during economic or political instability. In any such investment, there exists a number of risks, including, but not limited to, the risk that the transaction in which the company is involved either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which is less than the cost of the Fund's original investment. Similarly, if a transaction does not occur, the relevant the Active Trading Advisor may be required to sell its investment at a loss. Further, in any investment in an unstable political or economic environment, there exists the risk of default as to debt securities and bankruptcy or insolvency with respect to equity securities. Any or all of these risks may result in substantial losses to the Fund.

Various events may occur to affect the consummation of any event driven transaction and, in turn, affect the value of the Shares. Some of these events may include:

Successful Takeover Defense

A company that is the subject of an unsolicited merger or acquisition proposal, may successfully defend itself, through legal or other means, from a potential acquirer and remain independent even though the acquirer's offer price represents a premium to the market price of the target company's equity securities.

Decline in Financial Performance

A decline in the financial performance of a company could affect its or a counterparty's willingness or ability to complete an event driven transaction such as, among others, a spin-off, merger (as a target or as an acquirer) or tender offer, and result in such transaction's termination.

Rise in Interest Rates

An increase in interest rates during a period when an event driven transaction is pending may, among other things, increase the financial costs of such transaction or reduce the earnings of the parties involved in such transaction either of which, in turn, may affect the viability of such transaction.

General Market Volatility

A sharp decline or increase in the value of the equity securities of any of the parties involved in an event driven transaction may cause such parties to delay or terminate such transaction.

Regulatory Restrictions

The consummation of an event driven transaction may be subject to regulatory oversight by a variety of entities, including regulatory and executive agencies and departments. Action or inaction by these entities could affect the consummation and timing of an event driven transaction.

Market Risk

A common result of the consummation of an event driven transaction is the receipt of other securities, as opposed to cash. The holding of a position in the form of securities, as opposed to cash, could result in a decline of the value of the position, depending upon the general market trends and other factors.

Liquidity Risk

After the establishment of an event driven position, where the event driven transaction cannot be consummated or encounters difficulties, market liquidity for such positions may diminish. In such event, it may be difficult to trade out of or liquidate such positions.

Risks Associated with Investments in Securities believed to be Undervalued or Incorrectly Valued

Securities which each of the Active Trading Advisors believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the relevant Active Trading Advisor anticipates. As a result, the Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard that is a prerequisite to the Fund's investment in any instrument and some obligations and preferred stock in which the Fund invests may be less than investment grade.

Risks Associated with Credit Strategies Generally

Certain strategies invest in the credit markets, attempting to take advantage of undervalued securities as well as relative mispricings. The identification of attractive investment opportunities in disrupted credit markets is difficult and involves a significant degree of uncertainty. The credit markets are, in general, highly susceptible to interest-rate movements, government interference, economic news and investor sentiment. There was significant volatility in the credit markets over the last number of years, and such volatility is expected to continue for the foreseeable future.

During periods of "credit squeezes" or "flights to quality," the market for credit instruments (other than certain sovereign debt instruments) can become substantially reduced. This poses a particular risk that leveraged credit instrument positions held by the Fund may need to be sold at discounts to fair value in order to meet margin calls. At the same time, the dealers may correspondingly reduce the value of outstanding positions, resulting in additional margin calls as loan to value triggers are hit under brokerage and swap agreements. During the ongoing financial market crisis, the market for credit instruments has been so illiquid that a number of private investment funds have had to sell otherwise highly desirable investments in other asset classes in order to meet margin calls on their credit positions.

Risks Related to Investments in Entities Experiencing Financial Difficulty

The relevant Active Trading Advisor may invest in securities or other instruments of entities experiencing financial or business difficulties. The Fund may lose a substantial portion or all of its investment in such entities or may, as a return on its investment in such entities, be required to accept cash or securities with a value less than the Fund's original investment. Among the risks inherent in investments in entities experiencing financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such entities. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of the securities or other instruments of such entities may also be subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such securities or instruments may be greater than normally expected.

Risks Associated with Investments in Small and Medium Capitalization Companies

Each of the Active Trading Advisors may invest in the stocks of companies with small to medium-sized market capitalizations upon emergence from a restructuring or a bankruptcy. While each of the Active Trading Advisors may believe such companies often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of small capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, “blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be highly illiquid.

Investments in Emerging Markets Securities

Each of the Active Trading Advisors may make investments on behalf of the Fund which expose the Fund to emerging markets. Investments in emerging market securities may carry the risks of less publicly available information, less strict market regulation and a greater likelihood of severe inflation than investments in securities of issuers based in developed countries. In addition, such investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities. This higher degree of risk may also be associated with the difficulty of obtaining an accurate view of a company's prospects where accounting standards are such that those prospects are not fairly reflected by published accounts; the difficulty of selling, or selling at a fair price, securities in which an efficient market is not made; potential difficulties in obtaining prompt settlement and the possibility that a local currency might cease to be readily convertible into any major freely-negotiable trading currency.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally and transactions will need to be made on a neighboring exchange. The quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

The fact that evidences of ownership of the Fund's portfolio of securities may be held outside of a developed country may subject the Fund to additional risks, which include possible adverse political and economic developments, and the attendant risk of seizure or nationalization of foreign deposits. In addition, it may subject the Fund to the possible adoption of governmental restrictions which might adversely affect payment on securities or restrict payments to investors located outside the country of the issuers, whether from currency blockage or otherwise.

Some foreign securities may be subject to brokerage or stock transfer taxes levied by foreign governments, which would have the effect of increasing the cost of investment and which may reduce the realized gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some emerging markets is much slower and subject to a greater risk of failure than in markets in developed countries. Custodial expenses for a portfolio of emerging market securities generally are higher than for a portfolio of securities of issuers based in developed countries. In addition, dividend and interest payments from, and capital gains in respect of, certain foreign securities may be subject to foreign taxes that may or may not be reclaimable. Taxation law and practice in emerging countries may not be as well established as that of developed countries. It is possible therefore that the current interpretation of the law or understanding of practice may change or, indeed, that the law in any of these countries may be changed retrospectively. Accordingly, it is possible that the relevant Fund could become subject to taxation in these countries that is not anticipated at the date of the Prospectus or when investments are made, valued or disposed of.

With respect to any emerging market country, there is the possibility of nationalization, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Fund, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of investments in those countries.

General Economic and Market Conditions

The economies of individual emerging countries may differ favorably or unfavorably from the economy of a developed country in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, the economies of emerging countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Volatility

Emerging markets can experience periods of extreme volatility which could result in substantial losses for the Fund.

Repatriation Restrictions

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. The Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation.

Legal Risk

Many of the laws that govern foreign investment, equity securities transactions and other contractual relationships in developing countries are new and largely untested. As a result, the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the emerging countries in which assets of the Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations.

Regulatory controls and corporate governance of companies in developing countries confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in developed markets. In certain instances management may take significant actions without the consent of shareholders and anti-dilution protection also may be limited.

Custody Risk

The Depositary may provide custodial services in emerging markets securities through its agreements with sub-custodians. While the Depositary must exercise care and diligence in choosing and appointing such sub-custodian and is contractually obliged to maintain an appropriate level of supervision over the sub-custodians where custodial and/or settlement systems are not fully developed, the assets of the Fund which may be traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of sub-custodians is necessary, may be exposed to risk in circumstances whereby the Depositary will have no liability.

Investment in Russia

Whilst fundamental reforms relating to securities investments and regulations have been initiated in recent years there may still be certain ambiguities in interpretation and inconsistencies in their application. Monitoring and enforcement of applicable regulations remains uncertain.

Equity securities in Russia are dematerialised and the only evidence of ownership is entry of the shareholder’s name on the share register of the issuer. The concept of fiduciary duty is not well established and shareholders may, therefore, suffer dilution or loss of investment due to the actions of management without satisfactory legal remedy. Furthermore, the standard of corporate governance and investor protection in Russia may not be equivalent to that provided in other jurisdictions.

Market Liquidity & Volatility: The securities markets in Emerging Market countries are substantially smaller, less liquid and more volatile than the major securities markets in the United States and

Europe. A limited number of issuers in most, if not all, securities markets in Emerging Market countries may represent a disproportionately large percentage of market capitalisation and trading volume. Such markets may in certain cases, be characterised by relatively few market makers, participants in the market being mostly institutional investors including insurance companies, banks, other financial institutions and investment companies. The listed equity securities of many companies in many Emerging Markets are accordingly materially less liquid, subject to greater dealing spreads and experience materially greater volatility than those of OECD countries. Government supervision and regulation of many Emerging Markets and of quoted companies is also less developed than in many OECD countries. In addition, there may be a high measure of legal uncertainty concerning the rights and duties of market participants as compared to investments made through securities systems of established markets. The combination of price volatility and the less liquid nature of securities markets in Emerging Market countries may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

Information Standards: In addition to their smaller size, lesser liquidity and greater volatility, securities markets in Emerging Markets are less developed than the securities markets in the U.S. and Europe with respect to disclosure, reporting and regulatory standards are less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the United States and Europe. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in the United States and Europe. Issuers in Emerging Market countries may not be subject to the same accounting, auditing and financial reporting standards.

Securities Options

The Active Trading Advisors may engage in options trading, which is speculative and involves a high degree of risk. If the Active Trading Advisor purchases a put or a call option, it may lose the entire premium paid. If the Fund writes or sells a put or call option, its loss is potentially unlimited.

Trading in Securities

Substantial risks are involved in investing in securities. The prices of many of the securities in which the Fund trades are highly volatile and market movements are difficult to predict. Moreover, most of the Fund's trading activities are inherently speculative, and the short-term performance of the Fund's investments may fluctuate significantly despite the Fund's risk control measures. Moreover, the value of the Fund's investment positions may be subject to decreases as a result of general economic conditions and/or the adverse effect upon the companies in which the Fund owns securities.

Illiquid Investments

Subject to the relevant Investment Restrictions, each of the Active Trading Advisors may make investments on behalf of the Fund that are subject to legal or other restrictions on transfer or for which no liquid market exists on an exchange or in an OTC market. The market prices, if any, of such investments tend to be more volatile than those for more liquid investments and it may be impossible to sell such investments when desired or to realize their fair value in the event of a sale. There may be substantial delays in attempting to sell securities for which no liquid market exists, during which the value of such assets may move materially up or down. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid, and may deviate from the price ascribed to the securities in the calculation of the Fund's Asset Value. In addition, futures positions may become illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent an Active Trading Advisor from promptly liquidating unfavorable positions and subject the Fund to substantial losses. In addition, an exchange or the U.S. Commodity Futures and Trading Commission or other regulatory authority may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The illiquidity of positions may result in significant unanticipated losses.

Competition

The securities industry is extremely competitive and involves a high degree of risk. The Fund, the Investment Manager and each Active Trading Advisor will compete with many firms, including other large investment and commercial banking firms. The profit potential of the Fund may be materially reduced as a result of such competition.

Risk Related to Valuation

In certain instances, including circumstances in which market prices of securities held for a Fund are unavailable, the Directors will be given considerable discretion to value the securities held for the Fund, subject to the terms of the Prospectus and the Articles of Association of the Company. Since the valuations of these securities will be included in the calculation of Net Asset Value of the Fund, the valuation discretion afforded the Directors will affect the value of any Shareholders' investment and the prices at which Shares may be purchased or redeemed. The valuations assigned may not be the same as those at which the securities being valued could actually be purchased or sold.

Change in Taxation Legislation

Any change in the taxation legislation in Ireland, or elsewhere, could affect a Fund's ability to achieve its investment objective or alter the returns to Shareholders. Any such changes, which could also be retroactive, could have an effect on the validity of the information stated herein based on current tax law and practice. Prospective Investors are urged to consult their tax advisors with respect to their particular tax situations and the tax consequences of an investment in the Fund.

Repurchase and Reverse Repurchase Agreements

In the event of the insolvency, bankruptcy or default of the seller under a repurchase agreement, the

Fund may experience both delays in liquidating the underlying securities and losses, including the possible decline in the value of securities, during the period while it seeks to enforce its rights thereto, possible sub-normal level of income and lack of access to income during the period and expenses in enforcing its rights.

Depository Receipts

The Fund may purchase sponsored or unsponsored ADRs, EDRs and GDRs (collectively **Depositary Receipts**) typically issued by a bank or trust company which evidence ownership of underlying securities issued by a corporation. Generally, Depositary Receipts in registered form are designed for use in the U.S. securities market and Depositary Receipts in bearer form are designed for use in securities markets outside the United States. Depositary Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. Depositary Receipts may be issued pursuant to sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities trade in the form of Depositary Receipts. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there may be less information available regarding issuers of securities underlying unsponsored programs and there may not be a correlation between such information and the market value of the Depositary Receipts.

Redemption Risk

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended as set out in more detail in the section of the Prospectus headed "**Temporary Suspension of Valuation and of Issues and Repurchases of Shares**".

If significant redemptions of Shares in a Fund are requested or if the NAV is suspended, it may not be possible to liquidate the Fund's investments at the time such redemptions are requested or the Fund may be able to do so only at prices which the Fund believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Shares are requested, the Fund may limit the number of Shares that are redeemed on any Dealing Day. Please see the section of the Prospectus headed "**Repurchases of Shares**" for further details.

Master Limited Partnership Risk

Investing in master limited partnership ("MLPs") entails risk related to potential changes in the U.S. tax law which could revoke the pass-through tax attributes that provide the tax efficiencies that make MLPs attractive investment structures. Additional risks include fluctuations in energy prices, decreases in supply of or demand for energy commodities, decreases in demand for MLPs in rising interest rate environments, and various other risks.

In addition, investors should have regard to the general risk factors under the heading **Risk Factors** in the Prospectus.

Investment in Securitisations

The Fund may invest in securitisations. Under Regulation (EU) 2017/2402) (the "Securitisation Regulation"), the Company must comply with certain due diligence and ongoing monitoring requirements relating to investment in securitisations. The Securitisation Regulation requires parties involved in an EU securitisation to make certain information on the securitisation available to investors which should allow the Company to conduct the necessary due diligence and ongoing monitoring required under the Securitisation Regulation. However in the case of a non-EU securitisation, such information may not be readily available. This may result in the Company not being able to gain exposure to such securitisation, thus restricting the investment universe for the Fund. This in turn may have a negative impact on the performance of the Fund.

Where the Company engages professional advisors in connection with the completion of such due diligence, this may result in additional costs being borne by the Fund.

DISTRIBUTION POLICY

This section should be read in conjunction with the provisions set out in the Prospectus under the heading **Administration of the Funds – Distribution Policy**.

Roll Up Shares

The Directors do not intend to declare a dividend in respect of the Roll-Up Shares, rather, income and capital gains attributable to the Roll-Up Shares will be reinvested in accordance with the investment objectives and investment policies of the Fund.

Distribution Shares

The Directors intend to declare an annual dividend on 31 December each year in respect of the Distribution Shares..

Subject to sufficient net income being available (i.e. the accumulated revenue, consisting of all revenue accrued including interest and dividends, less expenses of the Fund), the Fund may pay dividends out of net income.

GENERAL INFORMATION RELATING TO THE FUND

Base Currency	USD
Business Day	A day (other than a Saturday or a Sunday) on which (i) commercial banks and foreign exchange markets are open and settle payments (including dealings in foreign exchange and foreign currency deposits) in Dublin, London and New York City and (ii) for the purposes of Dealing Day only, is also a day on which each Clearing System applicable to the relevant Shares is open for business.
Dealing Day	Each day in a week (provided if such day is not a Business Day, the following Business Day).
Dealing Deadline	12 noon (Irish time) 1 Business Day prior to the relevant Dealing Day. The Directors of the Company may elect to extend the Dealing Deadline to the Valuation Point in their sole and absolute discretion.
Settlement Date	In the case of subscriptions, within 4 Business Days of the relevant Dealing Day provided that in respect of the Initial Offer Period settlement must be received by the end of the Initial Offer Period (as detailed below under 'Description of Shares'). In the case of repurchases, typically within 4 Business Days and no later than 10 Business Days after the relevant Dealing Day (assuming the receipt of the original initial application form and relevant anti-money laundering documentation).
Valuation Point	Close of business in New York on each Dealing Day.

DESCRIPTION OF THE SHARES

Classes of Shares	Class Currency	Distribution Status	Hedged Class	Minimum Account Balance*	Minimum Initial Investment*	Minimum Subsequent Investment*	Annual Management Charge**	Repurchase Charge*	Sales Charge*	Initial Offer Price	Initial Offer Period* Following the close of the Initial Offer Period Shares will be issued at the relevant NAV per Share
Class X (USD)	USD	Roll Up	N/A	-	$100,000 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.70 per cent**	**0 per cent**	**0 per cent**	**10 USD**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
Class R (GBP)	GBP	Roll Up	Yes	-	$100,000 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.70 per cent**	**0 per cent**	**0 per cent**	**10 GBP**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
Class X (EUR)	EUR	Roll Up	Yes	-	$100,000 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.70 per cent**	**0 per cent**	**0 per cent**	**10 EUR**	**Closed**
Class X (JPY)	JPY	Roll Up	Yes	-	$100,000 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.70 per cent**	**0 per cent**	**0 per cent**	**1000 YEN**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
Class X (CNH)	CNH	Roll Up	Yes	-	$100,000 (or its foreign	$100 (or its foreign currency	**0.70 per cent**	**0 per cent**	**0 per cent**	**10 CNH**	**9.00am (Irish time) on 2 January, 2020**

					currency equivalent)	equivalent)					**to 5.00pm (Irish time) on 1 July, 2020**
Class X (AUD)	AUD	Roll Up	Yes	-	$100,000 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.70 per cent**	**0 per cent**	**0 per cent**	**10 AUD**	**9.00am (Irish time) on 2 Janaury, 2020 to 5.00pm (Irish time) on 1 July,2020**
Class X (SGD)	SGD	Roll Up	Yes	-	$100,000 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.70 per cent**	**0 per cent**	**0 per cent**	**10 SGD**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
Class X(CHF)	CHF	Roll Up	Yes	-	$100,000 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.70 per cent**	**0 per cent**	**0 per cent**	**10 CHF**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
Class X (CAD)	CAD	Roll Up	Yes	-	$100,000 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.70 per cent**	**0 per cent**	**0 per cent**	**10 CAD**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
Class X (KRW)	KRW	Roll Up	Yes	-	$100,000 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.70 per cent**	**0 per cent**	**0 per cent**	**10 KRW**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
Class A (USD)	USD	Roll up	N/A	-	$1,500 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**1.40 per cent**	**0 per cent**	**Up to 5 per cent**	**10 USD**	**Closed**

Class D (GBP)	GBP	Roll up	Yes	-	$1,500 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**1.40 per cent**	**0 per cent**	**Up to 5 per cent**	**10 GBP**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
Class A (EUR)	EUR	Roll up	Yes	-	$1,500 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**1.40 per cent**	**0 per cent**	**Up to 5 per cent**	**10 EUR**	**Closed**
Class Q(GBP)	GBP	Roll Up	Yes	-	$300 million (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.45 per cent**	**0 per cent**	**0 per cent**	**10 GBP**	**Closed**
*****Class Z (USD)**	USD	Roll Up	N/A	-	$1million (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.15 per cent**	**0 per cent**	**0 per cent**	**10 USD**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
*****Class Z (GBP)**	GBP	Roll Up	Yes	-	$1million (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.15 per cent**	**0 per cent**	**0 per cent**	**10 GBP**	**Closed**
*****Class Z (SEK)**	SEK	Roll Up	Yes	-	$1million (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0 per cent**	**0 per cent**	**0 per cent**	**10 SEK**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
Class A (EUR) Distribution	EUR	Annual Distribution	Yes	-	$1,500 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**1.40 per cent**	**0 per cent**	**Up to 5 per cent**	**10 EUR**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**

Class A (USD) Distribution	USD	Annual Distribution	N/A	-	$1,500 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**1.40 per cent**	**0 per cent**	**Up to 5 per cent**	**10 EUR**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
Class X (EUR) Distribution	EURO	Annual Distribution	Yes	-	$100,000 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.70 per cent**	**0 per cent**	**0 per cent**	**10 EUR**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**
Class X (USD) Distribution	USD	Annual Distribution	N/A	-	$100,000 (or its foreign currency equivalent)	$100 (or its foreign currency equivalent)	**0.70 per cent**	**0 per cent**	**0 per cent**	**10 EUR**	**9.00am (Irish time) on 2 January, 2020 to 5.00pm (Irish time) on 1 July, 2020**

*The Directors reserve the right to waive or lower these amounts at their discretion
**This figure covers both the Investment Manager's and Distributor's fees
***Class Z Shares are only available for offer to the Investment Manager, employees of the Investment Manager, CIS managed by the Investment Manager or related parties, and entities affiliated with the Investment Manager.

The Directors may, subject to the requirements of the Central Bank, create new classes of Shares on such terms as they may from time to time determine. Shares of any particular class may accommodate different charges, fees, minimum investment amounts and other arrangements.

FEES AND EXPENSES

All fees will be paid in the Base Currency.

Investment Manager and Distributor Fee

The Investment Manager will be entitled to receive from the Company out of the assets of the Fund an aggregate annual fee as set out in the table above (plus VAT if any). This fee will accrue on a daily basis and will be calculated on each Dealing Day and be payable quarterly in arrears. The Investment Manager may in its sole discretion, rebate all or a portion of its fees to a third party broker, dealer, bank, introducer, other financial intermediary or to a Shareholder.

Active Trading Advisors Fee

Each Active Trading Advisor will be entitled to receive from the Company out of the assets of the Fund comprised in the Account for which such Active Trading Advisor is responsible, a management fee (**Management Fee**) of up to 2.00 per cent. of the Net Asset Value of that Account (plus VAT if any). The Management Fee will accrue on a daily basis and will be calculated in arrears on each Dealing Day by reference to the Net Asset Value of the Account published by the Account Administrator. The Management Fee will be payable quarterly in arrears within 20 Business Days of the last calendar day of the relevant calendar quarter from the assets of the Account.

In addition, each Active Trading Advisor will be entitled to receive from the Company out of the assets of the Fund comprised in the Account for which such Active Trading Advisor is responsible, a performance fee (the "**Performance Fee**") of up to 20 per cent. of the **Net New Profit (**as defined below) attributable to the Account during the relevant **Performance Fee Period** (as defined below) (plus VAT if any).

For the purpose of determining the Account Net Asset Value on any day, **the Performance Fee will, for accrual purposes, be calculated based on net realised and net unrealised gains and losses as at such day and as a result, Performance Fees may be paid on unrealised gains which may never be realised.**

The Performance Fee in respect of a Performance Fee Period will accrue and be calculated on the final Dealing Day in such Performance Fee Period; provided that (i) if the Fund is terminated the final Performance Fee in respect of the Account shall accrue and be calculated following the liquidation in full of the assets of the Account and shall be calculated on the basis of the net aggregate proceeds of such liquidation (following satisfaction of, or provision for, all expenses and other liabilities with respect to the Account) and (ii) if the appointment of the Active Trading Advisor is terminated on a date other than a Dealing Day the Performance Fee in respect of the Performance Fee Period ending on the date of such termination shall accrue and be calculated on the day of such termination. The Performance Fee accrued in respect of a Performance Fee Period will be payable within 20 Business Days of the last day of the relevant Performance Fee Period and will be paid from the assets of the Account.

The Initial Offer Price shall be taken as the starting price for the calculation of the first Performance Fee. The Performance Fee payment can only be paid on the subsequent out-performance by the Net Asset Value per Share of the Initial Offer Price.

In the event that the value of the Account (as measured for the purpose of determining if a Performance Fee is payable) decreases in a Performance Fee Period, such underperformance (together with any underperformance carried forward from prior Performance Fee Periods) must be made up by the Active Trading Advisor before further Performance Fees can accrue. In order to account for this, a memorandum loss recovery account will be maintained for the Account (a "**Loss Recovery Account**"), the opening balance of which will be zero. In lieu of a high watermark, the Loss Recovery Account will, as of any date, reflect net reductions in the value of the Account (adjusted so as to ensure that additional deposits to, and withdrawals from, the Account do not respectively reduce or increase the Loss Recovery Account) since the later of the Account Commencement Date or since the last day of the last Performance Fee Period with respect to which a Performance Fee was charged. Any Loss Recovery Account shall be reduced (subject always to a minimum of zero) by net increases in the value of the Account during any Performance Fee Period (but excluding for this purpose any increase in value caused by the making of a Deposit into the Account). No Performance Fee will be paid with respect to increases in the value of the Account used to reduce the balance of the Loss Recovery Account.

If a net withdrawal is made from the Account on any Dealing Day where there is a Loss Recovery Account balance of greater than zero, such Loss Recovery Account balance shall be reduced by the same proportion that the relevant withdrawal amount bears to the Account Net Asset Value on that Dealing Day. Any such reduction in a Loss Recovery Account balance shall be accounted for in a memorandum adjustment account maintained for the Account (an "**Adjustment Account**"), the opening balance of which will be zero. Upon a proportional reduction in a Loss Recovery Account balance in accordance with this paragraph, an amount equal to such reduction (a "**LRA Reduction Amount**") shall be credited to the balance of the Adjustment Account. For the avoidance of doubt, there may be consecutive LRA Reduction Amounts credited to the balance of the Adjustment Account where no deposits are made in the interim. If a net deposit is made to the Account on any Dealing Day where there is an Adjustment Account balance greater than zero, then the Loss Recovery Account balance shall be increased by the same proportion that such deposit bears to the net value in U.S. dollars of the amounts subscribed and redeemed since the last date on which the Adjustment Account was zero, subject to a maximum increase equal to the balance of the Adjustment Account immediately prior to such deposit being made. The amount of any such increase to the Loss Recovery Account balance shall concurrently be debited from the Adjustment Account on the relevant Dealing Day. For the avoidance of doubt, the value (if any) of the balance of the Adjustment Account at the end of a Performance Fee Period shall be carried forward to the beginning of the following Performance Fee Period. For the avoidance of doubt, if a withdrawal is made from the Account which reduces the Account Net Asset Value to zero the Adjustment Account as it stands immediately following such Withdrawal shall be maintained pending a subsequent deposit being made to the Account within six months and upon any such subsequent deposit the above mechanics shall apply. If, after six months, the Net Asset Value remains at zero, the value of the Adjustment Account will be forfeit.

In the event that the Fund makes multiple deposits into the Account in a Performance Fee Period, a single aggregated Performance Fee will be calculated for that Performance Fee Period.

If any withdrawal is made from the Account prior to the end of a Performance Fee Period when there is no balance in the Loss Recovery Account, the accrued Performance Fee will be calculated with respect to the portion of the Account represented by the withdrawal (for such purpose, the date of such withdrawal being treated as a Performance Fee Calculation Date) and will be payable within 20 Business Days of the date on which the withdrawal is made.

In the event that the appointment of the Active Trading Advisor is terminated during a Performance Fee Period, the Performance Fee in respect of such Performance Fee Period will be calculated and paid as though the end of the relevant Performance Fee Period were the date of such termination.

The calculation of the Performance Fee payable to any Active Trading Advisor will be verified by the Depositary.

The Performance Fee is only payable on performance of the relevant Account for which an Active Trading Advisor is responsible.

It is possible that Performance Fees in respect of the performance achieved may be payable to one or more Active Trading Advisors in respect of the relevant Account for which an Active Trading Advisor is responsible, notwithstanding that the overall Net Asset Value of the Fund may not have increased.

Definitions

"**Account**" means the portion of the assets and liabilities of the Fund managed by an Active Trading Advisor.

"**Performance Fee Period**" means the period from (but excluding) a Performance Fee Calculation Date (or in the case of the first Performance Fee Period, the Account Commencement Date) to (and including) the next succeeding Performance Fee Calculation Date.

"**Performance Fee Calculation Date**" means the last calendar day in December; provided that (i) if the Fund is terminated, the final Performance Fee Calculation Date shall be the date on which the assets of the Account have been liquidated in full in connection with such termination and (ii) if the appointment of the Active Trading Advisor is terminated, the final Performance Fee Calculation Date shall be the date on which the appointment terminates. In the event of a Withdrawal prior to the end of a Performance Fee Period, the date of the Withdrawal shall be treated as the Performance Fee Calculation Date with respect to the portion of the Account represented by the Withdrawal.

"**Net New Profit**" means, in respect of a Performance Fee Period at which the Loss Recovery Account balance is zero (after taking into account all Profits through the end of such period), any cumulative Profit attributable to the Account in excess of the highest value of the Account at the end of any previous Performance Fee Period or the Account Commencement Date, as applicable, taking account of any Deposits to, or Withdrawals from, the Account and after deducting all the relevant fees and expenses charged during such Performance Fee Period (such fees and expenses relating to the Account and other Company/Fund expenses, to be borne pro-rata amongst the accounts of the Fund, based on NAV), excluding any Performance Fee.

"**Profit**" includes, in respect of a Performance Fee Period, (1) realised trading and investment profit (loss) (including dividends and interest paid to the Account) plus or minus (2) the change in unrealised trading and investment profit (loss) on open positions since the end of any previous Performance Fee Period.

Depositary and Administrator Fee

With respect to each Account and the assets of the Fund (if any) managed directly by the Investment Manager (**Non-Account Assets**), the Depositary will be entitled to receive from the Company out of the assets of the Fund in respect of that Account or the Non-Account Assets, as the case may be, an annual fee in respect of custody and trustee services which will not exceed 0.015 per cent of the net assets of that Account or the Non-Account Assets (plus VAT, if any) payable in USD together with reasonable expenses incurred by the Depositary in the performance of its duties. This fee will accrue and be calculated on each Dealing Day and be payable quarterly in arrears. The Depositary shall also be entitled to receive out of the assets of the Fund all agreed sub-custodian fees, transaction charges (which will be charged at normal commercial rates) together with reasonable out-of-pocket expenses incurred by the Depositary in the performance of its duties. With respect to each Account and the Non-Account Assets, the custodian fee is subject to review on an annual basis (and may be reviewed more frequently prior to the first anniversary of the date on which that Account commenced).

The Administrator will be entitled to receive out of the assets of the Fund an annual fee which will not exceed 0.17 per cent. of the net assets of the Fund (plus VAT, if any) in respect of administrative, valuation and transfer agency services together with transaction charges at normal commercial rates and reasonable out-of-pocket expenses incurred by the Administrator in the performance of its duties. This fee will accrue daily and be calculated on each Dealing Day and be payable monthly in arrears.

Account Administrator Fee

With respect to each Account, the Account Administrator will be entitled to receive from the Company out of the assets of the Fund in respect of that Account an annual fee of up to USD 80,000 (plus VAT if any) in respect of services provided in respect of the operation of that Account. Such services are separate and in addition to the administration and transfer agency services provided by the Administrator in respect of the Fund. This fee will accrue on each Dealing Day and be payable monthly in arrears. The Account Administrator will also be entitled to be reimbursed by the Company out of the assets of the Fund in respect of an Account for its reasonable out-of-pocket costs and expenses incurred by it in the performance of its duties with respect to that Account. With respect to each Account, the Account administration fee is subject to review on an annual basis (and may be reviewed more frequently prior to the first anniversary of the date on which that Account commenced).

Risk Service Provider Fee

The Risk Service Provider will be entitled to receive from the Company out of the assets of the Fund an annual fee of up to USD 15,000 per Account (plus VAT if any). This fee will accrue and be calculated on each Dealing Day and be payable monthly in arrears.

Currency Manager Fee

The Currency Manager will be entitled to receive out of the assets of the Fund fees of up to 0.06 per cent. of the Fund's Net Asset Value (excluding VAT) per annum subject to a minimum fee of USD 10,000 for the first two calendar quarters, USD 15,000 for the next two calendar quarters and USD 18,750 in the second year per each calendar quarter.

Principal Broker Fee

Any Principal Broker(s) appointed will be paid at normal commercial rates.

General Fees

If the determination of the Net Asset Value of the Company, the Fund or a Class of the Fund is suspended on any Dealing Day, the calculation of the fees on that date will be based upon the next available determination of that Net Asset Value and the amount of any fees accrued will be adjusted accordingly.

When a counterparty to the Fund provides collateral to the Fund to manage counterparty exposure limits, the costs associated with such collateralisation may be passed to and borne by the Fund. In addition any legal, audit or tax fees will be borne by the Fund.

Costs associated with services that may be used to access platforms and the costs associated with such platforms may be payable out of the assets of the Fund or the relevant Class(es) admitted to the platform. Any such costs will be at normal commercial rates.

This section should be read in conjunction with the provisions in the Prospectus under the heading entitled **Fees and Expenses**.

Establishment Costs

The establishment costs of the Fund amounted to approximately USD 200,000 and will be amortised over the first five years of the Fund's operation (or such other period as may be determined by the Directors at their discretion).

MISCELLANEOUS

The Directors intend to seek entry into the UK reporting regime and to conduct the Fund and each Class's affairs in such a manner that the Fund and each Class meets the requirements of the reporting regime as set out in the UK Tax Regulations. Further details are set out in the Prospectus under the heading entitled **United Kingdom Taxation.**

PROFILE OF A TYPICAL INVESTOR

The Fund is suitable for investors seeking long term capital appreciation from diversified exposure to a variety of alternative investment trading strategies and have an investment horizon of at least 5

years. Over a normal market cycle, the Fund is expected to exhibit low to moderate volatility.
The Fund is intended only for those investors who understand these strategies and associated risks. Prospective investors should consult their financial, tax and legal advisors, as appropriate, in order to determine whether or not the Fund is a suitable investment for them.