

The Directors of Albemarle Funds plc (the "**Company**") whose names appear in the section of the Prospectus entitled "MANAGEMENT AND ADMINISTRATION" are the persons responsible for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and the Prospectus is in accordance with the facts and does not omit any material information likely to affect the import of such information. The Directors accept responsibility accordingly.

**If you are in any doubt about the contents of this Supplement or the Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

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## **ALBEMARLE TARGET ITALY FUND HEDGED**

**A sub-fund of Albemarle Funds plc an investment company with segregated liability between sub-funds and variable capital incorporated in Ireland on 5 March 2007 under registration number 435796 and established as an umbrella fund pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011.**

### **SUPPLEMENT NO. 6**

**DATED: 6 November 2018**

**Investment Manager**

**Albemarle Asset Management Limited**

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**This Supplement forms part of, and should be read in the context of and together with, the Prospectus dated 24 September 2018 (the "Prospectus") in relation to the Company and contains information relating to the Atlante Target Italy Fund Hedged (the "Fund") which is a separate portfolio of the Company. Class X Shares are admitted to trading on the ATFund market, a Multilateral Trading Facility organised and managed by the Borsa Italiana.**

**An investment in the Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to the holder of a bank deposit account. The value of Shares may go down or up and investors may not get back the amount invested.**

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## Definitions

Words and terms defined in the Prospectus have the same meaning in this Supplement unless otherwise stated herein.

- "Appointed Intermediary"** means an entity appointed by the Company in Italy in connection with the listing on Borsa Italiana;
- "Base Currency"** for the purposes of this Supplement, the base currency shall be Euro;
- "Dealing Day"** means each Business Day or such other day as the Directors may agree following consultation with the Administrator and upon prior notification to Shareholders, provided there shall be at least one Dealing Day per fortnight;
- "Dealing Deadline"** means 1:00 pm (Irish time) on the Business Day prior to the relevant Dealing Day or, in exceptional circumstances only, such later time as the Directors may from time to time permit and notify in advance to Shareholders provided that applications will not be accepted after the Valuation Point;
- "Investment Grade"** means an investment rating level of BBB- or better from Standard & Poor's Corporation or Baa3 or better from Moody's Corporation;
- "FTSE MIB Index"** is a benchmark stock market index on the Borsa Italiana which consists of the 40 most-traded stock classes on the exchange;
- "Mini FTSE MIB Futures Contracts"** means mini futures contracts on the FTSE MIB index that are quoted in index points;
- "Valuation Day"** means each Business Day, and such other day as the Directors may determine, following consultation with the Administrator and prior notification to the Shareholders, provided that there shall be a Valuation Day for every Dealing Day and for the avoidance of doubt, the Valuation Day will precede the relevant Dealing Day by one Business Day; and
- "Valuation Point"** means 11.15 pm (Irish time) on a Valuation Day using the closing market prices in the relevant markets available as at the Valuation Day or such other time on a Valuation Day as the Directors may determine provided that the valuation point is always after the Dealing Deadline.

## **Investment Objective and Policies**

### **Investment Objective**

The investment objective of the Fund is to seek to achieve long term capital appreciation with a fully hedged strategy.

### **Investment Policy**

The Fund will seek to achieve its investment objective by investing in equities, fixed income securities, CIS (as defined below) and the FDI as further detailed below. The securities of the Fund will be listed or traded on Recognised Markets.

#### *Equities /Collective Investment Schemes*

The Fund may invest up to 100% of its net asset value in equities listed on the regulated Italian markets. The Fund may invest up to 10% of its Net Asset Value, in aggregate, in units of other UCITS as permitted by the UCITS Regulations that are invested in underlying Italian listed equities. The Fund will, therefore, have a predominant exposure to the Italian equity sector.

#### *Fixed Income Securities*

The Fund may also invest up to 30% of its Net Asset Value in fixed or floating rate Italian governmental bonds, denominated in a European currency, or in the case of investments in cash (including time deposits), they will be primarily held with European credit institutions, primarily European banks. Investment in bonds may include investment in Investment Grade or below Investment Grade corporate or government bonds, which have a fixed or floating rate. Investment in below Investment Grade bonds will not exceed 30% of the net asset value of the Fund.

#### *FDIs*

The Fund may use the FDI listed in the table below for investment or hedging purposes. The Fund will seek to fully hedge its investments in equities against market movements using these Mini FTSE MIB Futures Contracts of equal notional value to the long positions in order to reduce the exposure of the Fund to relative movements in the price of its equity positions against the market. Further details regarding the use of these Mini FTSE MIB Future Contracts are listed in the table below.

#### *Securities Financing Transactions*

As outlined under the terms of the Prospectus, the Fund may engage in efficient portfolio management techniques including Securities Financing Transactions such as securities lending agreements. The types of assets that may be subject to securities lending will be of a type which is consistent with the investment policy of the Fund. The maximum exposure of the Fund in respect of Securities Financing Transactions shall be 60% of the net asset value of the Fund. The Investment Manager does not anticipate that the Fund's exposure to securities lending will exceed 30% of the net asset value of the Fund.

#### *Investment Selection Process*

The selection process starts with the Investment Manager considering which of the asset types described above may benefit the Fund having regard to the Fund's investment objectives and policies as well as economic and market conditions. This will result in an overall allocation between equities, and fixed income securities, which may be spread between industry sectors with exposure to the

Italian market. This is reviewed by the Investment Manager as economic and market conditions change.

The next phase is to determine how the Fund will gain access to the chosen asset allocation. This might be by direct investment in equities (by investment via other UCITS) or fixed income securities,, which invest in the relevant assets; or via FDI (as disclosed below) which have exposure to the relevant assets. The Investment Manager will take into consideration the relative costs and risks involved. Individual investments available in the market, such as shares issued by companies, are then stock picked predominantly on a best price / value ratio (initial price versus potential returns) by the Investment Manager and if appropriate, selected for the Fund. This approach involves an in-depth company analysis which includes analysing the companies' financial position within its market sector and considers both macroeconomic and company forecasts. The Investment Manager will also look at a range of factors such as a company's potential for growth, its historic price fluctuation and dividend income which are all potential indicators of an equities value and its future performance. Based on this approach equities are ranked according to their risk/reward profile with up to 25 equities selected for investment.

The fixed income securities described above may be selected for investment purposes, for example, where in the Investment Manager's view, economic and market conditions offer the potential for growth and income. Such fixed income securities may also be selected as an alternative strategy of hedging the equity exposure of the Fund, for example, where in the Investment Manager's view, the selection of fixed income securities will assist the Fund to achieve capital protection due to market volatility.

Notwithstanding the asset allocation outlined above, the Fund may hold up to 100% in cash and/or cash equivalents, such as short term money market instruments including, but not limited to, commercial paper and treasury bills in circumstances where the volatility of the market is such that very significant and sudden falls in the long positions might reasonably be anticipated. For example, as a consequence of political events, terrorist acts, and/or sudden losses of liquidity resulting from the failure of major market participants and the Investment Manager believes that it would not be in the interests of Shareholders for the Fund to be fully invested or where the Fund needs to maintain liquidity to meet redemption requests.

The Fund may employ the investment techniques and instruments listed below, for investment and hedging purposes, where provided for in the Fund's Risk Management Process. While the Fund will predominantly take long positions, up to 100% of the Net Asset Value of the Fund, it may also take short positions, typically up to 100% of the Net Asset Value of the Fund. The Fund will only take short positions through FDI i.e. synthetic short exposure rather than physical short sales. The Fund may only utilise FDIs listed in the Risk Management Process once cleared by the Central Bank.

Derivative	Specific Use	Where hedging: risk being hedged	EPM?	How FDI will help achieve investment objectives
Mini FTSE MIB Future Contracts	Futures contracts to provide hedging benefits and are used to protect portfolio value against fluctuations in equity markets. The futures contracts will comply with the Regulations and the Central Bank UCITS Regulations.	Market Risk	Yes	Assist in capital protection which helps the Fund achieve its objective of generating positive returns in all market phases.

The Fund's global exposure will be calculated using the commitment approach and leverage will not exceed 100% of its net assets at any time.

All revenues from EPM techniques, net of direct and indirect operational costs will be returned to the Fund, if such techniques are to be used. Only direct operational fees charged by third parties unrelated to the Investment Manager will be deducted from any such revenues. Any such direct and indirect operational costs do not include hidden revenue for the Investment Manager or parties related to it, although fees may be payable to counterparties and/or the Depositary and/or entities related to them in relation to such EPM techniques. The Fund will disclose in the financial statements the identity of the entities to which the direct and indirect costs and fees are paid and indicate if these are related parties to the Company, the Investment Manager or the Depositary.

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

The Fund is suitable for investors who are willing to tolerate medium risks in order to potentially generate medium returns and who are seeking a portfolio which has a medium to long term horizon.

### **Investment Restrictions**

The assets of the Fund will be invested in accordance with the UCITS Regulations and the investment restrictions described under "Investment Restrictions" in the Prospectus and the following additional restrictions:

1. The Fund shall not invest more than 10% of its Net Asset Value, in aggregate, in units of any UCITS;
2. The UCITS in which the Fund invests are prohibited from investing more than 10% of net assets in other collective investment schemes.

The investment restrictions set out in the Prospectus are deemed to apply at the time of purchase of the investments. If such limits are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Company must adopt, as a priority objective, the remedying of the situation, taking due account of the interests of Shareholders.

The Directors may in their absolute discretion from time to time impose such further investment restrictions as shall be compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are located, provided that the general principle of diversification in respect of the Company's assets are adhered to.

### **Efficient Portfolio Management**

The Investment Manager currently employs a Risk Management Process relating to the use of financial derivative instruments on behalf of the Fund which details how it accurately measures, monitors and manages the various risks associated with financial derivative instruments. The Company will on request provide supplementary information to investors 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 in respect of the Fund.

### **Investment Risks**

Investment in the Fund carries with it a degree of risk including, but not limited to, the risks described in the "Investment Risks" section of the Prospectus. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before making an application for Shares. There can be no assurance that the Fund will achieve its investment objective.

#### *Financial Derivative Instruments ("FDIs")*

The Fund may be leveraged as a result of its use of FDIs, however, any such leverage will not exceed 100% of the net assets of the Fund at any time.

For information in relation to the risks associated with the use of FDIs, please refer to the "Investment Risks" section of the Prospectus.

### **Subscriptions**

The Fund is offering four Classes in respect of the Company, the Class A Shares, Class X Shares (the "**Retail Share Classes**"), Class I-1 Shares and Class I-2 Shares (the "**Institutional Share Classes**"), each denominated in Euro.

#### **Specific information on the X Share Class:**

As from 1st October 2018, classes of shares of open-ended UCITS that were listed and negotiated on the ETFplus Market have been automatically transferred to the ATFund Market (MTF), following closure of the ETFplus Market UCITS Segment.

The Class X, opened to all types of UCITS investors, is now traded within the ATFund Market, an independent multilateral trading facility ("**MTF**") dedicated to open-ended UCITS funds, organised and managed by the Italian Stock Exchange (Borsa Italiana).

The rules of the markets organised and managed by Borsa Italiana S.p.A. define the requirements for the admission to trading of open-ended UCITS on the ATFund Market; it is requested, *inter alia*, that

they are freely negotiable and that they can be settled by Monte Titoli S.p.A. The Class X Shares are accessible to all intermediaries that adhere to the ATFund market rules. Trading in the X Shares shall be through the entry of market orders by market intermediaries. At the end of the entry phase buy and sell orders are matched. The difference between the buy and sell quantities is taken up by an appointed intermediary as described below.

In particular, the orders to buy and sell the Class X Shares are always executed at the Net Asset Value per Share on each Valuation Day, communicated by the Administrator, on behalf of the issuer, to the Borsa Italiana on a daily basis following each Valuation Day.

Pursuant to the settlement rules of Borsa Italiana, the orders to sell and buy related to the Class X Share traded on the ATFund Market will be settled three Business Days following the relevant Valuation Day when the request was introduced and in compliance with the trading calendar published by Borsa Italiana and available for public information. Investors are duly advised to consult this calendar before making any orders.

The trading of the shares on the ATFund Market requires the designation of an appointed intermediary (the “**Appointed Intermediary**”) which supports the execution of the unfilled orders to buy and sell for a relevant day of trade. During pre-auction phase (up to 10:55 a.m.) intermediaries can insert buy and sell orders; during the last 5 minutes of pre-auction phase (from 10:55 to 11 a.m.) only the Appointed Intermediary can insert orders in the secondary market to execute the imbalance between buy and sell quantity. In exceptional cases where the Appointed Intermediary fails to take up the quantity difference, the unfilled orders shall be automatically cancelled. In the exceptional event where the Appointed Intermediary continues to be unable to take up the quantity difference and this cannot be rectified by the Appointed Intermediary or a replacement appointed intermediary cannot be appointed, the Directors may temporarily suspend dealings of the Class X Shares in accordance with the section of the Prospectus entitled "Valuation of Assets and Temporary Suspension of Determination of Net Asset Value" or the Directors may in their sole and absolute discretion, by notice in writing to the Shareholders, determine to close the Class X Shares following the redemption of all of the Class X Shares in accordance with the section of the Prospectus entitled "Termination of a Fund or Class".

The Appointed Intermediary is the only intermediary permitted to issue instructions to the Administrator to issue or redeem the Class X Shares at NAV.

Intermonte SIM, with registered office at Galleria De Cristoforis, 7/8, 20122 Milan (Italy), is the Appointed Intermediary, while settlement will take place through Monte Titoli at T+3, according to the single instrument's settlement calendar.

The Class X will not issue fractional Shares.

#### *Subsequent Dealing*

All Shares shall be issued at the Net Asset Value per Share on each Dealing Day and adding thereto such sum as the Directors in their absolute discretion may from time to time determine as an appropriate provision for duties and charges.

In order to receive Shares at the Net Asset Value per Share as of any particular Dealing Day, the signed original application form, together with any anti-money laundering documents/counter-terrorist financing, must be received no later than the Dealing Deadline or, in exceptional circumstances only, such later time as the Directors may from time to time permit provided that subscription applications will not be accepted after the Valuation Point. Applications received after such time will be held over until the following Dealing Day. Subsequent applications may be made in writing or by facsimile or



by electronic means provided such means are in accordance with the requirements of the Central Bank.

Subscriptions for Shares must be in Euro unless the Directors otherwise agree to accept subscriptions in any freely convertible currency approved by the Administrator, in which case such subscriptions will be converted into the relevant currency at the prevailing exchange rate available to the Administrator and the cost (and associated risk) of conversion will be borne by the Shareholder and deducted from the subscription monies.

Settlement for subscriptions for all Classes except the Class X Shares must be received by the Company, care of the Administrator, no later than two Business Days after the relevant Dealing Day provided that the Directors reserve the right to defer the issue of Shares until receipt of subscription monies by the Fund.

Subscriptions for Shares should be made by electronic transfer to the account set out in the Application Form.

There will be no switching between the Class X Shares and any other Class in the Fund.

## **Redemptions**

### **Redemption of Shares**

Shareholders may request the Fund to redeem their Shares on and with effect from any Dealing Day at the Net Asset Value per Share less any applicable duties and charges on such Dealing Day (subject to such adjustments, if any, as may be specified including, without limitation, any adjustment required for redemption charges as described under the section of the Prospectus entitled "Fees and Expenses") in accordance with the redemption procedures specified below.

A redemption request form should be posted or sent by facsimile, so as to arrive at the Administrator's address no later than the Dealing Deadline or, on an exceptional basis only, such later time as any Director may from time to time permit, provided that redemption requests will not be accepted after the Valuation Point.

Redemption requests should be made on a signed redemption request form (available from the Administrator), which should be posted or sent by facsimile to the Company, care of the Administrator. The address for the Administrator is set out in the Prospectus. In the case of redemption requests sent by facsimile, payment of redemption proceeds will only be made to the account of record as provided for in the application form. Alternatively, redemption requests can be sent by electronic means provided such means are in accordance with the requirements of the Central Bank.

Settlement will normally be made by electronic transfer on the second Business Day after the relevant Dealing Deadline on which the redemption is effective. Payment will be made in the Base Currency unless otherwise agreed with the Administrator to be in another major freely convertible currency. Payment of redemption proceeds will be made to the registered Shareholder to the account of record. Amendments to the registration details and payments instructions will only be effected on receipt of original documentation. The proceeds of the redemption of Shares will only be paid on receipt by the Administrator of the original subscription application form and anti-money laundering documents and only where all anti-money laundering procedures have been completed. A repurchase request will not be capable of withdrawal after submission to the Company, unless such withdrawal is approved by the Company acting in its absolute discretion. If requested, the Company may, in its absolute discretion and subject to the prior approval of the Depositary, and on prior written notification to the

Shareholders, agree to designate additional Dealing Days and Valuation Points for the repurchase of Shares.

### **Dividend Policy**

The Company does not anticipate distributing dividends from net investment income in respect of the Fund but the Company reserves the right to pay dividends or make other distribution in the future. Initially such amounts will be retained by the Company and will be reflected in the Net Asset Value of the Fund.

### **Fees and Expenses**

#### **Investment Management and Performance Fees**

The Investment Manager shall be entitled to the following investment management and performance fees payable out of the assets of the Fund in relation to the relevant Class:

1. An investment management fee will be payable out of the assets of the Fund, calculated by the Administrator, accruing at each Valuation Point and payable monthly in arrears at an annual rate of:
  - (a) Retail Share Classes
    - 1.80% of the Net Asset Value of the Class A Shares.
    - 1.30% of the Net Asset Value of the Class X Shares.
  - (b) Institutional Share Classes
    - 0.90% of the Net Asset Value of the Class I-1 Shares and the Class I-2 Shares.
2. A performance fee payable equal to 20% of the aggregate outperformance in value of the Class A, Class I-1 and Class X Shares and 10% of the aggregate outperformance in value of the Class I-2 Shares, over the amount of the High Watermark (as defined below) for those Shares multiplied by the average number of Shares in issue during the calculation period. The manner in which the appreciation in value of the Shares and the High Watermark are calculated for these purposes is described in more detail below.

The "**High Watermark**" shall mean the highest closing Net Asset Value per Share on which a performance fee was paid for all the previous periods since inception or the Initial Offer Price in the case of the first calculation period.

Performance fees are accrued at each Valuation Point and payable quarterly in arrears, calculated by the Administrator and verified by the Depositary as at the last Business Day in each calendar quarter (each a "**Calculation Date**").

When a Shareholder requests the Fund to redeem their Shares prior to the end of a calculation period, any accrued but unpaid performance fee in respect of such Shares will be deducted from the redemption proceeds.

For the purposes of calculating the performance fees during the first calculation period, the Initial Offer Price will be taken as the starting point for the calculation of the performance fee, which will be for a shorter period commencing on the first Business Day following the closing of the Initial Offer Period for each Class and will end on the following Calculation

Date. Thereafter, a calculation period shall commence on the Business Day following the immediately preceding Calculation Date and end on the Calculation Date on which the performance fee is to be calculated.

The outperformance in value with respect to the Shares in a Class shall be calculated as at each Calculation Date based on the "Closing NAV" of those Shares for that calculation period. For the purposes of such calculation, the initial "Closing NAV" is the close of the Initial Offer Period. Thereafter, the "Closing NAV" shall be the Net Asset Value per Share at the Calculation Date as at which the calculation is being made before accrual of the performance fee.

The performance fee will be calculated and accrued on each Valuation Point for each issued Share and fraction thereof on the difference – if positive – between the Net Asset Value per Share and the High Watermark. No performance fee is payable until the Fund's Net Asset Value per Share exceeds the previous High Watermark and a performance fee will only be payable on the increase over the High Watermark.

As the Fund uses a benchmark to measure the performance fee, the Fund is considered a user of a benchmark in accordance with Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). As at the date of this Supplement, the administrator of the Benchmark is not yet included on the register referred to in Article 36 of the Benchmark Regulations.

#### **Establishment Costs of the Fund**

The establishment costs of the Fund will not exceed €15,000. These costs will be borne out of the assets of the Fund and will be amortised over the three financial years of the Fund following the approval of the Fund by the Central Bank or such shorter period as the Directors may determine and notify the Shareholders in advance.

#### **Other Fees and Expenses**

The Fund shall also bear a portion of the fees and expenses of the Company as set out under the heading "Fees and Expenses" in the Prospectus.