

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 LONG SHORT FUND**

**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: 8 OCTOBER 2020**

**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 8 October 2020 (the "Prospectus") in relation to the Company and contains information relating to the Albemarle Long Short Fund (the "Fund") which is a separate portfolio of the Company. The other sub-funds of the Company, at the date of the Supplement are: Albemarle Target Italy Fund, Albemarle Euro Flexible Fund, Albemarle Euro Bond Fund, Albemarle Longevity Fund, and Albemarle Target Europe Fund.**

**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.**

**The Fund may also invest substantially in cash deposits or money market instruments for temporary defensive purposes as described in the investment policy of the Fund. Investors' attention is drawn to the difference between the nature of a deposit and the nature of an investment in the Fund and in particular to the risk that the value of the principal invested in the Fund may fluctuate.**

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## Definitions

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

### "Acceptable AIFs"

following criteria:

1.

(a) schemes established in Guernsey and authorised as "Class A Schemes"; or

(b) schemes established in Jersey as "Recognised Funds"; or

(c) schemes established in the Isle of Man as "Authorised Schemes"; or

(d) retail investor alternative investment funds authorised by the Central Bank provided such investment funds comply in all material respects with the provisions of the UCITS Regulations and the Central Bank UCITS Regulations; or

(e) alternative investment funds authorised in a Member State of the EEA, the US, Jersey, Guernsey or Isle of Man and which comply, in all "material respects", with the provisions of the UCITS Regulations and the Central Bank UCITS Regulations.

In accordance with the Central Bank's requirements, reference to "all material respects" includes, amongst others, consideration of the following:

(i) the existence of an independent depositary with similar duties and responsibilities in relation to both safekeeping and supervision;

(ii) requirements for the spreading of investment risk including concentration limits, ownership restrictions, leverage and borrowing restrictions;

(iii) availability of pricing information and reporting requirements;

(iv) redemption facilities and frequency; and

(v) restrictions in relation to dealings by related parties.

2. Other jurisdictions and types of AIF may be considered by the Central Bank on the basis of submissions made for that purpose. In assessing any submissions made, the Central Bank will have regard to:

- memoranda of understanding (bilateral or multilateral), membership of an international organisation of regulators, or other co-operative arrangements (such as an exchange of letters) to ensure satisfactory cooperation between the Central Bank and the competent authority of the AIF;

- whether the management company of the target AIF, its rules and its choice of depositary have been approved by its regulator;

- whether the AIF is authorised in an OECD jurisdiction; or

- such other schemes as may be permitted by the Central Bank and set out in the Prospectus and/or this Supplement;

<b>"American Depository Receipts" or "ADRs"</b>	means depository receipts typically issued by a U.S. bank or trust company that evidence ownership of underlying equity securities issued by a foreign corporation;
<b>"Base Currency"</b>	for the purposes of this Supplement, the base currency shall be Euro;
<b>"Below Investment Grade"</b>	means an investment rating level below BBB- from Standard & Poor's Corporation; or below BBB- from Fitch; or below Baa3 from Moody's Corporation;
<b>"CoCos"</b>	means contingent convertible bonds, a form of hybrid debt security which are intended to either convert into equity upon the occurrence of a trigger event and in the majority of cases are issued in the form of a Subordinated Bond. Certain CoCos are issued with "write down" features, which means that the principal amount of the CoCo will be written down after a specific trigger event. If a trigger event, depending on the terms and conditions of the CoCo occurs and is continuing, then the principal amount of all the relevant CoCos is automatically and at least temporarily reduced by a specific percentage of the original principal amount or permanently written down in full. Accordingly, the amount of repayment claim will be reduced accordingly. The conversion of a CoCo to equity or the write down of the principal amount of the CoCo may be triggered by specified events that might be independent from the particular need of an issuer. CoCos, like Subordinated Bonds, serve to absorb the issuer's (a financial institutions such as a bank) capital losses before other higher ranking liabilities;
<b>"Convertible Bond"</b>	means a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, investments in convertible bonds may be exposed to equity movement and greater volatility than traditional bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable traditional bond investments;
<b>"Dealing Day"</b>	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;
<b>"Dealing Deadline"</b>	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;
<b>"Global Depository Receipts" or "GDRs"</b>	means depository receipts typically issued by foreign banks or trust companies, although they also may be issued by U.S. banks or trust companies, and evidence ownership of underlying equity securities issued by either a foreign or a United States corporation;
<b>"Investment Grade"</b>	means an investment rating level of BBB- or better from Standard & Poor's Corporation or Baa3 or better from Moody's Corporation;

<b>"Senior Bonds"</b>	means a bond that has higher priority compared to another in the event of liquidation;
<b>"Subordinated Bond"</b>	means a bond that, in the event of liquidation, is prioritised lower than other classes of bonds and may be an unsecured bond, which has no collateral;
<b>"Tier 1 and Tier 2 Bonds"</b>	means a type of bonds issued by financial institutions designated as supplementary capital which represents plain vanilla Subordinated Bond (subordinated to senior debt). Subordinated Bonds typically has a lower credit rating, therefore a higher yield, than Senior Bonds;
<b>"Valuation Day"</b>	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
<b>"Valuation Point"</b>	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 achieve long-term capital appreciation through a long/short strategy.

### **Investment Policy**

The Fund will seek to achieve its investment objective by identifying a range of long/short equity and fixed income opportunities as described below.

#### *Equities*

The Fund will invest at least 70% of its Net Asset Value in equities and equity-linked securities listed or traded on a Regulated Market, namely common stocks, ADRs, GDRs, preferred stocks, rights and warrants (as described in the FDI table).

At least 70% of equity investments will be in European companies, i.e. companies incorporated and/or listed on a Regulated Market in Europe. The Fund will, therefore, have a predominant exposure to Europe.

Up to 30% of the equity investments of the Fund may be in non-European companies.

The Fund may invest up to 20% of the Net Asset Value of the Fund in GDRs, ADRs as well as warrants and other participation rights, which are listed or traded on a Regulated Market, with up to 5% of the Net Asset Value in each of warrants and participation rights. The Fund will not have a specific sectoral focus.

#### *Bonds*

The Fund may invest up to 30% of its Net Asset Value in government bonds, corporate bonds, (both of which may be fixed or floating rate), Convertible Bonds, Senior Bonds, Tier 1 and Tier 2 Bonds and CoCos, which may be short, medium or long-term, as determined by the Investment Manager.

Investment in Below Investment Grade bonds will not exceed 20% of the Net Asset Value of the Fund. Investment in non-rated bonds will not exceed 5% of the Net Asset Value of the Fund.

The Fund will invest up to 10% of its Net Asset Value in aggregate in Convertible Bonds, Tier 1 and Tier 2 Bonds. The Fund will invest up to 5% of its Net Asset Value in CoCos.

At least 70% of the Fund's bond investments will be listed or traded on a Regulated Market in Europe.

#### *REITS and eligible closed-ended funds*

The Fund may invest up to 30% of its Net Asset Value in listed REITs. REITs represent real estate companies, which own properties in a range of real estate sectors, either leased to tenants or under development. Properties include office buildings, shopping centres and apartment complexes. These companies usually utilise leverage and distribute the bulk of their profits to shareholders in the form of dividends.

The Fund may also invest in securities listed or traded on a Regulated Market issued by registered eligible closed-ended funds (including exchange traded closed-ended funds) which in each case comply with the eligibility classification under the UCITS Regulations and the Central Bank UCITS Regulations

as transferable securities, in order to gain exposure to equities and debt securities. Investment in eligible closed-ended funds is limited to 10% of the Fund's Net Asset Value.

#### *Collective Investment Schemes*

A maximum of 10% of the Fund's Net Asset Value may be invested in a cumulative of: (i) UCITS and Acceptable AIFs, which may include open-ended ETFs, in accordance with the Regulation 68(1)(e) of the UCITS Regulations and the Central Bank's requirements including guidance related to investment in Acceptable AIFs; and (ii) exchange traded closed-ended funds (which comply with the eligibility classification under the UCITS Regulations and Central Bank UCITS Regulations as transferable securities) in order to gain exposure to equities and equity-related securities and bonds. The Fund will not invest in US ETFs.

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.

#### *Cash and Money Market Instruments*

In addition, the Fund may invest up to 100% of its Net Asset Value in cash, treasury bills, money market instruments and money market funds including certificates of deposit and commercial paper issued by highly rated (Investment Grade or higher) corporate or sovereign issuers for (i) cash flow purposes; and/or (ii) as part of a temporary defensive strategy, where the Investment Manager believes that economic, financial and political conditions make it advisable to do so, where the Investment Manager, believes that it would not be in the interests of Shareholders for the Fund to be fully invested; and/or (iii) where the Fund needs to maintain liquidity to meet redemption requests

#### *Unlisted transferable securities*

The Fund may invest, directly or indirectly through the use of FDI, up to 10% of the Net Asset Value of the Fund in transferable securities outlined under the headings above or money market instruments which are not listed, traded or dealt in on a Regulated Market.

#### *Financial Derivative Instruments*

The Fund may use FDIs both for efficient portfolio management ("**EPM**") or investment purposes. The FDI which the Fund may use are equity futures and equity index futures, equity index options, fixed income indices, call options, put options, credit default swaps (including indices on credit default swaps), equity and equity index swaps, total return swaps, forward contracts, fixed income options and fixed income index options, fixed income futures, Convertible Bonds, CoCos, currency futures, foreign exchange options, foreign exchange forwards, warrants and participation rights and rights arising from corporate action and dividend right certificates, as outlined in the below table of FDIs. The below table of FDIs includes the specific use of each FDI, if used for hedging, EPM or investment and how the FDI will help achieve the Fund's investment objective. A list of the FDI markets are set out in Appendix IV of the Prospectus. The Fund may also employ investment techniques and instruments, including FDI, subject to the conditions and limits set out in the Central Bank issued guidelines, for efficient portfolio management of its assets for hedging against market movements, currency exchange, interest rate risks or otherwise as detailed under the heading "Efficient Portfolio Management" in the Prospectus.

#### *Long / Short strategy*

At any given time, the Fund may be invested in some or all of the asset classes included in the "**Investment Policy**" section above and may take long or synthetic short positions in these asset classes.

Synthetic short strategies may be used to hedge or substantially offset long positions held by the Fund, and may also be used for investment purposes. The Fund may take both long and/or short positions in

each category of assets in which it may invest but will primarily take such positions through equities and fixed income securities.

Short positions may be taken by the Investment Manager to reduce exposure to a particular sector without having to sell all or some of the Fund's holdings. Short positions may also be used for investment purposes to increase returns to the Shareholders, where Shareholders benefit from a fall in the value of the shares of a company. This may occur for example, where the Investment Manager identifies a company, through analysis of company management behaviour, company accounts and reports, as poorly performing and anticipates that the share price in such company is likely to fall as a result.

The Investment Manager will seek to structure the portfolio, so that in normal circumstances it has a long/short ratio of between 90% - 130% long/30% to 70% short. The Fund may have little or no short exposure for significant time periods; however when in the opinion of the Investment Manager, opportunities exist to meet the Fund's investment objective through the use of short strategies, the Fund's exposure may be increased. If the use of derivatives is extensive, this may increase the volatility of the Fund's performance.

### **Investment Strategy**

The investment strategy aims to generate, over 3-5 years, a combination of average yearly positive returns and average yearly volatility of returns.

With respect to equities, REITs, GDRs, ADRs, the investment process, both for long and short positions, is based on a medium-term investment horizon and two pillars: macro/geopolitical research and fundamental analysis.

The Investment Manager will research global macro and geopolitical topics, leveraging on its know-how and professional network. As a result, the Investment Manager will identify macro and geopolitical themes (positive and negative), either global or affecting specific countries, which are deemed important in the medium to long-term horizon. Such themes include, for example: changes in political leadership and economic policies, country-specific events, events affecting securities prices and interest rates, trade and military confrontations.

The fundamental analysis will focus mainly on sectors, which are highly impacted by such macro and geopolitical themes, namely Financials, Real Estate, Energy, Transportation and Aerospace & Defence. Companies belonging to these sectors will be analysed from both a qualitative and quantitative standpoint. On the qualitative side, particular focus will be placed on the understanding of the products and services the companies offer, their business model, the competitive landscape and main industry trends. Particular attention will be devoted to long term trends such as technological transformation, transition to more innovative business models, new market opportunities, as well as environmental, social and governance issues. On the quantitative side, the Investment Manager will extensively analyse financial accounts of the companies in focus and apply an internally developed methodology, built on different, probability-weighted scenarios. In terms of valuation methods, the Investment Manager will mainly use market multiple methods including free cash flow yield, price to earnings ratio and enterprise value to earnings before interest and tax. The Investment Manager retains the discretion to look at other methods depending on the company and the sector.

With regard to bonds, these will be included in the portfolio where deemed beneficial to do so by the Investment Manager, as the primary objective of the Fund is to implement a long/short equity strategy. Any bond investment will be made as a result of a specific macro/geopolitical theme as well as fundamental analysis. The investment process for bond selection will combine a top-down overlay with a bottom-up security analysis, following an analysis of issuer's credit quality, issue size and liquidity, duration, type of coupon and the suitability of the issuance with the Fund's investment objective.



In relation to investment in Convertible Bonds, the Investment Manager will examine trends in potential increase in value of the Convertible Bonds and compare that to an equity's potential to change in value. The Investment Manager believes that the rationale for investment in CoCos is that CoCos provide a way to invest in an issuing bank at a certain point in time with a better risk / reward profile than what's provided by common equities. This might be the case, for example, when there is a significant risk of capital increase, which is negative for the price of common equities (due to dilution) but positive for Cocos (lower probability of conversion). In this case, investing in the CoCos will offer a similarly attractive equity-like return profile.

When selecting CoCos, the Investment Manager will consider, for example, the institution's capital adequacy, including its common equity tier 1 capital and the instrument's loss absorption features, i.e. the level of the institution's capital which triggers conversion of the CoCos. For example, if the capital of a credit institution falls below the regulatory level required in the country in question, the CoCos which the institution has issued will convert to equity in order to improve the credit institution's capital. With respect to ongoing due diligence of CoCos, the Investment Manager conducts regular analysis of yield to call, i.e. the return a bondholder receives if the CoCo is held until its call date, before the debt instrument reaches maturity; and yield to put, i.e. the return a bondholder receives by holding the CoCos until it is able to sell it back to the issuer, before its maturity. The ongoing due diligence will also include the following: 1) a detailed review of the prospectus of the instrument and its main features 2) computing detailed forecasts of the bank's balance sheet and income statement, to have a view regarding future developments which might affect coupon payments or conversion into equity 3) reviewing regulatory changes affecting bank capital and the bank in general.

The Investment Manager will define the asset allocation taking into consideration macroeconomic and geopolitical scenarios, interest rates expectations, as well as the specific opportunities available following its investment process.

The Fund is actively managed, not in reference to any benchmark.

**List of Financial Derivative Instruments which the Fund may use**

<b>Derivative</b>	<b>Description and Specific Use</b>	<b>Where hedging: risk being hedged</b>	<b>EPM and/or Investment Purposes?</b>	<b>How FDI will help achieve the investment objective?</b>
Equity Futures and Equity Index Futures	<p>Contracts to receive or pay cash based on the performance of an underlying index at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange.</p> <p>All such equities and indices to which exposure is gained comply with the Central Bank's UCITS Regulations and the Central Bank's guidance on UCITS Financial Indices.</p>	Market Risk	Both	Manages the Fund's exposure to equities fluctuations and obtain short exposures to equities.

Equity Index Options	<p>To hedge certain risks of equity investment positions.</p> <p>For example, call options may serve as a long hedge of the investments of a Fund and sold put options may serve as a limited short hedge of the investments of a Fund.</p>	Market Risk	Both	Manages the Fund's exposure to equities fluctuations.
Fixed Income Indices	<p>Contracts to receive or pay cash based on the performance of an underlying index at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange.</p> <p>All such indices to which exposure is gained comply with the Central Bank's UCITS Regulations and the Central Bank's guidance on UCITS Financial Indices.</p>	Market Risk	Both	Manages the Fund's exposure to fixed income fluctuations and obtain short exposures to fixed incomes.
Call options	<p>Options provide the right to buy a specific quantity of a specific equity or index at a fixed price at or before a specified future date. Call options are contracts sold for a premium that give the buyer the right, but not the obligation, to buy from the seller a specified quantity of a particular equity or index at a specified price.</p> <p>For investment purposes and to hedge certain risks of investment positions.</p>	Market Risk	Investment Purpose	<p>The use of call options may be used to provide the Fund with additional income and may be used if the Investment Manager believes that the underlying investments to which the call options are linked have limited growth potential.</p> <p>Conversely the use of call options may be used to provide the Fund with exposure to the underlying equity, where the manager wishes to participate in any capital growth in the underlying equity or index, but is only prepared to risk the option premium, in the case where the underlying exhibits negative performance.</p>
Put options	Options provide the right to sell a specific	Market Risk	Both	The use of put options may be used to provide the Fund

	<p>quantity of a specific equity at a fixed price at or before a specified future date. Put options are contracts sold for a premium that give the buyer the right, but not the obligation, to sell to the seller a specified quantity of a particular equity or index at a specified price.</p> <p>For investment purposes and to hedge certain risks of investment positions.</p>			<p>with income and may be used if the Investment Manager believes that the underlying investments to which the put option relates will exhibit negative performance significantly less than the strike level of the put options.</p>
Credit Default Swaps (including indices on Credit Default Swaps)	<p>Credit Default Swaps provide the buyer with protection against the default of the underlying Sovereign or corporate in exchange for paying an on-going Credit Default Swap fee to the seller. In the event of default, the Credit Default Swap buyer will receive a payment from the seller based upon the recovery value of the underlying Sovereign or corporate.</p> <p>For investment purposes and to hedge certain risks of investment positions.</p> <p>The Fund would be a buyer of Credit Default Swaps.</p>	Market Risk Credit Risk	Both	<p>The use of Credit Default Swaps may be used to provide the Fund with additional income and may be used if the Investment Manager believes that the underlying sovereign or corporate is highly unlikely to default. For example, there may be a situation where the combination of long bonds plus short-duration Credit Default Swaps provide for a better return than being solely invested in the bond itself. The Credit Default Swaps may be used to purchase protection for the Fund on the underlying as described in the "Description" column to the left. Credit Default Swaps might also be more liquid than the bond.</p>
Equity and Equity Index Swaps	<p>To implement investment policy which has the effect of increasing exposure,</p>	Market Risk	Both	<p>The intended purpose would be to generate positive returns and/or hedge market risk and/or</p>

	and for hedging purposes, which has the intent of decreasing risk.			mitigate volatility. In particular, equity swaps may be used to provide efficient market access for example where local custody is impractical or it is otherwise considered more efficient or beneficial to establish a long or short exposure through a swap structure.
Total Return Swaps	Equity or bond margin trades in which the buyer may agree with a counterparty that its return (or loss) will be based on the relative performance of the underlying equity or bond security or groups or baskets of securities.	Market Risk	Both	Total return swaps assist in creating investments that provide equity or bond like returns or for capital protection purposes for securities that are not exchange traded.  Total return swaps replicate an equity or bond return profile, where it is more favourable to do so via a total return swap, which helps the Fund achieve its objective of generating positive returns in all market conditions.
Forward Contracts	Used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit.	Market Risk	Both	Manages the Fund's exposure to equities fluctuations.
Fixed Income Options and Fixed Income Index Options	A contract which gives the contract buyer the right, but not the obligation, to exercise the terms of the option, such as buying a specified quantity of the underlying fixed income security or financial instrument, on, or up to and including, a future date (the exercise date).	Market Risk Credit Risk	Both	Manages the Fund's exposure to fixed income security fluctuations, hedge credit risk or take a directional view on credit markets which helps the Fund achieve its objective of generating positive returns in all market conditions.
Fixed Income Futures	Contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the	Market Risk Credit Risk	Both	Manages the Fund's exposure to fixed income security fluctuations, hedge credit risk or take a directional view on credit

	performance of an underlying asset, instrument at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange.			markets which helps the Fund achieve its objective of generating positive returns in all market conditions.
Convertible Bonds (Embeds a conversion right to buy shares which embeds a derivative component and may embed leverage)	As defined above. Independent profit opportunities.	N/A	N/A	Convertible Bonds may replicate a bond return profile or equity return profile upon conversion in accordance with the investment policy above, which helps the Fund achieve its objective and/or manage the Fund's exposure to bonds and equities fluctuations which helps the Fund achieve its objective.
CoCos (embeds a conversion right to buy shares which embeds a derivative component and may embed leverage)	As defined above. Independent profit opportunities	N/A	N/A	Investing in CoCos may offer the highest potential of interest income from a range of instruments issued by a credit institution for the purposes of its capital. CoCos are subject to the risks outlines in "CoCos Risks" below.
Currency futures	To manage exposure to currency risk and for hedging purposes.	Currency risk	Hedging	Hedges the Fund's exposure to currency risk.
Foreign exchange options	Hedging purposes.	Currency risk	Hedging	Hedges the Fund's exposure to currency risk.
Foreign exchange forwards	Hedging purposes.	Currency risk	Hedging	Hedge foreign currency exposure and prevent NAV fluctuations (caused by currency movements).
Warrants	A contract that gives the holder the right but not the obligation to buy an underlying security at a certain price, quantity and future time.	N/A	Yes	Assist in creating investments that generate returns and protects capital, which helps the Fund achieve its objective by providing exposure to equities.

	Used for independent profit opportunities.			
Participation Rights and Rights arising from corporate action and dividend right certificates	Rights give stockholders entitlement to purchase new shares issued by the corporation at a predetermined price (normally at a discount to the current market price) in proportion to the number of shares already owned.  Used for independent profit opportunities.	N/A	Yes	Assist in creating investments that generate returns and protects capital, which helps the Fund achieve its objective by providing exposure to equities.

#### *Value at risk approach*

To the extent that the Fund uses FDIs, there may be a risk that the volatility of the Fund's Net Asset Value may increase. The Fund may be leveraged as a result of its investments in FDIs with the maximum potential loss calculated by using an absolute value at risk ("**VAR**") approach, as outlined below.

A risk management process prepared in accordance with the Central Bank's requirements, which enables the Fund to accurately measure, monitor and manage the various risks associated with FDIs, has been submitted to the Central Bank. The Fund may only utilise FDIs listed in the risk management process once cleared by the Central Bank.

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.

The Fund employs the VAR approach to market risk. The Fund uses an absolute VAR approach which calculates the Fund's VAR as a percentage of the Net Asset Value of the Fund which must not exceed an absolute limit of 20% as defined by the Central Bank. The calculation of the absolute VAR shall be carried out in accordance with the following parameters:

- i. one-tailed confidence interval of 99%;
- ii. holding period equivalent to 1 month (20 or 22 business days);
- iii. effective observation period (history of risk factor) of at least 1 year (250 business days) unless a shorter observation period is justified by a significant increase in price volatility (for instance extreme market conditions);
- iv. quarterly data set updates or more frequent when market prices are subject to material changes; and
- v. at least daily calculation

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.

While the investment in FDIs will result in varying amounts of leverage from day-to-day, the leverage generated through the use of FDIs will typically be 200% of the Net Asset Value of the Fund on a long or short basis, and in any case shall not exceed 400% of the Net Asset Value of the Fund, as calculated based on the notional value of the FDI positions held.

The Fund uses an absolute VAR approach, which calculates the Fund's VAR as a percentage of the Net Asset Value of the Fund, which must not exceed an absolute limit of 20% as defined by the Central Bank.

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

### *Investment in Indices*

With regard to the investment in equity and fixed income indices as outlined in the table above, all such indices to which exposure may be gained, will comprise of eligible assets and comply with the risk spreading rules applied to direct investment in equities in accordance with the requirements of the UCITS Regulations and will also comply with the Central Bank's UCITS Regulations, the Central Bank's guidance on UCITS Financial Indices and the ESMA Guidelines on exchange traded funds and other UCITS issues ("**Index Requirements**"). The indices are publically available and are revised and rebalanced periodically to ensure they continue to reflect the market they represent. The indices' criteria are publically available and in accordance with the Index Requirements. The indices represent the equity and fixed income markets in which the Fund predominantly invests. The Investment Manager may invest in equities and fixed income securities providing exposure to publically available indices not managed by the Investment Manager to complement the investment policy of the Fund. Accordingly, it is not possible to provide a definitive list of indices in which the equities (in which the Fund invest) may invest in. Additional information on the indices, rebalancing frequencies and the effects of these on the costs within the index that may be invested in by the Fund, can be obtained from the Investment Manager upon request.

### *Securities Financing Transactions*

As outlined under the terms of the Prospectus, the Fund may engage in efficient portfolio management techniques including Securities Financing Transactions, specifically securities lending agreements and total return swaps. The types of assets that may be subject to securities lending and total return swaps will be of a type which is consistent with the investment policy of the Fund. Assets subject to Securities Financing Transactions and collateral received are safe-kept by the Depositary.

The maximum exposure of the Fund in respect of Securities Financing Transactions and total return swaps 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 20% and exposure to total return swaps to exceed 30% of the Net Asset Value of the Fund.

### *Hedging*

Assets may be denominated in currencies, other than the Base Currency, however a substantial part of the assets of the Fund will be denominated in or hedged to the Base Currency. FDIs will be used for such hedging purposes.

The Fund may, at the discretion of the Investment Manager, hedge against currency fluctuations in non-Euro denominated portfolio investments.

Further details of the risks are included in the Prospectus under the heading "Foreign Exchange Risk".

### **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 investment 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 Fund will not invest in contracts for difference, CLOs or CDOs.

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.

Where the Fund directly or indirectly holds an interest in any asset which constitutes a securitization position as defined in Regulation (EU) 2017/2402 (the "**Securitisation Regulation**"), in respect of a securitization the securities of which were issued on or after January 1, 2019, or a securitization position as defined in Regulation (EU) No 575/2013 (as in effect on December 31, 2018), in respect of a securitization the securities of which were issued after January 1, 2011 and prior to January 1, 2019, the Investment Manager will ensure that the Securitisation Regulations are complied with.

### **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.



### *Equity and Equity Related Securities*

The Fund's portfolio may include long and short positions in equity securities traded on national securities exchanges and over-the-counter markets. The Fund may also, directly or indirectly, purchase equity related securities and instruments. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or a decrease in consumer confidence, that are unrelated to the issuer itself or its industry. Stock which the Fund has sold short may be favourably impacted (to the detriment of the Fund) by the same factors (e.g., decreased competition or costs or a decrease in interest rates). In addition, certain options and other equity-related instruments may be subject to additional risks, including counterparty credit risk, legal risk and operations risk, and may involve significant economic leverage and, in some cases, be subject to significant risks of loss. These factors and others can cause significant fluctuations in the prices of the securities in which the Fund invests and can result in significant losses to the Fund.

### *Short Selling*

Synthetic short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A synthetic short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the synthetic short position and a theoretically unlimited loss. There can be no guarantee that securities necessary to cover a synthetic short position will be available for purchase.

Due to regulatory or legislative action taken by regulators around the world as a result of volatility in the global financial markets, taking synthetic short positions on certain securities has been restricted. The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions have made it difficult and in some cases impossible for numerous market participants either to continue to implement their investment strategies or to control the risk of their open positions. Accordingly, the Investment Manager may not be in a position to fully express its negative views in relation to certain securities, companies or sectors and the ability of the Investment Manager to fulfil the investment objective of a Fund may be constrained.

### *Investing in Debt Securities Risk*

The prices of debt securities (often referred to as "fixed income" securities or "bonds") fluctuate in response to perceptions of the issuer's creditworthiness and tend to vary inversely with market interest rates. The value of such securities is likely to decline in times of rising interest rates. Conversely, when rates fall, the value of these investments is likely to rise. Typically, the longer the time to maturity the greater are such variations. A Fund investing in fixed income securities will be subject to credit risk (i.e. the risk that an issuer of securities will be unable or unwilling to pay principal and interest when due, or that the value of a security will suffer because investors believe the issuer is less able or willing to pay). This is broadly gauged by the credit ratings of the securities in which a Fund invests. However, ratings are only the opinions of the agencies issuing them and are not absolute guarantees as to quality.

Not all government securities are backed by the full faith and credit of the relevant national government. Some are backed only by the credit of the issuing agency or instrumentality (an instrumentality is a government agency or branch which independently seeks to further the public good). Accordingly, there is at least a chance of default on these government securities in which the Funds may invest, which may subject a Fund to additional credit risk.

To the extent a Fund invests in medium or low-rated securities and unrated securities of comparable quality, the Fund may realise a higher current yield than the yield offered by higher-rated securities, but investment in such securities involves greater volatility of price and risk of loss of income and principal, including the probability of default by or bankruptcy of the issuers of such securities. Low-rated and comparable unrated securities (collectively referred to as "low-rated" securities) likely have quality and protective characteristics that, in the judgment of a rating organisation, are outweighed by large uncertainties or major risk exposures to adverse conditions, and are predominantly speculative with respect to an issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation.

When economic conditions appear to be deteriorating, these medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.

#### *Investment Grade Securities*

S&P ratings and ratings of other recognised rating agencies are relative and subjective and are not absolute standards of quality. Investment ratings are subject to change and changes may affect both the volatility and liquidity of an issue. The downgrading of a bond may cause the value to fall.

Generally, medium or lower rated investment grade securities offer a higher current yield than is offered by higher rated securities, but also are likely and have some quality and protective characteristics that, in the judgement of the rating organisations, are outweighed by large uncertainties or major risk exposures to adverse conditions.

The market value of securities in lower rated investment grade categories is more volatile than that of higher quality securities, and the markets in which these securities are traded are less liquid than those in which higher rated securities are traded.

In the event of rising interest rates, the value of the securities held by the Fund may decline proportionately more than higher rated securities. If the Fund experiences unexpected net withdrawals, higher rated bonds may have to be sold, resulting in a decline in the overall credit quality of the securities held by the Fund and increasing the exposure of the Fund to the risks of lower rated securities.

Subsequent to purchase, an issue of securities may cease to be rated or its rating may be reduced. Neither event requires sale of these securities by the Fund, but the Investment Manager may consider the event and the Fund's holdings in Below Investment Grade and un-rated securities in the determination of whether the securities should continue to be held.

#### *Below Investment Grade Securities*

Below Investment Grade bonds are speculative to both interest payments and repayments of capital. Such bonds are particularly sensitive to prevailing economic conditions. In particular, adverse changes in economic or other conditions are likely to impair the ability of the obligor to make interest and principal payments. For Below Investment Grade debt obligations the risk to income and capital is high.

Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, especially highly leveraged issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. Low-rated securities are especially affected by adverse changes in the industries in which the issuers are engaged and by changes in the financial condition of the issuers.

Debt securities rated below BBB- (or its equivalent) and comparable unrated securities are considered below investment grade and are commonly known as "junk bonds". They are considered to be of poor

standing and mainly speculative, and those in the lowest rating category may be in default and are generally regarded by the rating agency as having extremely poor prospects of attaining any real investment standing. The lower ratings of these debt securities reflect a greater possibility that the issuer may be unable or unwilling to make timely payments of interest and principal and thus default. If this happens, or is perceived as likely to happen, the values of those debt securities will usually be more volatile. A default or expected default could also make it difficult for the Fund to sell the debt securities at prices approximating the values the Fund had previously placed on them. Because junk bonds are traded mainly by institutions, they usually have a limited market, which may at times make it difficult for the Fund to establish their fair value.

#### *Un-rated Securities*

Issuers of bonds may select not to have an issue rated by an external agency. Un-rated bonds may have the characteristics of either investment or Below Investment Grade bonds. Market activity in these bonds may be low for a considerable period of time and this may impact on liquidity. A lack of rating tends to adversely affect marketability.

#### *Convertible Bonds Risk*

The Fund may invest in Convertible Bonds. Convertibles are a hybrid between debt and equity, permitting holders to convert into shares or stocks in the company issuing the bond at a specified future date. Prior to conversion, Convertible Bonds have the same general characteristics as non-convertible debt securities and subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments. However, while Convertible Bonds generally offer lower interest or dividend yields than non-convertible debt securities of similar quality, the price of a Convertible Bonds will normally vary with changes in the price of the underlying stock. Therefore, investors should be prepared for greater volatility than straight bond investments, with an increased risk of capital loss.

The values of Convertible Bonds may also be affected by changes in the credit rating, liquidity or financial condition of the issuer. The Fund may also be exposed to the credit and insolvency risks of the issuers of the bonds. Further, Convertible Bonds may have call provisions and other features which may give rise to the risk of a call and that the value and performance of the Fund may also be adversely affected as a result.

Investors should also note the interest rate risk associated with investments in debt instruments.

#### *CoCos Risks*

CoCos are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), CoCos will be converted into shares of the issuing company (potentially at a discounted price as a result of the deterioration in the financial condition of the issuing company), or cause the permanent write-down to zero of the principal investment and/or accrued interest such that the principal amount invested may be lost on a permanent or temporary basis. CoCos are risky and highly complex instruments. Coupon payments on CoCos are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level, or the share price of the issuer falling to a particular level for a certain period of time. CoCos are also subject to additional risks specific to their structure including:

*Liquidity risk:* In certain circumstances finding a buyer ready to invest in CoCos may be difficult and the Fund may have to accept a significant discount to sell it.

*Subordinated instruments:* CoCos will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a

conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the CoCos, such as the Fund, against the issuer in respect of or arising under the terms of the CoCos shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

## Subscriptions

The Fund is offering the following Classes of Shares in respect of the Company:

Share Class	Currency	Minimum Initial Investment Amount	Minimum Additional Investment Amount	Minimum Shareholding
I-1	EUR	€2,500,000	€100,000	€100,000
A	EUR	€1,000	€1,000	€1,000
I-2	EUR	€2,500,000	€100,000	€100,000
A2	EUR	€1,000	€1,000	€1,000
I-3	EUR	€2,500,000	€100,000	€100,000
I-4	EUR	€5,000,000	€100,000	€100,000

### *Initial Offer Period*

The initial offer period ("**Initial Offer Period**") for the Class A2, Class I-4 and Class I-3 Shares shall be the period from 9:00am (Irish time) on 22 September 2020 and ending at 5:00pm (Irish time) on 19 March 2021 or such shorter or longer period as any one Director may decide in accordance with the Central Bank's requirements.

During the Initial Offer Period, the Shares will be issued at a fixed price of €100 per Share (the "**Initial Offer Price**").

### *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 must be received by the Company 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.

## **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 in which case such redemption proceeds 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 redemption monies. 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 Depository, 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. The Company will pay the Investment Manager an investment management fee (the "**Investment Management Fee**") out of the assets of the Fund, as set out below for each Share Class:

Share Class	Investment Management Fee
I-1, I-2 and I-3	0.9%
A	1.8%
A2	1.5%
I-4	1.0%

2. The Company will pay the Investment Manager a performance fee with respect to each Class of Shares of the outperformance in value of that Class of Shares, over the amount of the High Watermark (as defined below) for those Shares during the Calculation Period (as defined below) (a "**Performance Fee**").

The Performance Fee is as set out below for each Share Class:

Share Class	Performance Fee
I-1	20%
I-2	10%
I-3	15%
I-4	15%
A and A2	15%

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.

“**High Water Mark**” means in respect of the initial Performance Period for a Class of Shares the Initial Offer Price of such Class of Shares multiplied by the number of Shares of such Class of Shares issued during the Initial Offer Period, increased on each Valuation Day by the value of any subscriptions or decreased on each Valuation Day pro rata by the value of any redemptions of Shares which have taken place since the Initial Offer Period.

The Performance Fee shall be calculated in respect of each period of twelve months ending on the last Valuation Day in December (a "**Performance Period**"). The first Performance Period

shall begin from the end of the Initial Offer Period of each Class of Shares and shall finish on the last Valuation Day in December of that year.

No Performance Fee is accrued or paid until the Net Asset Value per share exceeds the previous highest Net Asset Value per share on which the Performance Fee was paid or accrued.

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. In addition, the Performance Fee with respect to any redemptions of Shares during the Performance Period will crystallise and become payable within 14 days of the redemption date.

For each subsequent Performance Period for a Share Class the “High Water Mark” means either:

(i) where a Performance Fee was payable in respect of the prior Performance Period, the Net Asset Value of the relevant Class of Shares at the beginning of the Performance Period, increased on each Valuation Day by the value of any subscriptions or decreased on each Valuation Day pro rata by the value of any redemptions of Shares which have taken place since the beginning of such Performance Period; or

(ii) where no Performance Fee was payable in respect of the prior Performance Period, the High Water Mark of the relevant Class of Shares at end of the prior Performance Period, increased on each Valuation Day by the value of any subscriptions or decreased on each Valuation Day pro rata by the value of any redemptions of Shares which have taken place since the beginning of such Performance Period.

The calculation of the Performance Fee is verified by the Depositary.

For the avoidance of doubt, the calculation of any Performance Fee shall include all income and net realised and unrealised gains and losses. Investors shall note that Performance Fees may be paid on unrealised gains, which may subsequently never be realised.

### **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.