

## **STONEHAGE FLEMING GLOBAL MULTI-ASSET PORTFOLIO**

### **SECOND SUPPLEMENT DATED 23 OCTOBER, 2017 TO THE PROSPECTUS ISSUED FOR STONEHAGE FLEMING POOLED INVESTMENTS (IRELAND) PLC**

This Supplement contains information relating specifically to the Stonehage Fleming Global Multi-Asset Portfolio (the "Fund"), a sub-fund of Stonehage Fleming Pooled Investments (Ireland) plc (the "Company"), an open-ended umbrella fund with segregated liability between Funds authorised by the Central Bank on 9th August, 2013 as a UCITS pursuant to the UCITS Regulations.

As at the date of this Supplement there is one other Fund established as a sub-fund of the Company, namely, Stonehage Fleming Global Best Ideas Equity Fund.

**Capitalised terms used, but not defined, in this Supplement have the meanings given to them in the Company's Prospectus dated 12 April, 2017 (the "Prospectus"). This Supplement forms part of and should be read together with and in the context of the Prospectus. The Prospectus is available from the Manager at its registered office. To the extent that there is any inconsistency between the terms of this Supplement and the Prospectus, this Supplement shall prevail with respect to the Fund.**

The Directors of the Company whose names appear in the Prospectus under the heading "Management and Administration" accept responsibility 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 in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

#### **IMPORTANT INFORMATION**

**Investors should read and consider the section of the Prospectus entitled "Risk Factors" before investing in the Fund.**

**There is no guarantee that the Fund will generate sufficient income from its investments in order to discharge fees and expenses incurred and consequently Shareholders and prospective investors should note that all or part of the fees and expenses of the Fund (including management fees) may be charged to the capital of the Fund. If all or part of the fees and expenses of the Fund are charged to the capital of the Fund this would have the effect of lowering the capital value of an investment in the Fund. Capital may be eroded and "income" will be achieved by foregoing the potential for future capital growth. Thus, on redemptions of Shares, Shareholders may not receive back the full amount invested.**

**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 protect the holder of a bank deposit account. Any investment in the Fund is subject to fluctuations in value.

The Fund may invest more than 20% of its Net Asset Value in other collective investment schemes subject to and in accordance with the requirements of the Central Bank and the UCITS Regulations.

## 1. Definitions

The expressions below shall have the following meanings:

“ADRs”	American depository receipts. ADRs are negotiable certificates that are claims on shares in non-US companies.
“Base Currency”	means US Dollars.
“Business Day”	means any day (except Saturday or Sunday) on which banks in Dublin are generally open for business or such other day or days as may be determined by the Directors and notified to Shareholders.
“Dealing Day”	means each Wednesday that is a Business Day in every calendar week, or where this is not a Business Day, the following Business Day.
“Dealing Deadline”	means 5 p.m. Irish time on the Business Day immediately prior to the Dealing Day.
“GDRs”	Global depository receipts. GDRs are negotiable certificates that are claims on shares in companies traded on their domestic markets. They are traded in global markets and may be issued simultaneously in multiple foreign markets.
“Initial Offer Price – Class A Shares”	means US\$100.
“Initial Offer Price – Class B Shares”	means US\$100.
“Initial Offer Price – Class C Shares”	means STG 100.
“Valuation Point”	means 11p.m. Irish time on each Dealing Day.
“World Federation of Exchanges”	means the stock, futures and options exchanges comprising the World Federation of Exchanges which

at the date of this Supplement consists of the exchanges listed at <https://www.world-exchanges.org/home/index.php/members/wfe-members>.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

## 2. Share Classes

As at the date of this Supplement, the Company has established the following Classes denominated in the following currencies:

Class	Currency
Class A	USD
Class B	USD
Class C	STG

Class C is an unhedged currency Share Class. Any conversion from the designated currency of Class C Shares to the Base Currency of the Fund upon subscription, redemption, conversion or otherwise, shall take place at the rate of exchange available to the Administrator. The value of Class C Shares will be subject to exchange rate risk in relation to the Base Currency.

The Directors have the power to issue further Classes of Shares upon prior notification to and clearance in advance with the Central Bank.

### *Share Class Restrictions*

Investment in each Class of Shares shall be restricted to investors who meet certain requirements ("**Share Class Restrictions**") as set out below:

Restrictions	Share Classes
Share classes which may be offered to the retail sector and may be purchased by any individual or institutional investor or distributor, paying agent, broker or other financial intermediary or any employee of the Investment Manager.	B & C
Share classes which may be offered to investors who are clients of the Investment Manager or its associates and may be subject to minimum account maintenance or other qualifications established from time to time by the Investment Manager or its associates.	A

### 3. Investment Objective

The investment objective of the Fund is to preserve capital in the medium term and to achieve capital growth in real terms over the longer term.

The investment objective of the Fund may only be amended with the prior approval of Shareholders of the Fund on the basis of a majority of votes cast at a general meeting duly convened or by prior written approval of all Shareholders. In the event of a change of investment objective of the Fund, a reasonable notification period must be provided to enable Shareholders to redeem their Shares prior to the implementation of such change.

### 4. Investment Policy

In seeking to achieve its investment objective, the Fund will invest predominantly in a range of underlying collective investment schemes which comply with the Central Bank's requirements as regards investment by a UCITS in other collective investment schemes and which qualify for UK reporting status where such collective investment schemes provide exposure to a portfolio of assets comprising mostly global equities and equity related securities (which may be listed or traded on Recognised Exchanges or unlisted), cash and bonds (including corporate debt securities and bonds issued by sovereign, supranational entities and/or corporate issuers rated investment grade at time of purchase from either Moody's or another generally recognised international rating agency). Such collective investment schemes may also provide exposure to other elements, including, non-investment grade debt, commodities, infrastructure and property exposure, subject to and in accordance with the investment restrictions set out in Appendix I to the Prospectus. In accordance with the UCITS Regulations, the Fund may not invest in any underlying collective investment scheme which itself invests more than 10% of its net assets in other collective investment schemes. The Fund may also invest directly in global equities and equity related securities, cash and debt instruments as more particularly outlined below.

The Fund may invest in UCITS or in alternative investment funds ("AIFs"), which include open-ended exchange traded funds ("ETFs") which are classified under the UCITS Regulations as transferable securities disclosed in the investment policy, which are regulated and which, in accordance with the requirements of the Central Bank as regards acceptable investments by the Fund in AIFs, will be domiciled in Ireland, in a Member State of the EEA, in the United States of America, in Jersey, in Guernsey, in the Isle of Man or in other jurisdictions considered and approved by the Central Bank on the basis of submissions made for that purpose.

Subject to the foregoing, in seeking to meet its investment objective a portion of the Fund may be invested in units or shares of collective investment schemes managed or operated by the Investment Manager ("**Related Schemes**").

The aggregate maximum management fees that may be charged by the collective investment schemes in which the Fund will invest will in no event exceed 2% (on a weighted average basis). Such management fees will be reduced by any rebates received by the Fund from such schemes. Where the Fund invests in Related Schemes no subscription fee shall be charged to

the Fund but its investment shall be subject to the general management and fund charges applicable to investors in such collective investment schemes.

The Fund may be invested up to 100% in other collective investment schemes subject to and in accordance with the investment restrictions set out in Appendix I to the Prospectus. In addition the Fund may invest in and/ or gain exposure to the following asset classes directly:

*(i) Equities and Equity Related Securities*

The Fund may invest in equities and equity-related securities (such as common stock, preferred stock, ADRs and GDRs) of larger capitalisation global companies (market capitalisation of \$ 2 billion or more) with no specific industry or sector focus. However, this shall not preclude the Fund from investing or gaining exposure to mid-cap and small cap equities from time to time. The equities and equity- related securities invested in by the Fund will be listed or traded on Recognised Exchanges provided however the Fund may invest a maximum of 10% of its net assets in securities listed or traded on those Recognised Exchanges that are not full members of the World Federation of Exchanges.

*(ii) Currencies*

The Fund may engage in currency transactions including but not limited to entering into forward and spot foreign currency exchange contracts to hedge the Fund's exposure to currencies. In order to achieve its investment objective, the Fund invests in assets globally. Its currency strategy is that it may hedge a portion of the currency exposure back into the Base Currency, dependent on the Investment Manager's views of the relevant currencies relative to the Base Currency. The Fund may have currency exposure which the Investment Manager may decide not to hedge or only to partially hedge.

*(iii) Cash and Cash Equivalents*

The Fund may hold or maintain cash deposits (denominated in such currency or currencies as the Investment Manager may determine) and/or cash equivalents (such as short term commercial paper, certificates of deposit, treasury bills and fixed or variable rate commercial paper which, to the extent that they are listed, shall be listed or traded on one or more Recognised Exchanges, primarily in the OECD, to reduce volatility and facilitate the redemption of the Shares in accordance with the Central Bank's requirements) and subject to the conditions and within the limits laid down by the Central Bank. The amount of cash and/or cash equivalents that the Fund will hold will vary depending on prevailing circumstances. The Fund will not invest in such instruments that are unrated or rated below BBB- (or equivalent).

The Fund may hold up to 50% of its Net Asset Value in liquid assets including but not limited to time deposits, master demand notes and variable rate demand notes listed or traded on one or more Recognised Exchanges.

Investment in liquid assets may be made during abnormal market conditions or pending re-investment in any of the asset classes disclosed in the investment policy. The Investment

Manager may also be of the view that there is not sufficient value in certain markets and accordingly may wish to deploy the assets of the Fund in such liquid assets.

(iv) *Financial derivative instruments*

The Fund may use FDIs for efficient portfolio management purposes only, the expected effect of which is to reduce the overall risks of its investments and/or to reduce the costs of investing.. There is no guarantee that the Fund will achieve the objective for which it enters into an FDI or that the performance of an FDI will result in a positive effect for the Fund and its investors.

The FDIs which the Fund may utilise for efficient portfolio management include listed stock index futures, forward foreign exchange contracts, listed warrants or listed index and currency options.

**Forward contracts:** Forward contracts are non-standardised contracts between two parties to buy or sell an asset at a specified future time at a price to be agreed at the time that contract is entered into. Forward currency exchange contracts are FDIs where the parties agree on the sale and purchase of one currency against another currency at a pre-agreed price and a specific delivery date in the future. FX forwards impose an obligation on the buyer to purchase the agreed currency on the agreed date. Forward currency exchange transactions may be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another.

**Warrants:** Warrants generally give the holder the right to receive, upon exercise, a security of the issuer at the stated price.

**Options:** An option contract allows the holder to buy or sell an underlying security at a given price. The purpose behind the purchase of put options by the Fund is to hedge against a decrease in the market generally or to hedge against a decrease in the price of particular securities or other assets held by the Fund. The purpose behind the purchase of call options by the Fund is to provide exposure to increases in the market or to hedge against an increase in the price of securities or other assets that the Fund intends to purchase at a later date.

**Futures:** A futures contract is an agreement between two parties to buy or sell a specified quantity of the financial instrument called for in the contract at a pre-determined price in the future. Futures can be cash settled as well as physically settled. Listed long or short stock index futures may be used to obtain exposure to particular equity markets on a short or medium term basis where it is more efficient to use FDIs for this purpose than to invest directly or may be used to hedge market risk associated with the Fund's equity positions.

While the Fund will take long positions through its direct investments, it may from time to time, take short positions through the use of FDIs. All short positions will only be taken to cover equivalent long asset exposure for hedging purposes. In this regard, the total gross long position is typically not expected to exceed 100% of the Net Asset Value of the Fund and the

total gross short position is typically not expected to exceed 30% of the Net Asset Value of the Fund.

The global exposure of the Fund through the use of FDI will not exceed 100% of the Net Asset Value of the Fund, as measured using the commitment approach in accordance with the UCITS Regulations. The commitment approach is a measure of the aggregate marked to market value of the financial instruments underlying the Fund's FDI positions.

It is not intended for the Fund to be leveraged as a result of the use of FDI, however, leverage may be generated as a result of market conditions which result in large market movements and in such circumstances such leverage is not expected to exceed 10%.

The Investment Manager employs a risk management process which will enable it to accurately measure, monitor and manage the risks attached to FDI and details of this process have been provided to the Central Bank. Any types of FDI not included in the risk management process will not be used until such time as a revised risk management statement has been provided to and approved by the Central Bank.

Any direct and indirect operational costs and/or fees which arise as a result of the use of FDI (including those used for currency hedging as described in greater detail below) which may be deducted from the revenue delivered to the Fund shall be at normal commercial rates and shall not include any hidden revenue.

Such direct or indirect costs and fees will be paid to the relevant counterparty to the FDI transaction, which, in the case of FDI used for currency hedging purposes, may include the Depositary or entities related to the Depositary. All revenues generated through the use of FDI, net of direct and indirect operational costs and fees, will be returned to the Fund.

Risks associated with the use of financial derivative instruments are detailed in the Prospectus at the section entitled "Risk Factors".

The Fund may invest in FDIs dealt OTC provided that the counterparties to OTC FDIs are institutions subject to prudential supervision and belong to the categories approved by the Central Bank as set out in the Central Bank UCITS Regulations.

Investment in FDIs is subject to the conditions and limits laid down by the Central Bank.

(v) *Debt and Debt Related Securities*

The Fund may at any time hold debt instruments, such as short-term, medium-term and longer-term (which may have a term of ten years or more) government and investment and non-investment grade corporate debt which may be fixed or floating,

### *Investment Process*

In support of the Fund's objective to preserve capital in the medium term, the Investment Manager will employ a number of techniques and procedures, which may without limitation include: (i) maintaining a diversified spread of assets disclosed in the investment policy with varying return and risk profiles to reduce security specific risk and generate streams of growth from independent and uncorrelated sources; (ii) maintaining a prudent level of cash and fixed interest assets disclosed in the investment policy as portfolio stabilisation anchors within the portfolio; (iii) the use of hedging strategies to protect against a fall in market prices in respect of riskier assets disclosed in the investment policy; and (iv) at times of high capital risk, reduced exposure to riskier assets disclosed in the investment policy in favour of cash and sovereign bonds.

The Investment Manager's fund selection due diligence process goes through a series of incrementally deeper reviews including the following stages:

1. Initial review;
2. Manager meetings;
3. Operational due diligence (specifically on more complex fund structures);
4. Commercial negotiations; and
5. Product review and report.

### *Fund Management*

The processes and controls in place are threefold:

1. Potential investments are assessed as per the fund selection due diligence process set out above;
2. Proposed investments are reviewed by the Investment Manager's fund selection committee which determines whether an investment should be added to an approved investments list; and
3. The Investment Manager is responsible for selecting the investments for the Fund from the approved investments list and ensuring changes to the Fund are consistent with the defined risk parameters of the Fund. All changes are discussed by and approved by the Investment Manager's investment committee.

The Investment Manager typically allocates to sovereign bonds directly when it wants to have exposure to same. At times, when the Investment Manager wishes to have exposure to corporate bonds instead it may be fully invested in other collective investment schemes.

In relation to direct investment in debt securities, the Investment Manager agrees the following investment parameters with a member of the investment team who specialises in direct fixed income:

- Reference rate and time period;
- Minimum credit rating;

- Issuer concentration limits;
- Maximum maturity;
- Average portfolio duration.

Assessment of the market and macro outlook is completed by the investment team in consultation with other internal and external advisors, looking at forecasts for macroeconomic data and also expected changes in interest rates versus market expectations and pricings. Securities are sourced via benchmark bonds, broker axes and new issues on the basis of the following assessment conducted on an individual security:

- Credit analysis done in-house
- Credit and issuer concentration parameters must be met
- Compare yield to benchmark vs similar securities: duration; maturity; issue size; embedded optionality

A final decision is then made in reference to an analysis of the Fund by assessing the duration, credit risk and liquidity on a weighted basis along with a review of the overall fund positioning under current market circumstances.

Should the Fund increase significantly in size, there may come a time whereby it would make sense to invest directly into equities, rather than gaining exposure via collective investment schemes. Direct investment in equities is assessed in terms of those companies which meet certain quality criteria assessed by the Investment Manager through:

- Quantitative fundamental quality metrics;
- Qualitative analyst research;
- Portfolio manager research;
- Third party research.

Analyst research is conducted on the core universe of companies to drive recommendations, where research covers results, performance, valuations, corporate events, news flows and ongoing analysis. Research on companies is coordinated and assessed against macro and market research

The selection of companies is driven by best ideas, attractive valuation and sensible diversification. A strong sell discipline is maintained, where sell decisions are driven by factors such as long-term intention, availability of better alternatives and overvaluation of the business or market.

The Fund performance will be measured against a composite of both the Bloomberg Barclays Global Agg. Float Adjusted TR Index Hedged USD and the MSCI AC World TR Net WT (the "Performance Benchmark"). The Investment Manager may alter the Performance Benchmarks from time to time to any other benchmarks which the Investment Manager determines, in consultation with the Manager, is generally representative of the global financial market and which are mainstream global indices reflective of the relevant asset class. Shareholders will not be notified in advance of any change in the Performance Benchmarks. However, such

change will be notified to Shareholders in the periodic reports of the Fund following such change.

Material changes of the investment policy of the Fund may only be made with the approval of Shareholders of the Fund on the basis of a majority of votes cast at a general meeting duly convened or with the prior written approval of all Shareholders. In the event of a change of investment policy of the Fund, a reasonable notification period must be provided to enable Shareholders to redeem their Shares prior to the implementation of such changes.

## 5. Profile of Typical Investor

The Fund is suitable for investors seeking long term capital appreciation and capital preservation.

## 6. Offer

Class A Shares, Class B Shares and Class C Shares will be offered during an initial offer period opening at 9:00 a.m. on 24 October, 2017 and closing at 5:00 p.m. on 24 April, 2018 (the "Initial Offer Period") at the Initial Offer Price.

The initial offer period for each Class of Shares may be shortened or extended by the Directors. The Central Bank will be notified in advance of any such shortening or extension if subscriptions for Shares have been received or otherwise on a yearly basis.

Following the expiry of any initial offer period, Shares are issued at a price equal to the Net Asset Value per Share of the relevant Class (plus any relevant preliminary charge, anti-dilution fee and/or duties and charges) as at the Valuation Point on the relevant Dealing Day on which the Shares are to be issued subject to the Minimum Subscription and Minimum Transaction Size as set out below.

## 7. Minimum Subscription, Minimum Holding and Minimum Transaction

The Minimum Subscription, Minimum Holding and Minimum Transaction Size are as follows:

### *Minimum Subscription*

<b>Class</b>	<b>Minimum Subscription</b>
Class A	US\$5,000,000
Class B	US\$50,000
Class C	STG£35,000

### *Minimum Holding*

<b>Class</b>	<b>Minimum Holding</b>
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Class A	the lesser of the original investment or \$5,000,000
Class B	the lesser of the original investment or US\$25,000
Class C	the lesser of the original investment or STG£15,000

*Minimum Transaction*

<b>Class</b>	<b>Minimum Subsequent Transaction</b>
Class A	US\$25,000
Class B	US\$25,000
Class C	STG£15,000

The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Subscription, Minimum Holding and Minimum Transaction Size for certain investors, subject always to the principle of equal treatment of Shareholders.

## **8. Application for Shares**

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in exceptional circumstances otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator but may, if the Company so determines, be made by facsimile or any other approved electronic means or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank, subject to prompt transmission to the Administrator of the original signed Application Form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. No redemptions will be processed until the original Application Form and such other papers as may be required by the Directors or their delegate have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by facsimile or any other approved electronic means or such other means as may be permitted by the Directors and agreed with the Administrator in accordance with the requirements of the Central Bank without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the

Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder, where applicable.

#### *Fractions*

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than 0.01 of a Share.

Subscription monies, representing less than 0.01 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

#### *Method of Payment*

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. Other methods of payment are subject to the prior approval of the Company or the Manager. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### *Currency of Payment*

Subscription monies are payable in the currency of denomination of the relevant Share Class. However, subscriptions may be made in any freely convertible currency accepted by the Administrator but will be converted into the currency of denomination of the relevant Share Class at the rate of exchange available to the Administrator. The cost of conversion shall be deducted from the monies subscribed by an investor and the amount remaining will then be invested in Shares. The attention of investors is drawn to the fact that the value of Shares subscribed for in a currency other than the currency of denomination of the relevant Share Class will be subject to exchange rate risk in relation to the relevant currency of denomination.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than 3 Business Days after the relevant Dealing Day provided that the Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may (and in the event of non-clearance of funds, shall) cancel the allotment or charge the investor interest LIBOR +2%, which will be paid to the Company. The Company may waive either of such charges in whole or in part. In addition, the Company has the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

### *Confirmation of Ownership*

Confirmation of each purchase of Shares will be sent to Shareholders within and no later than the first Business Day following execution of the purchase of Shares. Confirmation will normally be dispatched by email or facsimile where the relevant and proper contact details have been provided to the Administrator, or alternatively by post at the discretion of the Administrator. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

## **9. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the Company by way of a signed redemption form sent by facsimile, any other approved electronic means or other written communication and should include such information as may be specified from time to time by the Company. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Company or its delegate in exceptional circumstances determines otherwise. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted as determined and agreed by the Directors or the Manager in their sole discretion, and having regard to the equitable treatment of Shareholders. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor holding until the original subscription Application Form, and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is the Minimum Transaction Size specified above. In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares having a Net Asset Value less than the Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

The redemption price per Share shall be the Net Asset Value per Share less any applicable duties and charges.

### *Method of Payment*

Redemption payments following processing of instructions received by facsimile will only be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

### *Currency of Payment*

Shareholders will normally be repaid in the currency of denomination of the relevant Share Class. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of the Shareholder and the cost of conversion shall be deducted from the redemption proceeds payable to the Shareholder.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will be paid within 5 Business Days of the Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

#### *Withdrawal of Redemption Requests*

Requests for redemption may not be withdrawn save with the written consent of the Manager or in the event of suspension of calculation of the Net Asset Value of the Fund.

#### *Compulsory/Total Redemption*

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares/ Deduction of Tax" and "Total Redemption of Shares".

### **10. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and Minimum Transaction Size requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading "Conversion of Shares".

### **11. Fees and Expenses**

All or part of the following fees and expenses of the Fund may be charged to the income earned by the Fund (if any) or otherwise out of the capital of the Fund. Details of fees and charges are set out in the Prospectus under the heading "Fees and Expenses".. Where fees and expenses are paid out of the capital of the Fund, the capital of the Fund may be eroded and income will be achieved by foregoing the potential for future capital growth.

#### *Management Company Fees*

The Manager for its own benefit and use, shall be entitled to receive a management company fee (the "Management Company Fee") from the Fund calculated and based on a maximum annual rate of the percentages in the following table of the Net Asset Value of the Fund as described below subject to a minimum fee of up to €1,750 per month:

<b>Management Fee</b>	<b>Net Asset Value</b>
.02%	up to the USD currency equivalent of €150,000,000
.01%	in excess of the USD currency equivalent of €150,000,000

The Management Company Fee accrues as of each Valuation Point and is payable monthly in arrears (plus VAT, if any). The Manager shall be entitled to be reimbursed by the Fund for reasonable out of pocket expenses incurred by it and any VAT on fees and expenses payable to or by it. There is no guarantee that the Fund will generate sufficient income from its investments in order to discharge Management Company Fees and consequently Shareholders and prospective investors should note that all or part of the Management Company Fee may be charged to the capital of the Fund. If all or part of the Management Company Fee is charged to the capital of the Fund this would have the effect of lowering the capital value of an investment in the Fund. Capital may be eroded and “income” will be achieved by foregoing the potential for future capital growth.

#### *Investment Management Fee*

In addition, the Company out of the assets of the Fund shall pay the Investment Manager out of the income earned by the Fund (if any) or otherwise out of the capital of the Fund, a fee (“Investment Management Fee”) as detailed below (plus any VAT, if any, thereon):

- 0.00% of the Net Asset Value of Class A Shares;
- 0.60% of the Net Asset Value of Class B Shares; and
- 0.60% of the Net Asset Value of Class C Shares.

The Investment Management Fee accrues as of each Valuation Point and is payable monthly in arrears (plus VAT, if any). The Investment Manager shall be entitled to be reimbursed by the Fund for reasonable out of pocket expenses incurred by it and any VAT on fees and expenses payable to or by it.

The Investment Manager may waive or rebate to the Fund all or a portion of the Investment Management Fee with respect to Shares, and in such case adjustments will be made to the determination of the Net Asset Value. Out of the Investment Management Fee the Investment Manager may, in accordance with local laws including self-regulation, pay back fees or charges to institutional investors holding Shares beneficially for third-party investors. The percentages actually paid back shall be disclosed in the annual and semi-annual reports.

The Investment Manager may appoint one or more sub-distributors to promote sales of Shares in the Fund. Where investors acquire Shares through a sub-distributor, the Investment Manager may pay a proportion of its Investment Management Fee to such sub-distributor for the duration of those investors’ shareholdings.

### *Administrator Fee*

The fees of the Administrator are payable out of the assets of the Fund. The Administration fees are calculated and based on maximum annual rates as reflected in the table below of the Net Asset Value of the Fund, subject to a minimum fee of up to €2,250 per month.

<b>Administration Fee</b>	<b>Net Asset Value</b>
0.04%	0 - €50,000,000
0.03%	€50,000,000 – €100,000,000
0.02%	+ €100,000,000

The Administrator shall be entitled to be reimbursed by the Fund for reasonable out of pocket expenses incurred by them and any VAT on fees and expenses payable to or by it.

### *Depositary Fee*

The Depositary shall be entitled to an annual fee of up to 0.03% of the Net Asset Value of the Fund together with VAT, if any, thereon. The fee is subject to a minimum of €20,000 per annum.

The fees of the Depositary will accrue daily and shall be payable monthly in arrears at a rate of 1/12 of up to 0.03% of the Net Asset Value of the Fund as at each Dealing Day together with VAT, if any, thereon.

The Depositary will be entitled to be reimbursed by the Fund for all reasonable out-of-pocket expenses properly incurred in the performance of its duties.

Sub-custodian fees, if any, will be borne by the Fund and will be at normal commercial rates together with VAT, if any, thereon.

### *Preliminary Charge*

The Company may in its absolute discretion apply a preliminary charge of up to 3% of the Net Asset Value of each Share issued with respect to all Classes of the Fund. Any such charge will be payable to the Fund or as the Company shall direct.

### *Redemption Charge*

The Company may in its absolute discretion apply a redemption charge of up to 3% of the Net Asset Value of each Share issued with respect to all Classes of the Fund. Any such charge will be payable to the Fund or as the Company shall direct.

### *Anti-Dilution Fee*

To preserve the value of the underlying assets and to cover dealing costs, when there are net subscriptions or redemptions exceeding 3% of the NAV of the Fund, the Directors may in their absolute discretion levy an anti-dilution fee of up to a maximum of 1% of the subscription price

per Share or the redemption price per Share, as appropriate. Any such fee shall be retained for the benefit of the Fund. The actual level of any actual anti-dilution adjustment will be set based on the expected typical cost of trading across the Fund and this level will be re-evaluated from time to time.

#### *Operating Expenses*

The Fund pays out of the income earned by the Fund (if any) or otherwise out of the capital of the Fund, all fees, costs and expenses of or incurred by the Manager and the Depositary in connection with the ongoing management, administration and operation of the Fund. Such fees, costs expenses and disbursements payable by the Fund include, but are not limited to:

- (a) auditor's and accountant's fees;
- (b) lawyers' fees;
- (c) commissions, fees and reasonable and properly vouched out-of-pocket expenses payable to any placing agent, structuring agent, paying agent, correspondent bank;
- (d) merchant banking, stockbroking or corporate finance fees including interest on borrowings, index calculation, performance attribution, risk control and similar services' fees and expenses, fees and charges of clearing agents and interest on debit balances and other bank charges;
- (e) taxes or duties imposed by any fiscal or regulatory authority, including the annual fees of the Central Bank;
- (f) costs of preparation, translation and distribution of all prospectuses, reports, certificates (if any), confirmations of purchase of Shares and notices to Shareholders;
- (g) fees and expenses incurred in connection with the listing of Shares on any Recognised Exchange and in complying with the listing rules thereof;
- (h) expenses of Shareholders' meetings;
- (i) insurance premia;
- (j) custody and transfer expenses;
- (k) any other expenses, including clerical costs of issue or redemption of Shares;
- (l) the cost of preparing, translating, printing and/or filing in any language the Articles and all other documents relating to the Fund including registration statements, prospectuses, listing particulars, explanatory memoranda, annual, half-yearly and extraordinary reports with all authorities (including local securities dealers associations) having jurisdiction over the Fund or the offer of Shares and the cost of delivering any of the foregoing to the Shareholders;
- (m) the cost of publication of notices in local newspapers in any relevant jurisdiction;
- (n) the total costs of any amalgamation or reconstruction relating to the Fund;
- (o) all fees payable in respect of investments in collective investment schemes including, without limitation, subscription, redemption, management, performance, distribution, administration and/or custody fees in respect of each collective investment fund in which the Fund invests, except where this is not permitted by the Central Bank; and
- (p) any pro rata fees, costs or expenses of the Fund attributed in accordance with the Articles.

in each case plus any applicable VAT.

### *Establishment Costs*

The costs of establishing the Fund are not expected to exceed €40,000 and will be amortised over the first five years of the Fund.

## **14. Distribution Policy**

A summary of the distribution policy applicable to and reporting status of, each Class of Shares is set out below.

<b>Class</b>	<b>Distributing/Accumulating</b>	<b>Reporting/Non-Reporting for UK Offshore Funds</b>
Class A	Accumulating	Non-Reporting Status
Class B	Accumulating	Non-Reporting Status
Class C	Distributing	Reporting Status

The Directors intend to automatically reinvest all earnings, dividends and other distributions of whatever kind as well as realised capital gains arising from the Class A and Class B Shares pursuant to the investment objective and policies of the Fund for the benefit of Shareholders in Class A and Class B. Accordingly, the Directors do not intend to make distributions out of these Classes otherwise than on termination of the Fund.

It is intended that Class C Shares will be distributing share classes. The Directors may determine in their sole discretion to declare interim dividends. Final dividends, if declared, will normally be declared in the first five months after each year end and will be paid within two weeks of declaration.

Dividends may be paid out of the net income of the Fund (whether in the form of dividends received, interest or otherwise) and net realised and unrealised gains (i.e. realised and unrealised capital gains net of all realised and unrealised losses) of the Fund, subject to certain adjustments. Otherwise all income and gains of the Fund will be accumulated within the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by bank transfer at the expense of Shareholders. Shareholders may elect to re-invest dividends in additional Shares in the Fund by ticking the appropriate box on the Application Form.

Dividends declared shall not be paid to Shareholders until the original subscription Application Form and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) have been received from the relevant Shareholder(s). Until the relevant anti-money laundering procedures have been completed, dividends payable to Shareholders shall be held in a non-interest bearing collection account for and on behalf of the Fund.

### *UK Reporting Fund Status*

The Company has elected Class C Shares to be Reporting Funds for UK Offshore Funds

purposes in each Accounting Period of the Company. The Company will make available a report in relation to the Fund in accordance with the reporting fund regime for each reporting period to each of its UK investors who hold an interest in the relevant Share classes on the following website <https://www.stonehagefleminginvestments.com> within six months of the day immediately following the final day of the reporting period in question. Therefore the report in respect of the each accounting period ended 31 December will be made available on this website on or before 30 June in the following year. If, however, an investor does not have access to the website report, information may be obtained in an alternative manner (by post) by contacting the Investment Manager directly.

The above should be read in conjunction with the section of the Prospectus entitled “United Kingdom Taxation” which is contained in the “Taxation” section of the Prospectus.

#### **15. Borrowing Restrictions**

In accordance with the provisions of Appendix I of the Prospectus, the Company may, on behalf of the Fund, borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Borrowings on behalf of the Fund may only be made to meet its obligations in relation to the administration of the Fund relating to the settlement of buy and sell transactions in respect of underlying assets and of redemption requests. Borrowings in relation to the settlement of buy and sell transactions may not exceed a period of 5 Business Days and borrowings in relation to redemption requests may not exceed a period of 40 Business Days.

#### **16. Collateral Management Policy**

The collateral management policy employed by the Investment Manager in respect of the Fund provides that cash in US Dollars and Sterling and US Treasury Bills will be permitted collateral for any proposed OTC financial derivative transaction where the Investment Manager deems it necessary or appropriate for the Fund to receive collateral for the management of exposure. The level of collateral required by the Investment Manager in respect of each proposed financial derivative transaction will be determined by the Investment Manager having regard to the permitted exposure limits for the Fund to OTC financial derivative transactions. The Investment Manager’s haircut policy takes account of the characteristics of the assets received as collateral such as the credit standing of the issuer where relevant, the price volatility and the outcome of any liquidity stress testing policy referred to below. In respect of cash there will be no haircut applied. In respect of T-Bills, the policy of the Investment Manager is to apply a 2% haircut.

Any cash collateral received for and on behalf of the Fund may be invested in any of the following:

- (i) deposits with relevant institutions;
- (ii) high quality government bonds;
- (iii) reverse repurchase agreements provided that the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on an accrued basis; and
- (iv) short term money market funds as defined in the ESMA Guidelines on a

## Common Definition of European Money Market Funds (ref CESR/10-049).

Invested cash collateral will be diversified in accordance with the diversification requirements applicable to non-cash collateral and may not be placed on deposit with the counterparty or a related entity. However, the Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested or a failure or default of a counterparty to any reverse repurchase agreement.

Where the Fund receives collateral for at least 30% of its assets, the Investment Manager will employ an appropriate stress testing policy to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Investment Manager to assess the liquidity risk attached to the collateral. The liquidity stress testing policy shall be disclosed in the risk management process employed by the Investment Manager. It is not currently intended that the Fund will receive collateral for more than 30% of its assets.

### **17. Risk Factors**

Some specific risk factors applicable to this Fund are set out below. These should be read in conjunction with and are not independent of the general risk warnings in Appendix II of the main Prospectus and accordingly Investors' attention is drawn to the Section headed 'Risk Factors in the Prospectus.

The investment risks set out in the Prospectus and this Supplement do not purport to be exhaustive. Prospective investors should read this entire information Prospectus and consult with their legal, tax and financial advisors before making any decision to invest in the Fund.

#### *Fund of Funds Risk*

Investments in underlying funds contain the same market and liquidity risks associated with the underlying investments but also operational risks (including governance and valuation risks) associated with investing in the underlying fund manager.

#### *Dependence on the Investment Manager and underlying fund managers*

The success of the Fund depends upon the Investment Manager selecting successful underlying collective investment schemes to invest in ("underlying funds"), as well as on the underlying fund managers implementing investment strategies that achieve the underlying funds' respective investment objectives. There can be no assurance that either the Investment Manager or the underlying fund managers will be able to do so. In particular, subjective (as opposed to systematic) decisions made by the Investment Manager and an underlying fund manager may cause the Fund to decline (or not to increase) in a manner in which less subjective decision making might have avoided.

#### *Duplication of Costs/Performance Fees*

It should be noted that the Fund incur costs and fees paid to the Investment Manager and other

service providers. In addition, a Fund may incur costs in its capacity as an investor in underlying funds which in turn pay fees to their underlying fund managers and other service providers.

Some of the underlying funds may be required to pay performance fees to their managers. Under these arrangements the underlying fund managers will benefit from the appreciation, including unrealised appreciation of the investments of such underlying funds, but they are not similarly penalised for realised or unrealised losses.

As a consequence, the costs of the Fund may represent a higher percentage of the Net Asset Value than would typically be the case with direct investment or in the case of investment funds which invest directly.

#### *Valuation Risk*

The Fund may be subject to valuation risk due to the manner and timing of valuations of the Fund's investments. Underlying funds may be valued by fund administrators resulting in valuations which are not verified by an independent third party on a regular or timely basis. Accordingly there is a risk that (i) the valuations of the Fund may not reflect the true value of underlying fund's holdings at a specific time which could result in significant losses or inaccurate pricing for the Fund and/or (ii) valuation may not be available at the relevant Valuation Day for the particular Dealing Day for the Fund so that some or all of the assets of the Fund may be valued on an estimated basis.

#### *Underlying Funds*

While the Investment Manager will exercise reasonable care to comply with the investment restrictions applicable to a particular Fund, the manager of and/or service providers to the underlying schemes are not obliged to comply with such investment restrictions in the management / administration of underlying schemes. No assurance is given that the investment restrictions of the Fund with respect to individual issuers or other exposures will be adhered to by underlying schemes or that, when aggregated, exposure by underlying schemes to individual issuers or counterparties will not exceed the investment restrictions applicable to the fund. If the investment restrictions applicable to the investments directly made by the Fund are exceeded for reasons beyond the control of the Manager or as a result of the exercise of subscription rights, the Directors shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the Shareholders of the Fund.

#### *Redemption and Liquidity Risk*

The Fund may be subject to a liquidity risk due to the manner and timing of potential redemptions from the underlying funds. Underlying funds may be entitled to delay acceptance of redemption requests or payment of redemption proceeds from the Fund.

#### *Investment in Equity Securities*

The Fund may invest in equity securities listed or traded on Recognised Exchanges. Equity

securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity securities are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline.

#### *Concentration Risk*

The Fund may hold a relatively small number of underlying collective investment schemes and debt securities (approximately 15 to 20 positions) as compared to many other funds. This may make the Fund's performance more volatile than would be the case if it had a more diversified investment portfolio.

#### *Depository Receipts*

A Fund may acquire GDRs and ADRs from banks that do not have a contractual relationship with the issuer of the security underlying the depository receipt to issue and secure such depository receipt. To the extent that the Fund invests in such unsponsored depository receipts there may be a possibility that the Fund may not become aware of events affecting the underlying security and thus the value of the related depository receipt. In addition, certain benefits (i.e. rights offerings) which may be associated with the security underlying the depository receipt may not accrue to the benefit of the holder of such depository receipts.