FundLogic Alternatives plc

Promoter and Distributor
Morgan Stanley & Co. International plc

Supplement dated 11 December 2018
for

ACUMEN Capital Protection Portfolio

This Supplement contains specific information in relation to the ACUMEN Capital Protection Portfolio (the "**Sub-Fund"**), a sub-fund of **FundLogic Alternatives plc** (the "**Fund"**), an umbrella fund with segregated liability between sub-funds and authorised by the Central Bank of Ireland (the "**Central Bank**") pursuant to the Regulations. The Sub-Fund will be managed by FundLogic SAS (the "**Investment Manager**"). The Investment Manager has appointed Tavistock Wealth Limited ("**Tavistock**") to act as sub-investment manager to the Sub-Fund (the "**Sub-Investment Manager**").

This Supplement forms part of and should be read in conjunction with the Prospectus for the Fund dated 21 July 2017 (the "Prospectus").

The Sub-Fund's principal exposure may be effected through financial derivative instruments.

An investment in the Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate to all investors.

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

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement. In the event of any conflict between the Prospectus and this Supplement, this Supplement shall prevail.

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1. INVESTMENT OBJECTIVE AND POLICIES

1.1 Investment Objective

The Sub-Fund's investment objective is to provide Shareholders with long term capital growth from a multi-asset portfolio and to achieve a Common Protection Level (expressed as a percentage of the Net Asset Value per Share) for each Share Class. The "**Common Protection Level**" is the ratio of 90% of the highest Net Asset Value per Share ever achieved by the GBP A Share Class, and the current Net Asset Value per share of the GBP A Share Class.

Shareholders should be aware that there may be differences in the Net Asset Value per Share of each of the US Dollars , CHF and Euro share classes ("**Hedged Share Classes**") from the GBP A Share Class due to the cost of currency hedging and should refer to Section 12 below for further information.

The Hedged Share Classes and the LUCEO GBP Share Class may be launched on different dates at their Initial Issue Price.

1.2 Investment Policy

The Sub-Fund will take investment exposure to a portfolio of securities and other assets as set out below, where the composition will be determined from time to time by the Sub-Investment Manager (the "**Investment Portfolio**"). The Investment Portfolio may have exposure to the asset classes of fixed income, equities, foreign exchange and alternatives investments (as described below). The Sub-Investment Manager shall determine the allocation between asset classes and the constituents of each asset class on a discretionary basis, subject to a maximum allocation of 100% of net exposure to fixed income and maximum allocation of 60% of net exposure to equities. The asset allocation process takes into account expected return potentials as well as volatilities and correlations between asset classes and between the constituents within each asset class. The Sub-Investment Manager strives for broad diversification while being reactive to changing market conditions.

The Sub-Fund will adopt a strategy that rebalances between the Investment Portfolio and cash (up to a maximum of 100%) (the "**Portfolio Strategy**") as set out in more detail under the Section 1.2.1. "*Risk Control Mechanism"* and will also gain exposure to a put option that will be held with the aim of achieving the Common Protection Level (the "Put Option"). The Sub-Fund will gain exposure to the Portfolio Strategy and the Put Option through a total return swap (collectively the "**Portfolio Swap**") as described below. The Put Option when exercised will require the Approved Counterparty to make a payment to the Sub-Fund in Pound Sterling that will enable the Sub-Fund to achieve the Common Protection Level for each Share Class. Further information in relation to the Portfolio Swap is set out at section 10 "Total Return Swaps" below.

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

(a) Fixed Income

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

(ii) Indirect investment through regulated investment funds (including ETFs) with exposure to fixed income securities set out in (i) above, which are domiciled in the EEA, Jersey, Guernsey, the Isle of Man or the United States, and which are UCITS funds or alternative investment funds which are equivalent to UCITS; and

(iii) Total return swaps (as set out in more detail in section 9 "Information on Financial Derivative Instruments" below) which reference direct or indirect fixed income investments set out in (i) and (ii) above or eligible indices which are comprised of direct or indirect fixed income investments set out in (i) above.

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

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

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

These indices are developed and operated by MSIP.

(b) Equities

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

(ii) Indirect investment through regulated investment funds (including ETFs) with exposure to equity securities set out in (i) above, which are domiciled in the EEA, Jersey, Guernsey, the Isle of Man or the United States, and which are UCITS funds or alternative investment funds which are equivalent to UCITS; and

(iii) Total return swaps and options (as set out in more detail in section 9 "Information on Financial Derivative Instruments" below) which reference direct or indirect equities investments set out in (i) and (ii) above or eligible indices which are comprised of equity investments set out in (i) above.

(c) Foreign Exchange

(i) Swaps, options, futures and options on futures and forward currency exchange contracts (as set out in more detail in section 9 "Information on Financial Derivative Instruments" below) which reference foreign exchange rates or currencies and UCITS eligible indices with exposure to foreign exchange rates or currencies.

(ii) Indirect investment through regulated investment funds (including ETFs) with exposure to foreign exchange investments set out in (i) above, which are domiciled in the EEA, Jersey, Guernsey, the Isle of Man or the United States, and which are UCITS funds or alternative investment funds which are equivalent to UCITS; and

(iii) Total return swaps (as set out in more detail in section 9 "Information on Financial Derivative Instruments" below) which reference direct or indirect foreign exchange investments set out in (c)(i) and (c)(ii) above or UCITS eligible indices comprised of rolling forward or futures currency exchange contracts.

Each of the UCITS eligible index takes a short exposure to a futures contract on foreign exchange which is then rolled on to another futures contract without any discretionary input and are developed and operated by MSIP.

(d) Alternative Assets

(i) Indirect investment through regulated investment funds (including ETFs) which are domiciled in the EEA, Jersey, Guernsey, the Isle of Man or the United States, and which are UCITS funds or alternative investment funds equivalent to UCITS which provide exposure to alternative assets (private equity, commodities and real estate);

(ii) Indirect investment through exchange traded certificates which are eligible transferable securities providing indirect exposure to commodities. Such exchange traded certificates do not embed leverage or a derivative and are listed or traded on the Markets referred to in Appendix II of the Prospectus.

Any collective investment scheme that the Sub-Fund will gain exposure to under the Portfolio Swap will not charge annual management fees in excess of 5% of those underlying funds' respective net asset values. Investments in alternative investment funds, which are equivalent to UCITS, may not, in aggregate, exceed 30% of net asset value. Investment may not be made in any collective investment scheme which itself invests more than 10% of its net asset value in other open-ended collective investment schemes. The Sub-Fund will not obtain exposure to unregulated investment funds.

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

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

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

The Sub-Fund will not have an exposure to emerging markets in excess of 35% of the Net Asset Value.

The "long" exposure of the Portfolio Strategy will not exceed 125% of the Net Asset Value and the "short" exposure will not exceed 100 % of Net Asset Value.

1.2.1 Risk Control Mechanism

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

1.2.2 Common Protection Level

The Sub-Fund will on each Dealing Day aim to offer an element of capital protection equal to the Common Protection Level for each share class. This capital protection is intended to be achieved through (i) the Put Option, as part of the Portfolio Swap (as described in section 10.1 below), from the Approved Counterparty that aims to pay any shortfall amount that the Sub-Fund may need to receive in order to pay the Common Protection Level to the Shareholders; and (ii) a legally enforceable guarantee (the "**Guarantee**") from Morgan Stanley & Co. International plc ("**MSIP**" or the "**Guarantor**") under which the Guarantor will pay an amount in Pound Sterling so that the Sub-Fund can achieve the Common Protection level for each of the share classes. Further, the Guarantor, or its affiliate, may receive the premium paid for the Put Option at normal commercial rates as it may act as an Approved Counterparty to the Portfolio Swap.

The premium payable for the exposure to the Put Option will be at normal commercial rates. The initial term of both the Portfolio Swap and Guarantee is four years (which could be adjusted to account for the Initial Investment Period, as applicable) but the Sub-Fund will aim to periodically extend the term. The Sub-Fund will pay additional premiums in relation to this extension.

MSIP is a public company incorporated with limited liability under the laws of England and Wales whose registered office is at 25 Cabot Square, Canary Wharf, London E14 4QA. MSIP is an indirect wholly owned subsidiary of Morgan Stanley. The principal activity of MSIP is the provision of financial services to corporations, governments, financial institutions and individual investors. It is authorised and regulated by the U.K. Financial Conduct Authority. The share capital of MSIP is 11,765 Million USD and the book value is 23,091 Million USD as of 31 December 2016.

1.2.3 Termination

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

1.2.4 Early Termination

The Guarantor may early terminate the Guarantee if (a) the Guarantee no longer complies with laws and regulations which are relevant for providing guarantees to UCITS funds; (b) the Guarantor no longer has the authorisation to provide the Guarantee; (c) termination of the GBP A share class or (d) upon the termination of the Portfolio Swap.

In the event of Early Termination, the Guarantor will pay the amounts described in section 1.2.2 “Common Protection Level” above in relation to the Put Option and the Guarantee.

1.3 Securities Financing Transaction Regulation

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

	Expected	Maximum
Total Return Swaps	200%	210%

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

1.4 Profile of a Typical Investor

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

2. INVESTMENT RESTRICTIONS

The general investment restrictions as set out in the Prospectus shall apply.

The Directors may from time to time impose such further investment restrictions as shall be compatible with or in the best interests of Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are located.

3. INVESTMENT MANAGER

The Investment Manager for the Sub-Fund is FundLogic SAS. The Investment Manager is incorporated in France with a registered office at 61 Rue de Monceau, 75008 Paris, France. As at 31 December 2017, FundLogic SAS had approximately $5.5 billion of assets under management.

The Investment Manager is regulated by the Autorité des Marchés Financiers in France.

Subject to controls imposed by the Directors under the investment management agreement between the Fund and the Investment Manager in relation to the Sub-Fund, all relevant laws and regulations, this

Supplement, the Prospectus and the Articles, the Investment Manager has discretion to take day-to-day investment decisions and to deal in investments and to conduct the investment management of the Sub-Fund.

The Fund has appointed the Investment Manager as investment manager for the Sub-Fund pursuant to an amendment to the investment management agreement between the Fund and the Investment Manager dated 27 July 2010, as amended (the "**Agreement**")

The Agreement provides that the Investment Manager shall be responsible for loss to the Sub-Fund and/or the Fund to the extent such loss arises out of negligence, wilful default or fraud by itself, its directors, officers, servants, employees and appointees. The Investment Manager, its directors, officers, servants, employees and appointees shall not be liable for loss to the Sub-Fund and/or the Fund on account of anything done or suffered by the Investment Manager in good faith in accordance with or in pursuance of any request or advice of the Sub-Fund and/or the Fund.

The Agreement shall continue in force until terminated pursuant to the terms set out therein. Except as set forth in the Agreement, either party may terminate the Agreement on giving not less than 180 days' prior written notice (or such other period as may be agreed between the parties).

4. SUB-INVESTMENT MANAGER

The Investment Manager has appointed Tavistock Wealth Limited as the Sub-Investment Manager, pursuant to the sub-investment management agreement between the Investment Manager, the Fund and the Sub-Investment Manager dated 2 May 2018, as amended from time to time (the "**Sub-Investment Management Agreement**"), to provide the Investment Manager with discretionary investment management services in relation to the investments in the Investment Portfolio.

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

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

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

5. SUB-CUSTODIAN

Pursuant to an agreement dated 2 May 2018 (the "**Sub-Custody Agreement**"), the Depositary has appointed Morgan Stanley & Co. International plc ("**MSI plc**") as sub-custodian in relation to the Sub-Fund, subject to the overall supervision of the Depositary, and MSI plc may in such capacity hold certain assets of the Sub-Fund from time to time. MSI plc is a company incorporated with limited liability under the laws of England and Wales whose principal place of business for this agreement is at 25 Cabot Square, Canary Wharf, London E14 4QA and is regulated by the Financial Conduct Authority in the UK.

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

6. SERVICE PROVIDER

The Fund has appointed MSI plc (the "**Service Provider**") to provide certain services (being the services set out in the paragraph immediately below) to the Fund as Service Provider pursuant to a Services Agreement dated 2 May 2018 in respect of the Sub-Fund (the "**Services Agreement**").

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

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

7. RISK MANAGER

Pursuant to a risk management agreement dated 26 August 2010, as amended (the "**Risk Management Agreement**"), MSI plc (the "**Promoter"**) has agreed to provide certain Sub-Funds of the Fund, including the Sub-Fund, with risk management and compliance reporting services in accordance with the Risk Management Agreement and the risk management processes in respect of the Sub-Funds. Any costs or fees associated with this will be paid from the Charges and Expenses as described in Section 16.

The Risk Management Agreement provides that the Promoter shall not be liable for any loss, damage or expense (including, without limitation, reasonable legal counsel and professional fees and other costs and expenses incurred in connection with the defence of any claim, action or proceedings) directly suffered or incurred by the Fund or the Sub-Fund arising directly out of any act or omission done or suffered by the Promoter (its directors, officers, servants, employees, delegates or sub-contractors) in the performance or non-performance of its duties thereunder, save for such loss, damage or expense as shall directly result from the negligence, bad faith, wilful default or fraud of the Promoter (its directors, officers, servants, employees, delegates or sub-contractors) in the performance or non-performance of its duties under this Risk Management Agreement. In no circumstance shall the Promoter be liable for any indirect, special or consequential losses of the Fund or the Sub-Fund or any other party arising from the performance or non-performance of its duties thereunder.

The Risk Management Agreement shall continue in force until terminated pursuant to the Risk Management Agreement. Either party may terminate the Risk Management Agreement on giving not less than 90 days' written notice at any time. The Risk Management Agreement may also be terminated at any time in the circumstances set out in the Risk Management Agreement.

8. INFORMATION ON FINANCIAL DERIVATIVE INSTRUMENTS WITHIN THE PORTFOLIO STRATEGY AND THE SUB-FUND

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

Swaps. These include contracts for difference and total return swaps. A contract for difference (CFD) is a bilateral contract that allows involved parties to exchange the difference between current market value of an underlying asset and its market value at the inception of the contract. A total return swap is a bilateral financial contract, which allows one party to enjoy all of the cash flow benefits of an asset without actually owning this asset. The underlying reference assets of swaps can be but not limited to single name securities, indexes or custom baskets of securities. See Section 10 below for further details.

Options. Options may be exchange traded or traded over-the-counter options and may have but not limited to single name securities, indexes or custom baskets of securities as underlying reference assets. Unlike exchange traded options, which are standardised with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC options are generally established through negotiation with the other party to the option contract. A call option on an investment is a contract under which the purchaser, in return for a premium paid, has the right to buy the underlying reference assets at the specified exercise price at any time during the term of the option. A put option is a contract that gives the purchaser, in return for a premium paid, the right to sell the underlying reference asset at the specified exercise price during the term of the option.

Futures. The sale of a futures contract creates an obligation by the seller to deliver the type of financial instrument called for in the contract in a specified delivery month for a stated price. The purchase of a futures contract creates an obligation by the purchaser to pay for and take delivery of the type of financial instrument called for in the contract in a specified delivery month, at a stated price. The Investment Portfolio may employ indices that are comprised of futures. The Sub-Fund may employ futures on equities, currencies, fixed income securities and interest rates.

Forward Currency Exchange Contracts. A forward currency exchange contract involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract. The forward currency exchange contracts will be used to hedge the currency risk of Investment Portfolio assets. The Sub-Fund or Investment Portfolio may obtain exposure to indices that are comprised of rolling forward or futures currency exchange contracts for this purpose and as well direct investment in forward currency exchange contracts.

9. TOTAL RETURN SWAPS

The Sub-Fund may use, as described above in 1.2, 1.2.2 and 1.2.3, a Portfolio Swap (which will deliver the economic performance of the Portfolio Strategy and the Put Option) and for the purpose of efficient portfolio management, a Financing Swap (as defined below).

10.1 The Portfolio Swap

The Portfolio Swap will give the Sub-Fund the economic exposure to the Portfolio Strategy and the Put Option in exchange for a floating rate of return (i.e. a market rate of return agreed with the Approved Counterparty from time to time that may be received by the Sub-Fund through the Financing Swap as described in Section 10.2 below) being paid by the Sub-Fund.

The Portfolio Swap contains exposure to the Put Option.

10.2 The Financing Swap

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

“**Financing Assets**” will include an investment of up to 100% in the UCITS-eligible regulated investment funds (including money market funds and ETFs) domiciled in the EEA, Jersey, Guernsey, the Isle of Man, or the United States. Such investment funds will be UCITS funds or alternative investment funds which are equivalent to UCITS which will deliver exposure to the asset classes of equities, fixed income, foreign exchange and alternative assets.

They may also include equity securities and other securities with equity characteristics, including, but not limited to, preferred stocks, warrants on equities (which gives the holder the right to buy the underlying equity at a specified price and time and will not embed leverage) and depository receipts for such securities (American depositary receipts traded in the United States markets and global depositary receipts traded in other world markets), issued by companies worldwide and which may or may not be constituents of the Portfolio Strategy.

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

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

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

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

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

10. APPROVED COUNTERPARTY(IES)

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

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

The Sub-Fund will pay a premium (which may be partly on an upfront basis and partly on a running basis) to the Approved Counterparty for exposure to the Put Option, under the Portfolio Swap, at normal commercial rates. In addition the costs and fees of the Investment Manager, Sub Investment Manager and Promoter's Fees (disclosed in Section 16 on Charges and Expenses) which are paid or reimbursed by Approved Counterparty may ultimately be borne by the Sub-Fund as costs, under the terms of the Portfolio Swap. Under the terms of the Portfolio Swap if the Approved Counterparty suffers a material increase in the cost of hedging the Portfolio Swap then such increase in costs may have to be borne by the Sub-Fund.

11. BORROWING AND LEVERAGE

The Fund may borrow money in an amount up to 10% of its net assets at any time for the account of any Sub-Fund, provided that such borrowing is only for temporary purposes and cannot be for the purpose of investments. The Fund may incur costs in relation to such borrowing.

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

The Sub-Fund's gross leverage calculated using the sum of the notional exposure of its derivatives positions is expected to be between 300% and 320% of the Net Asset Value of the Sub-Fund and will never exceed 330% of the Net Asset Value of the Sub-Fund.

The maximum gross notional exposure of the Sub-Fund of 330% is comprised of the following elements: (i) up to 100% of Net Asset Value under the Portfolio Swap, which in turn provides exposure to the Portfolio Strategy . The Portfolio Strategy can have long exposure of 125 % of the Net Asset Value and short exposure of 100% of the Net Asset Value and as such total gross exposure of up to 225% of the Net Asset Value and (ii) up to 105% of Net Asset Value under the Financing Swap.

The Sub-Fund will use the absolute VaR risk measurement approach and any reference to the commitment approach in respect of the Portfolio Strategy in this Supplement is intended solely as a supplementary disclosure to investors and relates to the Portfolio Strategy and not the Sub-Fund. The Sub-Fund may be leveraged through the use of FDI, including through the Portfolio Swap which provides exposure to the Portfolio Strategy.

12. RISK FACTORS

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

The following additional risk factors also apply:

Counterparty Risk

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

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

Low Exposure to Portfolio Strategy

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

Termination of Sub-Investment Management Services

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

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

Common Protection Level

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

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

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

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

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

An indicative example is as follows:

- If on a given day, the highest Net Asset Value per Share ever achieved by the GBP A Share Class is

£100 and its current Net Asset Value per Share is £96, the Common Protection Level is calculated as 90% * £100 / £96 = 93.75%.

- This Common Protection Level will be applied to each share class.

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

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

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

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

- Similarly, If the Class LUCEO GBP Share current Net Asset Value per share is £98, the corresponding protection amount is calculated by £98 x 93.75% = £91.875.

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

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

The amount that may be received under the Portfolio Swap following the Put Option exercise or from the Guarantor under the Guarantee will be paid in Pound Sterling to the Sub Fund. Amounts paid to Shareholders will be converted at the relevant foreign exchange rate for each share class currency.

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

Currency Risk

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

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

The EUR ,USD and CHF denominated Shares are Hedged Share Classes. To the extent that Share class currency hedging is successful, the performance of a Hedged Share Class is likely to move in line with the performance of the Sub-Fund's underlying assets; however, Shareholders in a Hedged Share Class will not benefit if the currency of that Hedged Share Class falls against the Base Currency and/or the currency in which assets of the Sub-Fund are denominated. Shareholders in the Hedged Share Classes are urged to read the section of the Prospectus entitled Hedged Share Classes for information on the currency risks associated with investment in those Share classes.

Active Management Risk

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

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

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

MSIP as index sponsor:

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

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

Impact of subscription/redemption on the OTC valuation

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

Term and Limitation of the Guarantee

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

Depositary/MSI plc Insolvency

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

13. DIVIDEND POLICY

It is not the intention of the Directors to declare a dividend in respect of any Share class. Any distributable profits will remain in the Sub-Fund's assets and be reflected in the Net Asset Value of the relevant class of Shares.

14. KEY INFORMATION FOR PURCHASES AND SALES OF SHARES

Base Currency

GBP

Classes of Shares

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

Class	Currency Denomination	Currency Hedged Shares	Initial Issue Price per Share	Minimum Initial Subscription	Minimum Holding (Number of Shares)
Class A GBP Shares	GBP	No	£100	£1,000	10
Class A EUR Shares	EUR	Yes	€100	€1,000	10
Class A USD Shares	USD	Yes	$100	$1,000	10
Class A CHF Shares	CHF	Yes	CHF 100	CHF 1,000	10
Class LUCEO GBP Shares	GBP	No	£100	£1,000	10

The limits set out above may be raised, lowered or waived at the discretion of the Directors (or their delegate). Shareholders will be notified of any permanent change to the Minimum Initial Subscription Amount and the Minimum Holding Amount. The Fund has the power to redeem the remaining holding of any Shareholder who redeems his holding of Shares in any Share class to below the Minimum Holding (or its foreign currency equivalent, where applicable).

Investors must subscribe into a Share Class in the currency in which that Share Class is denominated. Repurchase payments are also made in the currency in which the relevant Share Class is denominated.

The Directors may, in their discretion, waive the minimum amounts above either generally or in relation to any specific subscription or repurchase.
LUCEO GBP Shares are distributed by Tavistock Wealth Limited in its capacity as the sub-distributor.

Initial Offer Period

The Initial Offer Period for Class LUCEO GBP , Class A EUR , Class A CHF and the Class A USD Shares will be from 9.00 am (Irish time) on 12 December 2018 until 5:30 pm (Irish time) on 12 June 2019 as may be shortened or extended by the Directors in accordance with the requirements of the Central Bank.

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

Initial Investment Period

Following the close of the Initial Offer Period, the Sub-Fund may initially invest its assets solely in bank deposits and/or Financing Assets in order to enter into the Financing Swap pending its investment in the Portfolio Swap. During such period, which is not expected to exceed three months from the date of close of Initial Offer Period (the “Initial Investment Period”), the Sub-Fund will not be exposed to the Portfolio Swap.

Business Day

Every day (except legal public holidays in London, Paris, New York or Dublin or days on which the stock markets in London, Paris and New York are closed) during which banks in London, Paris, New York or Dublin are open for normal business and such other day or days as the Directors may from time to time determine and notify in advance to Shareholders. The 24th and the 31st December are deemed public holidays for the purpose of this Supplement.

Dealing Day

Every Business and/or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders, provided that in any event there shall be at least one Dealing Day per fortnight.

Dealing Deadline

10 AM Irish time on the relevant Dealing Day.

The Directors may, in their discretion and on an exceptional basis only, waive the Dealing Deadline either generally or in relation to any specific subscription provided that applications are received prior to the Valuation Point (being the earliest close of business of any relevant market on that Dealing Day) for that particular Dealing Day. For the avoidance of doubt, no application shall be accepted after the close on a Dealing Day of any market relevant to the assets and liabilities of the Sub-Fund.

Settlement Date

In the case of subscriptions, by 12 Noon Irish time, 3 Business Days after the relevant Dealing Day.

In the case of repurchases, within 3 Business Days after the relevant Dealing Day.

In respect of subscriptions investors will be liable for any interest, losses or other costs incurred as a result of failing to settle an order within these time frames.

Valuation Point

Close of business on the relevant Dealing Day.

In the case of transferable securities and listed FDI, the Valuation Point will be such time on a Dealing Day which reflects the close of business on the markets relevant to such assets and liabilities or such other time as the Directors may determine from time to time and notify to Shareholders. In the case of OTC FDI, the Valuation Point will be the close of business on the Dealing Day or such other time as the Directors may determine from time to time and notify to Shareholders. With regards to the valuation of OTC FDI, some of the underlying of which are UCITS eligible indices, the OTC FDI and thus the Sub-Fund’s Net Asset Value will be computed using the level officially published by the index calculation agent for the latest available close on the day on which the Net Asset Value is calculated by the Administrator.

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

15. CHARGES AND EXPENSES

Redemption in Specie

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

Fund Expenses

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

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

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

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

Initial, Exchange and Repurchase Charges

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

Ongoing Charges and Expenses

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

16. HOW TO SUBSCRIBE FOR SHARES

Requests for the purchase of Shares should be made in accordance with the provisions set out in the section entitled **Applications for Shares** in the Prospectus.

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

17. HOW TO SELL SHARES

Requests for the sale of Shares should be made in accordance with the provisions set out in the section entitled **Repurchase of Shares** in the Prospectus.

18. HOW TO EXCHANGE SHARES

Requests for the exchange of Shares should be made in accordance with the provisions set out in the section entitled **Exchange of Shares** in the Prospectus.

19. ESTABLISHMENT CHARGES AND EXPENSES

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

20. OTHER CHARGES AND EXPENSES

Further details of charges and expenses payable out of the assets of the Sub-Fund are set out in the Prospectus under the headings **Management Charges and Expenses** and **General Charges and Expenses.**

21. OTHER INFORMATION

As at the date of this Supplement, there are fifty-five other sub-funds of the Fund currently in existence, Emerging Markets Equity Fund, Salar Convertible Absolute Return Fund, MS PSAM Global Event UCITS Fund, Indus PacifiChoice Asia Fund, MS Ascend UCITS Fund, MS Alkeon UCITS Fund, MS SLJ Macro UCITS Fund, MS Turner Spectrum UCITS Fund, MS Long Term Trends UCITS Fund, MS Lynx UCITS Fund, MS Dalton Asia Pacific UCITS Fund, MS Broadmark Tactical Plus UCITS Fund, MS Swiss Life Multi Asset Protected Fund, MS TCW Unconstrained Plus Bond Fund, MS Fideuram Equity Smart Beta Dynamic Protection 80 Fund, MS Nezu Cyclicals Japan UCITS Fund, MS Scientific Beta Global Equity Factors UCITS ETF, MS Scientific Beta US Equity Factors UCITS ETF, MSCI Emerging Markets ESG Equity Fund, MS Tremblant Long/Short Equity UCITS Fund, Global Equity Risk Premia Long/Short UCITS Fund, MS Fideuram Equity Smart Beta Dynamic Protection 80 Fund II, DAX® 80 Garant, IPM Systematic Macro UCITS Fund, Quantica Managed Futures UCITS Fund, Smartfund 80% Protected Balanced Fund, MSCI China A International Fund, Mariner Lenus Healthcare UCITS Fund, Smartfund Growth Fund, Smartfund Balanced Fund, Smartfund Cautious Fund, 80% Protected Index Portfolio, Mariner Investment Diversifying Alternative UCITS Fund, Market Neutral Credit UCITS Fund, Academy Quantitative Global UCITS Fund, Arno Fund, QW Equity Market & Sector Neutral UCITS Fund, , Moderate 80% Protected Fund, Cautious 85% Protected Fund, Equity Risk Managed Fund, Cube Global Cross Asset UCITS Fund, CZ Absolute Alpha UCITS Fund, Investcorp Geo-Risk Fund, Morgan Stanley RADAR ex Agriculture & Livestock Fund, Carrhae Capital Long/Short Emerging Market Equity UCITS Fund; SciBeta HFE Europe Equity 6F EW UCITS ETF, SciBeta HFE EM Equity 6F EW UCITS ETF, SciBeta HFE Pacific ex-Jap Equity 6F EW UCITS ETF, SciBeta HFE Japan Equity 6F EW UCITS ETF, SciBeta HFE US Equity 6F EW UCITS ETF, Generali 80% Protected Fund – A, Generali 80% Protected Fund – D, Abante 80% Proteccion Creciente Fund, ACUMEN Income – Protection Portfolio, Smartfund 80% Protected Balanced Fund – C. and Smartfund 80% Protected Growth Fund – C.

Services Agreement

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

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

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

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