

**SUPPLEMENT 3 - Strategic Europe Quality Fund**  
**DATED ~~26<sup>th</sup> November 2020~~ 1<sup>st</sup> March 2021**  
**to the Prospectus issued for**  
**E.I. Sturdza Funds plc**

This Supplement contains information relating specifically to the Strategic Europe Quality Fund (the "Fund"), a sub fund of E.I. Sturdza Funds plc (the "Company"), an open-ended umbrella investment company with segregated liability between funds authorised by the Central Bank of Ireland (the "Central Bank") on 26th September, 2008 as a UCITS pursuant to the UCITS Regulations. As at the date of this Supplement the Company has seven other funds:

- the Nippon Growth (UCITS) Fund,
- the Strategic China Panda Fund,
- the Strategic Global Quality Fund,
- the Strategic European Silver Stars Fund,
- the Strategic Japan Opportunities Fund ,
- the Sturdza Family Fund and
- the Strategic Bond Opportunities Fund

Details regarding each fund are set out in Supplements 1-8 of the Prospectus.

This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 26<sup>th</sup> November 2020 (the "Prospectus"): [This Supplement revises and replaces the Supplement for the Fund dated 26<sup>th</sup> November 2020.](#)

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

The Fund may invest substantially in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

**The Fund may, at any one time, be significantly invested in financial derivative instruments.**

**The difference at any one time between the sale price (to which may be added a sales charge or commission) and the redemption price of Shares (from which may be deducted a redemption fee) means an investment should be viewed as medium to long term.**

UK taxpayers should read the section of the United Kingdom Country Supplement entitled "United Kingdom Taxation."

**Profile of a Typical Investor:** Investment in the Fund is suitable only for these persons and institutions for  
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whom such investment does not represent a complete investment programme, who understand the degree of risk involved (as detailed under the section headed "Risk Factors" in the Prospectus and Supplement), can tolerate a high level of volatility and believe that the investment is suitable based upon investment objectives and financial needs.

## 1. Interpretation

The expressions below shall have the following meanings:

"Business Day"	means any day except Saturday or Sunday or any day which is a public holiday in Ireland or London or such other day or days as may be determined by the Directors and notified in advance to Shareholders.
"Dealing Day"	means each Business Day following the Valuation Point.
"Dealing Deadline"	means 11.59p.m. Irish time on the Business Day preceding the relevant Valuation Point or such other time as the Directors may determine and notify to Shareholders in advance provided always that the Dealing Deadline is no later than 11:00 a.m. (Irish time) on the Business Day of the relevant Valuation Point.
"Initial Price"	means CHF / GBP / USD / EUR 100 per currency equivalent Share Class.
"Investment Adviser"	means Lofoten Asset Management Limited.
"Investment Advisory Agreement"	means the Investment Advisory Agreement made between the Company, the Investment Manager and the Investment Adviser dated 27 <sup>th</sup> October, 2010, as supplemented and amended.
"Investment Manager"	means E.I. Sturdza Strategic Management Limited.
"Valuation Point"	means 5.00pm (Irish Time) on each Business Day.
"Valuation Day"	means each Business Day.

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

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## 2. Classes of Shares

Subfund Name	Strategic Europe Quality Fund																			
Share Class Type	A				C		B				SI				E					
Share Class	A EUR	A CHF	A USD	A GBP	C EUR	C USD	B EUR	BD EUR	B CHF	B USD	B GBP	SI EUR	SI CHF	SI USD	SI GBP	E EUR	E CHF	E USD	E GBP	
ISIN	IE00B5VJPM77	IE00B8431S50	IE00B8431S84	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23	IE00B84BZX23
Fund Launch Date	29/10/2010																			
Class Launch Date	29/10/2010	24/01/2013	11/03/2016	not launched	17/12/2015	not launched	28/12/2012	09/11/2015	04/04/2017	02/12/2015	30/06/2014	25/08/2016	not launched	25/08/2016	not launched	07/03/2018	not launched	not launched	not launched	
Base Currency	EUR																			
Share Class Currency	EUR	CHF	USD	GBP	EUR	USD	EUR	EUR	CHF	USD	GBP	EUR	CHF	USD	GBP	EUR	CHF	USD	GBP	
Hedged Class	No	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	
Distributing or Accumulating	Accumulating							Distributing	Accumulating											
Benchmark Index	MSCI Europe Net Total Return																			
Benchmark code (Bloomberg Ticker)	MSDEE15N Index																			
NAV Frequency (Valuation Point)	Daily																			
Trading Notice (T)	1 business day																			
Cut-off subscriptions/redemptions	T 23.59 Irish time																			
Contract note release	T+2																			
Subscription settlement	2 days following the Dealing Day																			

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Redemption settlement	2 days following the Dealing Day																		
Investment Management fee	1.50%	1.50%	1.50%	1.50%	2.20%	2.20%	0.90%	0.90%	0.90%	0.90%	0.90%	0.75%	0.75%	0.75%	0.75%	0.70%	0.70%	0.70%	0.70%
Performance fee	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Research fee	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Placement/Front end load fees	0.00%																		
Redemption Fee	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADL	N/A																		
ADL computation	N/A																		

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Minimum Subscription and Minimum Holding	No Minimum						1,000,000				25,000,000				No Minimum					
Initial Offer Period	Closed	Closed	Closed	from 9:00 a.m. (Irish time) on 27 <sup>th</sup> November, 2020 to 5:00 p.m. on 27 <sup>th</sup> May, 2021	Closed	from 9:00 a.m. (Irish time) on 27 <sup>th</sup> November, 2020 to 5:00 p.m. on 27 <sup>th</sup> May, 2021	from 9:00 a.m. (Irish time) on 27 <sup>th</sup> November, 2020 to 5:00 p.m. on 27 <sup>th</sup> May, 2021	Closed	Closed	Closed	Closed	Closed	from 9:00 a.m. (Irish time) on 27 <sup>th</sup> November, 2020 to 5:00 p.m. on 27 <sup>th</sup> May, 2021	Closed	from 9:00 a.m. (Irish time) on 27 <sup>th</sup> November, 2020 to 5:00 p.m. on 27 <sup>th</sup> May, 2021	Closed	from 9:00 a.m. (Irish time) on 27 <sup>th</sup> November, 2020 to 5:00 p.m. on 27 <sup>th</sup> May, 2021	from 9:00 a.m. (Irish time) on 27 <sup>th</sup> November, 2020 to 5:00 p.m. on 27 <sup>th</sup> May, 2021	from 9:00 a.m. (Irish time) on 27 <sup>th</sup> November, 2020 to 5:00 p.m. on 27 <sup>th</sup> May, 2021	from 9:00 a.m. (Irish time) on 27 <sup>th</sup> November, 2020 to 5:00 p.m. on 27 <sup>th</sup> May, 2021
Initial Offer Price	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

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E Class Shares are reserved for strategic partners having a prior agreement in place with the E.I. Sturdza group.

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The A and C Share Classes of the Fund are available for Retail and Professional Investors; however are also open to Institutional Investors.

The B and SI Share Classes are deemed to be "clean" classes (i.e. non rebate paying) and are intended for Institutional Investors.

The B & SI Classes are also made available to nominee / global custodians representing underlying Institutional Investors that satisfy the minimum investment criteria across multiple accounts, firms providing non-independent advisory services, those entities that are prohibited from investing in classes which pay rebates or performance fee or providers of independent advisory services or discretionary investment management or other distributors who:

- I. provide investment services and activities as defined by the MiFID II Directive; and
- II. have separate fee arrangements with their clients in relation to those services and activities provided; and
- III. do not receive any other fee, rebate or payment other than from their client in relation to those services and activities.

Retail and Professional Investors are not prohibited from investing in the B and SI Classes of the Fund provided they satisfy the minimum investment criteria as defined above.

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### 3. Investment Objective

The investment objective of the Fund is to achieve long term capital growth.

### 4. Investment Policy

In order to achieve its investment objective the Fund will invest primarily in equities and equity related instruments (including but not limited to common stock and other securities with equity characteristics, such as preferred stocks) all of which shall be listed or traded on a Recognised Exchange. While the primary focus of the Fund shall be in relation to such equities or equity related instruments which relate to companies incorporated or whose principal operations are based in Europe, depending upon prevailing market factors the Fund may also invest in the instruments described above on a global basis to a maximum of 25% of Net Asset Value of the Fund.

It is not intended that the Fund will invest more than 20% of its Net Asset Value in emerging markets to include Russia. Investment in Russia will only be in respect of securities which are listed and/or traded on the Moscow Exchange There are no sectorial restrictions on the Fund's investments.

The Fund is actively managed, with reference to the MSCI Europe Net Total Return Index (the "Index"), as further detailed below, for performance monitoring and calculation of performance fees. The Investment Adviser is not subject to constraints in terms of deviation from the benchmark composition and may use its discretion to invest in securities/sectors which are not included in the Index. The degree of freedom from the Index may potentially be significant. The portfolio investments shall be selected from a "bottom-up" stock selection process of companies that the Investment Adviser believes to be fundamentally undervalued. The investment approach utilised by the Investment Adviser will be highly selective, focusing on corporate value based on cash flow (operating cash flow, free cash flow and earnings before interest and tax depreciation and amortization "EBITDA") and the quality of the companies' business models, rather than changes in earnings per share. Preference will be given to companies with high free cash flows, high levels of recurring revenue, franchise stocks (typically displaying low capital intensity and high return on capital) and undervalued growth companies. The Investment Adviser expects that the portfolio exposure will normally be concentrated in around 25-35 positions.

The Fund shall not invest in companies with a market capitalisation below Euro 300 million at the time of purchase.

The Fund may invest in exchange traded and OTC derivatives such as futures (including volatility index futures), options, warrants, equity and interest rate swaps, total return swaps and contracts for difference as detailed under the section of the Prospectus and/or Supplement headed "Efficient Portfolio Management" and "Financial Derivative Instruments" for investment purposes, efficient portfolio management purposes, to indirectly gain exposure to underlying equity securities where the Investment Adviser feels it is more efficient to do so, or hedging purposes in accordance with the requirements of the Central Bank. The Fund may invest in volatility index futures up to 7.5% of the Net Asset Value to hedge the value of the portfolio against near-term volatility market expectations and for diversification purposes. Forward foreign exchange contracts may be used to hedge the value of the portfolio investments in the Fund against changes in the exchange rate between the currency of denomination of the portfolio investments and the Base Currency of the Fund. The Fund will be leveraged through the use of financial derivative instruments. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund. The Investment Manager will seek to limit portfolio volatility through its investment approach and the effect of hedging should

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reinforce this.

Whilst it is the intention that the Fund be fully invested as described above, the Investment Adviser retains the flexibility to invest substantially in cash and/or money market or short-dated instruments, to include but not limited to, fixed and/or floating rate short-term government/supranational bonds with strong credit ratings of A+ or better and issued or backed by one or more EU member states, the United Kingdom, the United States or Switzerland, in circumstances where the Investment Adviser considers it to be in the best interest of the Fund to do so.

In addition, the Investment Adviser also has discretion to invest up to 10% of the Net Asset Value of the Fund in medium to long dated government bonds, which will have a minimum rating of A- as rated by Standard and Poor's or A3 by Moody's credit rating agencies and listed or traded on a Recognisable Exchange. Investment in medium to long dated government bonds will be made in circumstances where the Investment Adviser considers it to be in the best interest of the Fund to do so (i.e. when current equity market, economic, political or other conditions are unstable) and would impair pursuit of the Fund's objective and/or for hedging purposes.

The Fund will continuously invest at least 51% of its total assets directly in equities of corporations which are admitted to official trading on a stock exchange or which are listed on an organised market.

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Subject to the conditions and limits set out in the Central Bank UCITS Regulations, the Fund may use repurchase agreements, reverse purchase agreements and/or stock lending agreements ("SFTs") for efficient portfolio management purposes only, to generate additional income for the Fund. The maximum exposure of the Fund in respect of SFTs shall be 60% of the Net Asset Value. However, the Investment Manager does not anticipate that the Fund's exposure to SFTs will exceed 20% of the Net Asset Value. The Fund may enter into swaps. The maximum exposure of the Fund in respect of total return swaps shall be 20% of the Net Asset Value. However, the Investment Manager does not anticipate that the Fund's exposure to swaps will exceed 5-10% of the Net Asset Value. Further details are set out under the section of the Prospectus headed "Efficient Portfolio Management" and "Securities Financing Transactions and Total Return Swaps".

The Investment Manager will measure the performance of the Fund against the MSCI Europe Net Total Return Index, a capitalisation weighted index that monitors the performance of stocks listed in the continent of Europe. MSCI classifies each company and its equity securities by country, free float adjusts the total market capitalisation of all securities, classifies them in accordance with the Global Industry Classification Standard ("GICS"), screens them for size and liquidity and then initiates the securities selection process to target 85% of free float adjusted market capitalization for each industry group in each country.

~~The attention of investors is drawn to the fact that the Fund is eligible to the personal equity plan ("plan d'épargne en actions" or "PEA", a French long-term equity saving scheme) in France. In this context, the Investment Adviser undertakes that the Fund will invest on a permanent basis at least 75% of its assets in securities or rights eligible to the PEA regime. Such investment is consistent with the investment policies of the Fund. French Investors that include holdings in the Fund in their PEA portfolio should refer to the Brexit risk warning in the main body of the Prospectus.~~

## 5. Risk Management Process

The Company will employ a risk management process based on the commitment approach which will enable it to accurately monitor, measure and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Fund will not utilise financial derivatives which have

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not been included in the risk management process until such time as a revised risk management process has been submitted to the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## **6. Offer**

Details of the Share Classes on offer, together with details of the initial offer period ("Initial Offer Period") and initial price ("Initial Price") are set out above in Section "2. Classes of Shares".

The Initial Offer Period 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 and otherwise on an annual basis.

After closing of the Initial Offer Period each class of shares in the Fund are being issued at the Net Asset Value per Share in the relevant Class as at the relevant Valuation Point.

## **7. Minimum Subscription and Minimum Holding**

Details of the Minimum Subscription and Minimum Holding for each Class are set out above in Section "2. Classes of Shares".

A Shareholder may make subsequent subscriptions, conversions and redemptions in all Share Classes, a minimum transaction size will not be applied.

The Directors reserve the right to waive or reduce the Minimum Subscription and Minimum Holding size for a Class at their discretion.

## **8. Application, Redemption and Conversion via an Electronic Dealing Provider**

Where an electronic dealing provider is used by an investor to invest in the Shares of any Class, or such investor holds interests in Shares of any Class through accounts with an electronic dealing provider, such investor will only receive payments in respect of redemption and / or any dividends attributable to the Shares on the basis of the arrangements entered into by the investor with the electronic dealing provider. Furthermore, any such investor will not appear on the register of Shareholders, will have no direct right of recourse against the Fund and must look exclusively to the electronic dealing provider for all payments attributable to the relevant Shares. The Company will recognise as Shareholders only those persons who are at any time shown on the register of Shareholders for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the Company, the Investment Manager, the Investment Adviser, the Administrator, the Depositary or any other person will be responsible for the acts or omissions of the electronic dealing provider, nor make any representation or warranty, express or implied, as to the services provided by the electronic dealing provider.

## **9. 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 their absolute discretion 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 or the Distributor and may, if the Company so determines, be made by telefax or email subject to prompt transmission to the Administrator of the original signed application form and such other papers (to include documentation relating to money laundering prevention checks and identification of applicable tax status) as may be required by the Administrator. Anti-money laundering documentation is required to be received prior to an application for Shares being processed. The Directors reserve the right to refuse applications to transact in Shares if required anti-money laundering documentation is not received. Details of the AML documentation required will be detailed in the Application Form. No redemptions will be paid until the original Application Form and such other papers as may be required by the Administrator have been received and all anti-money laundering procedures have been completed. Investors are required to obtain a copy of the Key Investor Information Document for the relevant Fund and its Share Classes prior to subscribing to the Fund. Applicants will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor Information Document(s) will be available from the Distributor and from the following website [www.ericsturdza.com](http://www.ericsturdza.com). Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an Investor having received a copy of the relevant Key Investor Information Document in paper or electronic form) by telefax, email or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) 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 Administrator. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

#### *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 0.001 of a Share.

Subscription monies, representing less than 0.001 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

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#### *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. 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 Class. The Company will not accept applications for Shares in currencies other than the currency of denomination of the relevant Class in which the applicant has elected to apply for Shares.

#### *Timing of Payment*

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than two Business Days following the relevant Dealing Day (or such later day or time as the Directors may determine). If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Company or its delegate may charge the relevant investor for any costs incurred due to late settlement (i.e. interest charges and administration costs) and/or cancel the allotment and the cost of cancellation (i.e. any loss, cost, expense or fee suffered by the Company as a result of the non-receipt of monies) may be charged to the relevant investor.

#### *Confirmation of Ownership*

Confirmation of each purchase of Shares will normally be made available to Shareholders within 2 Business Days of the relevant Dealing Day.

Title to Shares will be evidenced by written confirmation of the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

### **10. Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form by facsimile, written communication, email, electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) 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, and should include such information as may be specified from time to time by the Directors or their delegate. 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 Directors in their absolute discretion determine otherwise, <sup>provided that</sup> such request has been received prior to the Valuation Point for the relevant Dealing Day. Redemption requests 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. No redemption payment will be made from an investor holding until the original Application Form for the initial subscription and all documentation required by or on behalf of the Administrator (including any documents in connection with anti-money laundering procedures and identification of the applicable tax status) has been received from the investor and the anti-money laundering procedures have been completed. Subject to

satisfaction of all of the requirements of the Administrator (including but not limited to receipt of the original Application Form and all documentation required by the Administrator for anti-money laundering purposes and identification of the applicable tax status) the original redemption request will not be required prior to payment of redemption proceeds.

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.

#### *Method of Payment*

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

#### *Currency of Payment*

Shareholders will be repaid in the currency of denomination of the relevant Class from which the Shareholder has redeemed Shares.

#### *Timing of Payment*

Redemption proceeds in respect of Shares will normally be paid within two Business Days of the relevant Dealing Day (and in any event should not exceed ten Business Days from the relevant Dealing Deadline) 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 Company or its authorised agent 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" and "Total Redemption of Shares".

### **11. Conversion of Shares**

Subject to the Minimum Subscription, Minimum Holding and minimum transaction 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". Requests for conversion of Shares should be made to the Administrator by facsimile, written communication or electronically (in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank) or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Administrator.

## 12. Dividend Policy

Please refer to Section "2. Classes of Shares" which details whether a Class of Shares is "Accumulating" or "Distributing".

### ***Accumulating***

It is not the current intention of the Directors to distribute dividends to Shareholders of these Classes. The income and gains of each of these Classes will be accumulated and reinvested on behalf of the relevant Shareholders.

### ***Distributing***

The Directors may declare interim dividends and the Company may at a general meeting declare dividends in respect of these Classes but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared, will normally be declared semi-annually in or around the end of April with reference to the financial period ending 31 December and around the end of August with reference to the interim financial period ending 30 June and paid by the end of May and September respectively. However, where the Directors consider that the amount of any dividend would be minimal, they may decide not to declare a dividend.

Dividends may be paid out of the net investment income, i.e. any declared dividend will be decided from the increase in net assets attributable to holders of redeemable participating shares from operations, per the financial statements, excluding the net gain/loss on financial assets and liabilities at fair value through profit and loss, the net gain/loss on foreign exchange and any dividends previously declared to holders of redeemable participating shares. Any income and gains not declared as dividend will be accumulated.

Shareholders may elect to re-invest dividends in additional Shares in the Fund by ticking the appropriate box on the Application Form. If no such election is made, dividends will be paid by bank transfer at the expense of Shareholders. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund.

## 13. Suspension of Dealing

Shares may not be issued, redeemed or converted during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described in the Prospectus under the heading "Suspension of Valuation of Assets". Applicants for Shares and Shareholders requesting redemption and/or conversion of Shares will be notified of such suspension and, unless withdrawn, applications for Shares will be considered and requests for redemption and/or conversion will be processed as at the next Dealing Day following the ending of such suspension.

## 14. Investment Adviser

The Investment Manager has elected, and the Company has consented, to the appointment of Lofoten Asset Management Limited, whose address for service is at 5 Claridge House, 32 Davies Street, London W1K 4ND, as an investment adviser to the Fund to provide investment advice and discretionary investment management services pursuant to the Investment Advisory Agreement.

Each of the Investment Manager and the Investment Adviser shall be entitled to terminate the Investment

Advisory Agreement on or after 30 September 2020 (the "Termination Date") by giving to the other parties not less than six months' notice in writing expiring at any time after the Termination Date. However the Company may, by giving six months' notice in writing to the Investment Manager and the Investment Adviser, terminate this Agreement prior to 30 September 2020.

The Investment Advisory Agreement may be terminated by notice in writing to the other parties if (i) the other parties shall commit any breach of the provisions hereof and shall not have remedied such breach within 30 days after being required to do so by notice in writing given by the first party or (ii) any of the other parties makes an assignment for the benefit of creditors, becomes insolvent or goes into liquidation or into any similar proceedings (other than voluntary liquidation for the purposes of reconstruction or amalgamation forthwith to be carried into effect) or a receiver is appointed over any of its assets.

In the absence of negligence, fraud, bad faith or wilful misconduct on the part of the Investment Adviser, the Investment Adviser shall not be liable to the Investment Manager for any loss suffered as a result of any act or omission in the course of, or connected with, rendering services under the Investment Advisory Agreement and shall not be liable in any circumstances for indirect, special or consequential loss or damage. The Investment Adviser shall hold harmless the Investment Manager, its employees, delegates or agents from and against all actions, proceedings, claims, damages, costs, demands and expenses including without limitation, legal and professional expenses on a full indemnity basis which arise due to the negligence, fraud or wilful default on the part of Investment Adviser, its employees, delegates or agents in the performance of its obligations under the Investment Advisory Agreement.

#### **15. Fees and Expenses**

The fees and operating expenses of the Company are set out in detail under the heading "Fees and Expenses" in the Prospectus.

##### **Administrator's Fees**

Details of the Administrator's fees are set out under the heading "Fees and Expenses" in the Prospectus.

##### **Depositary's Fees**

Details of the Depositary's fees are set out under the heading "Fees and Expenses" in the Prospectus.

##### **Investment Manager Fees**

The Company shall pay the Investment Manager out of the assets of the Fund an annual fee accrued at each Valuation Point and payable monthly in arrears. Details of the fee payable to the Investment Manager in respect of each Share Class are set out above under Section "2. Classes of Shares".

##### **Performance Fee**

The Investment Manager is entitled to a performance related fee ("Performance Fee") payable by each Share Class as detailed above in Section "2. Classes of Shares". The Performance Fee will be taken into account at each Valuation Point in the calculation of the Net Asset Value of the Fund and will be paid out of the assets of the Fund semi-annually in arrears following the calculation of the net asset value on each of 30 June and 31 December until 30 June 2020 and thereafter paid out of the Fund annually in arrears following the

calculation of the net asset value on the last Business Day of December (a "Payment Date") commencing on the 31 December 2021, further details of which are set out below.

The Investment Manager shall be entitled to a Performance Fee equal to a percentage of the relative outperformance, if any, of the Net Asset Value per relevant Share (before deducting the amount of any accrued liability for a Performance Fee) over the MSCI Europe Net Total Return Index (the "Benchmark") (Bloomberg Ticker: MSDEE15N Index). Details of the performance fee payable per Class are set out above under Section "2. Classes of Shares".

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#### Calculation of the Performance Fee

The Performance Fee shall be calculated at each Valuation Point and is accrued in the calculation of the Net Asset Value of the Fund on each Valuation Day. The Performance Fee, if any, shall crystallise upon redemption and on each Payment Date. The Performance Fee will be calculated on a Share by Share basis with reference to the "Start Date" which shall be the later of a) the Payment Date at which the Performance Fee was last paid out of the Fund in respect of that Share or b) the date of issue of the Share. The amount payable on the Payment Date shall be equal to the aggregate of the Performance Fees accrued in the Net Asset Value of the Fund on Shares in issue and any Performance Fees crystallised on redemptions since the last Payment Date.

The Performance Fee will be calculated using the relative "high water mark" methodology which means that a Performance fee will only accrue and be payable on a Share in respect of the relative outperformance of that Share against the Benchmark since the Start Date.

In the event that Shares produce a return that represents a relative underperformance in relation to the Benchmark since the Start Date, no Performance Fee will be accrued in respect of these Shares. Further, no additional Performance Fee will be accrued in respect of these Shares until these Shares have fully recovered both the relative underperformance in relation to the Benchmark and also reached a level of relative outperformance since the Start Date.

For the avoidance of doubt, the Performance Fee shall be paid from the Fund upon the Payment Date in the event of negative performance by Shares, provided that Shares have outperformed the Benchmark since the Start Date.

The Performance Fee will be calculated by the Administrator and the calculation of the Performance Fee is verified by the Depositary.

Net realised and unrealised capital gains and net realised and unrealised capital losses will be included in the Performance Fee calculation at each Valuation Point. As a result a Performance Fee may be paid on unrealised gains which may subsequently never be realised.

The Initial Price at the date of launch of each Share Class will be taken as the starting price for the first Performance Fee payable.

#### **Investment Adviser Fee**

All fees payable to any appointed Investment Adviser shall be paid by the Investment Manager out of the remuneration it receives pursuant to the terms of the Investment Advisory Agreement.

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## **Distributor**

It is not the current intention of the Directors to charge a placement/front end load fee. If it is at any stage in the future proposed to charge any such placement/front end load fees, reasonable notice shall be given to Shareholders.. In the event of a placement/front end load fee being charged, the difference at any one time between the sale and redemption price of Shares in the Fund means that the investment should be viewed as medium to long term.

## **Redemption Fee**

It is not the current intention of the Directors to charge a redemption fee. If it is at any stage in the future proposed to charge a redemption fee, reasonable notice shall be given to Shareholders. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long-term.

## **Anti-Dilution Levy**

It is not the current intention of the Directors to apply a general anti-dilution levy to all applications for subscriptions and redemptions from the Fund. If it is at any stage in the future proposed to apply a general anti-dilution levy, reasonable notice shall be given to Shareholders.

## **Research Costs**

From 01 January 2018 the Investment Adviser will arrange for research costs to be paid for through a research payment account. As a result, an annual fee for research costs will be charged to the Fund and will be accrued at each Valuation Point and be payable monthly in arrears into the research payment account at a rate not exceeding 5bps per annum of the average Net Asset Value of the Fund.

## **16. Risk Factors**

The attention of investors is drawn to the "Risk Factors" section in the Section of the Prospectus entitled the "Company". In addition, the following Risk Factors are specific to the Fund:

### Investment in Equity and Equity-Related Securities

The Fund may invest in equity and equity-related securities traded on recognised stock 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 and equity-related interests 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. Futures and options on futures on equity securities and indices are subject to all the foregoing risks, in addition to the risks particularly associated with futures and derivative contracts.

Investors in the Fund must recognize that, due to the inherent characteristics of equity markets, the value of their investment can go down as well as up, and that they may not receive back the monies originally invested. The Fund intends to invest primarily in European markets and, therefore, there is a risk to investors by reason that the Company is exposed to one particular economic region. In addition, the liquidity in markets can vary



and it may not always be possible for the Fund to disinvest or invest in any particular market. A proportion of the Fund's assets may from time to time be held in foreign currencies and therefore at times may be affected by fluctuations of currency markets.

#### Concentration of Investments

If the Fund invests up to the maximum permitted under the investment restrictions described in Appendix I of the Prospectus in the securities of single issuers and / or in economic sectors this concentration and lack of diversification relative to the capital of the Fund could mean that a loss in any one such position or a downturn in a sector in which the Fund is invested could materially reduce the Fund's performance. Thus, any substantial investment by the Fund relative to overall assets in the securities of a single issuer or the concentration of the Fund's investments in a particular industry may increase the level of risk associated with an investment in the Fund.

#### Investment in Cash and Money Market Instruments

The Fund may invest substantially in deposits with credit institutions and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

#### Investing in Fixed Income Securities

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time. The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Fund's investment in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

#### Investment in Russia

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

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

#### Securities Lending Risk

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to equal or exceed the value of the securities transferred. However there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as the Fund may invest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, the Fund investing collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.

#### Key Man Risk

Insofar as the role to provide investment advice and recommendations towards the Fund has been appointed to the Investment Adviser by the Investment Manager, it is likely that the decisions that lead to investment recommendations are focused with a small number of senior individuals within the Investment Adviser. As a result, there will likely be a degree of key man risk arising from the potential loss of knowledge and expertise arising from the departure or inability to act of a key person that possesses significant subject matter, expertise and tenure to provide services towards the Fund on behalf of the Investment Adviser. The Investment Manager therefore has adopted specific policies to address key man risk in the event that such an event arises, which may include the suspension or termination of the relevant investment advisory agreement or to provide a recommendation to the Company to consider the closure or winding up of the Fund.

#### **17. Investment Restrictions**

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

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