FundLogic Alternatives p.l.c.

Promoter and Distributor
Morgan Stanley & Co. International plc

Supplement dated 21 July 2017
for
MS TCW Unconstrained Plus Bond Fund

This Supplement contains specific information in relation to the **MS TCW Unconstrained Plus Bond Fund** (the "**Sub-Fund**"), a sub-fund of **FundLogic Alternatives p.l.c.** (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 is managed by **Metropolitan West Asset Management LLC** ("**Metropolitan**" or the "**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 may invest principally 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 for 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 STRATEGY

Investment Objective

The Sub-Fund's investment objective is to seek long term capital appreciation through a flexible investment approach that invests primarily in global debt securities (as outlined below).

Investment Policy

The Sub-Fund seeks to achieve its investment objective by employing a discretionary and flexible investment approach investing into a range of global investment opportunities in debt securities. These investment opportunities aim to take benefit of movement in the credit, currency and interest rate markets that positively impacts the prices of the underlying debt securities.

The types of debt securities in which the Sub-Fund may invest include: debt securities issued or guaranteed by national governments, their agencies, instrumentalities and political sub-divisions (including inflation protected securities); STRIPS (Separate Trading of Registered Interest and Principal of Securities) bonds[1] (the Sub-Fund may invest in both IOs and POs (as defined in the footnote below); debt securities of supranational organisations such as freely transferable promissory notes, bonds and debentures; corporate debt securities, including freely transferable promissory notes, debentures, bonds; convertible bonds (which may embed a derivative instrument); commercial paper, certificates of deposits, and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations; structured notes that are transferable securities whose underlying exposure may be to fixed income securities (structured notes include inverse floaters[2] which may embed derivatives); mortgage-backed and asset-backed securities that are structured as debt securities; securitised participations in loans that are transferable securities; Eurodollar bonds and Yankee dollar instruments (including senior and subordinated notes); and Rule 144A securities. These debt securities may contain any type of interest rate payment or reset terms, including fixed rate, adjustable rate, zero coupon, contingent, deferred, payment-in-kind and those with auction rate features (being variable rate debt securities with long maturities (eg 10 to 30 years) but with coupons linked to short-term interest rates (eg 3 months to 6 months)). For the avoidance of doubt, no more than 10% in aggregate of the Net Asset Value of the Sub-Fund may be invested in securities which are not listed or traded on Recognised Markets or securitised participations in loans.

For the avoidance of doubt, any reference in these investment objective and policies to investment in securities by the Sub-Fund may be deemed also to refer to indirect investment in such securities through the use of FDI. The FDI in which the Sub-Fund may invest are set out below in this "**Investment Policy**" section and in the "**Information on Financial Derivative Instruments**" section and are in line with the investment strategies set out therein.

The Sub-Fund may also invest in exchange traded funds ("**ETFs**") subject to the overall limit on investment in collective investment schemes set out below.

The Sub-Fund aims to invest at least 80% of its net assets in global debt securities of varying maturities that are issued by corporations and governments. The Sub-Fund may invest in both investment grade and non-investment grade debt securities, subject to investing no more than 75% of its net assets in securities rated BB+ and/or lower by Standard & Poor's, or an equivalent rating by any of the other principal rating agencies or, if unrated, are determined to be below

1. STRIPS Bonds are created by separating bonds into their principal and interest components and selling each piece separately (commonly referred to as IOs (interest only bonds) and POs (principal only bonds)). Stripped securities are more volatile than other fixed income securities in their response to change in market interest rates. The value of some stripped securities moves in the same direction as interest rates, further increasing their volatility.
2. Inverse Floaters are securities whose interest rate component moves in an opposite direction from the benchmark interest rate to which it is indexed. The change in the interest rate component of an inverse floater may be a multiple of the change in the benchmark interest rate. Hence, an inverse floater is usually associated with greater volatility than a fixed income bond paying the benchmark interest rate.

investment grade by the Investment Manager.

The Sub-Fund may invest up to 75% of the Sub-Fund's net assets in emerging markets debt securities or structured notes that are transferable securities, warrants and derivatives that provides exposure to emerging market debt. The Sub-Fund will aim to limit its exposure to non U.S. dollar denominated securities or currencies to 60% of its net assets.

The Sub-Fund's investment, directly, or indirectly through the use of derivatives, in debt securities listed or traded on markets in Russia referred to in Appendix II of the Prospectus shall not exceed 15% of the Net Asset Value of the Sub-Fund.

In order to assist in achieving the investment objective, the Sub-Fund may invest up to 20% of its net assets in preferred stock and common stock of companies globally (and across all industry sectors) which are listed or traded on the markets referred to in Appendix II of the Prospectus.

The Sub-Fund may, subject to the requirements laid forth by the Central Bank, enter into FDI transactions both for investment, hedging and efficient portfolio management purposes. FDIs may include swaps, options, futures, forward interest rate contracts, swaptions, options on futures, contracts for differences (CFD) and forward currency exchange contracts. For example: (i) total return swaps may be utilised for access to certain issuers and jurisdictions or for investment purposes; (ii) single name options (including bond options) and index options may be utilised to hedge out the risk associated with an industry or gain exposure to an issuer or for investment purposes; (iii) index futures on broad based bond indices representing any bond markets globally may be utilised in order to hedge the debt security portion of the portfolio from movements in general interest rates and credit spreads or for investment purposes; and (iv) options on futures may be utilised to quantify the potential loss from a contract expiring in a loss position or for investment purposes. In addition, for example, FDI may be used to seek to hedge against the risk of adverse currency movements between the Currency Hedged Share Classes as described under **Classes of Shares** below. For further information on the types of FDIs that the Sub-Fund may enter into please see the section entitled **Information on the Financial Derivative Instruments** below. If it is proposed to utilise any FDIs which are not contained in the risk management process in respect of the Sub-Fund, the Fund will submit an updated risk management process to the Central Bank in accordance with the Central Bank's guidance titled UCITS Financial Derivative Instruments and Efficient Portfolio Management UCITS Regulations for clearance prior to the Sub-Fund engaging in using such FDIs.

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

In accordance with the requirements of the Central Bank, the global exposure generated through the use of derivatives, as measured using the commitment approach, will be limited to 100% of the Net Asset Value. The maximum leverage of the Sub-Fund, as measured by the commitment approach, will not exceed 100% of Net Asset Value of the Sub-Fund. For the avoidance of doubt, the total exposure of the Sub-Fund (being the Net Asset Value of the Sub-Fund combined with its global exposure) may not exceed 200% of the Net Asset Value of the Sub-Fund.

Investment Process

The investment process employed by the Investment Manager (the "**Investment Process**") is primarily focused on investing in debt securities of varying maturities, sectors, currencies and credit quality with an aim to generate positive long term return, with low correlation to U.S. treasuries and global equities. Diversification of investments will be utilised to limit correlation when debt securities are being selected for investment.

The Investment Manager employs a disciplined value driven investment process that places an emphasis on fundamental bottom-up research. The most important facet of the Investment Process is the application of independent, bottom up research (being research which focusses on specific securities rather than the industry or market as a whole) to identify securities that are undervalued and that offer a superior risk/return profile.

The research done by the Investment Manager for a potential investment focuses on investment metrics such as current yield, potential for price appreciation, position in capital structure vis-à-vis other creditors, yield to maturity, rating, duration, and liquidity in the debt security.

The Investment Manger seeks to achieve long term positive performance by utilising five value – added strategies i.e. duration management, yield curve positioning, sector allocation, security selection, and trading. The investment philosophy is predicated on a long term macroeconomic outlook and price inefficiency for an underlying debt security (ie identifying securities that are undervalued and offer a superior risk/return investment opportunity) while diversifying the investment portfolio across different fixed income market sectors.

The first three value-added strategies are top-down in orientation and start with a decision of where the duration should be established. Following that, the Investment Manager determines the manner of achieving the desired duration exposure, either with a concentration of intermediate maturity issues or a combination of long and short-term maturity issues. Subsequently, the Investment Manager employs a value driven investment management approach to identifying undervalued sectors and issues. Working along with the top-down strategies are the specialist-led bottom-up strategies of security selection and trading. The security selection involves the day-to-day work of analysing the bond market for opportunities, while trading is characterized by the informed negotiation of the prices at which transactions take place.

Below are more details on the value-added strategies employed in the Investment Process:

Duration Management

Duration management by the Investment Manager is based on the premise that interest rates are positively correlated with the business cycle. That is, rates tend to be higher during periods of relatively higher economic growth and fall during periods of relatively lower economic growth.

Ideally, the approach to managing duration is to establish a portfolio that has a relatively short duration at the beginning of periods of increasing economic growth. The duration is then gradually increased over a period of years, until, eventually, the duration is relatively long, at the end of an economic expansion.

Specifically, the Sub-Fund may have a duration range from -3 years to +8 years. The Investment Manager believes that this allows it to protect the portfolio from capital losses during periods of rising interest rates, and also generate price gains during periods of falling interest rates.

Yield Curve Positioning

Yield curve strategy, or the decision on the maturity of investment securities that are invested into, is driven by the view of the Investment Manager on business cycle conditions. The Investment Manager employs proprietary models to determine the maturities which represent the best risk/return, based on the Investment Manager’s fundamental outlook.

Sector Allocation

The investment philosophy of diversifying the sources of value-added in a portfolio emphasizes the utilization of multiple strategies to achieve both higher returns, as well as aim to generate stable return over the course of a business The sector allocation process starts by comparing relative value across all sectors of the bond market, including governments, agencies, corporates, high yield, mortgage-backed securities, asset-backed securities, non-dollar, and/or emerging markets debt securities. The Investment Manager makes sector allocation decisions depending on a number of factors, including:

- business cycle analysis and relative/historical value across sectors;
- assessment of the long term credit dynamics of emerging markets;
- volatility forecasting; and
- analysis of technical factors.

Security Selection

Security selection is a critical component of the Investment Process and applies in depth research and prudent risk taking in order to identify undervalued securities. The Investment Manager seeks value in all sectors of fixed income market using a robust research and technological infrastructure. The security selection process seeks to protect downside against negative events through an in-depth analysis of credit quality of an issuance.

The Investment Manager constructs a highly diversified portfolio of securities that respects the general investment restrictions applicable to UCITS as set out in the Prospectus.

Trading

The Investment Manager aims to execute transactions on a competitive basis while engaging in active negotiation with market counterparties, employing the Investment Manager's knowledge of the market in respect of such negotiations.

The Sub-Fund may utilize fixed income options for both investment and hedging purposes. The Sub-Fund will buy and sell debt securities as described above frequently as part of its investment process. As disclosed above, the Sub-Fund may also invest in ETFs for both investment and hedging purposes within the general limit on investment in collective investment schemes set out below.

No more than 10% of the NAV of the Sub-Fund may be invested in collective investment schemes, which includes all open-ended ETFs, which provide exposure to listed and unlisted debt securities and are consistent with the investment objective of the Sub-Fund. For the avoidance of doubt, closed-ended funds which meet the requirements for transferable securities under the Regulations will not be treated as collective investment schemes for the purposes of the limits on investment in collective investment schemes set out herein.

The Sub-Fund may also invest in ancillary liquid assets, which may include bank deposits, certificates of deposit, fixed or floating rate instruments, government securities, commercial paper, floating rate notes and freely transferable promissory notes.

The investments of the Sub-Fund (other than permitted unlisted investments) will be listed or traded on the markets referred to in Appendix II of the Prospectus.

The Sub-Fund may enter into repurchase, reverse repurchase and stock lending agreements (together with total return swaps, "**Securities Financing Transactions**") subject to the conditions and limits laid down by the Central Bank for efficient portfolio management purposes.

The Sub-Fund's exposure to Securities Financing Transactions is as set out below (in each case as a percentage of Net Asset Value):

	Expected	Maximum
Total Return Swaps / Margin Finance	5%	60%
Repurchase Agreements & Reverse Repurchase Agreement	1%	5%
Stock Lending	1%	5%

Profile of a Typical Investor

An investment in the Sub-Fund is suitable for investors seeking long-term appreciation of capital. Shares in the Sub-Fund are available to both retail and institutional investors.

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 interests of Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are located.

3. INFORMATION ON THE FINANCIAL DERIVATIVE INSTRUMENTS

Swaps. These include credit default swaps, interest rate swaps, total return swaps, swaptions, and cross-currency asset swaps. The "buyer" in a credit default swap is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference asset has occurred. A seller receives a fixed rate of income throughout the term of the contract. An interest rate swap involves the exchange by one party with another party of their respective commitments to pay or receive cash flows. 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 or swaptions can be single name securities, indices, custom baskets of securities, interest rates or currencies. The underlying reference assets of credit default swaps can be corporate debt obligations, sovereign debt, commercial mortgage-backed securities and retail mortgage-backed securities. A swaption is an option granting its owner the right but not the obligation to enter into an underlying swap. A cross-currency asset swap is a foreign exchange agreement between two parties to exchange principal and fixed rate interest payments on a loan in one currency for principal and fixed rate interest payments on an equal loan in another currency. An equity swap or a contract for difference (CFD) is a bilateral contract that allows involved parties to exchange the difference between current market value of an underlying equity and its market value at the inception of the contract. The counterparties to swap transactions will be institutions subject to prudential supervision and belonging to categories approved by the Central Bank and will not have discretion over the assets of the Sub-Fund.

Options. Options may be exchange traded or traded over-the-counter options or may be in the form of warrants and may have single name fixed income securities, equity securities, indices or futures 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 and Options on Futures. These include currency futures, interest rate futures, equity futures, equity index futures and bond 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.

Forward Currency Exchange Contracts. The Sub-Fund may purchase and sell currencies on a spot and forward basis. 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.

Forward Interest Rate Contracts. These are interest rate forward purchase or sale contracts under which the interest differential between the contract rate and the market interest rate on a future settlement date on the notional principal is paid or received. These are OTC instruments that are used to hedge future interest rate exposure associated with fixed income or other interest rate-sensitive investments such as real estate-related securities.

Convertible Bonds: Convertible bonds are securities which have the right to convert into a fixed number of shares. Convertible bonds therefore have debt- and equity-like features. When the equity value of the convertible is low, the convertible's value behaves like a bond. As the equity value goes up, the convertible's value behaves more like an equity. Investors benefit as they receive the upside participation of an equity rising, but the downside protection given by the bond component if the equity into which it may convert falls in value.

Inverse Floaters: Inverse Floaters are securities whose coupon rate has an inverse relationship to a benchmark rate. An inverse floater adjusts its coupon payment as the interest rate changes. When the interest rate goes up the coupon payment rate will go down because the interest rate is deducted from the coupon payment.

4. INVESTMENT MANAGER

The Investment Manager for the Sub-Fund is Metropolitan West Asset Management LLC. The Investment Manager is a wholly owned subsidiary of the TCW Group Inc. ("**TCW**") and is registered as a limited liability company in the state of California, having its registered office at 865 South Figueroa Street, Los Angeles, California 900017.

Subject to controls imposed by the Directors under the investment management agreement between the Fund and the Investment Manager dated 28 August 2013 (as amended and as may be further amended) in relation to the Sub-Fund (the "**Agreement**"), 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 Investment Manager is regulated by the U.S. Securities and Exchange Commission ("**SEC**") ARD No. 104571. As at 30 April 2017 the Investment Manager had approximately $194.3 billion assets under management.

The Agreement provides that the Investment Manager shall be responsible for loss to the Fund to the extent such loss is due to negligence (whether through an act or omission), willful default or fraud by itself, its directors, officers, servants, employees, agents and appointees. The Investment Manager shall indemnify and keep indemnified and hold harmless the Fund in the circumstances set out in the Agreement.

The Agreement shall continue in force until terminated pursuant to the Agreement's terms. Either party may terminate the Agreement by giving not less than three months' prior written notice (or such other period as may be mutually agreed between the parties). The Agreement may be terminated at any time in the circumstances set out in the Agreement.

5. RISK MANAGER

Pursuant to a risk management agreement dated 26 August 2010, as amended (the "**Risk Management Agreement**"), Morgan Stanley & Co. International 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.

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.

6. BORROWING AND LEVERAGE

The Fund may directly borrow money in an amount up to 10% of its net assets at any time for the account of any Sub-Fund and the Fund may charge the assets of the Sub-Fund as security for any such borrowing, provided that such borrowing is only for temporary purposes.

In accordance with the requirements of the Central Bank, the global exposure generated through the use of derivatives, as measured using the commitment approach, will be limited to 100% of the Net Asset Value. The maximum leverage of the Sub-Fund, as measured by the commitment approach, will not exceed 100% of Net Asset Value of the Sub-Fund. For the avoidance of doubt, the total exposure of the Sub-Fund (being the Net Asset Value of the Sub-Fund combined with its global exposure) may not exceed 200% of the Net Asset Value of the Sub-Fund.

7. RISK FACTORS

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

7.2 The following additional risk factors also apply:

Investment in Non-Investment Grade securities:

The Sub-Fund invests in non-investment grade debt securities, which are considered speculative and are subject to greater volatility and risk of loss than investment grade debt securities, particularly in deteriorating economic conditions. In addition, the issuers of non-investment grade securities are more likely to default in payment of principal and /or interest on the debt security, resulting in loss for the Sub-Fund.

Dependence on Key Individuals

The success of the Sub-Fund depends upon the ability of the principals of the Investment Manager to develop and implement investment strategies that achieve the Sub-Fund's investment objective. If the principals, including Tad Rivelle, Laird R. Landmann and Stephen M. Kane, were to become unable to participate in the management of the Sub-Fund, the consequence to the Sub-Fund could be material and adverse and could lead to the premature termination of the Sub-Fund.

Currency Risk

The Base Currency of the Sub-Fund is USD. Shareholders may subscribe in Pounds Sterling, US Dollars or Euros into the GBP, USD and EUR denominated Share Classes respectively.

The GBP and EUR denominated Shares are Currency Hedged Share Classes. Shareholders in the Currency 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.

Moreover if the underlying currency in which a debt security that the Sub-Fund invests in is denominated declines in value as compared to USD, this may negatively impact the performance of the Sub-Fund.

Investment in Russia

Investment in securities listed on Russian exchanges is subject to heightened risks. Political and economic instability may occur and is likely to have a greater impact on the securities markets and the economy in Russia. Foreign investment is affected by repatriation and currency convertibility. Adverse government policies and taxation laws may also have an impact on the Sub-Fund's investments. The legal and regulatory environment is sometimes uncertain and the standards of corporate governance, accounting, auditing and reporting standards may not provide the same degree of investor information and protection as would apply in more developed markets. Furthermore, the settlement, clearing, registration and custody procedures may be underdeveloped which increases the risk of error, fraud or default.

Investments in Emerging Markets

Compared to developed markets, emerging markets usually present a greater degree of risk, such as less publicly available information; more volatile markets; less liquidity or available credit; political or economic instability; less strict securities market regulation; less favourable tax or legal provisions; price controls and other restrictive governmental actions; a greater likelihood of severe inflation; unstable currency; and war and expropriation of personal property.

The inefficiency of the markets, the poor quality and reliability of official data published by governments or security exchanges and the non-uniformity of accounting and financial reporting standards make the analysis of emerging markets more complex and investment opportunities riskier. Additionally, low volume levels and low liquidity levels constitute entry and exit barriers magnified by the legal restrictions imposed by certain emerging markets governments.

Identity of Beneficial Ownership and Withholding on Certain Payments.

In order to avoid a US withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed US investments, the Sub-Fund will be required by Irish Law to identify certain direct and indirect US account holders and equity holders. A non-US investor in the Sub-Fund will generally be required to provide to the Sub-Fund information which identifies its direct and indirect US ownership. Any such information provided to the Sub-Fund reported to the Irish government, which will subsequently share such information with the US Internal Revenue Service. A non-US investor that is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the IRC will generally be required to enter into an agreement with the Service by 1 January 2014 identifying certain direct and indirect US account holders and equity holders or be covered by an intergovernmental agreement requiring similar reporting to the relevant foreign government. A non-US investor who fails to provide such information to the Sub-Fund or enter into such an agreement with the Service, as applicable, would be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed US investments of the Sub-Fund. Shareholders should consult their own tax advisers regarding the possible implications of this legislation on their investments in the Sub-Fund.

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, repo or securities lending 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 and the collateral management process in respect of the Sub-Fund.

Investments in Asset-Backed Securities

Asset-backed securities are bonds or notes backed by the lending or receivables originated by banks, credit card companies or other credit providers. The impairment of value of underlying collateral or assets for an asset-backed security may result in decrease in value of such asset-backed securities. The principal of asset-backed securities may be prepaid at any time. As a result, Sub-Fund may have to replace them with investments having lower yield. Similarly, a slowdown in prepayments during a rising interest rate environment may result in wider price fluctuation in price of the security.

Investments in Mortgage-Backed Securities

Mortgage-backed securities represent participation in pools of residential mortgage loans purchased from individual lenders by a federal agency or originated and issued by private lenders. The principal of mortgage-backed securities may be prepaid at any time. As a result, the Sub-Fund may have to replace them with investments having lower yield. Any acceleration or slowdown in prepayment rates for a mortgage-backed security may impact the effective maturity of the security, resulting in higher volatility. The value of the securities may also fluctuate in line with market assessment of creditworthiness of the borrowers. Additionally, although mortgage-backed securities are generally supported by a government or private guarantee; there is no assurance that such guarantee providers will meet their obligations.

Investment in STRIPS

The yield to maturity on an interest only or principal only class of STRIPs is extremely sensitive not only to changes in prevailing interest rates but also to the rate of principal payments (including prepayments) on the underlying assets. A rapid rate of principal prepayments may have a measurably adverse effect on the Sub-Fund’s returns to the extent it invests in interest only bonds. If the assets underlying the interest only bond experience greater than anticipated prepayments of principal, the Sub-Fund may fail to recoup fully their initial investments in these securities. Conversely, principal only bonds tend to increase in value if prepayments are greater than anticipated and decline if prepayments are slower than anticipated.

Investments in Non-Publicly traded and rule 144A Securities

Non-publicly traded and Rule 144A Securities may involve a high degree of business and financial risk and may result in substantial losses. These securities may be less liquid than publicly traded securities, and the Sub-Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid by a Sub-Fund. Further, companies whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded. A Sub-Fund‘s investment in illiquid securities is subject to the risk that should the Fund desire to sell any of these securities when a ready buyer is not available at a price that is deemed to be representative of their value, the Net Asset Value of the Sub-Fund could be adversely affected.

Investments in Unrated Securities

The Sub-Fund may purchase securities that are not rated by a rating agency. If the Investment Manager determines the security to be of comparable quality to a rated security than the success of such investment in meeting the investment objective depends heavily on the analysis of creditworthiness done by the Investment Manager. Analysis of credit worthiness of comparable non-investment grade securities may be very complex and hence the Investment Manager may not be able to accurately evaluate such securities’ comparable quality to a rated security.

Settlement Risks

The Sub-Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. Market practices in a number of less developed markets in relation to the settlement of securities transactions and custody of assets will provide increased risk. The clearing, settlement and registration systems available to effect trades in such markets are significantly less developed than those in more mature world markets which can result in delays and other material difficulties in settling trades and in registering transfers of securities. Problems of settlement in these markets may affect the NAV and liquidity of the Sub-Fund.

Accounting Standards

The accounting, auditing and financial reporting standards currently adopted in some of the markets that the Sub-Fund will invest may be different from and may not be equivalent to those applicable to companies of certain other economies including but not limited to the United States and the United Kingdom. Less audited information in respect of its investments may be available to the Sub-Fund than in respect of investments in the United States or the United Kingdom.

8. DIVIDEND POLICY

Shares are available either as Distribution Shares or Accumulation Shares. Distribution Shares will pay dividends while Accumulation Shares will not pay dividends.

The Directors intend to declare dividends in respect of the Shares belonging to Distribution Share Classes in respect of substantially all of the net income arising from the assets attributable to such Shares. Net capital gains realised on the Sub-Fund’s investments are expected to be retained by the Sub-Fund, which will result in an increase in the Net Asset Value of the Shares. The Board of Directors nevertheless retains the right to declare dividends in respect of such capital gains in its sole discretion.

Dividends are normally expected to be distributed at the end of June and December of each year, where profits are available, or at such other times determined by the Directors, in accordance with the provisions of the Prospectus and Memorandum and Articles of Association.

The income and gains of the Accumulation Shares will be accumulated in the price of the Shares of that Class. To the extent that a dividend is declared in respect of a Distribution Share, it will be automatically reinvested in such further Distribution Shares of the same Class at a price per Share equal to the Subscription Price for such Shares on the Business Day on which such dividends are paid out of the Sub-Fund.

Under the Articles, the Directors are entitled to pay such dividends on any class of Shares at such times as they think appropriate and as appear to be justified out of the profits of the Sub-Fund, being (i) the accumulated revenue (consisting of all revenue accrued including interest and dividends earned by the Sub-Fund) less expenses and/or (ii) realised and unrealised capital gains on the disposal/valuation of investments and other funds less realised and unrealised accumulated capital losses of the Sub-Fund, provided in each case that dividends may only be paid out of funds available for the purpose which may be lawfully distributed.

Each dividend declared on any outstanding Shares of the Sub-Fund will, at the election of each Shareholder, be paid in cash or in additional shares of the Share Class. This election should be made by the Shareholder while making an investment by indicating in the Application Form and can be changed by giving a written notice to the Fund at any time prior to the record date for a particular dividend or distribution, through the medium mentioned in the Application Form. If no election is made, all dividend distributions will be paid in the form of additional Shares. Such reinvestment will be made at the Net Asset Value per Share of the Share Class as of the Business Day on which such dividends are paid out of the Sub-Fund.

Upon the declaration of any dividends to Shareholders of a Share Class, the Net Asset Value of Shares of that Share Class will be reduced by the amount of such dividends. Payments of the dividends shall be made as indicated on a Shareholder’s Application Form, as amended from time to time, to the address or account indicated on the register of Shareholders. Where Shareholders elect reinvestment of dividends in additional Shares, each dividend due to the Shareholder will be credited to the Share Class by the Administrator for subscription of further shares.

With respect to the Distribution Shares, the Sub-Fund operates a policy known as “income equalisation”.

The income equalisation policy intends to ensure that the income per Share which is distributed or deemed distributed in the respect of a distribution period is not affected by the number of Shares in issue during that period, and the amount of the first distribution received by a Shareholder in respect of a relevant Share Class during the distribution period following subscription in the Share Class will represent partly a participation in income received by the Share Class and partly a return of capital (the ‘equalisation amount’).

Allocation of income to holders of any Shares which are specified as Accumulation Shares will be transferred to the capital assets of the Sub-Fund upon declaration and be reflected in the value of Shares on the first Business Day following the end of that period.

To the extent that any dividend is declared, it will be paid in compliance with applicable laws. Any distribution of income for Shares that is unclaimed for a period of six years after having become due for payment, shall be forfeited and shall revert to the Sub-Fund.

9. KEY INFORMATION FOR PURCHASING AND SELLING

Base Currency

USD

Classes of Shares

Shares in the Sub-Fund will be available in different Classes as follows:

Class	Acc/Dist	Currency Denomination	Currency Hedged Shares	Initial Issue Price per Share	Minimum Initial Subscription	Management Fee	Minimum Subsequent Subscription /Minimum Repurchase Amount	Minimum Holding
Class B1 USD Shares	**Acc**	**US Dollar**	**No**	**US$1,000**	**US$ 1,000,000**	**0.55%**	**$10,000**	**1,000 Shares**
Class B1 EUR Shares	**Acc**	**Euro**	**Yes**	**€1,000**	**€ 1,000,000**	**0.55%**	**€10,000**	**1,000 Shares**
Class B1 GBP Shares	**Acc**	**Pound Sterling**	**Yes**	**£1,000**	**£ 1,000,000**	**0.55%**	**£10,000**	**1,000 Shares**
Class I USD Shares	**Acc**	**US Dollar**	**No**	**US$1,000**	**US$ 1,000,000**	**0.80%**	**$10,000**	**1,000 Shares**
Class I EUR Shares	**Acc**	**Euro**	**Yes**	**€1,000**	**€1,000,000**	**0.80%**	**€10,000**	**1,000 Shares**
Class I GBP Shares	**Acc**	**Pound Sterling**	**Yes**	**£1,000**	**£ 1,000,000**	**0.80%**	**£10,000**	**1,000 Shares**
Class P USD Shares	**Acc**	**US Dollar**	**No**	**US$1,000**	**US$ 250,000**	**0.80%**	**$10,000**	**250 Shares**
	Acc							

Class P EUR Shares		**Euro**	**Yes**	**€1,000**	**€250,000**	**0.80%**	**€10,000**	**250 Shares**
Class P GBP Shares	**Acc**	**Pound Sterling**	**Yes**	**£1,000**	**£ 250,000**	**0.80%**	**£10,000**	**250 Shares**
Class A USD Shares	**Acc**	**US Dollar**	**No**	**US$1,000**	**US$ 10,000**	**1.60%**	**$1,000**	**N/A**
Class A EUR Shares	**Acc**	**Euro**	**Yes**	**€1,000**	**€10,000**	**1.60%**	**€1,000**	**N/A**
Class A GBP Shares	**Acc**	**Pound Sterling**	**Yes**	**£1,000**	**£ 10,000**	**1.60%**	**£1,000**	**N/A**
Class I USD Shares	**Dist**	**US Dollar**	**No**	**US$1,000**	**US$ 1,000,000**	**0.80%**	**$10,000**	**1,000 Shares**
Class I EUR Shares	**Dist**	**Euro**	**Yes**	**€1,000**	**€1,000,000**	**0.80%**	**€10,000**	**1,000 Shares**
Class I GBP Shares	**Dist**	**Pound Sterling**	**Yes**	**£1,000**	**£ 1,000,000**	**0.80%**	**£10,000**	**1,000 Shares**
Class P USD Shares	**Dist**	**US Dollar**	**No**	**US$1,000**	**US$ 250,000**	**0.80%**	**$10,000**	**250 Shares**
Class P EUR Shares	**Dist**	**Euro**	**Yes**	**€1,000**	**€250,000**	**0.80%**	**€10,000**	**250 Shares**
Class P GBP Shares	**Dist**	**Pound Sterling**	**Yes**	**£1,000**	**£ 250,000**	**0.80%**	**£10,000**	**250 Shares**
Class A USD Shares	**Dist**	**US Dollar**	**No**	**US$1,000**	**US$ 10,000**	**1.60%**	**$1,000**	**N/A**
Class A EUR Shares	**Dist**	**Euro**	**Yes**	**€1,000**	**€10,000**	**1.60%**	**€1,000**	**N/A**
Class A GBP Shares	**Dist**	**Pound Sterling**	**Yes**	**£1,000**	**£ 10,000**	**1.60%**	**£1,000**	**N/A**

The limits set out above may be raised, lowered or waived at the discretion of the Directors. Shareholders will be notified in advance of any permanent change to the Minimum Initial Subscription Amount, the Minimum Subsequent Subscription Amount, the Minimum Holding and/or the Minimum Repurchase 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.

The Class B1 Shares will be the initial investor Share Classes. It is therefore expected that the Class B1 Shares will only be available for subscription until the net assets of the Sub-Fund reach EUR 20 million, or such other amount as may be determined by the Directors from time to time in their absolute discretion. Confirmation can be obtained from the Distributor as to whether any of these Share classes are currently being offered for subscription at any time after the initial offer period set out below.

The GBP and EUR denominated Share Classes are Currency Hedged Share Classes. In respect of the Currency Hedged Share Classes the Investment Manager will seek to hedge against the risk of currency movements between the Base Currency of the Sub-Fund and the currency in which the relevant Currency Hedged Share Class is denominated. Such transactions will be allocated solely to the relevant Currency Hedged Share Class. Therefore, currency exposures of different currency Classes may not be combined or offset and currency exposures of assets of the Sub-Fund may not be allocated to separate Share Classes. Investors in GBP and EUR denominated Share Classes are referred to the description and risks related to Currency Hedged Share Classes in the section of the Prospectus headed “Risk Factors”.

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.

Initial Offer Period for each Share Class

For the following Accumulation Share Classes: Class A GBP Shares, Class B1 USD Shares, Class B1 GBP Shares, Class I GBP Shares, and Class P GBP Shares, the Initial Offer Period will be from 9.00 a.m. (Irish time) on 24 July 2017 until 5.30 p.m. (Irish time) on 23 January 2018 as may be shortened or extended by the Directors in accordance with the requirements of the Central Bank of Ireland.

For all Distribution Share Classes (save for the Class I GBP Shares), the Initial Offer Period will be from 9.00 a.m. (Irish time) on 24 July 2017 until 5:30 p.m. (Irish time) on 23 January 2018 as may be shortened or extended by the Directors in accordance with the requirements of the Central Bank of Ireland.

All other Share Classes are issued at their Net Asset Value per Share on each Dealing Day.

Business Day

Every day (except legal public holidays in the United Kingdom, United States of America or Ireland or days on which the stock markets in London or New York are closed) during which banks in Ireland and the United Kingdom and New York are open for normal business and/or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders.

Dealing Day

Every day (except legal public holidays in the United Kingdom, United States of America or Ireland or days on which the stock markets in London or New York are closed) during which banks in Ireland and the United Kingdom and New York are open for normal 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

4 PM Irish time 1 Business Day prior to the relevant Dealing Day.

The Directors may, in their discretion and in exceptional circumstances, waive the Dealing Deadline either generally or in relation to any specific subscription provided that applications are received prior to the Valuation Point for that particular Dealing Day.

Settlement Date

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

Day.

In the case of redemptions, 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

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 of the markets relevant to the underlying assets to which the FDIs relate or such other time as the Directors may determine from time to time and notify to Shareholders. For the avoidance of doubt, the time at which the Net Asset Value is determined will always be after the Dealing Deadline.

10. CHARGES AND EXPENSES

Initial, Exchange and Repurchase Charges

With respect to Class A GBP Shares, Class A USD Shares and Class A EUR Shares, the Sub-Fund may on any Dealing Day require a Shareholder to pay an initial charge of up to 5% of the issue price of such Shares on that Dealing Day. Any initial charge received by the Sub-Fund may be paid to the Distributor, or any sub-distributor or intermediary, who has the discretion to waive or rebate such charge.

With respect to Class P GBP Shares, Class P USD Shares and Class P EUR Shares, the Sub-Fund may on any Dealing Day require a Shareholder to pay an initial charge of up to 3% of the issue price of such Shares on that Dealing Day. Any initial charge received by the Sub-Fund may be paid to the Distributor, or any sub-distributor or intermediary, who has the discretion to waive or rebate such charge.

No exchange or repurchase charges shall be payable in respect of the Shares.

The Sub-Fund may impose an anti-dilution levy or adjustment on the issue or repurchase of Shares as further described in the section of the Prospectus entitled **Issue and Repurchase Prices/Calculation of Net Asset Value/Valuation of Assets**. Investors should note that this anti-dilution levy includes any cost associated with the purchase or sale of investments including, without limitation, all stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees, registration fees and other transaction costs.

Management Fee

The Fund will pay to the Investment Manager from the assets attributable to each Class of Shares of the Sub-Fund the following fees ("**Management Fees**") which are based on a percentage of net assets attributable to such Class of Shares, which is accrued daily and paid monthly in arrears at an annual rate set out below:

1.60% per Class A GBP Share, Class A USD Share and Class A EUR Share (collectively, the "**Class A Shares**");

0.80% per Class **I** GBP Share, Class **I** USD Share and Class **I** EUR Share (collectively, the "**Class I Shares**");

0.80% per Class P GBP Share, Class P USD Share and Class P EUR Share (collectively, the "**Class P Shares**");

0.55% per Class B1 GBP Share, Class B1 USD Share and Class B1 EUR Share (collectively, the "**Class B1 Shares**")

Risk Management, Administrator's and Depositary's Fees

The Fund will pay the Promoter, out of the assets of the Sub-Fund, a fee which will not exceed 0.40% per annum of the net assets of the Sub-Fund and will be accrued daily and paid monthly in arrears.

The Promoter will, inter alia, pay the fees and expenses of the Administrator and Depositary in full out of this fee and will be entitled to retain any excess after payment of such fees for risk management services provided by the Promoter.

Notwithstanding the above, any transaction charges, reasonable fees and customary agents' charges due to any sub-custodian (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.

Ongoing Charges and Expenses

The additional charges and expenses specified in the section entitled **Ongoing Charges and Expenses** in the Prospectus will, save in respect of the fees of the Distributor, be paid out of the assets of the Sub-Fund. The Investment Manager will be responsible for discharging the fees of the Distributor out of its own fees.

11. 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.

12. HOW TO REPURCHASE 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.

13. 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.

14. ESTABLISHMENT CHARGES AND EXPENSES

The cost and expenses of establishing the Sub-Fund were paid by Morgan Stanley & Co. International plc.

15. 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.**

16. OTHER INFORMATION

As at the date of this Supplement, there are fifty 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 Select Asia Pacific Fund, MS Algebris Global Financials UCITS Fund, Indus PacifiChoice Asia Fund, MS Ascend UCITS Fund, MS Alkeon UCITS Fund, RiverCrest European Equity Alpha Fund, MS SLJ Macro UCITS Fund, MS QTI UCITS Fund, MS Turner Spectrum UCITS Fund, MS Long Term Trends UCITS Fund, MS Discretionary Plus 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 Fideuram Equity Smart Beta Dynamic Protection 80 Fund, MS Nezu Cyclicals Japan UCITS Fund, MS Scientific Beta Global Equity Factors UCITS ETF, MS Kairos Enhanced Selection UCITS Fund, 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 Growth Fund, Smartfund 80% Protected Balanced Fund, MSCI China A International Fund, Mariner Lenus Healthcare UCITS Fund, Smartfund Cautious Fund, Smartfund Balanced Fund, Smartfund Growth 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, Abante 80% Proteccion Creciente Fund, Cautious 85% Protected Fund, Moderate 80% Protected Fund, Equity Risk Managed Fund, Cube Global Cross Assets Fund, CZ Absolute Alpha UCITS Fund and Investcorp Geo-Risk Fund.