

## **FUND SUPPLEMENT**

in relation to the offer of shares in the

### **Vilhena Sterling Income Fund**

a Sub-Fund of  
**Vilhena Funds SICAV p.l.c.**

(A company organised as a multi-fund investment company with variable share capital pursuant to the Companies Act, Cap 386 of the Laws of Malta, registered on the 10 October 1997 bearing Registration Number SV4 and licensed by the Malta Financial Services Authority as a collective investment scheme pursuant to the Investment Services Act, Cap 370 of the Laws of Malta and the UCITS Directive)

**31 May 2018**

**This Fund Supplement is being issued pursuant to a public offering of Shares in the Vilhena Sterling Income Fund (the "Fund") and contains supplemental information to that contained in the Prospectus dated 11 May 2018 issued by Vilhena Funds SICAV p.l.c. (the "Prospectus"). This Fund Supplement contains specific information in relation to the Fund. It forms part of and must be read in the context of and together with the Prospectus. Distribution of this Fund Supplement, which forms part of the Prospectus, is not authorised unless accompanied by a copy of the Prospectus. This Fund comprises one GBP Share Class, constituting Distribution Shares.**

**This Fund Supplement defines certain important terms in relation to the Fund, which is a sub-Fund of the Vilhena Funds SICAV p.l.c. The Fund was created on the 2 December 2013 following a transfer of all assets and liabilities of the La Valette Sterling Income Fund, a sub-fund of a separate scheme named the 'La Valette Funds SICAV p.l.c.'. In consideration of the said transfer, the shareholders in the La Valette Sterling Income Fund received units in the Fund of an equal value (the "Transfer").**

**The MFSA, the Listing Authority and the Malta Stock Exchange accept no responsibility for the contents of this Fund Supplement, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this Fund Supplement.**

**This Fund Supplement, which is an updated version of the Fund Supplement dated 11 February 2016, has been updated to reflect changes in the name of the Investment Manager.**

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## 1 KEY FEATURES OF THE FUND

The following are the key features of the Fund:

<b>Currency of Denomination of class of Shares</b>	<b>GBP</b>
<b>Distribution/Accumulation Shares</b>	One class constituting Distribution Shares
<b>Share Prices (based on the Net Asset Value per share)</b>	Priced Daily using single pricing
<b>Upfront Fees<sup>1</sup></b>	Up to 3% currently discounted to 2%
<b>Exit Fees (calculated on the redemption values and will be automatically deducted therefrom)</b>	An exit fee structure applies as follows:  0.75% for investments held for less than 3 years; 0.5% for investments held between 3 & 5 years; 0.25% for investments held between 5 & 7 years.  No exit fee applies for investments held for more than 7 years. <sup>2</sup>
<b>Minimum Initial Lump Sum Investment/Holding</b>	Minimum GBP1,000
<b>Monthly Investment Plan</b>	Minimum GBP30 monthly
<b>Administrator Fee<sup>3</sup></b>	0.25%
<b>Management Fee<sup>4</sup></b>	0.75%
<b>Malta Stock Exchange Listing</b>	Not listed
<b>Historical Performance</b>	For information on the historical performance of the Fund, please view such information on the Manager's website, <a href="http://www.bovassetmanagement.com">www.bovassetmanagement.com</a>
<b>Manager</b>	BOV Asset Management Limited

<sup>1</sup> Upfront Fees are calculated on the investment amounts and will be automatically deducted therefrom. No upfront fees will be charged to the Shareholders who have been issued Shares in the Fund pursuant to the Transfer (as defined in the front page of this Fund Supplement).

<sup>2</sup> Investments previously held in the La Valette Sterling Income Fund prior to the Transfer shall be taken into consideration when determining the exit fee applicable.

<sup>3</sup> Quoted as a percentage of the Net Asset Value of the Fund.

<sup>4</sup> Quoted as a percentage of the Net Asset Value of the Fund.

<b>Administrator</b>	Valletta Fund Services Limited
<b>Custodian and Banker</b>	Bank of Valletta p.l.c.
<b>Sub-Investment Manager</b>	Insight Investment Management (Global) Limited

## 2 DEFINITIONS

Capitalised terms used in this Fund Supplement have the same meaning as in the Prospectus except where they are defined herein, in which case they shall have the meaning attributed to them in this Fund Supplement.

<b>Class/es</b>		the distribution and/or the accumulation Classes of the Fund;
<b>"Company" "Scheme"</b>	<b>or</b>	Vilhena Funds SICAV p.l.c.;
<b>"Fund"</b>		Vilhena Sterling Income Fund;
<b>"Fund Supplement"</b>		this supplement in its entirety;
<b>"Prospectus"</b>		the prospectus of the Scheme dated XXX, as the same may be updated, supplemented and/or restated from time to time.
<b>"Shares"</b>		any such shares in the Fund issued from time to time;
<b>"Sub-Investment Manager"</b>		Insight Investment Management (Global) Limited, a limited liability company incorporated in England and Wales having its registered office at 160 Queen Victoria Street, England, EC4V 4LA, UK.

### **3 INVESTMENT OBJECTIVES, POLICIES, PERMISSIBLE INVESTMENT INSTRUMENTS AND INVESTMENT RESTRICTIONS**

#### **3.1 Investment Objective**

The investment objective of the Fund is to aim to achieve a high level of income, with the possibility of capital growth, through investment in Transferable Securities consisting principally of investment grade fixed and/or variable rate debt securities.

At any time, the investment objective of the Fund will only be changed with the approval of the Shareholders of the Fund.

#### **3.2 Investment Policies**

The Sub-Investment Manager will seek to attain the Fund's investment objective through a careful selection of fixed and/or variable rate of investment grade listed debt securities of issuers which may be based in or outside the UK. The Fund's portfolio may be invested in both sterling and non-sterling denominated investment grade debt securities with various maturity dates.

When investing in non-sterling denominated debt securities, the Sub-Investment Manager will, generally, hedge such currency exposures through the use of forward foreign exchange contracts. (No other techniques or instruments will currently be used for hedging non sterling currency exposures). However, the Sub-Investment Manager reserves the right not to hedge where, in its view, it is not in the interest of the Fund to do so.

Subject to the investment restrictions specified in Section 4 under the heading 'General Investment Restrictions' of the Prospectus, there is no restriction to the Fund's exposure:

- between sterling and non-sterling denominated debt securities;
- between debt securities of issuers in different markets;
- between debt securities of issuers in any one market.

Subject to the investment restrictions specified in Section 4 under the heading 'General Investment Restrictions' of the Prospectus, the Fund may invest:

- i. up to 10% of its Net Asset Value in sub-investment grade debt securities.

Investment grade debt securities are considered as debt securities which afford high or adequate protection against losses for credit defaults by the respective issuers. Sub-investment grade debt securities are highly speculative debt securities offering minimum protection or practically no protection against losses from credit defaults by the respective issuers.

In this respect, the Fund's investment grade debt securities will typically fall under the "AAA", "AA", "A" and "BBB" rated debt securities as measured by Standard & Poor's (S & P's) or equivalent quality ratings available by other reputable rating agencies. Debt securities rated as "BB" or below by S & P's (or equivalent quality ratings) would be of sub-investment grade. (Please refer to Appendix II for further details on credit ratings).

The Fund may also invest, to a limited extent, in debt securities for which a credit rating is not available.

- ii. in the aggregate, up to 25% of its Net Asset Value in debt securities issued by different corporate issuers for which a credit rating is not available. In such cases, the market capitalisation of such issuers will be in excess of Euro 50 million.
- iii. up to 10% of its Net Asset Value in debt securities which are not traded in or dealt on a market which:
  - a) the Custodian and the Manager have agreed between themselves as being appropriate for the Fund;
  - b) is regulated, operates regularly, is recognised and is open to the public;
  - c) has adequate liquidity and adequate arrangements in respect of the transmission of income and capital.

The Fund may not invest more than 10 per cent of its net asset value in collective investment schemes.

The Directors may, at their sole discretion, alter the investment policies as set out above provided that any material change therein shall be notified to the Shareholders of the Fund.

### **3.3 General Policies**

The Fund may also, from time to time, invest its assets in Money Market Instruments, money market or cash funds, and cash deposits, if, in the opinion of the Manager, the prevailing market and economic conditions warrant the adoption of such a policy but within the limitations specified in Section 4 under the heading 'General Investment Restrictions' of the Prospectus.

### **3.4 Permissible Investment Instruments & Investment Restrictions**

For more detailed information on the permissible investment instruments to be made by the Fund, please refer to Section 3 entitled '*Permissible Investment Instruments*' of the Prospectus.

The Fund is also subject to certain investment restrictions laid out in section 4 entitled '*General Investment Restrictions*' of the Prospectus.

## **4 RISK FACTORS**

**INVESTMENT IN THE FUND IS SUBJECT TO RISK FACTORS. THE SPECIFIC RISK FACTORS HIGHLIGHTED BELOW SHOULD BE READ IN CONJUNCTION WITH THE RISK FACTORS SET OUT IN THE PROSPECTUS UNDER THE HEADINGS 'RISK FACTORS' AND 'FINANCIAL DERIVATIVE INSTRUMENTS AND THEIR RISKS' UNDER SECTIONS 5 AND 6, RESPECTIVELY.**

### **Interest Rate Risk**

Interest rate risk refers to fluctuations in the value of fixed income securities, including corporate and other debt instruments, resulting from changes in interest rates. In general, if interest rates rise, fixed income security prices fall. In addition, interest rate risk tends to increase as the duration of a fixed income security increases.

### **Credit Risk**

Credit risk refers to the possibility that the issuer of a security will be unable, or is perceived to be unable, to make interest payments and/or repay the principal on its debt.

### **Liquidity Risk**

Liquidity risk is the risk that the Fund will not be able to pay redemption proceeds within the normal time periods described in the Prospectus and this Fund Supplement because of unusual market conditions, an unusually high volume of redemption requests or other reasons. In such circumstances, the Manager may limit the total number of shares to be redeemed on any Dealing Day (see section entitled *Deferral of Redemption of Shares* under section 7.3 of the Prospectus) and may also temporarily suspend determination of the Fund's Net Asset Value together with the sale and repurchase of shares (see section entitled *Temporary Suspension of Redemption of Shares* under section 7.3. and section 7.7 of the Prospectus).

### **Investments in Collective Investment Schemes**

The Fund invests in Collective Investment Schemes, which implies that its investment prospects and performance is closely linked to the prospects and performance of the underlying Collective Investment Schemes in which they invest.

### **Specific risks in respect of investing in emerging countries**

The Fund may invest in emerging markets. Investments in emerging markets can be subject to risks not normally associated with more developed markets. These risks mainly relate to the instability of the economies of emerging markets, political uncertainties and, in some cases, the illiquidity of the market.

Investors should be aware that any downturn in the economies of emerging countries might adversely affect the servicing and ultimate repayment of the investments of the Fund. Additionally, market practices in relation to the settlement of securities transactions and the custody of assets in emerging markets can provide increased risk of loss to the Fund.

### **Investments in sub investment grade securities**

The Fund will principally invest in fixed income/debt securities which expose the Fund to the risk that an issuer may default on the payment of interest, principal or both. Credit risk, a fundamental risk relating to all debt securities as, is the chance that an issuer will fail to make principal and interest payments when due. Even in the absence of the issuer's default, if the mark-to-market value is lower than the cost of the investment,



the Fund may suffer immediate diminution in the net asset value, even if the Fund holds that investment to maturity and yields a profit.

The Fund may invest part of a substantial part of its assets in sub investment grade securities.

Sub investment grade securities offer a very low level of protection towards the honouring of principal and interest payments by issuers. The lower the rating of a sub investment grade security, the lower the protection (if at all) afforded against credit defaults by the respective issuers.

Investment in sub investment grade securities may subject the Funds to higher credit risk and higher market risk than that normally associated with investment in investment grade securities. Under adverse economic and/or market conditions or specific issuer risk, there is also a risk that highly leveraged issuers may be unable to service their debt obligations or to repay their obligations upon maturity. In addition, such securities may be more illiquid (i.e., harder to value and sell) than higher-rated securities. Accordingly their buying and selling may be time consuming and may need to be effected at unfavourable prices. In addition, such illiquidity may require that such securities' valuation be dependent upon a valuer's opinion.

### **Nature of the Fund**

Due to the risks associated with investment in sub investment grade securities, investment in this Fund is only suitable to investors who are willing to accept such risks. As with all the other Funds, prospective investors should consider carefully the information contained in this section as well as all other information contained in the Prospectus and this Fund Supplement before making an investment decision concerning the Fund.

### **Investments on the Malta Stock Exchange**

The Fund invests in debt and equity securities quoted on the Malta Stock Exchange. The Malta Stock Exchange is a relatively new market when compared to more established markets and accordingly the investments that can be made thereon are limited. This may lead to an exposure to a particular security or industry sector which is higher than that normally associated with a diversified portfolio. This may expose the Fund to higher levels of volatility and may adversely affect the performance of the Fund.

Some Maltese companies listed on the Malta Stock Exchange impose, through their constitutional documents, a ceiling on the equity holding that any one particular investor may, directly or indirectly hold in such companies. In this respect investors should be aware that the Manager might be restricted in implementing the Fund's investment policies by virtue of such impositions.

Despite the fact that such securities are listed, the market in such securities may be illiquid. The trading volumes on emerging stock exchanges such as the Malta Stock Exchange are substantially less than the world's leading stock markets. Accordingly the buying and selling of securities may be time consuming and may need to be effected at unfavourable prices. Although it is not envisaged that this should create any difficulty in valuing the Fund's investments, reduced secondary market liquidity may have an adverse effect on the market price of such securities and the Company's ability to dispose of particular securities to meet its liquidity requirements.

### **Investments in the securities of smaller companies**

The Fund may invest in the securities of smaller companies. Investments in the securities of smaller companies can involve greater risk than is customarily associated with investments in larger, more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on one or two key individuals. This may result in investments in such companies to be more volatile than that in larger companies.

**Investments in the securities of unquoted companies**

The Fund may invest in securities of unquoted companies. Investment in unquoted companies can be subject to risks not normally associated with quoted securities. These risks mainly relate to the illiquidity of the market.

**Investment in financial derivative instruments**

For the purposes of the efficient portfolio management, the Fund may invest in financial futures and options, forward currency transactions, interest rate and currency swaps and related derivatives. The term "efficient portfolio management" refers to transactions that are entered into with the aim of reducing risk, reducing cost or generating additional capital for the Fund with an appropriate level of risk, taking into account the risk profile of the Fund. Please refer to the risks associated with financial derivative instruments described in section 6.2 under the heading "*Financial Derivative Instruments and their Risks*" of the Prospectus.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUND. PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE OFFERING DOCUMENT AND FUND SUPPLEMENT AND CONSULT THEIR OWN COUNSEL AND ADVISORS BEFORE DECIDING TO INVEST IN THE FUND

## **5 BUYING, SELLING AND SWITCHING**

### **5.1 Dealing Prices**

The dealing price per share for buying Shares (the issue price per Share) will be equivalent to the Net Asset Value per Share for each Class of Shares in the Fund.

An initial charge, as set out in Section of 1 of this Fund Supplement under the heading '*Key Features of the Fund*', is applicable for buying Shares. This charge will be automatically deducted from the amount invested.

The dealing price per Share for selling Shares (the redemption price per Share) will be equal to the Net Asset Value per Share for each class of Shares in the Fund. In the event that exit fees apply, Shareholders shall be required to pay the applicable fee.

The dealing prices applicable for switching Shares between funds of the Company are the applicable issue price per Shares and redemption price per Share of the applicable funds to be switched.

The Net Asset Value of the Fund will be published daily or at such other frequency as the Directors may determine from time to time in a newspaper. The Net Asset Value per Share for each class of shares in the Fund will also appear on the Manager's website on [www.bovassetmanagement.com](http://www.bovassetmanagement.com).

### **5.2 Subscription and Application Procedure**

Applications for Shares from new investors must be made on the Application Form and applications from existing Shareholders may be made either on an Application Form or in writing (including facsimile communication or by any other electronic means acceptable to the Manager and the Administrator subject that such requests are followed by the original signed instructions) through licensed financial intermediaries listed under Appendix IV of the Prospectus or directly to the Manager at the office of the Administrator. The application to purchase Shares in writing if accepted by the Manager and the Administrator, will constitute a legally binding contract. The Manager and the Administrator reserve the right to reject any application in whole or in part.

A copy of the Application Form should be retained by the applicant for own personal reference and records.

Application Forms duly completed shall be dealt with in accordance with the procedure set out under Section 7 of the Prospectus entitled '*Buying, Selling and Switching*'. Settlement should be made in accordance with the Prospectus and the instructions in the Application Form .

Applications for the purchase of shares received by the Administrator before 16:00 hours (Malta time) on a Dealing Day, if accepted by the Administrator, will be dealt at the prices calculated as at 09:00 hours (Malta time) on the following Dealing Day. Applications received by the Administrator after 16:00 hours (Malta time) on a Dealing Day as well as applications received on a Business Day which is not a Dealing Day, if accepted by the Administrator, will be carried over to the next following Dealing Day and dealt at the prices calculated as at 09:00 hours (Malta time) of the next following Dealing Day.

### 5.3 Redemption Procedure

Shareholders may, at any time, irrevocably request, via signed instructions to the Administrator, the redemption of their Shares in the Fund.

Redemption instructions may be made on a Redemption Form or in writing in a form acceptable to the Manager and the Administrator (which shall no longer include facsimile instructions) through licensed financial intermediaries or directly to the Manager.

Partial sales of Shareholdings are acceptable provided the resultant value of the Shareholding does not fall below the relevant minimum amount established for each Fund as specified in Section of 1 of this Fund Supplement under the heading '*Key Features of the Fund*'). The Administrator may, at its complete discretion, redeem a shareholding with a value of less than such minimum holding. This right will normally be waived in the case of active monthly investment plans.

Shareholders may not revoke or withdraw redemption instructions delivered to the Manager and the Administrator, even if the Directors elect to exercise their power of deferral.

Depending on the amount/s redeemed, this may result in an overall erosion of the capital invested.

Redemption instructions received at the Administrator up to 16:00 hours (Malta time) on a Dealing day, if accepted by the Administrator, will be dealt at the prices calculated as at 09:00 hours (Malta time) on the following Dealing Day. Redemption instructions received by the Administrator after 16:00 hours (Malta time) on a Dealing Day as well as redemption instructions received on a Business Day which is not a Dealing Day, if accepted by the Administrator, will be carried over to the next following Dealing Day and dealt at the prices calculated as at 09:00 hours (Malta time) on the next following Dealing Day.

Settlement of redemption proceeds will be made in accordance with the procedures set out in Section 7.3 of the Prospectus under the sub-heading "*Payment of Redemption Proceeds*".

### 5.4 Switching of Shares

Shareholders may switch Shares in one Fund ("**the Original Shares**") into Shares in another Fund (the "**the New Shares**") and are entitled to do so on any Dealing Day provided that the resultant value of the Shareholding for each Fund is not below the minimum established amounts as specified Section of 1 of this Fund Supplement under the heading '*Key Features of the Fund*').

Shareholders may also switch Shares from one Share class ("**the Original Shares**") to another Share class ("**the New Shares**") within the Fund (subject to the minimum holding and redemption requirements).

Any switching request should specify the number of Shares to be switched.

On a switch between the Original Shares and the New Shares, where the initial fee applied on the New Shares is higher than that applied on the Original Shares, the Administrator will usually charge the New Shares the difference in initial fees between the Original Shares and the New Shares. Notwithstanding, the Manager retains the right to apply up to the maximum initial fee on the New Shares.

Switching of the Original Shares comprised in a valid switch request shall be effected by the redemption of such Original Shares (save that the redemption monies shall not be released to the Shareholder) and the issue of New Shares, with such redemption and issue taking place on the same Dealing Day/s at the dealing prices as described above.

Irrevocable switching instructions received at the Administrator in respect of the Funds before 16:00 hours on any Dealing Day, if accepted by the Administrator, will be dealt at the prices calculated as at 09:00 hours on the following Dealing Day. Irrevocable switching instructions received by the Manager at the Administrator's Office after 16:00 hours on any Dealing Day as well as irrevocable switching instructions received on a Business Day which is not a Dealing Day, if accepted by the Administrator, will be dealt at the prices calculated as at 09:00 hours on the following Dealing Day.

## **6 DIVIDEND DISTRIBUTIONS**

This section applies to the Distribution class of Shares of the Fund.

### **6.1 Dividend Policy**

The Directors shall calculate, at each ex div date, the net income available for distribution, adjusted to reflect the re-allocation, if any, of part of the expenses against capital.

In the absence of unforeseen circumstances, subject to the availability of distributable profits and in the absence of exceptional market conditions, the Directors expect to distribute to shareholders on a quarterly basis, part or all of the net income available for distribution by the Fund. Any undistributed income will be reflected in the Net Asset Value per share of the Fund.

Full or part of the management fee is re-allocated from the income account to the capital account, depending on the investment objective of the Fund. This re-allocation may increase the income available for distribution to Shareholders in such Funds but may constrain or erode capital growth.

### **6.2 Dividend payment dates**

Subject to Section 6.1 above, the Directors expect to effect dividend payments as follows:

#### *(i) Annual Dividends*

In the case of the annual dividends for the Fund, payment will be effected by not later than the expiry of two months from the end of the Company's financial year ending 30 April in each year.

#### *(ii) Interim Dividends*

For the quarterly distribution period from 1 May to 31 July, 1 August to 31 October and 1 November to 31 January in each year, payment will be effected by not later than the expiry of two months of each quarter.

Should any of the above mentioned distribution dates fall on a day which is not a Business Day, the income derived in the particular period ending on the preceding Business Day will be taken into account when calculating the respective dividend.

### **6.3 Direct credits and ex div dates**

Dividend payments shall be effected by the Administrator by means of a direct credit into a bank account held in the name of the registered holder as duly instructed by the said holder in the payment instructions. In the case of a share held jointly by two or more persons, the Directors shall cause the dividend payment to be made into a bank account held in the name of any one or more of the joint holders, as duly instructed by the said holder/s, and dispatch of the dividend to the account of such holder/s shall be deemed as sufficient delivery to all and shall discharge the Company of its obligation towards the other joint holder/s. The Company shall not be responsible for any delay in transmission.

Any changes to the bank account details are to be notified to the Administrator by not later than the ex div dates mentioned below. If such changes are not notified to the

Administrator by these dates or if it transpires to the Administrator that the bank account is not held in the name of the registered holder/s, the Manager will reinvest such proceeds. Reinvestment will be made in accordance with the provisions specified in Section 6.5 below.

Only Shareholders listed on the Register of Shareholders on the 30 April, 31 July, 31 October and 31 January (ex div dates) in each year shall be entitled to receive dividend payments.

All payments are subject in all cases to any pledge (duly constituted) of the Shares and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments by the issuer in respect of the Shares shall be made net of any amount which the Company is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed or levied by or on behalf of the Government of Malta or authority thereof or therein having power to tax.

#### **6.4 Dividend Warrants**

A dividend warrant will be issued and will show all the payments effected during the year together with any final dividend which may be paid. The dividend warrant will bear a date falling after the end of the respective financial year to which the warrant relates.

#### **6.5 Reinvestment option**

Investors may elect to reinvest the dividend payments back into the Fund subject that written notification of reinvestment instructions is, (unless prior advised), received by the Administrator by not later than the ex div dates mentioned in Section 6.3 above.

#### **6.6 Dealing Days - Reinvestment Option**

Investors may elect to reinvest the dividend payments back into the Fund subject that written notification of reinvestment instructions is, (unless prior advised), received by the Administrator by not later than the ex div dates mentioned in Section 6.3 above.

Reinvestment will normally be effected by not later than the second Dealing Day following the dividend payment date at the price prevailing on the respective Dealing Day.

#### **6.7 Allocation of Income**

In terms of the Memorandum and Articles of Association of the Company the amount available for allocation in respect of the Fund shall be a sum equal to the aggregate of the income received or receivable by the Company in respect of the Fund (whether in the form of dividends, interest or otherwise) during the Accounting Period, calculated in accordance with the following: -

- (i) addition or deduction of a sum by way of adjustment to allow for the effect of sales or purchases of Investments, cum or ex-dividend;
- (ii) addition of a sum representing any interest or dividend or other income accrued but not received by the Company at the end of the Accounting Period and deduction of a sum representing (to the extent that an adjustment by way of addition has been made in respect of any previous Accounting Period) interest or dividends or other income accrued at the end of the previous Accounting Period;
- (iii) addition of the amount (if any) available for allocation in respect of the last preceding Accounting Period but not allocated in respect thereof;
- (iv) addition of a sum representing the estimated or actual repayment of tax resulting from any claims in respect of income tax relief or double taxation relief or other relief available or otherwise;

- (v) deduction of the amount of any tax or other estimated or actual liability properly payable out of the income of the Company;
- (vi) deduction of sums representing participation in income paid upon the repurchase of shares during the Accounting Period;
- (vii) deduction of such sum as the Directors may think appropriate in respect of any of the expenses provided in the Articles PROVIDED ALWAYS that the Company shall not be responsible for any error in any estimates of income tax repayments or double taxation or other relief expected by way of taxation or of income receivable, and if the same shall not prove in all respects correct, the Directors shall ensure that any consequent deficiency or surplus shall be adjusted in the Accounting Period in which a further or final statement is made of such estimated income receivable is determined, and no adjustment shall be made to any dividend previously declared; and
- (viii) deduction of any amounts declared as a distribution but not yet distributed.

### **6.8 Equalisation**

The Company shall operate an equalisation account to ensure that the amount distributed in respect of each Share will be the same for all Shares notwithstanding different dates of issue of those Shares. Accordingly, a sum equal to that part of the issue/redemption price of a Share, which reflects income (if any) accrued up to the date of issue/redemption, will be deemed to be an equalisation payment/charge and credited (in the case of Share Issues)/debited (in the case of redemptions) by the Directors to the equalisation account. Part of the first dividend to holders of Shares in respect of which equalisation payments are made, will be paid out of the equalisation account.

In theory, the excess of equalisation credits over debits should be distributed, however, in the absence of significant fluctuations between redemption and issue or creations of Shares, it is not expected to consider equalisation when determining distributions to Shareholders nor to pay to Shareholders any excess of equalisation credits over debits. Any fluctuations between redemptions and creations of Shares that could have an effect of [1] per cent or more on the Net Asset Value per Share shall be considered significant.

No equalisation in respect of the Fund's accumulated unrealised gains or losses will be effected.



## **7 MANAGEMENT & ADMINISTRATION**

### **7.1 The Board of Directors**

Information on the Company's Board of Directors is found under Section 8 of the Prospectus under the heading entitled '*Management and Administration*'.

### **7.2 The Manager**

Information on the Manager is found under Section 8 of the Prospectus under the heading entitled '*Management and Administration*'. The Manager has established an investment committee and has vested within in the discretionary investment management of the Fund.

### **7.3 Administrator**

Information on the Company's Administrator is found under Section 8 of the Prospectus under the heading entitled '*Management and Administration*'.

### **7.4 The Company Secretary**

Information on the Company's secretary is found under Section 8 of the Prospectus under the heading entitled '*Management and Administration*'.

### **7.5 Custodian and Banker**

Information on the Fund's Custodian and Banker is found under Section 8 of the Prospectus under the heading entitled '*Management and Administration*'.

### **7.6 The Auditor**

Information on the Company's Auditor is found under Section 8 of the Prospectus under the heading entitled '*Management and Administration*'.

### **7.7 The Sub-Investment Manager**

Insight Investment Management (Global) Limited, is a limited liability company incorporated in England and Wales, is in a group of companies of which the Manager is a member and is regulated by the UK Financial Services Authority ("FSA"). Its registered office is at 160 Queen Victoria Street, London EC4V 4LA, UK.

Insight Investment Management (Global) Limited is an autonomous subsidiary within BNY Mellon Asset Management, part of The Bank of New York Mellon.

The Manager, with the consent of the Company, appointed Insight Investment Management (Global) Limited (formerly known as Rothschild Asset Management Limited) as Sub-Investment Manager to the Company by an agreement dated 2 December 2013 (the "Sub-Investment Management Agreement"). By virtue of this Sub-Investment Management Agreement, Insight Investment Management (Global) Limited has been engaged to provide advice and discretionary investment management services in relation to the investment and re-investment of the assets of the Fund.

Insight Investment Management (Global) Limited is entitled to receive a fee payable by the Manager out of its fee, details of which are given in the section under the heading "Charges and Expenses" of this Fund Supplement, and to receive reimbursement from

the Company of all its out-of-pocket expenses as more fully described in the Sub-Investment Management Agreement.

The Sub-Investment Management Agreement contain provisions whereby the Manager agrees to indemnify the Sub-Investment Manager against actions and claims not arising from negligence, bad faith, fraud or wilful default in the performance or non-performance of the Sub-Investment Manager's obligations. In the absence of the foregoing, the Sub-Investment Manager will not be liable to the Manager, the Company or any investor.

The Sub-Investment Manager and the Manager are entitled to terminate the Sub-Investment Management Agreement by giving six months' notice to the other in writing to expire at any time. The Sub-Investment Management Agreement may also terminate or be terminated, without notice, upon the occurrence of specified events, for example, the insolvency of any party.

### **7.8 The Money Laundering Reporting Officer**

Information on the Company's Money Laundering Reporting Officer is found under Section 8 of the Prospectus under the heading entitled '*Management and Administration*'.

## **8 CHARGES AND EXPENSES**

### **8.1 Remuneration of the Manager**

The Manager is entitled to receive a management fee of 0.75% per annum of the Net Asset Value of the Fund, payable monthly in arrears on the last Dealing Day of the month.

The management fee may be increased with the agreement of the Company and the Manager and on giving notice to the Shareholders in the Fund. The Manager will also receive, for its services as registrar of the Company, a fee of 0.125% per annum of the Net Asset Value of the Fund, payable monthly in arrears on the last Dealing Day of the month.

No VAT is currently payable on either of such fees. However, if it does become payable, any unrecoverable portion thereof shall be at the charge of the Company.

### **8.2 Fund Administrator Fee**

The Fund Administrator is entitled to receive a fee of 0.25% per annum of the Net Asset Value of the Fund for the administration services provided, as stipulated in the Administration Agreement. The administration fee may be increased or decreased for the Fund by written agreement between the Company and the Administrator on giving notice to shareholders in the Fund. No VAT is currently payable on such fees. However if it does become payable, any unrecoverable portion thereof shall be at the charge of the Company.

### **8.3 Remuneration of the Custodian**

The Custodian will receive, for safe keeping of the assets of the Fund and other services, a custody fee of 0.025% per annum of the Net Asset Value of the Fund subject to a minimum fee per annum of €5,823.43, payable monthly in arrears on the last Dealing Day of the month. The custody fee may be increased or decreased for the Fund by written agreement between the Company and the Custodian on giving notice to shareholders in the Fund. No VAT is currently payable on such fees. However if it does become payable, any unrecoverable portion thereof shall be at the charge of the Company.

The custody fee and the minimum custody fee exclude expenses incurred by the custodian in relation to global custody services.

### **8.4 Remuneration of Directors, Audit and Legal Fees and Other Expenses**

Information on the remuneration of the directors, the payment of audit and legal fees and other expenses is found under Section 10 of the Prospectus under the heading entitled '*Charges and Expenses*'.

## **9 TAXATION**

For details, investors are referred to Section 11 of the Prospectus under the heading entitled '*Taxation*'.

In conjunction with (and in addition to) the information contained therein, investors ought to be aware that the Fund is classified as a non-prescribed fund for Maltese income tax purposes as at the date of this Fund Supplement.

In terms of the Collective Investment Schemes (Investment Income) Regulations, 2001 (as amended), such classifications may be subject to change.

**Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation applicable to the acquisition, holding and disposal of Shares as well as distributions, if any, made by the Company.**

**The information above is based on tax law and practice applicable in Malta at the date of this Prospectus. Shareholders of the Company are reminded that tax law and practice and the levels of tax relating to the Company, the Fund and the Shareholders, may change from time to time.**

## **10 GENERAL INFORMATION**

For details, investors are referred to Section 12 of the Prospectus under the heading entitled '*General Information*'.

### ***Stock Exchange Listing***

The Shares of the Fund are not listed on the Official List of the Malta Stock Exchange.

### ***Documents for inspection***

The Key Investor Information Document related to each class of Shares of the Fund shall be delivered free of charge to the investor, upon request.

## APPENDIX I

<b>Standard &amp; Poors</b>	<b>Moody's</b>	<b>Interpretation</b>
<b>Investment Grade</b>		
AAA	Aaa	Extremely strong capacity to meet financial commitments.
AA	Aa	Very strong capacity to meet financial commitments.
A	A	Strong capacity to meet financial commitments, but susceptible to adverse conditions
BBB	Baa	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions.
<b>Sub Investment Grade</b>		
BB	Ba	Less vulnerable in the near-term but faces major ongoing uncertainties in the event of adverse business, financial and economic conditions.
B	B	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments.
CCC	Caa	Currently vulnerable and dependent on favourable business, financial and economic conditions to meet financial commitments.
CC	Ca	Currently highly vulnerable.
C	C	A bankruptcy petition has been filed or similar action taken but payments or financial commitments are continued.

In order to indicate degrees of financial strength, Standard & Poor's Ratings can be modified with a plus or minus whilst Moody's Ratings can be modified with numerals 1, 2 or 3.