The Directors of YY Funds plc (the "**Company**") whose names appear in the section of the Prospectus entitled "MANAGEMENT AND ADMINISTRATION" are the persons responsible for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and the Prospectus is in accordance with the facts and does not omit any material information likely to affect the import of such information. The Directors accept responsibility accordingly.

**If you are in any doubt about the contents of this Supplement or the Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

**YY LONG SHORT FUND**

**A sub-fund of YY Funds plc an investment company with segregated liability between sub-funds and variable capital incorporated in Ireland on 5 March 2007 under registration number and established as an umbrella fund pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011.**

**SUPPLEMENT NO. 6**

**DATED: [ - ] 2020**

**Investment Manager**

**YY Asset Management Limited**

**This Supplement forms part of, and should be read in the context of and together with, the Prospectus dated [●] 2020 (the "Prospectus") in relation to the Company and contains information relating to the YY Long Short Fund (the "Fund") which is a separate portfolio of the Company. The other sub-funds of the Company, at the date of the Supplement are: YY Target Italy Fund, YY Euro Flexible Fund, YY Euro Bond Fund, YY Longevity Fund, and YY Target Europe Fund.**

**An investment in the Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to the holder of a bank deposit account. The value of Shares may go down or up and investors may not get back the amount invested.**

**INDEX**

Definitions 3

Investment Objective and Policies 5

Profile of a Typical Investor 8

Investment Restrictions 9

Efficient Portfolio Management 9

Investment Risks 9

Subscriptions 10

Redemptions 11

Dividend Policy 12

Fees and Expenses 12

Definitions

Words and terms defined in the Prospectus have the same meaning in this Supplement unless otherwise stated herein.

|  |  |  |
| --- | --- | --- |
| **"Acceptable AIFs"** | following criteria:  1.  (a) schemes established in Guernsey and authorised as "Class A Schemes"; or  (b) schemes established in Jersey as "Recognised Funds"; or  (c) schemes established in the Isle of Man as "Authorised Schemes"; or  (d) retail investor alternative investment funds authorised by the Central Bank provided such investment funds comply in all material respects with the provisions of the UCITS Regulations and the Central Bank UCITS Regulations; or  (e) alternative investment funds authorised in a Member State of the EEA, the US, Jersey, Guernsey or Isle of Man and which comply, in all "material respects", with the provisions of the UCITS Regulations and the Central Bank UCITS Regulations.  In accordance with the Central Bank's requirements, reference to "all material respects" includes, amongst others, consideration of the following:  (i) the existence of an independent depositary with similar duties and responsibilities in relation to both safekeeping and supervision;  (ii) requirements for the spreading of investment risk including concentration limits, ownership restrictions, leverage and borrowing restrictions;  (iii) availability of pricing information and reporting requirements;  (iv) redemption facilities and frequency; and  (v) restrictions in relation to dealings by related parties.  2. Other jurisdictions and types of AIF may be considered by the Central Bank on the basis of submissions made for that purpose. In assessing any submissions made, the Central Bank will have regard to:  • memoranda of understanding (bilateral or multilateral), membership of an international organisation of regulators, or other co-operative arrangements (such as an exchange of letters) to ensure satisfactory cooperation between the Central Bank and the competent authority of the AIF;  • whether the management company of the target AIF, its rules and its choice of depositary have been approved by its regulator;  • whether the AIF is authorised in an OECD jurisdiction; or  • such other schemes as may be permitted by the Central Bank and set out in the Prospectus and/or this Supplement. | |
| **"Base Currency"** | for the purposes of this Supplement, the base currency shall be Euro; | |
| **"Dealing Day"** | means each Business Day or such other day as the Directors may agree following consultation with the Administrator and upon prior notification to Shareholders, provided there shall be at least one Dealing Day per fortnight; | |
| **"Dealing Deadline"** | means 1:00 pm (Irish time) on the Business Day prior to the relevant Dealing Day or, in exceptional circumstances only, such later time as the Directors may from time to time permit and notify in advance to Shareholders provided that applications will not be accepted after the Valuation Point; | |
| **"Investment Grade"[[1]](#footnote-1)** | | means an investment rating level of BBB- or better from Standard & Poor's Corporation or Baa3 or better from Moody's Corporation; |
| **"Valuation Day"** | | means each Business Day, and such other day as the Directors may determine, following consultation with the Administrator and prior notification to the Shareholders, provided that there shall be a Valuation Day for every Dealing Day and for the avoidance of doubt, the Valuation Day will precede the relevant Dealing Day by one Business Day; and |
| **"Valuation Point"** | | means 11.15 pm (Irish time) on a Valuation Day using the closing market prices in the relevant markets available as at the Valuation Day or such other time on a Valuation Day as the Directors may determine provided that the valuation point is always after the Dealing Deadline. |

Investment Objective and Policies

**Investment Objective**

The primary objective of the Fund is to generate attractive net absolute returns.

**Investment Policy**

The Fund will seek to achieve its investment objective by identifying a range of long/short equity opportunities globally, primarily in Europe and in specific sectors. In addition, the Fund may invest in bonds, financial derivative instruments ("**FDI**") exchange traded funds ("**ETFs**") and through investment in other assets.

The Fund will predominantly invest in globally traded, highly liquid, securities across a range of industry sectors including bonds, (which may be corporate or government, fixed or floating rate with an Investment Grade credit rating), equities, futures and/or options relating to underlying instruments such as bonds (which may be corporate or government, fixed or floating rate with an Investment Grade credit rating), equities and spot foreign exchange contracts between any currencies to ensure competitive pricing and minimal trading costs. Cash will be held on deposit or held in debt securities such as government or corporate bonds which may be fixed or floating rate and rated Investment Grade or higher.

*Equities*

The Fund may invest up to [100%][[2]](#footnote-2) in investment in companies which the Investment Manager deems eligible in the European and global equity markets. The Fund is also permitted to invest in a wide range of equities and equity related securities on a global basis.

*Collective Investment Schemes*

A maximum of 10% of the Fund's Net Asset Value may be invested in: (i) UCITS and Acceptable AIFs, which may include open-ended ETFs, in accordance with the Regulation 68(1)(e) of the UCITS Regulations and the Central Bank's requirements including guidance related to investment in Acceptable AIFs; and (ii) exchange traded closed-ended funds (which comply with the eligibility classification under the UCITS Regulations and Central Bank UCITS Regulations as transferable securities) in order to gain exposure to equities and equity-related securities.

The Fund may also invest up to 20% of the net asset value of the Fund in American Depositary Receipts.

The Fund may invest up to 30% of the net asset value in listed REITs.The Fund may invest up to 10% of its Net Asset Value, in aggregate, in units of other UCITS as permitted by the UCITS Regulations.

*Bonds*

The Fund may also invest in a wide range of fixed income securities including, but not limited to, bonds, notes and other debt instruments and debt securities, including mortgage and other assets backed securities. The securities may include fixed or floating rate bonds and notes, commercial paper, loan interests, certificates of deposits and may also include convertible securities and other specially structured securities. The debt instruments may be short, medium and long term and may include Investment Grade grade, sub- Investment Grade and non-rated debt investments. No more than 30% of the Net Asset Value of the Fund will be invested in sub- Investment Grade investments. Issuers will include governments, governmental agencies or instrumentalities, commercial banks, corporations and other non-governmental issuers on a worldwide basis including in non-OECD countries and non-OECD currencies.

*Cash and Money Market Instruments*

In addition, the Fund may invest up to 100% of its Net Asset Value in cash, money market instruments and money market funds including certificates of deposit and commercial paper issued by highly rated (/Investment Grade or higher) corporate or sovereign issuers for cash flow purposes or as part of a temporary defensive strategy or where the Investment Manager believes that economic, financial and political conditions make it advisable to do so. The Investment Manager may, at its discretion, invest directly or indirectly.

*Unlisted transferable securities*

The Fud may invest, directly or indirectly through the use of FDI, up to 10% of the Net Asset Value of the Fund in transferable securities outlined under the headings above or money market instruments which are not listed, traded or dealt in on a Recognised Market.

*Financial Derivative Instruments*

The Fund may also use a wide range of FDI both for efficient portfolio management ("**EPM**") and investment purposes and such derivatives may include, but are not be limited to, futures, foreign exchange contracts (including spot and forward contracts), options and swaps, as outlined in the below table of FDI[[3]](#footnote-3). To the extent that the Fund uses FDIs, there may be a risk that the volatility of the Fund’s Net Asset Value may increase. However, although the Fund may be leveraged as a result of its investments in FDIs, [such leverage will not exceed 100% of the Fund’s total Net Asset Value][[4]](#footnote-4). The Fund is therefore not expected to have an above average risk profile as a result of its investment in derivative instruments. A list of the FDI markets are set out in Appendix IV of the Prospectus.

A risk management process prepared in accordance with the Central Bank's requirements, which enables the Fund to accurately measure, monitor and manage the various risks associated with FDIs, has been submitted to the Central Bank. The Fund may only utilise FDIs listed in the risk management process once cleared by the Central Bank.

The Fund's global exposure will be calculated using the commitment approach and leverage will not exceed 100% of its net assets at any time.

All revenues from EPM techniques, net of direct and indirect operational costs will be returned to the Fund, if such techniques are to be used. Only direct operational fees charged by third parties unrelated to the Investment Manager will be deducted from any such revenues. Any such direct and indirect operational costs do not include hidden revenue for the Investment Manager or parties related to it, although fees may be payable to counterparties and/or the Depositary and/or entities related to them in relation to such EPM techniques. The Fund will disclose in the financial statements the identity of the entities to which the direct and indirect costs and fees are paid and indicate if these are related parties to the Company, the Investment Manager or the Depositary.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Derivative** | **Specific Use** | **Where hedging: risk being hedged** | **EPM and/or Investment Purposes?[[5]](#footnote-5)** | **How FDI will help achieve the investment objective?** |
| Equity Index Futures | Contracts to receive or pay cash based on the performance of an underlying index at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange.  All such indices to which exposure is gained for EPM purposes comply with the Central Bank's UCITS Regulations and the Central Bank's guidance on UCITS Financial Indices. | Market Risk | Both | Manages the Fund's exposure to equities fluctuations and obtain short exposures to equities. |
| Forward Contracts | Used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. | Market Risk | Both | Manages the Fund's exposure to equities fluctuations. |
| Currency futures | To manage exposure to currency risk and for hedging purposes. | Currency risk | Both | Manages the Fund's exposure to currency risk. |
| Foreign exchange options | Hedging purposes. | Currency risk | Both | Manages the Fund's exposure to currency risk. |
| Foreign exchange swaps | Hedging purposes. | Currency risk  Credit risk | Both | Hedge foreign currency exposure and prevent NAV fluctuations (caused by currency movements). |
| Foreign exchange forwards | Hedging purposes. | Currency risk | Both | Hedge foreign currency exposure and prevent NAV fluctuations (caused by currency movements). |

*Long / Short Positions*

As set out above, the Fund may use FDIs to create synthetic long and/or short positions (i.e. positions which are in economic terms equivalent to long and/or short positions). Synthetic short strategies may be used to hedge or substantially offset long positions held by the Fund, and may also be used for investment purposes. The Fund may take both long and/or short positions in each category of assets in which it may invest but will primarily take such positions through equities. Typically, the Fund will have a short exposure ranging between [0-100%][[6]](#footnote-6), and a long exposure of [0%-100%][[7]](#footnote-7).

*Securities Financing Transactions*

As outlined under the terms of the Prospectus, the Fund may engage in efficient portfolio management techniques including Securities Financing Transactions such as securities lending agreements. The types of assets that may be subject to securities lending will be of a type which is consistent with the investment policy of the Fund. Assets subject to Securities Financing Transactions and collateral received are safe-kept by the Depositary. The maximum exposure of the Fund in respect of Securities Financing Transactions shall be [60]% of the net asset value of the Fund. The Investment Manager does not anticipate that the Fund’s exposure to securities lending will exceed [30]% of the net asset value of the Fund[[8]](#footnote-8).

**Investment Strategy**

The Investment Manager will aim to create excess return by taking advantage of short term opportunities and price inefficiencies arising from temporary imbalances in the markets. These positions can either be done outright or hedged with correlated assets (peer trading). Although the Investment Manager uses a discrete approach, mathematics and statistics govern the investment process. The Investment Manager’s discretion is focused towards providing a second look at opportunities before trades are put on. The purpose being to reduce the fund’s overall risk.

The assets of the Fund will be invested in accordance with the restrictions and limits set out in the Prospectus and such additional investment restrictions, if any, as may be adopted by the Directors in relation to the Fund and set out in this Supplement.

[The Fund is actively managed, not in reference to any benchmark.][[9]](#footnote-9)

Profile of a Typical Investor

The Fund is suitable for investors who are willing to tolerate medium risks in order to potentially generate medium returns and who are seeking a portfolio which has a medium to long term horizon.

Investment Restrictions

The assets of the Fund will be invested in accordance with the UCITS Regulations and the investment restrictions described under "Investment Restrictions" in the Prospectus and the following additional restrictions:

1. The Fund shall not invest more than 10% of its Net Asset Value, in aggregate, in units of any UCITS;
2. The UCITS in which the Fund invests are prohibited from investing more than 10% of net assets in other collective investment schemes.

The investment restrictions set out in the Prospectus are deemed to apply at the time of purchase of the investments. If such limits are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Company must adopt, as a priority objective, the remedying of the situation, taking due account of the interests of Shareholders.

The Directors may in their absolute discretion from time to time impose such further investment restrictions as shall be compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are located, provided that the general principle of diversification in respect of the Company’s assets are adhered to.

Where the Fund directly or indirectly holds an interest in any asset which constitutes a securitization position as defined in Regulation (EU) 2017/2402 (the "**Securitisation Regulation**"), in respect of a securitization the securities of which were issued on or after January 1, 2019, or a securitization position as defined in Regulation (EU) No 575/2013 (as in effect on December 31, 2018), in respect of a securitization the securities of which were issued after January 1, 2011 and prior to January 1, 2019, the AIFM and the Investment Manager will ensure that the Securitisation Regulations are complied with.

Efficient Portfolio Management

The Investment Manager currently employs a Risk Management Process relating to the use of financial derivative instruments on behalf of the Fund which details how it accurately measures, monitors and manages the various risks associated with financial derivative instruments. The Company will on request provide supplementary information to investors relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments in respect of the Fund.

Investment Risks

Investment in the Fund carries with it a degree of risk including, but not limited to, the risks described in the "Investment Risks" section of the Prospectus. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before making an application for Shares. There can be no assurance that the Fund will achieve its investment objective.

*Financial Derivative Instruments ("FDIs")*

The Fund may be leveraged as a result of its use of FDIs, however, any such leverage will not exceed 100% of the net assets of the Fund at any time.

For information in relation to the risks associated with the use of FDIs, please refer to the "Investment Risks" section of the Prospectus.

*Short Selling*

Synthetic short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A synthetic short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the synthetic short position and a theoretically unlimited loss. There can be no guarantee that securities necessary to cover a synthetic short position will be available for purchase.

Due to regulatory or legislative action taken by regulators around the world as a result of recent volatility in the global financial markets, taking synthetic short positions on certain securities has been restricted. The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions have made it difficult and in some cases impossible for numerous market participants either to continue to implement their investment strategies or to control the risk of their open positions. Accordingly, the Investment Manager may not be in a position to fully express its negative views in relation to certain securities, companies or sectors and the ability of the Investment Manager to fulfil the investment objective of a Fund may be constrained.

1. **Investing in Debt Securities Risk**
2. The prices of debt securities (often referred to as "fixed income" securities) fluctuate in response to perceptions of the issuer’s creditworthiness and also tend to vary inversely with market interest rates. The value of such securities is likely to decline in times of rising interest rates. Conversely, when rates fall, the value of these investments is likely to rise. Typically, the longer the time to maturity the greater are such variations. A Fund investing in fixed income securities will be subject to credit risk (i.e. the risk that an issuer of securities will be unable or unwilling to pay principal and interest when due, or that the value of a security will suffer because investors believe the issuer is less able or willing to pay). This is broadly gauged by the credit ratings of the securities in which a Fund invests. However, ratings are only the opinions of the agencies issuing them and are not absolute guarantees as to quality.
3. Not all government securities are backed by the full faith and credit of the relevant national government. Some are backed only by the credit of the issuing agency or instrumentality. Accordingly, there is at least a chance of default on these government securities in which the Funds may invest, which may subject a Fund to additional credit risk.
4. To the extent a Fund invests in medium or low-rated securities and unrated securities of comparable quality, the Fund may realise a higher current yield than the yield offered by higher-rated securities, but investment in such securities involves greater volatility of price and risk of loss of income and principal, including the probability of default by or bankruptcy of the issuers of such securities. Low-rated and comparable unrated securities (collectively referred to as “low-rated” securities) likely have quality and protective characteristics that, in the judgment of a rating organisation, are outweighed by large uncertainties or major risk exposures to adverse conditions, and are predominantly speculative with respect to an issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligation.
5. When economic conditions appear to be deteriorating, these medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.
6. Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, especially highly leveraged issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. Low-rated securities are especially affected by adverse changes in the industries in which the issuers are engaged and by changes in the financial condition of the issuers.
7. Debt securities rated below BBB- (or its equivalent) and comparable unrated securities are considered below investment grade and are commonly known as "junk bonds". They are considered to be of poor standing and mainly speculative, and those in the lowest rating category may be in default and are generally regarded by the rating agency as having extremely poor prospects of attaining any real investment standing. The lower ratings of these debt securities reflect a greater possibility that the issuer may be unable or unwilling to make timely payments of interest and principal and thus default. If this happens, or is perceived as likely to happen, the values of those debt securities will usually be more volatile. A default or expected default could also make it difficult for the Fund to sell the debt securities at prices approximating the values the Fund had previously placed on them. Because junk bonds are traded mainly by institutions, they usually have a limited market, which may at times make it difficult for the Fund to establish their fair value.

Subscriptions

The Fund is offering the following Classes of Shares in respect of the Company:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Share Class** | **Currency** | **Minimum Initial Investment Amount**[[10]](#footnote-10) | **Minimum Additional Investment Amount** | **Minimum Shareholding** |
| Early Bird | EUR | €100,000 | €100,000 | €100,000 |
| Standard Institutional | EUR | €100,000 | €100,000 | €100,000 |
| Standard Institutional | CHF | €100,000 | €100,000 | €100,000 |
| Standard Institutional | USD | €100,000 | €100,000 | €100,000 |
| Standard Institutional | GBP | €100,000 | €100,000 | €100,000 |
| Large Institutional[[11]](#footnote-11) | EUR | [€100,000] | [€100,000] | [€100,000] |
| Large Institutional | USD | [€100,000] | [€100,000] | [€100,000] |
| Retail | EUR | €100,000 | €100,000 | €100,000 |

*Initial Offer Period*

The initial offer period ("**Initial Offer Period**") for the Shares shall be the period from 9:00am (Irish time) on [ - ] 2020 and ending at 5:00pm (Irish time) on [ - ] 2020 or such shorter or longer period as any one Director may decide in accordance with the Central Bank's requirements.

During the Initial Offer Period, the Shares will be issued at a fixed price of €100 per Share (the "**Initial Offer Price**").

*Subsequent Dealing*

All Shares shall be issued at the Net Asset Value per Share on each Dealing Day and adding thereto such sum as the Directors in their absolute discretion may from time to time determine as an appropriate provision for duties and charges.

In order to receive Shares at the Net Asset Value per Share as of any particular Dealing Day, the signed original application form, together with any anti-money laundering documents/counter-terrorist financing, must be received no later than the Dealing Deadline or, in exceptional circumstances only, such later time as the Directors may from time to time permit provided that subscription applications will not be accepted after the Valuation Point. Applications received after such time will be held over until the following Dealing Day. Subsequent applications may be made in writing or by facsimile or by electronic means provided such means are in accordance with the requirements of the Central Bank.

Subscriptions for Shares must be in Euro unless the Directors otherwise agree to accept subscriptions in any freely convertible currency approved by the Administrator, in which case such subscriptions will be converted into the relevant currency at the prevailing exchange rate available to the Administrator and the cost (and associated risk) of conversion will be borne by the Shareholder and deducted from the subscription monies.

Settlement for subscriptions for all Classes must be received by the Company, care of the Administrator, no later than two Business Days after the relevant Dealing Day provided that the Directors reserve the right to defer the issue of Shares until receipt of subscription monies by the Fund.

Subscriptions for Shares should be made by electronic transfer to the account set out in the Application Form.

Redemptions

**Redemption of Shares**

Shareholders may request the Fund to redeem their Shares on and with effect from any Dealing Day at the Net Asset Value per Share less any applicable duties and charges on such Dealing Day (subject to such adjustments, if any, as may be specified including, without limitation, any adjustment required for redemption charges as described under the section of the Prospectus entitled "Fees and Expenses") in accordance with the redemption procedures specified below.

A redemption request form should be posted or sent by facsimile, so as to arrive at the Administrator’s address no later than the Dealing Deadline or, on an exceptional basis only, such later time as any Director may from time to time permit, provided that redemption requests will not be accepted after the Valuation Point.

Redemption requests should be made on a signed redemption request form (available from the Administrator), which should be posted or sent by facsimile to the Company, care of the Administrator. The address for the Administrator is set out in the Prospectus. In the case of redemption requests sent by facsimile, payment of redemption proceeds will only be made to the account of record as provided for in the application form. Alternatively, redemption requests can be sent by electronic means provided such means are in accordance with the requirements of the Central Bank.

Settlement will normally be made by electronic transfer on the second Business Day after the relevant Dealing Deadline on which the redemption is effective. Payment will be made in the Base Currency unless otherwise agreed with the Administrator to be in another major freely convertible currency. Payment of redemption proceeds will be made to the registered Shareholder to the account of record. Amendments to the registration details and payments instructions will only be effected on receipt of original documentation. The proceeds of the redemption of Shares will only be paid on receipt by the Administrator of the original subscription application form and anti-money laundering documents and only where all anti-money laundering procedures have been completed. A repurchase request will not be capable of withdrawal after submission to the Company, unless such withdrawal is approved by the Company acting in its absolute discretion. If requested, the Company may, in its absolute discretion and subject to the prior approval of the Depositary, and on prior written notification to the Shareholders, agree to designate additional Dealing Days and Valuation Points for the repurchase of Shares.

Dividend Policy

The Company does not anticipate distributing dividends from net investment income in respect of the Fund but the Company reserves the right to pay dividends or make other distribution in the future. Initially such amounts will be retained by the Company and will be reflected in the Net Asset Value of the Fund.

Fees and Expenses

Investment Management and Performance Fees

The Investment Manager shall be entitled to the following investment management and performance fees payable out of the assets of the Fund in relation to the relevant Class:

1. The Company will pay the Investment Manager an investment management fee (the "**Investment Management Fee**") out of the assets of the Fund, as set out below for each Share Class:

|  |  |
| --- | --- |
| **Share Class** | **Investment Management Fee** |
| Early Bird | 0.5% |
| Standard Institutional (EUR), (CHF), (USD) and (GBP) | 1.0% |
| Large Institutional (EUR) and (USD) | 0.75% |
| Retail | 1.5% |

1. The Company will pay the Investment Manager a performance fee with respect to each Class of Shares of the outperformance in value of that Class of Shares, over the amount of the High Watermark (as defined below) for those Shares multiplied by the weighted average number of Shares of that Class in issue during the Calculation Period (as defined below) (a "**Performance Fee**").

The Performance Fee is as set out below for each Share Class:

|  |  |
| --- | --- |
| **Share Class** | **Performance Fee** |
| Early Bird | 10% |
| Standard Institutional (EUR), (CHF), (USD) and (GBP) | 15% |
| Large Institutional (EUR) and (USD) | 12.5% |
| Retail | 15% |

The manner in which the appreciation in value of the Shares and the High Watermark are calculated for these purposes is described in more detail below.

“**High Water Mark**” means in respect of the initial Performance Period for a Class of Shares the Initial Offer Price of such Class of Shares multiplied by the number of Shares of such Class of Shares issued during the Initial Offer Period, increased on each Valuation Day by the value of any subscriptions or decreased on each Valuation Day pro rata by the value of any redemptions of Shares which have taken place since the Initial Offer Period.

The Performance Fee shall be calculated in respect of each period of twelve months ending on the last Valuation Day in December (a "**Performance Period**"). The first Performance Period shall begin from the end of the Initial Offer Period of each Class of Shares and shall finish on the last Valuation Day in December of that year.

No Performance Fee is accrued or paid until the Net Asset Value per share exceeds the previous highest Net Asset Value per share on which the Performance Fee was paid or accrued.

When a Shareholder requests the Fund to redeem their Shares prior to the end of a calculation period, any accrued but unpaid performance fee in respect of such Shares will be deducted from the redemption proceeds. In addition, the Performance Fee with respect to any redemptions of Shares during the Performance Period will crystallise and become payable within 14 days of the redemption date.

For each subsequent Performance Period for a Share Class the “High Water Mark” means either:

(i) where a Performance Fee was payable in respect of the prior Performance Period, the Net Asset Value of the relevant Class of Shares at the beginning of the Performance Period multiplied by the number of Shares of such Share Class in issue at the beginning of such Performance Period, increased on each Valuation Day by the value of any subscriptions or decreased on each Valuation Day pro rata by the value of any redemptions of Shares which have taken place since the beginning of such Performance Period; or

(ii) where no Performance Fee was payable in respect of the prior Performance Period, the High Water Mark of the relevant Class of Shares at end of the prior Performance Period, increased on each Valuation Day by the value of any subscriptions or decreased on each Valuation Day pro rata by the value of any redemptions of Shares which have taken place since the beginning of such Performance Period.

The calculation of the Performance Fee is verified by the Depositary.

For the avoidance of doubt, the calculation of any Performance Fee shall include all income and net realised and unrealised gains and losses. Investors shall note that Performance Fees may be paid on unrealised gains, which may subsequently never be realised.

**Establishment Costs of the Fund**

The establishment costs of the Fund will not exceed €15,000. These costs will be borne out of the assets of the Fund and will be amortised over the three financial years of the Fund following the approval of the Fund by the Central Bank or such shorter period as the Directors may determine and notify the Shareholders in advance.

**Other Fees and Expenses**

The Fund shall also bear a portion of the fees and expenses of the Company as set out under the heading "Fees and Expenses" in the Prospectus.

1. **WALKERS**: YY to confirm definition is still accurate. [↑](#footnote-ref-1)
2. **Walkers:** YY to confirm percentages [↑](#footnote-ref-2)
3. **WALKERS**: YY to confirm list of FDI is correct or if additional FDI is required. [↑](#footnote-ref-3)
4. **WALKERS:** YY to confirm [↑](#footnote-ref-4)
5. **Walkers comment:** YY to confirm [↑](#footnote-ref-5)
6. **Walkers comment:** YY to confirm percentages [↑](#footnote-ref-6)
7. **Walkers comment:** YY to confirm percentages [↑](#footnote-ref-7)
8. **Walkers comment:** YY to confirm percentages [↑](#footnote-ref-8)
9. **Walkers comment:** YY to confirm whether the Fund will invest in any benchmark, use a benchmark to stock pick from, use a benchmark as a comparator in marketing materials or use a benchmark to calculate a performance fee. [↑](#footnote-ref-9)
10. **Walkers Note:** YY to confirm. The minimum investment amount does not now need to be a minimum of €100,000 if a lower amount would be preferable. [↑](#footnote-ref-10)
11. **Walkers Note**: We assume large institutional investors will require a larger holding in the Fund to avail of the discounted fees. If this is correct, please confirm that amounts are applicable here? Alternatively confirm if this understanding is incorrect. [↑](#footnote-ref-11)