

17 December 2021

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**MITONOPTIMAL OFFSHORE FUND**

(an umbrella unit trust established in Guernsey and authorised by the Commission as  
an authorised open-ended collective investment scheme of Class B)

**SUPPLEMENTAL SCHEME PARTICULARS**

**International Managed Flexible Fund**

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These Supplemental Scheme Particulars, containing information relating to the International Managed Flexible Fund (the “**Sub-Fund**”) of MitonOptimal Offshore Fund (the “**Fund**”) should be read and construed in conjunction with the scheme particulars relating to the Fund (the “**Scheme Particulars**”). This document is deemed to be incorporated in and to form part of the Scheme Particulars and may not be distributed unless it is accompanied by them and such other documentation as the Scheme Particulars may prescribe.

## **Definitions**

The following words shall have the meanings opposite them unless the context in which they appear requires otherwise:-

***Dealing Day***

Means each Business Day. The Manager reserves the right to exclude a Dealing Day during the Christmas/New Year period. Notification of any exclusion will be made on [www.MitonOptimal.com](http://www.MitonOptimal.com).

***Valuation Point***

Means midnight on the Business Day immediately preceding each Dealing Day.

In any case of conflict or inconsistency between statements in these Supplemental Scheme Particulars and the Scheme Particulars, the Supplemental Scheme Particulars will, as to the Sub-Fund and the Units, supersede the Scheme Particulars as to that conflict.

## Investment Objectives & Details of the Sub-Fund

### Investment Objectives

The objective of the Sub-Fund is to outperform the OR Mixed Asset – Flexible TR within a balanced flexible strategy, through predominantly using cost effective, index tracking investment vehicles.

### Investment Policy

To achieve the investment objective, the Sub-Fund will, apart from assets in liquid form, invest in participatory interests and any other form of participation in collective investment schemes that have passed due diligence based on rules set by the South African Financial Sector Conduct Authority (“FSCA”) (“**Investment Fund**”). This will be spread across cash, bonds, equity, Exchange Traded Funds (“ETFs”) and property. Diversification into hedge funds and commodities are excluded.

In order to achieve the objective of the Sub-Fund, the Manager will allocate the funds available for investment into Investment Funds so as to achieve as near as practicable the following asset allocation

<b>Asset Area</b>	<b>Bonds</b>	<b>Equities</b>	<b>Property</b>	<b>Cash</b>
Minimum	10%	30%	0%	0%
Maximum	50%	70%	20%	40%

### Base Currency of the Sub-Fund

The base currency of the Sub-Fund is US\$. Classes may be priced and valued in other currencies.

### Investment Restrictions

In order to ensure a proper spread of risk the Manager has resolved to adopt the following investment restrictions for the Sub-Fund:

1. The Investment Funds that the Sub-Fund will invest in must have a risk profile which is not significantly higher than the risk profile of other securities which may be included in terms of the Collective Investment Schemes Control Act of South Africa, 2002.
2. The Sub-Fund will invest in a minimum of five Investment Funds, with no more than 20 per cent in any one Investment Fund.
3. An ETF must be listed on a recognised exchange that has full membership of the World Federation of Exchanges which term shall be deemed to include the London Stock Exchange and the New York Stock Exchange or meets due diligence guidelines as prescribed by FSCA regulation.
4. The Sub-Fund is prohibited from investing directly in securities and derivatives.
5. The assets of the Investment Funds may not include unlisted derivative instruments or have any uncovered exposures, provided that such portfolios may include unlisted forward currency, interest rate or exchange rate swap transactions where the inclusion of such transactions is only utilised for efficient portfolio management.
6. Over-the-counter trading is not allowed. Scrip borrowing is not allowed in the Sub-Fund or any of the Investment Funds.
7. Leverage and/or gearing are prohibited in the Sub-Fund and the Investment Funds.

8. With respect to the liquid assets of the Sub-Fund, no more than 10 per cent of the total value of the Sub-Fund shall be deposited at any time with any one deposit taking institution but this shall not apply to any deposit of up to US\$1 million or its equivalent in any other currency. Assets in liquid form may be held for liquidity purposes only.
9. Where the Manager, on behalf of the Sub-Fund, invests in any fund and receives any form of fee rebate, this rebate is to be for the account of the Sub-Fund and reinvested.
10. The Sub-Fund may not invest in participatory interests issued by a feeder fund, fund of funds or hedge fund, nor any vehicles exposed to assets not allowed by the most recent regulation governing Collective Investment Schemes in South Africa.
11. 90 per cent of the Investment Funds' securities must be listed on the London Stock Exchange, the New York Stock Exchange or any exchanges having obtained full membership of the World Federation of Exchanges. Alternatively, the Investment Funds may make use of markets to which a proper due diligence has been done by both the manager and the custodian. These due diligence guidelines must be prescribed by FSCA Regulation.
12. 90 per cent of the Investment Funds' Money Market Instruments must be rated investment grade or listed on an exchange to which a due diligence has been applied by both the manager and the custodian.
13. The trustee or custodian of the Investment Fund must be completely independent (may not be related entities or part of the same group) from any other party in that scheme.
14. An Investment Funds' borrowing is restricted to a maximum amount of 10 per cent of its value and can be utilized for redemption of participatory interests only.

The above restrictions apply as at the date of the relevant transaction or commitment to invest. Changes in the portfolio of the Sub-Fund do not have to be effected merely because, owing to appreciations or depreciations in value, or by reason of the receipt of, or subscription for, any rights, bonuses or benefits in the nature of capital or of any acquisition or merger or scheme of arrangement for amalgamation, reconstruction, conversion or exchange or of any redemption, any of the restrictions would thereby be breached, but regard shall be had to these restrictions when considering changes or additions to the investment portfolio of the Sub-Fund.

## **Classes**

The following Classes of Units are available for subscription:

- International Managed Flexible US\$ Class (the "**US\$ Class**")
- International Managed Flexible US\$ I Class (the "**US\$ I Class**")

Classes are priced and valued in their namesake currencies.

The Manager and Trustee may create additional Classes of Units from time to time, which Classes may apply a specific currency, denomination, hedging, initial or redemption charge structure, fee structure, minimum subscription amount or distribution policy or other terms as specified in these Supplemental Scheme Particulars from time to time. Increases and decreases in the Net Asset Value of the Sub-Fund attributable to a Class and other Class-specific items shall be allocated to the Class concerned as further detailed in the Trust Instrument.

**Borrowings**

The Manager has power to borrow for the account of the Sub-Fund but such borrowings will be limited to 10 per cent of the Net Asset Value at the time of borrowing. The Manager may utilise this facility for the purpose of funding redemptions and short term liquidity requirements.

**Distribution Policy**

There will be no distributions of income to Unitholders. All income accruing to each Class will be added to the capital of the Class from which it is derived and reflected in the Net Asset Value of that Class.

## **Offering and Dealing Particulars**

### **Subscriptions**

Units will be available for subscription on any Dealing Day at a price calculated by reference to the Net Asset Value per Unit of the relevant Class calculated as at the Valuation Point for the relevant Dealing Day. Details as to the calculation of Net Asset Value can be found in the Scheme Particulars.

Applications for Units must be received by the Manager in Guernsey by not later than 3.00 pm (Guernsey time) on the Business Day immediately preceding the Dealing Day in respect of which the application is made (the “**Relevant Business Day**”). Any Application Form received after 3.00 pm (Guernsey time) on the Relevant Business Day may be deemed to have been received on the next following Business Day and if so, will be carried over to the next following Dealing Day. The Manager reserves the right to accept any application after such cut-off time at its discretion.

If payment in full with cleared funds is not received by 3.00 pm (Guernsey time) on the Business Day immediately preceding the relevant Dealing Day, the Manager has the right to cancel the issue of the relevant Units (or defer such subscription to the next following Dealing Day). The Manager reserves the right to accept settlement of funds after such cut-off time at its discretion.

Other details as to the application procedure are set out in the Scheme Particulars.

### **Minimum Subscription**

In relation to the US\$ Class only: Unless the Manager otherwise agrees in any particular case the minimum initial subscription for Units is US\$5,000 exclusive of the Placement Fee (if any).

In relation to the US\$ I Class only: Unless the Manager otherwise agrees in any particular case the minimum initial subscription for Units is US\$1,000,000.

Minimum subscription limits shall also serve as minimum holding limits. The Manager, at its absolute discretion, may vary these amounts but not so as to require Unitholders to increase their holdings. Unitholders may make additional subscriptions on any Dealing Day subject, unless the Manager otherwise agrees in any particular case, to a minimum investment on any one occasion of at least US\$1,000 exclusive of the Placement Fee (if any).

### **Placement Fees**

The Creation Price is exclusive of a Placement Fee which may be imposed from time to time at the discretion of the Manager of up to 5 per cent of the Creation Price or of the amount subscribed. Under the Trust Instrument, the Placement Fee may be retained for the use and benefit of the Manager. No Placement Fees shall apply to the US\$ I Class.

### **Redemptions and Conversions**

Units may be redeemed at the applicable Redemption Price of the relevant Class on any Dealing Day, subject to receipt of a redemption request by the Administrator by 3.00 pm (Guernsey time) on the Business Day immediately preceding the Dealing Day in respect of which the application is made.

Unitholders are only entitled to exchange Units on a Dealing Day, subject to receipt of a conversion request by the Manager by 3.00 pm (Guernsey time) on the Business Day immediately preceding the Dealing Day in respect of which the application for conversion is made.

Any redemption request or conversion request received after 3.00 pm (Guernsey time) on the relevant Business Day may be deemed to have been received on the next following Business Day and if so, will be carried over to the next following Dealing Day.

Payment of the redemption proceeds will be made at the risk and expense of the Unitholder in the base currency of the relevant Class as soon as possible after the Relevant Dealing Day but no later than close of business on the third Business Day.

The Manager reserves the right to accept any application after such cut-off time at its discretion.

Other details as to redemptions and conversions can be found in the Scheme Particulars.

At all times the minimum redemption for Units is US\$1,000 (or currency equivalent). The Manager may vary this amount at its discretion.

### **Calculation of Net Asset Value**

The Net Asset Value per Unit for each Class is calculated as at each Valuation Point. Details as to the calculation of Net Asset Value can be found in the Scheme Particulars.

### **Publication of Prices**

Details as to the publication of prices can be found in the Scheme Particulars.

## **Fees and Expenses**

The fees payable in respect of the Sub-Fund are as follows:

### ***The Manager***

Under the terms of the Trust Instrument the Manager is entitled to a periodic fee in respect of each Class equal to:

- 1.75 per cent per annum of the Net Asset Value of the US\$ Class; and
- 0.75 per cent per annum of the Net Asset Value of the US\$ I Class,

calculated and accrued at each Valuation Point. The periodic fee is payable monthly in arrears on the last Dealing Day in each month. Management fees shall be deducted from the Net Asset Value of the Class to which they relate.

The Manager is responsible for the fees of the Administrator.

### ***The Trustee***

The fees of the Trustee are set out in the Scheme Particulars. The minimum annual fee payable to the Trustee is US\$10,000.

### ***Other Fees and Expenses***

To the extent that the Sub-Fund invests in other investment funds or vehicles, fees payable by such investment funds or vehicles will be incurred, which will be borne by the Sub-Fund as an investor therein.

Where the Manager on behalf of the Sub-Fund invests in any ETF or other collective investment scheme and receives any form of fee rebate, this rebate is to be for the account of the Sub-Fund and reinvested.



## **Risk Factors**

An investment in the Sub-Fund carries substantial risk and is suitable only for persons which can assume the risk of losing their entire investment. Prospective investors should give careful consideration to the following factors in evaluating the merits and suitability of an investment in the Sub-Fund, including whether such an investment is suitable in light of their personal investment goals and financial condition.

**Potential investors who are in any doubt as to the risks involved in investment in the Sub-Fund are recommended to obtain independent financial advice before making an investment in the Sub-Fund.**

### ***Concentration of Investments***

The Sub-Fund may at certain times hold relatively few investments and could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected.

### ***Currency Exposure***

Assets of the Sub-Fund may be denominated primarily in currencies other than the US\$ and substantially all of the income received by the Sub-Fund may be in foreign currencies. The Sub-Fund may be affected favourably or unfavourably by changes in the exchange rate between foreign currencies and the US\$. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, and the level of gains and losses realised on the sale of securities.

### ***Emerging Markets***

If a collective investment scheme invests in equities or securities of companies incorporated in or whose principal operations are in emerging markets, additional risks may be encountered. These include:

*Currency Risk:* the currencies in which investments are denominated may be unstable, may be subject to significant depreciation and may not be freely convertible.

*Country Risk:* the value of the assets may be affected by political, legal, economic and fiscal uncertainties. Existing laws and regulations may not be consistently applied.

*Market Characteristics:* emerging markets are still in the early stages of their development, have less volume, are less liquid and experience greater volatility than more established markets and are not highly regulated. Settlement of transactions may be subject to delay and administrative uncertainties.

*Custody Risk:* custodians are not able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets.

*Disclosure:* less complete and reliable fiscal and other information may be available to investors.

### ***Illiquidity***

It is not anticipated that there will be an active secondary market for the Units and it is not expected that such a market will develop. Further, a Unitholder's ability to redeem its Units may be limited by the deferred redemption provisions.

### ***Manager Risk***

The success of the Sub-Fund will be dependent on the performance of the Manager. No assurance can be given that the Manager will succeed in meeting its investment objectives in relation to the Sub-Fund or that its assessment of the short-term or long-term prospects, volatility and correlation of the types of investments referred to in these Supplemental Scheme Particulars will prove accurate.

### ***Net Asset Value Considerations***

The Net Asset Value per Unit of any Class is expected to fluctuate over time with the performance of the Sub-Fund's investments. A Unitholder may not fully recover his initial investment when he redeems his Units or upon compulsory redemption if the Net Asset Value per Unit at the time of such redemption is less than the Creation Price paid by such Unitholder.

### ***Tax Considerations***

Where the Manager invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Manager may not be able to recover such withheld tax and so any such change would have an adverse effect on its net asset value.