

FOURTH SUPPLEMENT

dated 6 August 2014 2014

to the Prospectus for Cheyne Select UCITS Fund plc

This Supplement contains information relating specifically to the **Cheyne South East Asia Long/Short (Malacca) Fund** (the “**Fund**”), a Fund of Cheyne Select UCITS Fund plc (the “**Company**”), an open-ended umbrella type investment company, with segregated liability between Funds, authorised by the Central Bank on 3 September 2009 as a UCITS pursuant to the UCITS Regulations.

This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 6 August 2014 (the "Prospectus") which immediately precedes this Supplement and is incorporated herein.

The Directors of the Company whose names appear under the heading "Management and Administration" in the Prospectus accept responsibility 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 in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

The Fund will use financial derivative instruments for investment purposes. While the prudent use of derivatives can be beneficial, they also involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments.

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

1. Interpretation

In this Supplement, the following words and phrases have the meanings set forth below, except where the context otherwise requires:

“Business Day” means any day (except Saturday or Sunday) on which banks in London are open for business and/or such other day or days as may be determined by the Directors and notified to Shareholders.

“Dealing Day” means each Friday (provided that such day is a Business Day, failing which the following Business Day) and the last Business Day of every month and/or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Dealing Day per fortnight.

“Dealing Deadline” means 4 p.m. Irish time on a Business Day one (1) Business Day before the relevant Dealing Day in the case of subscriptions, and five (5) Business Days before the relevant Dealing Day in the case of redemptions, or such other time as the Directors may determine and notify to Shareholders in advance, provided always that the Dealing Deadline is no later than the Valuation Point.

“Minimum Holding” the minimum number of Shares required to be held by Shareholders having such value as may from time to time be specified by the Directors in relation to each Class and set out in this Supplement.

“Minimum Initial Subscription”	means the amount specified in respect of each Class in this Supplement.
“Performance Period”	means each calendar quarter.
“South East Asia Emerging Markets”	means Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Vietnam and Thailand.
“Valuation Point”	means the close of business in the relevant market on the relevant Dealing Day (or such other time as the Directors may determine).

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

2. **Base Currency**

The Base Currency shall be US Dollars. The Net Asset Value per Share will be published and settlement and dealing will be effected in the relevant currency of the specific Share Class.

3. **Investment Objective**

The Fund’s investment objective is to seek to generate attractive risk adjusted total rates of return, meaning capital appreciation plus income of its investments, principally through investments in equity securities of companies that are either listed on stock exchanges in South East Asia Emerging Markets or incorporated in South East Asia Emerging Markets, and other equity related securities and derivative instruments.

4. **Investment Policy**

The Fund will seek to generate returns despite market movements, so-called absolute returns. Absolute returns can be achieved through a combination of owning equity securities, hedging against certain price movements of particular equity securities or equity markets by taking short positions in individual equities (through the use of derivative instruments) or selling equity index positions (by short selling equity index positions through the use of forwards, options or swaps) and hedging against certain currency, interest rate and other macro-economic factors using derivative instruments.

The Fund seeks to capitalise on equity investment opportunities in South East Asia Emerging Markets, with a primary focus on both high-yielding and growth opportunities. High levels of free cashflow generation and dividend growth have prevailed in South East Asia Emerging Markets since the Asian Financial Crisis of 1998, and still characterise the region today. Growth is driven by very powerful demographic dynamics which, over time, should produce higher economic growth than the global average. While the Fund’s primary objective is to generate returns from these two distinct yield and growth opportunities, the Investment Manager will also seek to generate investment alpha (the excess return over equity markets that can be generated through active portfolio management) and protect capital through single stock short sales and tactical derivative exposure using hedging instruments.

In applying a long/short investment strategy, the Fund will seek to take long positions in investments, which, in the Investment Manager’s opinion, are undervalued relative to their fundamental value and take short positions in investments that are perceived to be over-valued. The Fund will take short exposure by entering into derivatives such as forwards, options, credit default swaps or contracts for differences, whereby the Fund sells the economic exposure to equities or equity related securities that the Investment Manager considers are overvalued or whose value is expected to move in opposite direction of other investments held by the Fund. The maximum amount that the Fund may be invested short is 100 per cent of its Net Asset Value.

The Investment Manager believes that its core strength is stock selection, underpinned by extensive investment experience in South East Asia. Much of the Investment Manager’s research is proprietary,

based on numerous meetings with company management and subsequent analysis of financial and comparable industrial data. Particular attention is paid to the track record of company management in meeting key strategic goals, the market position and pricing power of the company's core products, the strength of the company's balance sheet and the sustainability of its cash flow generation and dividend distribution, the historic and future rate of earnings growth, and the extent to which these fundamental factors have been discounted by valuation measures and technical factors.

The Fund will invest in a diversified portfolio of equity securities and equity related securities such as preference shares, warrants and depositary receipts, in South East Asia Emerging Markets. The Fund will focus on equity securities issued by companies with sound fundamentals such as strength of balance sheet, sustainable cash flows and earnings growth referred to above. The Fund will also seek to invest in the equity of companies with both high yields and strong growth as determined by the Investment Manager.

The sizing of individual positions is primarily a function of the Investment Manager's evaluation of the future rate of change and the application of a risk analysis designed to maximise returns for a minimal level of risk to the Fund's capital. This is supplemented by the application of the Investment Manager's firm-wide risk disciplines monitored by the Investment Manager's risk management team.

Risk is sought to be controlled by diversification, including a rigorous analysis of the balance between the long and short positions. The Investment Manager may diversify the Fund's investments across the different countries within South East Asia Emerging Markets, may invest in different industry sector and will comply with the risk diversification rules specified in Appendix I of the Prospectus. Derivative instruments may also be employed, that include futures, options, contracts for differences, credit default swaps and forwards.

If the Investment Manager deems it appropriate in relevant market conditions, the Fund may hold significant cash positions such as bank deposits, commercial paper, certificates of deposit, bankers' acceptances and time deposits.

With the exception of permitted investments in unlisted instruments and off-exchange financial derivative instruments, investments will be made on Recognised Exchanges, as listed in Appendix II to the Prospectus.

Further Detail on the Use of Financial Derivative Instruments

The Investment Manager may use futures, forwards (including forward rate agreements), options (both writing and purchasing), swaps (including credit default swaps) and contracts for difference, including both exchange traded and over the counter derivative instruments to hedge risks in the Fund to achieve absolute returns. A description of each instrument is set out below. The assets or indices underlying such instruments may consist of any one or more of the following: transferable securities, money market instruments, other collective investment schemes, financial indices, interest and foreign exchange rates and currencies.

Futures

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures may be used for the purpose of hedging foreign exchange risk arising when investments are denominated in a currency other than the Fund's Base Currency.

Options

Options are contracts whereby the holder has the right but not the obligation to either purchase (call option) or sell (put option) to the counterparty (or to the exchange for exchange traded options) the

underlying for a specified price (the strike price) on a specified date or during a period to expire on a specified date.

Currency Forwards (including forward rate agreements)

In forward foreign exchange contracts, the contract holders are obligated to buy or sell from another a specified amount of one currency at a specified price with another currency on a specified future date. Forward contracts cannot be transferred but they can be 'closed out' by entering in a reverse contract. Foreign currency forwards may be used for the purpose of hedging foreign exchange risk arising when investments are denominated in a currency other than the Fund's Base Currency or to hedge the value of certain classes of Shares in the Fund against changes in the exchange rate between the currency of denomination of the class of Shares and the Base Currency of the Fund.

Swaps

Interest rate swaps and asset swaps involve the paying away fixed rate interest and receiving variable rate interest or visa versa. A credit default swap is a credit derivative contract in which one party (protection buyer) pays a periodic fee to another party (protection seller) in return for compensation for default (or similar credit event) by a reference entity. The reference entity is not a party to the credit default swap.

Contracts for difference

Contracts for difference are cash settled derivatives instruments whose value is linked directly to the current market value of an underlying security (or basket of securities).

Risk Management

The Investment Manager operates a risk management process on behalf of the Fund in relation to its use of derivatives which allows it to accurately measure, monitor and manage the various risks associated with derivatives and which is intended to ensure that the Fund's derivatives exposure remains within the limits described below.

The risk management process is described in a statement, a copy of which has been filed with the Central Bank, and which will be updated from time to time to include any additional financial derivative instruments which the Investment Manager proposes to employ on behalf of the Fund (the "Risk Management Process"). Until such time as the risk management statement has been updated, however, the Investment Manager will not use any financial derivative instrument which is not for the time being included in the Risk Management Process.

As per the Risk Management Process, market risk exposure in the Fund will be primarily controlled through the daily analysis and limitation of the Fund's Value at Risk ("VaR"). Using data from price movements over the past year of trading days, VaR is an estimate of the maximum daily loss the Fund is likely to suffer on any given day based on its current holdings. The Absolute VaR of the Fund will not exceed 20% of the Fund's Net Asset Value. The VaR will be calculated to a one-tailed 99% confidence interval and a 20 day holding period and using an effective observation period of 250 days. The measurement and monitoring of all exposures relating to the use of FDI will be performed on at least a daily basis.

The Fund's gross leverage, calculated on the basis of the notional values of the derivatives, will generally not exceed 175% of the Fund's Net Asset Value. In normal market conditions, leverage is expected to range between 130% and 160% of the Fund's Net Asset Value. These leverage figures are calculated as the sum of the notionals of derivatives acquired by the Fund, it is not, however, an indicator of economic leverage within the Fund and may appear high, as it does not take into account the effect of any netting or hedging arrangements that the Fund may adopt. The use of leverage can increase the potential return on investment and may assist the Fund to achieve its investment

objectives and policies. However, leverage can also magnify losses incurred by the Fund, particularly during periods of adverse market conditions.

The volatility of the Fund is expected to be medium or higher, achieved through the implementation of the investment approach and through the use of derivatives to manage risk and to enhance returns as outlined above.

VaR is a methodology that is used to estimate the risk or probability of losses in a portfolio. It is based on statistical analysis of historical price trends and volatilities and is designed to predict the likely scale of losses that might be expected to occur in a portfolio over a given period of time.

VaR has some limitations which result from the methodology's reliance on historical data and estimated correlations between portfolio holdings, which may not be an accurate predictor of future market conditions, particularly where the Fund experiences abnormal market conditions. An additional limitation of VaR is its focus on market risk as it does not measure other risks that may impact the Net Asset Value of the Fund. For example, VaR does not take into account liquidity risk.

Although the Fund utilises the Absolute VaR methodology there is no guarantee that this methodology captures the Fund's entire risk profile as generated through the Fund's investments, including the use of derivatives. In particular, in abnormal market conditions the VaR methodology may not be a reliable measure of risk and investors may suffer significant financial losses.

In order to protect investors, particularly under abnormal market conditions where the VaR methodology may not be an accurate measure of the Fund's risk profile, the Investment Manager may reduce the leverage in the portfolio by choosing to invest a greater proportion of the Fund's assets in cash or cash equivalents.

Information on financial derivatives used for the Fund will be included in the Company's semi-annual and annual reports and accounts. The Company will also provide information to Shareholders on request on the risk management process employed by the Investment Manager on the Fund's behalf, including details of the quantitative limits applied and information on the risk and yield characteristics of the main categories of investments held on behalf of the Fund.

Financial derivative instruments may be used by the Investment Manager either for investment or hedging purposes. Examples of the way in which they may be used, which should not be taken as being exhaustive, or mutually exclusive, include:

Hedging

Futures, forwards, swaps (including credit default swaps), options and contracts for difference may be used to hedge against downward movements in the value of the Fund's portfolio, either by reference to specific securities or markets to which the Fund may be exposed. The Investment Manager may also take out hedges against changes in interest or currency rates or credit spreads which would have an impact on the Fund.

Forward foreign exchange contracts may also be used more specifically to hedge the value of certain classes of Shares in the Fund against changes in the exchange rate between the currency of denomination of the class of Shares and the Base Currency of the Fund. The risks relating to currency hedging strategies are described in the Prospectus on page 16 under the section entitled "Hedging".

Cash management and efficient investing

The Investment Manager may also use futures, forwards, options, swaps (including credit default swaps), and contracts for difference as an alternative to acquiring the underlying securities, alone or in conjunction with the securities, in any case where such investment may be accomplished in a more efficient or less costly way through the use of derivatives. Such instruments may also be used to maintain or reduce exposure to the market while managing the cashflows from subscriptions and

redemptions into and out of the Fund more efficiently than by buying and selling transferable securities.

Tactical asset allocation

Futures, forwards, options, swaps (including credit default swaps) and contracts for difference may be used to gain or reduce the Fund's exposure to a particular security or market on a short or medium term basis, either in advance of a longer term allocation or reappraisal of the Fund's commitment to the asset or market in question, or purely on a temporary basis where it is more efficient to use derivatives for this purpose. Futures, options, swaps and contracts for difference may also be used to increase or reduce the Fund's exposure to general global market risk on a temporary basis, in advance of a longer term allocation or reappraisal of the Fund's commitment to specific markets or companies.

Collateral Management

Collateral obtained under an OTC derivative transaction, stock lending agreement or repurchase agreement will be limited to cash collateral, which may not be re-invested in other assets, and will be sufficient to limit the Fund's exposure to the counterparty within the UCITS counterparty exposure limits.

Techniques for Efficient Portfolio Management

The Investment Manager may use techniques for efficient portfolio management for the Fund, such as stock lending and repurchase agreements and may purchase securities on a when issued/delayed delivery basis subject to the conditions and limits set out in the UCITS Notices.

Any reference in this Supplement to "efficient portfolio management" shall mean a reference to techniques and instruments, including the use of derivatives, used for one or more of the following specific aims:

1. the reduction of risk;
2. the reduction of cost;
3. the generation of additional capital on income for the Fund with a level of risk which is consistent with the risk profile of the Fund.

The use of techniques for efficient portfolio management is not expected to raise the risk profile of the Fund or result in higher volatility.

As is required to be disclosed in the Prospectus by UCITS Notice 12.6, all revenues from efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the Fund. Direct and indirect operational costs and fees arising from efficient portfolio management techniques (which shall not include hidden revenue) will be paid to the securities lending agent or counterparty to the repurchase agreement, who shall not be related to the Fund, Investment Manager or the Custodian.

Profile of a Typical Investor

The Fund is suitable for investors seeking both the prospect of capital appreciation and also exposure to an investment predominantly in equity securities in South East Asia Emerging Markets. The Fund is not capital protected and is suitable for investors who are prepared to put their investment at risk. The Investment Manager believes that equity securities in South East Asia Emerging Markets can provide yield with attractive growth over time.

In 2011, the total GDP of the ASEAN countries was \$2.2 trillion, representing 3.1% of global GDP and 10% of global population, 60% of which is under the age of 35 which should allow for strong growth. Between 2006 and 2011, consumer spending in Indonesia, Thailand, Philippines, Malaysia and Singapore grew by 14% annually, reaching \$1 trillion in 2011. The market for equities in South

East Asia Emerging Markets has grown to over US\$1 trillion in 2011 and the Investment Manager believes that liquidity and diversification in such markets has increased with the growth of the markets.

5. Share Classes

Shares will be issued to investors as Shares of a Class in this Fund. The Directors may, whether on the establishment of this Fund or from time to time, with prior notification to, and clearance by the Central Bank, create more than one Class of Shares in this Fund.

The Directors may in their absolute discretion differentiate between Classes of Shares, without limitation, as to currency denomination of a particular Class, dividend policy, hedging strategies if any applied to the designated currency of a particular Class, fees and expenses or the Minimum Initial Subscription or Minimum Holding applicable. The Directors may in their absolute discretion waive the Minimum Initial Subscription or Minimum Holding requirement.

At the date of this Supplement, there are eight Classes of Shares in the Fund, of which eight are available for subscription and details of which are set out below:-

Class of Share	Currency	Minimum Initial Subscription	Investment Management and Advisory Fee	Performance Fee	Minimum Holding
Class I1 (US\$)	US\$	\$100,000	1.75%	20%	\$50,000
Class I2 (€)	€	€100,000	1.75%	20%	€50,000
Class I3 (£)	£	£100,000	1.75%	20%	£50,000
Class I4 (CHF)	CHF	CHF100,000	1.75%	20%	CHF50,000
Class D1 (US\$)	US\$	\$50,000	2.25%	20%	\$25,000
Class D2 (€)	€	€50,000	2.25%	20%	€25,000
Class D3 (£)	£	£50,000	2.25%	20%	£25,000
Class D4 (CHF)	CHF	CHF50,000	2.25%	20%	CHF25,000

Shares are issued and redeemed in US Dollars, Euro, Pounds Sterling or Swiss Franc depending on the Share Class. Shares Classes denominated in Euro, Pounds Sterling and Swiss Franc will be hedged against the risks of changes in the exchange rate between the currency of designation of the relevant Share Class and the Fund's Base Currency which is US Dollars.

The underlying instruments held by the Fund may be denominated in those or other currencies. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations. The Fund may, as further described in Appendix I of the Prospectus under the sub-section headed "Restrictions on Borrowing and Lending", enter into back to back currency borrowing or utilise derivatives such as forwards, futures, options and other derivatives to hedge against currency fluctuations at both the Fund and non-Base Currency Share Class level, but there can be no assurance that such hedging

transactions will be undertaken or if undertaken will be effective or beneficial or that there will be a hedge in place at any given time. For further information, please review the section entitled “Hedging” in the Prospectus.

The Directors may apply for reporting fund status for Class I3 (£) and Class D3 (£) of the Fund for Accounting Periods beginning 1 January 2013 however no assurances can be provided that reporting fund status, if applied for, will be obtained. Prospective investors are referred to the “United Kingdom Taxation” section in the main body of the Prospectus.

6. Initial Offer

The initial offer period for Class I1 (US\$) Shares, Class I2 (€) Shares and Class D1 (US\$) Shares is now closed. These Share Classes are now available at prices calculated with reference to the Net Asset Value per Share.

During the initial offer period, from 1 May 2013 to 30 August 2013, Shares in Class D2 (€) are available at an initial price of €1,000, Shares in Class I3 (£) and Class D3 (£) are available at an initial price of £1,000 and Shares in Class I4 (CHF) and D4 (CHF) are available at an initial price of CHF1,000.

7. Application for Shares

Applications for Shares may be made to the Administrator (whose details are set out in the Application Form).

Following the relevant initial offer period, applications received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion, in exceptional circumstances, otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day, provided that such applications have been received prior to the Valuation Point for the particular Dealing Day.

Initial applications should be made using the Application Form but may, if the Directors so determine, be made by facsimile subject to prompt transmission to the Administrator of the original signed Application Form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by facsimile without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder’s registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

Fractions

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than •01 of a Share.

Subscription monies, representing less than •01 of a Share will not be returned to the investor but will be retained by the Company in order to cover administration costs.

Method and Timing of Payment

Payment in respect of subscriptions for all Classes of Shares must be received by the Administrator no later than one Business Day 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.

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

If payment in respect of a subscription has not been received by the relevant time, the Directors or their delegate may cancel the allotment and/or charge the investor interest at the 7 day London Interbank Offer Rate as fixed by the British Banking Association (LIBOR) + 2% to be reimbursed to the Administrator together with an administration fee of €100, which is payable to the Fund. The Directors may waive such administration fee of €100 in whole or in part. In addition, the Directors have the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

Currency of Payment

Subscription monies are payable in the currency of the relevant Share Class. If an application is made in a currency other than the currency of the relevant Share Class a foreign exchange deal will, at the risk and expense of the investor, be placed by the Administrator on behalf of the investor to convert such currency to the currency of the relevant Share Class at the then prevailing exchange rate available to the Administrator. Only the net proceeds (after deduction of the conversion expenses) will be applied towards payment of the subscription monies and neither the Investment Manager nor Administrator will be responsible for the exchange rate that applies upon such currency conversion. Foreign exchange deals may be aggregated. Settlement must be made in the currency in which the order was placed.

At the discretion of the directors, subscriptions may be accepted on an "in specie" basis in accordance with the requirements of the Company as specified in the section entitled "*In Specie Subscriptions*" in the Prospectus.

Confirmation of Ownership

Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued, however, written confirmation of entry on the register in respect of each purchase of Shares will be sent to Shareholders within 48 hours of the allotment of Shares being made.

8. Redemption of Shares

Requests for the redemption of Shares should be made to the Administrator (whose details are set out in the Application Form) on behalf of the Company by facsimile or written communication and should include such information as may be specified from time to time by the Directors or their delegate.

Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion, in exceptional circumstances, determine otherwise provided that such redemption request(s) have been received prior to the Valuation Point for the particular Dealing Day. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original

subscriptions. No redemption payment will be made from an investor holding until the original Application Form and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is €2,000 (or its USD/GBP/CHF equivalent). In the event of a Shareholder requesting a redemption which would, if carried out, leave the Shareholder holding Shares of a Class having a Net Asset Value less than the relevant Minimum Holding, the Company may, if it thinks fit, redeem the whole of the Shareholder's holding.

It is not the current intention of the Directors to charge a redemption fee. However, the Directors are empowered to charge a redemption fee of up to 3% of the redemption monies and may exercise their discretion in this respect. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

Method of Payment

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified in writing to the Administrator (provided any such account is in the name of the Shareholder). Redemption payments will only be made to the account of record of a registered Shareholder.

Currency of Payment

Shareholders will be repaid in the currency of the relevant Share Class. Where settlement is to be made in a currency other than the currency of the relevant Share Class a foreign exchange deal will be placed by the Administrator on behalf of the Shareholder to convert the currency of the relevant Share Class to such other currency at the then prevailing exchange rate available to the Administrator. Only the net proceeds (after deduction of the conversion expenses) will be applied towards payment of the redemption proceeds.

Timing of Payment

Redemption proceeds in respect of Shares will be paid within 10 Business Days of the Dealing Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

Withdrawal of Redemption Requests

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

Compulsory/Total Redemption

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings "Compulsory Redemption of Shares" and "Total Redemption of Shares".

9. Single Swinging Price

Shares will be issued and redeemed at a single price (the "Price") (excluding subscription or redemption charges, if any) which will be the Net Asset Value per Share, which may, in exceptional circumstances at the Directors' discretion, be adjusted on any Dealing Day in the manner set out

below, depending on whether the Directors consider it appropriate and whether or not the Fund is in a Net Subscription Position or in a Net Redemption Position on such Dealing Day, to arrive at the Price. Where there is no dealing on the Fund or Share Class of the Fund on any Dealing Day, the Price will be the unadjusted Net Asset Value per Share rounded to four decimal places. The basis on which the assets of the Fund are valued for the purposes of calculating the Net Asset Value per Share is set out in the Prospectus under the heading "Calculation of Net Asset Value". This provides that listed investments will be valued based on the closing mid-market price of such investment. However, the actual cost of purchasing or selling assets and investments for the Fund may deviate from the mid-market price used in calculating the Net Asset Value per Share due to dealing charges, taxes and other similar costs ("Duties and Charges") and the difference between buying and selling prices of the underlying investments ("Spreads"). These costs have an adverse effect on the value of the Fund and are known as "dilution".

The dilution adjustment, if applied at the discretion of the directors, will involve adding to, when the Fund is in a Net Subscription Position, and deducting from, when the Fund is in a Net Redemption Position, the Net Asset Value per Share such figure as the Directors consider represents an appropriate figure to meet Duties and Charges and Spreads in order to preserve the value of underlying investments for Shareholders. The resultant amount will be the Price rounded to four decimal places. Where a dilution adjustment is made, it will increase the Price when the Fund is in a Net Subscription Position and decrease the Price when the Fund is in a Net Redemption Position. The Price of each Class in the Fund will be calculated separately but any dilution adjustment will in percentage terms affect the Price of each Class in an identical manner.

10. Conversion of Shares

Subject to the Minimum Initial Subscription and Minimum Holding of the relevant Fund or Classes, Shareholders may convert some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading "Conversion of Shares".

11. Suspension of Dealing

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

12. Fees and Expenses

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

The fees payable by the Fund to the Investment Manager and the Investment Adviser in respect of each Class of Shares in the Fund are set out under Section 5 of this Supplement under the heading "Share Classes." The total Management Fees for the Investment Manager and the Investment Adviser is 1.75% for Class I Shares and 2.25% for Class D Shares which total will be allocated between the Investment Manager and the Investment Adviser in the manner set out below. The Management Fees and the Performance Fees of the Investment Manager and Investment Adviser may be subject to adjustment between the Fund, the Investment Manager and Investment Adviser on the basis of the assistance they provided in marketing and securing investors for the Fund.

Investment Manager's and Investment Adviser's Management Fees

The Investment Manager shall be entitled to receive out of the assets of the Fund an annual Investment Management Fee, accrued at each Valuation Point and payable monthly in arrears at a rate

of 1.05% per annum of the Net Asset Value of the Fund allocable to Class I and Class D Shares. The Investment Manager is also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund.

The Investment Adviser shall be entitled to receive out of the assets of the Fund an annual fee, accrued daily and calculated and paid at a rate of 0.70% per annum of the Net Asset Value of the Fund allocable to Class I Shares and a rate of 1.20% per annum of the Net Asset Value of the Fund allocable to Class D Shares. The Investment Adviser is also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund.

Performance Fee

The Investment Manager and the Investment Adviser shall be entitled to receive, out of the assets allocable to Class I and D Shares, a total performance fee equal to 20% of the increase in the Net Asset Value of the relevant Class over the High Water Mark during a Performance Period, disregarding any uncrystallised Performance Fee. 12% (of the 20%) of any Performance Fee will be due to the Investment Manager and 8% (of the 20%) will be due to the Investment Adviser. The initial Performance Period shall commence on the first Business Day after expiry of the initial offer period.

The Performance Fee shall be calculated and accrued in accordance with the provisions set out in the Prospectus under the heading "Performance Fee".

Portfolio Support Fees

The Investment Manager shall be entitled to receive an annual Portfolio Support Fee out of the assets of the Fund, accrued at each Valuation Point and payable monthly in arrears at a rate of 0.08% per annum of the first €200 million of the Net Asset Value of the Fund, 0.06% per annum of the Net Asset Value of the Fund between €200 million and €400 million; 0.04% per annum of the Net Asset Value of the Fund between €400 million and €650 million; and 0.02% per annum of the Net Asset Value of the Fund in excess of €650 million.

Commission rates

The Investment Manager on behalf of the Fund may use execution-only or full service brokerage. When using full service brokerage, in addition to order execution, commission-sharing arrangements will be used to accumulate balances to be used solely for the purchase, on behalf of the Fund, of substantive research in compliance with FCA Rules.

The Fund will also reimburse the Investment Manager for monies spent by the Investment Manager to obtain other research, market data, corporate access, analysis and/or other similar services for the Fund, up to a maximum of 0.10 per cent. per annum of the average net asset value of the Fund.

Administrator's Fees

The Administrator shall be entitled to receive out of the assets of the Fund an annual fee, accrued daily and payable monthly in arrears, based on the Net Asset Value of the Fund, of up to a maximum of 0.12%, subject to a minimum annual administration fee of €58,000 for the first year of the Fund's operation and €77,000 in subsequent years (plus VAT, if any thereon) and an additional fee of €1,150 per month for weekly valuations and an additional fee of €1,750 per month for indicative daily valuations (plus VAT, if any thereon). The minimum fee may be fully or partially waived by the Administrator for such period or periods of time as may be agreed between the Company and the Administrator from time to time.

In addition to such base remuneration, the Administrator shall also be entitled to charge the Fund fees relating to any additional services required in relation to corporate secretarial, audit support, tax assistance or investor rebate services, as may be agreed with the Company and which shall be charged at normal commercial rates.

The Administrator is also entitled to be reimbursed by the Fund for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund.

Distribution Fees

The Company may appoint one or more Distributors to distribute and sell Class D Shares of the Fund. Any such Distributor will be paid by the Investment Adviser or the Investment Manager out of their own fees and not out of the assets of the Fund with respect to the Shares they distribute and sell.

Custodian's Fees

The Custodian shall be entitled to receive out of the assets of the Fund an annual fee, accrued at each Valuation Point and payable monthly in arrears, based on the number of transactions and the Net Asset Value of the Fund subject to a minimum annual fee of €15,500. In addition, annual trustee services fees are payable up to a maximum fee of 0.02% of the Net Asset Value of the Fund (plus VAT, if any thereon), subject to a minimum annual trustee services fee of €12,000 when no sub-custodian is used and €18,500 when a sub-custodian is used.

The Custodian shall also be entitled to charge the Fund fees relating to any custody or transactional services, as may be agreed with the Company and which shall be charged at standard commercial rates. In addition to such remuneration, the Custodian is entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund, including the fees and expenses of any sub-custodian (which shall be at normal commercial rates) and transaction charges (which shall also be at normal commercial rates) levied by the Custodian and which are payable by the Fund.

Establishment Expenses

The Fund shall bear (i) its proportion of the fees and expenses attributable to the establishment and organisation of the Company as detailed in the Section of the Prospectus headed "Establishment Expenses" which may be amortised over the first five Accounting Periods of the Company; (ii) the fees and expenses relating to the establishment of the Fund that are estimated not to exceed €30,000 which may be amortised over the first five Accounting Periods of the Fund or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair; and (iii) its attributable portion of the fees and operating expenses of the Company.

13. Dividends and Distributions

It is not the current intention of the Directors to pay dividends. The income and earnings and gains of the Fund will be accumulated and reinvested on behalf of the Shareholders. Any change to this dividend policy shall be set out in an updated Supplement and notified to Shareholders in advance.

14. Risk Factors

Investors are referred to the section headed "Risk Factors" in the Prospectus.

General Risk of Emerging and Developing Markets

Investment in emerging and/or developing markets (such as markets in South East Asia) securities involves a greater degree of risk than investment in securities of issuers based in developed countries. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavourable currency exchange rate fluctuations, restrictions on foreign investment, imposition of exchange control regulation by governments, withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalisation of their industries, political difficulties, including expropriation of assets, confiscatory taxation and social, economic or political instability in foreign nations. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses. Political or economic change and instability may be more

likely to occur in emerging and developing markets and have a greater effect on the economies and markets of emerging and developing countries. By comparison with more developed securities markets, most emerging countries' securities markets are comparatively small, less liquid and more volatile. In addition settlement, clearing and registration procedures in South East Asia Emerging Markets, as compared to Western markets, may be underdeveloped enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging and developing markets may not provide the same degree of investor information or protection as would generally apply to major markets. There may be less publicly available information, less strict securities market regulation and a greater likelihood of severe market disruption. In addition, the Fund's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

Emerging/developing market securities markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on an exchange in another country. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

The issuers of some of emerging market securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. Custodial expenses for a portfolio of emerging/developing markets securities generally are higher than for a portfolio of securities of issuers based in developed countries.

Investment and Repatriation Restrictions

Some emerging countries (including certain countries in South East Asia) have laws and regulations that currently preclude direct foreign investment in the securities of their companies. However, indirect foreign investment in the securities of companies listed and traded on the stock exchanges in these countries is permitted through investment funds which have been specifically authorised.

In addition to the foregoing investment restrictions, prior governmental approval for foreign investments may be required under certain circumstances in some emerging countries and the extent of foreign investment in local companies may be subject to limitation. Foreign ownership limitations also may be imposed by the charters of individual companies in emerging countries to prevent, among other concerns, violation of foreign investment limitations. Some attractive equity securities may not be available to the Fund because foreign investors hold the maximum amount permitted under current laws or because of minimum eligibility requirements (such as net worth) for investing in certain types of securities in some emerging countries.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. The Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on securities held by the Fund or gains from the disposition of such securities.

Government Involvement in the Private Sector

Government involvement in the private sector varies in emerging countries (such as certain countries in South East Asia) in which the Fund may invest. Such involvement may include government ownership, wage and price controls or imposition of trade barriers or other protectionist measures.

Investment Risk

The use of certain financial derivative instruments by the Fund may cause the Fund to have a volatile Net Asset Value.

Short Sales

Taking a short position in a security exposes the Fund to a theoretical risk of unlimited losses, which could occur because there is no limit on the price that the underlying security may increase and therefore no limit on the loss that may be incurred by the short position.

Government Restrictions on Short Sales

Due to recent and ongoing regulatory or legislative action by government authorities, taking short positions on certain securities has or may be restricted, which may make it difficult and in some cases impossible for the Investment Manager to take short positions on certain securities, companies or sectors.

Risk Factors Not Exhaustive

The investment risks set out in this Supplement do not purport to be exhaustive and potential investors should be aware that an investment in the Fund may be exposed to risks of an exceptional nature from time to time.

15. Miscellaneous

There are currently three other Funds of the Company namely, Cheyne Convertibles Absolute Return Fund, Cheyne European Real Estate Bond Fund, and Cheyne Global Credit Fund.

New funds may be created from time to time by the Directors with the prior approval of the Central Bank in which case further Supplements incorporating provisions relating to those funds will be issued by the Company.