CHEYNE DYNAMIC CREDIT FUND (UCITS)

Supplement dated 19 April 2024

to the Prospectus for Cheyne Select UCITS Fund plc

This Supplement contains information relating specifically to the **Cheyne Dynamic Credit Fund (UCITS)** (the "**Fund**"), a sub-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 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 31 December 2021 (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 is actively managed.

The Annex to this Supplement outlines information about the environmental and social characteristics promoted by the Fund pursuant to the SFDR requirements.

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.
“CDS Index”	means a diversified portfolio of reference entities, which will generally be Corporates, defined by an established credit index provider.

“CDS Index Swap”	means a credit derivative contract linked to the performance of a portfolio of Credit Default Swaps referencing Corporates in a CDS Index.
“Corporate(s)”	means companies of any sector or industry, banks or other corporate issuers of debt across all market capitalisations.
“Credit Default Swap”	means a credit derivative contract which provides the Fund with exposure to the credit risk of an underlying Corporate. In a Credit Default Swap, one party (protection buyer) pays a periodic fee to another party (protection seller) in return for compensation if a default (or similar credit event) occurs by a reference entity (which for the Fund will generally be a Corporate).
"Dealing Day"	means (i) each Wednesday (or where a Wednesday is not a Business Day the next succeeding Business Day) and/or (ii) the final Business Day of each calendar month and/or (iii) such other day or days as may be determined by the Directors and notified to Shareholders in advance, provided there is always one Dealing Day per fortnight.
"Dealing Deadline"	(a) in relation to applications to subscribe for Shares, 4 p.m. Irish time on the Business Day falling at least one (1) Business Days prior to the relevant Dealing Day; and (b) in relation to applications for the redemption of Shares, 4 p.m. Irish time on the Business Day falling at least three (3) Business Days prior to the relevant Dealing Day, and in each case such other day and/or time as the Directors shall from time to time determine, provided always that the Dealing Deadline is not later than the Valuation Point and is prior to the close of business in the market that closes first on the relevant Dealing Day.
“Developed Markets”	means the countries listed as developed on the FTSE Country Classification of Equity Markets and every member of European Union to the extent that they are not included in that list.
“Emerging Markets”	means any markets that are not Developed Markets.
“Index Options”	means a derivative contract that gives the holder the right to buy or sell an underlying financial index at a stated exercise price on or before a stated date.
“Index Tranche”	means a credit derivative contract referencing a CDS Index, where the CDS Index is divided into various tranches according to their relative seniority and degree of protection against default losses in the CDS Index (incurred following defaults of

	Corporates in the CDS Index, adjusted for any recovery value on the debt of the defaulted Corporate). Each Index Tranche is defined by the tranche attachment point, (where the default loss exposure starts) and detachment point, (where it ends). For example, an Index Tranche with an attachment point of 3% and detachment point of 6% will benefit from protection against cumulative default related losses in the CDS Index up to 3% of the reference portfolio and will only incur losses of principal if default losses exceed 3%. Should default losses exceed 6% the Index Tranche is no longer subjected to further losses and they are assigned to more senior tranches.
"Minimum Holding"	means the minimum number of Share 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.
"Performance Period"	means each Accounting Period.
"SFDR"	means the Sustainable Finance Disclosure Regulation ((EU) 2019/2088);
"Target Characteristics"	means the environmental and social characteristics promoted by the Fund, being reduction of carbon emissions, contribution to the provision of environmental solutions and social impact;
"Taxonomy Regulation"	means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending SFDR;
"Total Return Swap"	means a bilateral financial transaction where the counterparties swap the total return of a single asset, a basket of assets or a financial index in exchange for periodic cash flows.
"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 the US Dollar. 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 positive total rates of return, with a low correlation to broader market conditions including the levels of interest rates and corporate defaults, as further described in the 'Investment Strategy' section below. There can be no assurance that the Fund will achieve its investment objective.

4. Investment Policy

The Fund seeks to achieve its investment objective primarily through the implementation of an investment strategy (further detailed below) that obtains long and/or synthetic short exposure to global corporate credit risk through investment in instruments and financial derivative instruments ("**FDI**") listed below together with utilising a high degree of hedging. Short positions may only be taken through FDIs. Long positions may be held through a combination of the direct purchase of securities and/or FDIs. The Fund's use of FDIs is further described in the section entitled 'Further Detail on the Use of Financial Derivative Instruments' below.

In identifying investments for the Fund, the Investment Manager will seek to ensure that at least 30% of the long portfolio exposure of the Fund is comprised of "**Qualifying Investments**", being investments where the underlying Corporate meets at least one of the three environmental and social characteristics promoted by the Fund: reduction of carbon emissions, contribution to the provision of environmental solutions and social impact ("**Target Characteristics**") and displays good corporate governance practices. As detailed further under '*Investment Strategy*' below and in the Annex to this Supplement, the Investment Manager will not assess whether short positions are Qualifying Investments. In addition, the Fund applies an Exclusions List (as defined below under '*ESG Restrictions'*). Further information in respect of the Fund's promotion of the Target Characteristics is outlined below and is also available at the following website: www.cheynecapital.com.

The Fund may invest on a global basis across all Developed Markets and may invest up to 10% of the Net Asset Value of the Fund in Emerging Markets.

The Fund may invest directly in individual corporate credit instruments to obtain the desired exposure to global credit markets. Such corporate credit instruments include corporate bonds (which may be fixed and/or floating rate), notes and debentures. The Fund may also invest indirectly from both the long and short side in corporate credit instruments through investment in Credit Default Swaps, CDS Index Swaps, Index Tranches, options on CDS Index Swaps, equity swaps (including, by way of example, swaps on ETFs which invest in credit assets such as corporate bonds) and Total Return Swaps.

The choice of whether to invest in a particular Index Tranche will be based on the Investment Manager's assessment of the outlook for defaults of the corporates in the related CDS Index portfolio. For example, should the Investment Manager assess that defaults are likely to increase from current levels then investing in a tranche that benefits from the protection of subordination would be more likely.

The Fund may invest in both investment grade Corporates and lower-rated (commonly referred to as "high-yield") Corporates which are rated by any nationally recognised statistical rating organisation or, if unrated, determined by the Investment Manager to be of comparable quality. Exposure to unrated Corporates is not expected to exceed 10% of the Net Asset Value of the Fund. The majority of the Fund's Corporate exposure will be rated by at least one nationally recognised statistical rating organisation.

The Fund will engage in hedging transactions via FDIs in order to seek to target attractive risk-reward opportunities and to limit but not eliminate directional market risk. In addition, certain investments may be denominated in currencies other than US Dollars (the Base Currency of the Fund). The Investment Manager may, but is not obliged to, hedge such foreign currency exposure of the Fund to currencies other than the Base Currency of the Fund through the use of certain FDIs in order to reduce exposure to currency fluctuations. The Fund's use of FDIs for hedging purposes is further described in the section entitled 'Further Detail on the Use of Financial Derivative Instruments' below.

For purposes of the Fund's investment objective and policy or where market conditions may require a defensive investment strategy, the Fund may invest in cash or cash equivalents including, but not limited to; short-term government bonds, treasury bills, commercial paper, interest bearing accounts of a bank or broker, certificates of deposit, government securities and other forms of money market instruments such as bankers acceptances or bills of exchange.

The Fund may, in accordance with the UCITS Regulations, also hold ancillary liquid assets (types of which have been listed immediately above) to provide security, collateral or margin in respect of its activities.

The Fund may also invest up to 10% of its Net Asset Value in other collective investment schemes, including exchange-traded funds.

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

5. **Investment Strategy**

The Investment Manager will analyse potential investments using quantitative and qualitative techniques, as further described below. The Investment Manager's analysis will seek to identify various quantitative factors such as cash generation, debt profile, growth prospects, profitability, asset coverage and cash flow generation together with qualitative factors such as management, business environment, competition and corporate governance to analyse the credit of Corporates and identify investment opportunities in those securities. The Investment Manager will use the output of that analysis to identify investment opportunities, taking into consideration factors such as the level of credit spreads, volatility, correlations, market supply and demand imbalances of various credit instruments and liquidity, with the intent to improve the risk and return characteristics of the Fund.

The Investment Manager will then seek to dynamically allocate capital in a complimentary manner as follows:

A. Credit Long-Short

The Investment Manager will invest in combinations of Credit Default Swaps that express long and short views on Corporates in a manner that, in aggregate, contains low levels of net credit market exposure. Quantitative and qualitative factors mentioned above will be used to determine whether long or short exposure to a particular a Corporate is appropriate.

B. Default Premium

The Investment Manager will seek to generate income from taking directional exposure to diversified CDS Indices in order to benefit from the Investment Manager's assessment that the default rates implied by prevailing credit spreads exceed the level of defaults that will actually be observed. This strategy can utilise both CDS Indices and Index Tranches to capture the differential (the Default Premium) between the implied and realised default rates.

C. Volatility Premium

This will be a market neutral, highly hedged strategy that combines Index Options and CDS Indices in order to receive income from the differential (the Volatility Premium) between credit spread volatility implied in the market pricing of Index Options and the credit spread volatility that subsequently prevails during the lifespan of the Index Option. By combining the sale of Index Options and the purchase of CDS Indices as a hedge, the strategy achieves a low level of market directionality.

Other combinations of investments that have low net credit market exposure may be used to in order to benefit from mis-pricings between related investments. For example, buying a CDS Index and selling the Credit Default Swaps of each of the underlying Corporates can create a low credit risk, positive income investment. It is intended that by combining investments in this way will produce a diversified set of return sources in order to achieve the investment objective in a wide variety of market conditions.

When an investment is made, it will be closely monitored and the investment rationale for retaining the investment will be kept under review by the Investment Manager.

The Investment Manager will regularly review the exposure and investments of the Fund, as well as future potential investments, in light of the investment objective and policies of the Fund, and may change positioning by buying and/or selling relevant investments accordingly.

The Investment Manager intends to manage the net exposure of the Fund's Net Asset Value within the anticipated range of 300% short and 300% long of the Fund's Net Asset Value.

The Investment Manager will evaluate investments against the following indicators when determining whether an investment meets the relevant Target Characteristic:

A. Reduction of Carbon Emissions

The Corporate displays a trend of:

a) carbon intensity reduction (as measured by tonnes of CO_2 / $ million per revenue over the most recently reported year); and

b) absolute carbon reduction (as measured by tonnes of CO_2 over the most recently reported year); and

c) no environmental controversies other than minor, non-structural or resolved situations.

B. Contribution to the Provision of Environmental Solutions

The Corporate derives in excess of 10% of revenues from activities that contribute to the provision of environmental solutions which align with the environmental impact themes of the MSCI ESG Sustainable Impact Metrics: alternative energy, energy efficiency, green building, pollution prevention, sustainable water and sustainable agriculture.

C. Social Impact

The Corporate derives in excess of 10% of revenues from activities that contribute to the provision of social solutions which align with the social impact themes of the MSCI ESG Sustainable Impact Metrics:

nutrition, sanitation, major diseases treatment, SME finance, education, affordable real estate or connectivity.

In addition, in order to be considered to be promoting the Target Characteristics, the Corporate must follow good corporate governance practices as determined by the Investment Manager in accordance with its internal evaluation process, which takes into account, amongst other factors, the Corporate's implementation of appropriate management structures, employee relations, remuneration of staff and tax compliance.

All long positions (whether single name or index) will be assessed to see if they constitute Qualifying Investments. Long index positions will be assessed for this purpose on a "look-through" basis. The Fund will not assess if synthetic short positions, whether single name or index, are Qualifying Investments.

The promotion of the Target Characteristics is a binding element of the Fund's investment process. With the exception of synthetic short positions as described above, when making investments the Fund will assess if the investment will be a Qualifying Investment, with a view to fulfilling the aim of having 30% of the long portfolio exposure of the Fund comprised of Qualifying Investments. In addition, the application of the Exclusion List, as described below, is a binding element of the investment process applying to all single name positions that the Fund takes.

Integration of Sustainability Risks

The Fund is categorised as an Article 8 product pursuant to the SFDR. In managing the Fund's portfolio, the Investment Manager takes into account sustainability risks and the potential impact of such risks on the Fund's returns. A sustainability risk is an environmental, social or governance ("**ESG**") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment (sustainability risks are referred to herein as "**ESG risks**").

For single name positions which form part of the Fund's portfolio, the Investment Manager takes into account ESG risks and the potential impact of such risks on the Fund's returns. In respect of such positions, the Investment Manager focuses on potential governance risks, considering in particular board composition (including age, gender, ethnicity and experience), division of management responsibilities, hiring practices and approach to executive remuneration, as well as studying previous behaviours of executive management, treatment of stakeholders and historic approach to sustainability issues.

CDS Index Swap, Index Tranche and Index Option positions which form part of the Fund's portfolio will reference CDS Indices that may not be constructed by reference to ESG risks. Where the Investment Manager identifies ESG risks specific to individual positions within a CDS Index, the Investment Manager may (but is not required to) seek to manage such risks through engaging in hedging transactions.

The Investment Manager generally makes use of ESG data provided by third parties and its own ESG analysis as part of its research process in order to evaluate issuers within its investable universe, both prior to investing and once a position is held. The investable universe is continuously evaluated and maintained, applying current ESG and market data. The ESG risk assessment by the Investment Manager's research team is synthesised with other credit considerations to determine a weighting relative to the maximum possible position size (adjusted for liquidity considerations) which the research team deems appropriate, with such weighting being applied to each credit in the Fund's investable universe.

To the extent that the Investment Manager concludes that there is an ESG risk associated with an investment which could cause an actual or a potential material negative impact on the value of the Fund's portfolio, the Investment Manager will assess the likelihood of that ESG risk occurring against the potential financial advantage from making the investment. If the potential financial advantage is assessed to outweigh the actual or potential material negative impact which could be caused by the ESG risk, then the Investment Manager will typically still make the investment.

By taking ESG risks into consideration during its investment decision making process, the intention of the Investment Manager is to manage such ESG risks in a way that they do not have a material impact on the performance of the Fund. However, no assurance can be given that the Investment Manager will be able to avoid and/or mitigate the impact of ESG risks on the Fund and losses may be incurred. A description of certain ESG risks which may be particularly relevant to the Fund's investment strategy are set out under the "Risk Factors" section of the Prospectus.

Although the Manager and the Investment Manager take into account ESG risks and other ESG factors as part of the investment process for the Fund, the Manager does not currently consistently evaluate the adverse impacts of investment decisions made on a uniform set of sustainability factors with respect to the Fund for the purposes of the SFDR, given that the regulatory environment in which the Manager is operating is evolving, with guidance from competent authorities still developing regarding how ESG factors and their adverse impacts are defined and evaluated. In light of these circumstances, the Manager, in conjunction with the Investment Manager, keeps under review its approach to adverse sustainability impacts and their consideration as part of the investment process.

Taxonomy

As at the date of this Supplement, the Manager has not collected data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the Fund are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("**Taxonomy Aligned Investments**"). The Fund has zero exposure to Taxonomy Aligned Investments.

The "do no significant harm" principle applies only to those investments underlying the Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Fund do not take into account the EU criteria for environmentally sustainable economic activities.

ESG Restrictions

In addition to the other investment restrictions set out in this Supplement, when selecting investments, the Fund will also exclude direct exposure to Corporates from its portfolio that derive the majority of their revenue from:

- weapons for civilian use;
- controversial weapons;
- pornography;
- tobacco;
- gambling;
- predatory lending practices;
- the production and use of thermal coal; and
- fossil fuel extraction in the Arctic or oil sands,
  (the "**Exclusion List**").

In the event that an investment which forms part of the Fund's portfolio becomes subject to the Exclusion List, the Fund will not be obligated to dispose of that investment. However, the Fund will not increase the size of a position where the underlying Corporate has become subject to the Exclusion List.

The Fund reserves the right to exclude any Corporate which has committed a serious breach of national or international standards, regulations or laws or which has grossly violated broadly accepted ethical norms.

The Fund may take exposure to underlying Corporates that would otherwise be excluded if they are deemed to have demonstrated a trajectory towards more sustainable activities, for example through the regular issuance of green bonds to fund dedicated sustainable projects. Additionally, business objectives such as divestment or reduction of certain operations that the Investment Manager views as credible can be taken into account in determining long-term sustainability. Finally, the Investment Manager will take any engagement with a company's management (such as meetings or regular reporting on any sustainability-related initiatives) and its likelihood of success into account in determining sustainability.

For the avoidance of doubt, the Fund will not apply the Exclusion List to underlying positions in indices or single-name synthetic short positions.

Further Detail on the Use of Financial Derivative Instruments

The Investment Manager may use Credit Default Swaps, CDS Index Swaps, Index Tranches, Index Options, Total Return Swaps, futures, forwards, swaps and other options, including both exchange traded and over the counter FDI, to achieve the Fund's investment objective and to hedge risks in the Fund. The Fund may also use futures and forwards to hedge currency and interest rate exposures. The underlying reference assets to such FDI will be the instruments listed in the Investment Policy section above together with interest rates, indices and currencies.

Where the Fund invests in FDI that are based on pre-defined, (non-bespoke) indices, such indices will be consistent with the investment policies of the Fund and in most instances will not be rebalanced more frequently than monthly. It is not anticipated that such rebalancing will increase Fund costs or impact the Fund's ability to comply with its investment restrictions. Details of any such indices used will be disclosed in the periodic reports of the Fund. Where the weighting of a particular constituent in the index exceeds the UCITS investment restrictions, the Investment Manager will as a priority objective look to remedy the situation taking into account the interests of Shareholders and the Fund.

A description of each such instrument is set out below:

Credit Default Swaps

When using Credit Default Swaps, the Fund will achieve long credit exposure by being the "protection seller" and short credit exposure by being the "protection buyer." Credit Default Swaps may be used by the Fund to take long credit exposure to a Corporate by entering into Credit Default Swaps by selling protection against a default in anticipation of a stable or improving credit position in a particular Corporate. Conversely, the Fund may take short credit exposure to a Corporate by entering into Credit Default Swaps by buying protection against a default in anticipation of a deteriorating credit position or default of a particular Corporate.

The Fund may also enter into CDS Index Swaps, which are contracts linked to the performance of a diversified portfolio of Credit Default Swaps. The Fund expects to use Credit Default Swaps for long exposure to individual Corporates and may also take synthetic short positions on individual Corporates or indices, either as a hedge against a long position or for investment purposes.

The Investment Manager may use Credit Default Swaps as an alternative to acquiring underlying securities, either alone or in conjunction with the securities, when such investment may be accomplished in a more efficient way through the use of such Credit Default Swaps.

Swaps

In a standard swap transaction, two parties agree to exchange returns (or differentials in rates of return) calculated with respect to a notional amount. Swaps in which the Fund may invest include currency swaps, equity swaps (including on ETFs), interest rate swaps and Total Return Swap.

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 (i) to assist in achieving the Fund's interest rate duration profile; (ii) for the purpose of hedging foreign exchange or interest rate risk arising when investments are denominated in a currency other than the Fund's Base Currency; (iii) for the purpose of share class hedging; or (iv) for general hedging purposes in the case of equity futures of recognized equity indices.

Currency Forwards

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 into 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.

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) an underlying investment for a specified price (the strike price) on a specified date or during a period to expire on a specified date. Such underlying investments may be specific securities, indices (with respect to Index Options) or any indebtedness of a Corporate. The Fund may also enter into swaptions which are options to enter into an interest rate or other type of swap (including Credit Default Swaps and CDS Index Swaps).

Options on futures

An option on future is a contract which gives the contract buyer the right, but not the obligation, to exercise a feature of the option, such as buying a specified quantity of a particular future contract on, or up to and including, a future date (the exercise date). The 'writer' (seller) has the obligation to honour the specified feature of the contract. Since the option gives the buyer a right and the seller an obligation, the buyer pays the seller a premium.

Risk Management

The Investment Manager operates a risk management process on behalf of the Fund in relation to its use of FDI which allows it to accurately measure, monitor and manage the various risks associated with FDI and other investments, and which is intended to ensure that the Fund's investments including FDI exposure remains within the limits described below. This risk management process also takes into account any exposure created through FDI embedded in investments held by the Fund.

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 ("**Risk Management Process**"). Until such time as the risk management statement has been updated, however, the Investment Manager will not use any FDI which is not for the time being included in the Risk Management Process.

As per the Risk Management Process, leverage and exposure in the Fund will be primarily controlled through the daily analysis and limitation of the Fund's Value at Risk ("**VaR**"). VaR is an estimate of the maximum daily loss the Fund is likely to suffer on any given day, or over a specified holding period, based on its current holdings, with a given level of confidence. 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 risk factors of at least 250 business days. The measurement and monitoring of all exposures relating to the use of FDI will be performed on at least a daily basis.

Net leverage, as computed by the commitment method, will be within an anticipated range of 400% and 1000% credit risk during most market conditions. It should be noted that a large proportion of these figures is driven by a short portfolio which, for broad market moves, is expected to serve to mitigate rather than add to risk. The net exposure of the fund is expected to vary between -300% and 300%. In normal market conditions, gross leverage, calculated on the basis of the notional values of the derivatives, is expected to range between 800% and 1300% of the Fund's Net Asset Value and will generally not exceed 1500% of the Fund's Net Asset Value, although it is possible that leverage may exceed this level from time to time. These values are influenced by the considerable degree of hedging arrangements that are designed to reduce market exposure. The Fund may reach higher levels due to FX hedging, perfectly offsetting positions at regulated clearing houses awaiting compression (and which represent no counterparty or market risk), or due to short-term options that have been hedged prior to expiry which can require a substantial level of gross leverage but carry a limited amount of market risk.

It should be noted that a significant percentage of the Fund's gross notional leverage figure outlined above will relate to transactions that seek to reduce the market directionality of the Fund's portfolio, and as a result its market volatility.

The range in the level of leverage may result from the investments acquired by the Fund and the varying use of FDI that are used to alter the Fund's exposures. The use of leverage can increase the potential return on investment and may assist the Fund achieve its investment objectives and policies.

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 FDI used for the Fund will be included in the Company's semi-annual and annual reports and accounts. The Company or the Manager 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.

Share Class Currency Hedging

The Shares issued in a currency other than the Base Currency of the Fund are exposed to possible adverse currency fluctuations between the currency in which such Shares are issued and the Base Currency of the Fund. The Investment Manager seeks to hedge this exposure with the aim of minimising the impact on the Net Asset Value per Share of the non-US Dollar denominated Classes.

Although the Investment Manager intends to seek to hedge such foreign currency exposure, there can be no assurance that the techniques used will be effective.

The mechanism of such hedging and risks and limitations of such currency hedging are disclosed in the Prospectus under the section entitled "*Class Currency Hedging*".

Profile of a Typical Investor and Target Market Identification

The Central Bank requires the Company to disclose in the Prospectus or Supplement the profile of a typical investor for whom that Fund is designed.

The Fund may suit investors looking for a alternative investment strategy to complement an existing portfolio, or investors looking for exposure to global corporate credit risk and who are prepared to accept moderate levels of volatility.

The investments of the Fund are subject to market fluctuations and other risks inherent in investing in securities.

Separately, distributors that are subject to the requirements of MiFID II are required to have in place adequate arrangements to obtain all appropriate information on the products they distribute and their identified target markets. To assist such distributors, information has been or may be provided to such distributors (as relevant) on what is considered to be the potential target market for the relevant Fund, in accordance with the above profile of a typical investor. The Fund may not be appropriate for investors outside the target market; responsibility for compliance with any applicable MiFID II distribution requirements rests with the relevant distributor.

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, the following Classes of Shares in the Fund are available for subscription:-

Class of Share	Currency	Minimum Initial Subscription	Management Fee	Performance Fee	Minimum Holding
Class D1 (US$)	USD	$5,000	0.75%	15%	$5,000
Class D2 (€)	EUR	€5,000	0.75%	15%	€5,000
Class D3 (£)	GBP	£5,000	0.75%	15%	£5,000
Class D4 (CHF)	CHF	CHF5,000	0.75%	15%	CHF5,000
Class D5 (US$)	USD	$5,000	0.75%	15%	$5,000
Class D6 (€)	EUR	€5,000	0.75%	15%	€5,000
Class D7 (£)	GBP	£5,000	0.75%	15%	£5,000
Class E1 (US$)	USD	$5,000	1.5%	15%	$5,000

Class E2 (€)	EUR	€5,000	1.5%	15%	€5,000
Class E3 (£)	GBP	£5,000	1.5%	15%	£5,000
Class E4 (CHF)	CHF	CHF5,000	1.5%	15%	CHF5,000
Class I1 (US$)	USD	$100,000	1.0%	15%	$100,000
Class I2 (€)	EUR	€100,000	1.0%	15%	€100,000
Class I3 (£)	GBP	£100,000	1.0%	15%	£100,000
Class I4 (CHF)	CHF	CHF100,000	1.0%	15%	CHF100,000
Class I5 (US$)	USD	$100,000	1.0%	15%	$100,000
Class I6 (€)	EUR	€100,000	1.0%	15%	€100,000
Class I7 (£)	GBP	£100,000	1.0%	15%	£100,000
Class X1 (US$)	USD	None	0.75%	10%	None
Class X2 (€)	EUR	None	0.75%	10%	None
Class X3 (£)	GBP	None	0.75%	10%	None
Class X4 (CHF)	CHF	None	0.75%	10%	None

Shares in the D Classes are only available for subscription by distributors and/or such other persons as the Directors may determine from time to time and subject to such terms and conditions as specified by the Directors.

Shares in the I Classes are available for subscription by institutional investors.

Shares in the E Classes are available for subscription by retail investors. With respect to distribution within the EU, no portion of the Management Fee with respect to Class E Shares is paid to dealers and/or distributors, except maintenance and/or administration type fees (where legally permissible) including payments to platforms. Accordingly, within the EU, Class E Shares are available for purchase by (or on behalf of) customers of: (i) dealers and/or distributors providing independent advice (e.g., independent financial investment advisors) or portfolio management services (e.g., discretionary investment managers); and (ii) dealers and/or distributors purchasing Class E Shares on behalf of their clients where either an arrangement with their client or applicable law prohibits such dealers and/or distributors from retaining any payment from a third party.

Shares in the X Classes are only available for subscription by the Manager, the Investment Manager and/or any other Cheyne Affiliate and/or their respective members, employees and/or such other persons as the Directors may determine from time to time and subject to such terms and conditions as specified by the Directors.

The Manager, Investment Manager and/or the Investment Advisor may from time to time at its sole discretion, use part of its investment management fee to remunerate distributors and certain other financial intermediaries and may pay reimbursements or rebates to certain institutional Shareholders.

The Fund will apply to His Majesty's Revenue and Customs ("**HMRC**") for the Classes D5 (US$), D6 (€), D7 (£), I5 (US$), I6 (€) and I7 (£) Shares to have "reporting fund" status. In the case of Classes which have not yet been approved as "reporting funds" there can be no guarantee that such status will be obtained. For an up-to-date list of the Classes that have been approved by HMRC as "reporting funds", Shareholders should refer to the list of reporting funds maintained by HMRC and published on its website, available at: https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds.

The Directors may, in response to an investor request, determine to elect for "UK reporting fund" status for any Class. A list of Classes in respect of which the Directors have elected for "UK reporting fund" status is available from the Investment Manager upon request. A description of certain UK taxation risks which may be particularly relevant UK reporting fund Classes in the Fund are set out under the "Risk Factors" section of the Prospectus.

6. Initial Offer

The Classes of Shares are being offered to investors at an initial price as set out below during the initial offer period which will conclude on the earlier of (i) the first investment by a Shareholder in that Class or (ii) on 18 October 2024.

The initial offer price for Shares in any unlaunched Classes is as follows:

- USD$1,000 for USD$ denominated Classes
- EUR€1,000 for EUR€ denominated Classes

- GBP£1,000 for GBP£ denominated Classes
- CHF1,000 for CHF denominated Classes.

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 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 or other electronic means 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 or other electronic means 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 ·0001 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 Share Classes must be received by the Administrator no later than three 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.

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 SONIA rate +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 Manager, the Investment Manager or 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, written communication or other electronic means 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 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.

The minimum value of Shares which a Shareholder may redeem in any one redemption transaction is €2,000 (or its US$/£ 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 all Shares Classes will typically be paid within 3 Business Days of the Dealing Deadline for the relevant Dealing Day, and in any event within ten Business Days of the Dealing Deadline, 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 Management Fee payable by the Fund to the Manager, Investment Manager and/or the Investment Advisor in respect of each Class of Shares in the Fund is set out under Section 5 of this Supplement under the heading "Share Classes". The total Management Fee payable cumulatively to the Manager, the Investment Manager and/or the Investment Advisor is 0.75% for Class D Shares, 1.5% for Class E Shares, 1.0% for Class I Shares and 0.75% for Class X Shares which total will be allocated between the Manager, the Investment Manager and/or the Investment Advisor as agreed between these parties from time to time. For the avoidance of doubt, the Investment Advisor will have no investment discretion.

The Manager, the Investment Manager and the Investment Advisor are entitled to be reimbursed by the relevant Fund for all of their out-of-pocket expenses and vouched internal legal costs reasonably incurred on behalf of the Fund.

Performance Fee

Notwithstanding anything to the contrary in the Prospectus, in respect of Class D, Class E and Class I Shares, a Performance Fee shall be payable equal to 15% of the increase in the Net Asset Value of the relevant Class over the High Water Mark during a Performance Period. The performance fee will be calculated net of costs without deducting the performance fee itself, provided that in doing so it is in the investor's best interest. The initial Performance Period shall commence on the first Business Day after expiry of the initial offer period and shall finish on 31 December, or the last Business Day, in the following calendar year.

In respect of Class X Shares, a Performance Fee shall be payable equal to 10% of the increase in the Net Asset Value of the relevant Class over the High Water Mark during a Performance Period. The performance fee will be calculated net of costs without deducting the performance fee itself. The initial Performance Period shall commence on the first Business Day after expiry of the initial offer period and shall finish on 31 December, or the last Business Day, in the following calendar year.

The Performance Fee shall be calculated and accrued in accordance with the provisions set out in the Prospectus under the heading "*Performance Fee*". For the avoidance of doubt, the Performance Fee is paid to the Manager.

Please refer to the Schedule to this Supplement for an example of the calculation of the Performance Fee. The tabulation is provided as an illustration for information only. The tabulation does not constitute any warranty as to success and is qualified in its entirety by the express provisions of the Prospectus and this Supplement.

Adjustment Due to Deficit and Premium Subscriptions

(a) Deficit Subscriptions

Where an investor subscribes for Shares at a time when the Net Asset Value per Share is less than the relevant High Water Mark, then an adjustment is required to reduce inequalities that may otherwise result to the respective investor or the Manager (an "**Equalisation Debit**").

Where Shares are subscribed at a time when the Net Asset Value per Share is less than the relevant High Water Mark, no Performance Fee will be accrued in respect of such Shares until the High Water Mark has been recovered. Accordingly, new Shareholders will, in effect, be required to pay an equivalent Performance Fee with respect to any subsequent appreciation in the Net Asset Value per Share until the relevant High Water Mark has been reached. This will be achieved by the Company having the power to redeem a portion of that Shareholder's holding of Shares for no consideration and to pay an amount equivalent to the relevant Performance Fee to the Manager at the end of the relevant Performance Period. After the High Water Mark has been achieved, the Performance Fee relating to such Shares will be calculated and levied in the same manner as for all other Shares.

(b) Premium Subscriptions

Where Shares are purchased at a time when the Net Asset Value per Share is greater than the High Water Mark ("**Premium Shares**") (a "**Premium Subscription**"), a portion of the subscription amount equal to the accrual then in place per Share in respect of the Performance Fee shall be allocated to the prospective investor as an equalisation credit (an "**Equalisation Credit**"). The Equalisation Credit is designed to ensure that all Shareholders of a Class have the same amount of capital at risk per Share.

The Equalisation Credit will be at risk in the Fund and will therefore appreciate or depreciate based on the performance of the Class subsequent to the subscription. In the event of a decline in value below the Net Asset Value per Share at subscription, the Equalisation Credit due to the Shareholder will reduce in line with the Performance Fee accrual for other Shares, namely by an amount equal to the relevant percentage of the amount of the loss on a per Share basis until the Equalisation Credit is exhausted. Subsequent appreciation in the value of the Premium Shares will result in a recapture of any Equalisation Credit lost due to such reductions, but only to the extent of the previously lost Equalisation Credit up to the amount paid at subscription (less any part thereof previously applied).

At the end of the relevant Performance Period, an amount equal to the lower of either the Equalisation Credit paid at the time of the Premium Subscription (less any Equalisation Credit previously applied) or the Performance Fee of the relevant Class of the excess of the asset value per Premium Share over the High Water Mark is applied in the subscription for additional Shares for the Shareholder. If any Premium Share is redeemed before the last day in the Performance Period or if the appointment of the Manager is terminated, the Shareholder will receive additional redemption proceeds equal to any Equalisation Credit then remaining in respect of the redeemed Share.

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 $150 million of the Net Asset Value of the Fund, 0.06% per annum of the Net Asset Value of the Fund between $150 million and $350 million; 0.04% per annum of the Net Asset Value of the Fund between $350 million and $500 million; and 0.02% per annum of the Net Asset Value of the Fund in excess of $500 million.

The Portfolio Support Fee covers fees incurred in the performance of various middle and back office functions with respect to the Fund. This includes communicating with and providing instructions to the Depositary, the Administrator, borrowers and other service providers to the Fund with regard to trade capture, confirmation and reconciliation, payment and settlement reconciliation, trade collateral and margin, cash payments, net asset value determination, share class hedging, corporate actions, daily operations and other related matters.

Use of Third Party Research and Other Services

The Investment Manager may use research from brokers or a third party research provider (“third party research”). The costs of third party research may be allocated by the Investment Manager on a fair basis among its clients (or groups of its clients) including the Fund (each such allocation a “research charge”). Any such cost allocations will be based on a written policy and annual research budget set by the Investment Manager and agreed by the Manager and the Directors and an assessment of the potential value of third party research to the Investment Manager and such clients. Research charges may be paid into a separate research payment account controlled by the Investment Manager. The Investment Manager may delegate the administration of such account to a third party and arrange for payments to be credited to it in such manner as the Investment Manager considers appropriate. This may include deducting the research charge directly from the Fund’s assets and then transferring it into the research payment account at periodic intervals. The purchase of third party research will be subject to control and oversight by the Investment Manager designed to ensure that the research budget is managed and used in the interests of its clients and will include regularly assessing the quality of the research purchased.

The Fund will separately reimburse the Investment Manager for expenses incurred by the Investment Manager in obtaining market data, corporate access, analysis, pricing and valuation services and/or other similar information and/or 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 at each Valuation Point 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 USD110,000 (plus VAT, if any, thereon per annum). The minimum fee will be discounted by 25% for the first six months of the Fund. 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 Manager, 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 audit support, tax assistance or investor rebate services, as may be agreed with the Manager, 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. From 1 January 2023, all fees for the following year shall be increased by the amount the last published Consumer Price Index (CPI) (All Items) (Ireland) completed by the Office for National Statistics ("CPI-U") has increased since the CPI-U that was published immediately before January 1 of the previous year, plus four percent. Shareholders will be notified each year of any increases within the Company's annual report.

Distribution Fees

Distributors may be appointed to distribute and sell Classes of Shares of the Fund. Any such Distributor will be paid by the Manager, the Investment Advisor 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.

Depositary's Fees

The Depositary 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, of up to 0.03% (plus VAT, if any thereon) of the Net Asset Value of the Fund subject to a minimum fee. The minimum fee applicable shall be €15,000 per annum where there is no third party sub-custodian used and €21,000 per annum where a third party sub-custodian is used.

The Depositary 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 Depositary 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 Depositary and which are payable by the Fund.

Establishment Expenses

The costs of establishing the Fund are not expected to exceed €150,000 and will be amortised over a period of 5 years.

Redemption Fee

A redemption fee not exceeding 3% of the redemption monies may be imposed on the redemption of Shares which shall be retained by the Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders. The Directors do not currently intend to charge any redemption fee and will give one month's notice to Shareholders of any intention to charge such a fee.

Conversion Fee

A conversion fee not exceeding 5% of the Net Asset Value of Shares in the original Fund may be imposed on the conversion of Shares in any Fund to Shares in another Fund and payable into the assets of the original Fund. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the conversion fee chargeable to certain Shareholders.

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.

Investment Risk

The Fund may invest directly or indirectly in corporate debt securities and therefore will be subject to credit, liquidity and interest rate risks. There can be no assurance that the corporate debt securities in which the Fund invests will not be subject to credit difficulties or other market conditions leading to the loss of some or all of the sums invested in such securities. It is likely that a major economic event, such as a recession or reduction of liquidity in the market could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. Government debt is generally considered to be less exposed to credit risk and liquidity risk than corporate debt.

Sub-Investment Grade Risk

The Fund may be exposed to below investment grade credit exposures. Below investment grade debt may carry a greater risk of default. In addition, below investment grade debt securities tend to be more volatile than higher rated fixed income securities, so that adverse economic events may have a greater impact on the prices of below investment grade debt securities than on higher rated fixed income securities. Please also see "Liquidity Risk" in the section headed "Risk Factors" in the Prospectus.

Credit Default Swaps

The Fund may enter into Credit Default Swaps. A Credit Default Swap is a type of credit derivative which allows one party (the "protection buyer") to transfer credit risk of a reference entity (the "reference entity") to another party (the "protection seller"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events experienced by the reference entity. Credit Default Swaps may be used by the Fund to sell protection against the default of Corporates. The Fund will also have the option to purchase protection under a credit default swap in anticipation of a worsening of that Corporate's credit position. The Fund may also enter into Credit

Default Swaps on baskets of credits, indices, or their tranches provided such indices have been cleared in advance by the Central Bank.

Call Options

The Fund may directly or indirectly sell or purchase call options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing his entire investment in the call option.

Put Options

The Fund may directly or indirectly sell or purchase put options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put option holds the underlying security, the loss on the put option will be offset in whole or in part by any gain on the underlying security.

The market value of a call option or a put option depends in part on market parameters other than the underlying price, such as implied volatility, which also may vary. During periods of market stress, implied volatilities typically rise, which may cause sellers of options to lose money. In contrast, as the market rallies, implied volatilities typically fall, which may cause buyers of options to lose money.

Subordination Risk

The Fund may purchase subordinated debt securities (or take exposure to such securities through Credit Default Swaps) which are subject to certain additional risks. Such investments may be structurally or contractually subordinated to substantial amounts of senior indebtedness issued by the Corporate, all or significant portion of which may be secured, which means senior indebtedness would have to be paid-off in full by an issuer before the subordinated debt would be paid. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness. This means that holders of senior indebtedness may have rights to call an event of default or prevent an issuer from incurring additional debt, but that holders of subordinated indebtedness might not have such rights. Such subordinated debt generally provides higher yield than unsubordinated or senior debt.

Risks Relating to Leverage

The Fund may operate with a large notional exposure to FDI and high gross leverage as set out under "Risk Management" above. The use of leverage creates special risks and may significantly increase the investment and counterparty risks of the Fund. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase the exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the Net Asset Value of the relevant Fund to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value of the relevant Fund may decrease more rapidly than would otherwise be the case. The Investment Manager may hedge instruments to enable the Investment Manager to group together larger trades than would otherwise be possible. As a result, the Investment Manager expects that this will enable certain trades and/or trading strategies to benefit from what the Investment Manager views to be pricing dislocations or excessive risk premia in the market. However, if the anticipated relationships between the derivative or other financial instruments being hedged breaks down, for example during a period of market stress, the Fund's Net Asset Value could be adversely affected. The Investment Manager will in part use relationships observed in the past to determine hedging ratios, but there is no guarantee that such historic relationships will continue in the future.

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.

SCHEDULE

Worked example in respect of Class E Shares in the Fund

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Mid Year 6	Year 7	Year 8
Starting Net Asset Value per Share ("NAV per share")*	$1,000	$1,085	$1,268	$1,100	$1,250	$1,338	$1,300	$1,300	$1,391
Ending NAV per share (before accrual of any Performance Fee)	$1,100	$1,300	$1,100	$1,250	$1,350	$1,300	$1,370	$1,400	$1,500
High Water Mark ("HWM")	$1,000	$1,085	$1,268	$1,268	$1,268	$1,338	$1,338	$1,338	$1,391
Performance Fee per share**	$15	$32	$0	$0	$12	$0	$5	$9	$16
Ending NAV per share (after accrual of any Performance Fee)	$1,085	$1,268	$1,100	$1,250	$1,338	$1,300	$1,365	$1,391	$1,484
Does ending NAV per share exceed the HWM?	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes
Is a Performance Fee payable?	Yes	Yes	No	No	Yes	No	No	Yes	Yes
Adjustment Due to Deficit Subscriptions									

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Mid Year 6	Year 7	Year 8
Subscription Price				$1,100					
Investor HWM				$1,100	$1,250	$1,338		$1,338	$1,391
Ending NAV per Share				$1,250	$1,350	$1,300		$1,400	$1,500
Investor Specific Performance				$150	$100	-$38		$62	$109
Investor Specific Performance Fee per Share				$23	$15	$0		$9	$16
Vs. Class Performance Fee per Share				-$23	-$3	$0		$0	$0
Equalisation Credit				-$23	-$3	$0		$0	$0
Investor Carried Forward HWM				$1,250	$1,338	$1,338		$1,391	$1,484

Adjustment due to Premium Subscriptions

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Mid Year 6	Year 7	Year 8
Subscription Price							$1,365		
Investor HWM							$1,365	$1,365	$1,391
Ending NAV per Share								$1,400	$1,500
Investor Specific Performance								$35	$109
Investor Specific Performance Fee per Share								$5	$16
Vs. Class Performance Fee per Share								$4	$0
Equalisation Credit								$4	$0
Investor Carried Forward HWM								$1,391	$1,484

* Initial Offer Price of $1,000
** Performance fee rate of 15%

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good

Product name: Cheyne Dynamic Credit Fund (UCITS) **Legal entity identifier: 391200QDCTWS4X6YSJ39**

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product? *[indicate the environmental and/or social characteristics promoted by the financial product and whether a reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product]*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Fund promotes three environmental and social characteristics, (each a "**Target Characteristic**" and together the "**Target Characteristics**") as set out below:

1) the Fund promotes the reduction of carbon emissions ("**Target Characteristic 1**");

2) the Fund promotes contribution to the provision of environmental solutions ("**Target Characteristic 2**"); and

3) the Fund promotes social impact ("**Target Characteristic 3**").

A reference benchmark has not been designated for the purpose of attaining the Target Characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

A portfolio holding is designated as a "**Qualifying Investment**" if it meets one or more of the Target Characteristics promoted by the Fund. In order to meet one of the Target Characteristics, the underlying Corporate must meet the requirements of E1, E2 and/or S1 as set out below, together with the Investment Manager's good coprorate governance requirements.

E1 Reduction of Carbon Emissions

- **Carbon intensity reduction** – the underlying issuer (the "**Corporate**") exhibits a decline of 7% or greater, measured by tonnes of CO_2 emitted per $ million of revenue generated over most recent reported year; **and**
- **Absolute carbon reduction** – the Corporate exhibits a zero absolute increase, measured by tonnes of CO2 emitted over the most recently reported year; **and**
- The Corporate has **no environmental controversies** other than minor, non-structural or resolved situations.

E2 Contribution to the Provision of Environmental Solutions

- The Corporate contributes to the provision of environmental solutions – meaning, it **derives over 10% of its revenues from activities that contribute to the provision of environmental solutions** which align with the environmental impact themes of the MSCI ESG Sustainable Impact Metrics: alternative energy, energy efficiency, green building, pollution prevention, sustainable water and sustainable agriculture.

S1 Social Impact

- The Corporate **derives in excess of 10% of revenues from activities that contribute to the provision of social solutions** which align with the social impact themes of the MSCI ESG Sustainable Impact Metrics: nutrition, sanitation, major diseases treatment, SME finance, education, affordable real estate or connectivity.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives? *[include, for financial products that make sustainable investments, a description of the objectives and how the sustainable investments contribute to the sustainable investment objective. For the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes]*

Not applicable - the Fund promotes environmental and/or social characteristics but does not commit to making "sustainable investments" within the meaning of Article 2(17) of the SFDR.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective? *[include a description for the financial product that partially intends to make sustainable investments]*

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account? [include an explanation of how the indicators for adverse impacts in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of Annex I , are taken into account]

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details: [include an explanation on the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights]

Not applicable.

[Include statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any

Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes, _______ *[if the financial product considers principal adverse impacts on sustainability factors, include a clear and reasoned explanation of how it considers principal adverse impacts on sustainability factors. Indicate where, in the information to be disclosed pursuant to Article 11(2) of Regulation (EU) 2019/2088, the information on principal adverse impacts on sustainability factors is available]*

✖ No

What investment strategy does this financial product follow? *[provide a description of the investment strategy and indicate how the strategy is implemented in the investment process on a continuous basis]*

The investment strategy guides investment decisions based on factors such as investment objectives and risk

The Investment Manager will analyse potential investments using quantitative and qualitative techniques, as further described below. The Investment Manager's analysis will seek to identify various quantitative factors such as cash generation, debt profile, growth prospects, profitability, asset coverage and cash flow generation together with qualitative factors such as management, business environment, competition and corporate governance to analyse the credit of Corporates and identify investment opportunities in those securities. The Investment Manager will use the output of that analysis to identify investment opportunities, taking into consideration factors such as the level of credit spreads, volatility, correlations, market supply and demand imbalances of various credit instruments and liquidity, with the intent to improve the risk and return characteristics of the Fund.

The Investment Manager will then seek to dynamically allocate capital in a complimentary manner as follows:

A. Credit Long-Short

The Investment Manager will invest in combinations of Credit Default Swaps that express long and short views on Corporates in a manner that, in aggregate, contains low levels of net credit market exposure. Quantitative and qualitative factors mentioned above will be used to determine whether long or short exposure to a particular a Corporate is appropriate.

B. Default Premium

The Investment Manager will seek to generate income from taking directional exposure to diversified CDS Indices in order to benefit from the Investment Manager's assessment that the default rates implied by prevailing credit spreads exceed the level of defaults that will actually be observed. This strategy can utilise both CDS Indices and Index Tranches to capture the differential (the Default Premium) between the implied and realised default rates.

C. Volatility Premium

This will be a market neutral, highly hedged strategy that combines Index Options and CDS Indices in order to receive income from the differential (the Volatility Premium) between credit spread volatility implied in the market pricing of Index Options and the credit spread volatility that subsequently prevails during the lifespan of the Index Option. By combining the sale of Index Options and the purchase of CDS Indices as a hedge, the strategy achieves a low level of market directionality.

Other combinations of investments that have low net credit market exposure may be used to in order to benefit from mis-pricings between related investments. For example, buying a CDS Index and selling the Credit Default Swaps of each of the underlying Corporates can create a low credit risk, positive income investment. It is intended that by combining investments in this way will produce a diversified set of return sources in order to achieve the investment objective in a wide variety of market conditions.

When an investment is made, it will be closely monitored and the investment rationale for retaining the investment will be kept under review by the Investment Manager.

The Investment Manager will regularly review the exposure and investments of the Fund, as well as future potential investments, in light of the investment objective and policies of the Fund, and may change positioning by buying and/or selling relevant investments accordingly.

The Investment Manager intends to manage the net exposure of the Fund's Net Asset Value within the anticipated range of 300% short and 300% long of the Fund's Net Asset Value.

In identifying investments for the Fund, the Investment Manager will seek to ensure that at least 30% of the long portfolio exposure of the Fund is comprised of Qualifying Investments. In addition, the Fund also applies an Exclusions List.

All long positions (whether single name or index) will be assessed to see if they constitute Qualifying Investments. Long index positions will be assessed for this purpose on a "look-through" basis. The Fund will not assess if synthetic short positions, whether single name or index, are Qualifying Investments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

  As part of its investment strategy, the Fund has imposed the following binding elements to attain the Target Characteristics.

The Investment Manager will evaluate investments against the following indicators when determining whether an investment meets the relevant Target Characteristic:

A. Target Characteristic 1

The Corporate displays a trend of:

a) carbon intensity reduction (as measured by tonnes of CO_2 / $ million per revenue over the most recently reported year); and

b) absolute carbon reduction (as measured by tonnes of CO_2 over the most recently reported year); and

c) no environmental controversies other than minor, non-structural or resolved situations.

B. Target Characteristic 2

The Corporate derives in excess of 10% of revenues from activities that contribute to the provision of environmental solutions which align with the environmental impact themes of the MSCI ESG Sustainable Impact Metrics: alternative energy, energy efficiency, green building, pollution prevention, sustainable water and sustainable agriculture.

C. Target Characteristic 3

The Corporate derives in excess of 10% of revenues from activities that contribute to the provision of social solutions which align with the social impact themes of the MSCI ESG Sustainable Impact Metrics: nutrition, sanitation, major diseases treatment, SME finance, education, affordable real estate or connectivity.

In addition, the Fund imposes the following portfolio level binding elements of its investment strategy.

Exclusion List

In respect of single name positions, the Fund will exclude direct exposure to Corporates from its portfolio that derive the majority of their revenue from:

- weapons for civilian use;
- controversial weapons;
- pornography;
- tobacco;
- gambling;
- predatory lending practices;
- the production and use of thermal coal; and
- fossil fuel extraction in the Arctic or oil sands.

Promotion of Target Characteristics

The promotion of the Target Characteristics is a binding element of the Fund's investment process. With the exception of synthetic short positions, when making investments the Fund will assess if the investment will be a Qualifying Investment, with a view to fulfilling the aim of having 30% of the long portfolio exposure of the Fund comprised of Qualifying Investments.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy? *[include an indication of the rate, where there is a commitment to reduce the scope of investments by a minimum rate]*

The Investment Manager has not committed to a minimum rate to reduce the scope of the investments considered.

- ***What is the policy to assess good governance practices of the investee companies?*** *[include a short description of the policy to assess good governance practices of the investee companies]*

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Investment Manager utilises an internal evaluation process to assess the good governance practices of investee companies. The Investment Manager's credit research team begins by evaluating an issuer against MSCI's ESG Pillar Scoring - MSCI provide a governance rating "pillar" score between 0-10, where a higher score indicates stronger governance and reduced governance risks. The Investment Manager's credit investment team then conducts further assessments of the governance of an issuer in order to create an "adjusted" ESG Pillar Score for each investment, comprising up to a two-point amendment to the original MSCI ESG Pillar Score. This adjustment allows for the Investment Manager to capture of transitionary factors which are not sufficiently assessed through the MSCI score or take into account data that is not fully captured in the MSCI scoring process. The Investment Manager's risk management team has oversight of these pillar scoring adjustments. To be eligible for inclusion in the portfolio an issuer must have an minimum Cheyne-adjusted Governance Score of 1. The Cheyne-adjusted "G" score outlines the Investment Manager's definition of "good governance" from the perspective of inclusion in the portfolio under Article 8, as well as a further scale within "good governance" from 1-10 . An issuer with a score of 0 will not be deemed to meet the good governance requirements and is not investable

What is the asset allocation planned for this financial product? *[include a narrative explanation of the investments of the financial product, including the minimum proportion of the investments of the financial product used to meet the environmental or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy, including the minimum proportion of sustainable investments of the financial product where that financial products commits to making sustainable investments, and the purpose of the remaining proportion of the investments, including a description of any minimum environmental or social safeguards]*

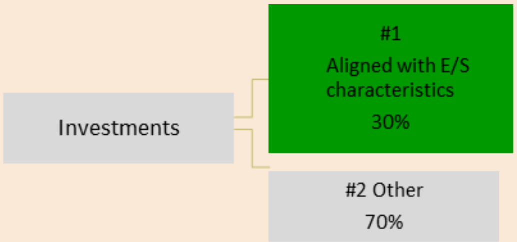
Asset allocation describes the share of investments in specific assets.

The Investment Manager expects that at least 30% of the Fund's long portfolio exposure will constitute Qualifying Investments that attain the Target Characteristics. All long positions (whether single name or index) will be assessed to see if they constitute Qualifying Investments. Long index positions will be assessed for this purpose on a "look-through" basis. The Fund will not assess if synthetic short positions, whether single name or index, are Qualifying Investments. The remaining investments of the Fund will be comprised of investments which meet the investment policy of the Fund . While these investments may not achieve the Target Characteristics, they will be subject to the Exclusion List.

[include note only for financial products referred to in Article 6 of Regulation (EU) 2020/852

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee

[Include only relevant boxes, remove irrelevant ones for the financial product]



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

[include the note below where the financial product commits to making sustainable investments]

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product? *[for financial products that use derivatives as defined in Article 2(1), point (29), of Regulation (EU) No 600/2014 to attain the environmental or social characteristics they promote, describe how the use of those derivatives meets those characteristics]*

Derivatives are subject to assessment as Qualifying Investments on a "look-through" basis. All long positions (whether single name or index) will be assessed by the Investment Manager to see if they constitute Qualifying Investments. The Investment Manager will not, however, assess if synthetic short positions, whether single name or index, are Qualifying Investments. The Investment Manager believes that by buying and selling protection via Credit Default Swaps, the Product influences the cost of debt financing of underlying issuer companies. By allocating the Product's long portfolio to names that exhibit the Target Characteristics the Product influences the pricing of Credit Default Swaps of these companies and indirectly the pricing of their corporate bonds.

[include note only for the financial products referred to in Article 6 , first paragraph, of Regulation (EU) 2020/852

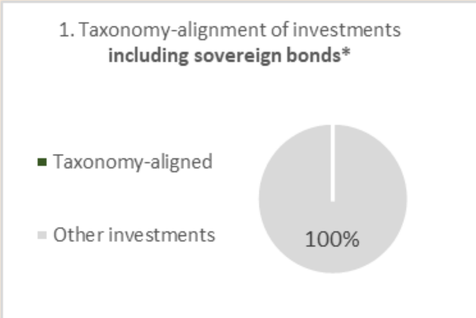
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

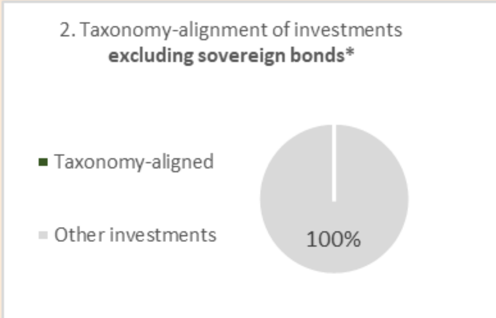
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? *[include a section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 and include the graphical representation referred to in Article 15(1), point (a), of this Regulation, the description referred to in Article 15(1), point (b), of this Regulation, a clear explanation as referred to in Article 15(1), point (c), of this Regulation, a narrative explanation as referred to in Article 15(1), point (d), of this Regulation and the information referred to in Article 15(3) of this Regulation]*

The Fund does not commit to making any sustainable investments. The Investment Manager does not currently collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the Product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation ("**Taxonomy Aligned Investments**"). The Fund has zero exposure to Taxonomy Aligned Investments.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





**** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures***

- ***What is the minimum share of investments in transitional and enabling activities?*** *[include section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]*

Not applicable.

[include note for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy? *[include section only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities and explain why the financial product invests in sustainable investments with an environmental objective in economic activities that are not Taxonomy-aligned]*

Not applicable.

What is the minimum share of socially sustainable investments? *[include section only where the financial product includes sustainable investments with a social objective]*

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The remaining investments of the Fund will be comprised of investments which meet the investment policy of the Fund. While these investments may not achieve the Target Characteristics, they will be subject to the Exclusion List.

[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes? *[include section where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

No index has been designated as a reference benchmark.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

  Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

  Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website: *[include a hyperlink to the website referred to in Article 23 of this Regulation]* Cheyne Capital | Responsible Investment