

## **FMG (EU) Rising 3 Fund**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the FMG (EU) Rising 3 Fund (the "**Fund**"), a Fund of FMG Funds SICAV plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Malta and licensed by the Malta Financial Services Authority (the "**Authority**").

**This Supplement forms part of the Prospectus of the Company dated April 1<sup>st</sup> 2010 (the "Prospectus"), and may not be distributed (other than to prior recipients) unless accompanied by and read in conjunction with the Prospectus.**

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relating to the issue of four Share Classes of Class A shares and five share classes of Class A09 (minimum investment Euro 15,000 or equivalent)  
and four Share Classes of Class B shares and five share classes of Class B09 shares (minimum investment Euro 75,000 or equivalent) shares in

## **FMG (EU) Rising 3 Fund**

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**Dated April 1<sup>st</sup> 2010**

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## **ORGANISATION STRUCTURE AND AIMS**

### **THE FUND**

FMG (EU) Rising 3 Fund (the 'Sub-Fund' or the 'Fund') is a separate fund (constituted by a group of distinct classes of shares) in the FMG Funds SICAV plc (the 'Company') which is a collective investment scheme organised as an umbrella company with variable share capital under the laws of the Republic of Malta and licensed by the Malta Financial Services Authority under the Investment Services Act, Cap 370 of the Laws of Malta as a Professional Investor Fund.

### **CLASS OF SHARES**

The Memorandum and Articles of Association of the Company empower the Directors of the Company to create different series, or classes, of shares. In that event, the net proceeds from the sale of each class or group of classes of shares will be segregated into separate funds. All income and capital gains earned on the assets of each fund shall accrue to such fund and all expenses and liabilities related to a particular fund and any redemptions of the shares related thereto shall be charged to and paid from the fund in question. The trading results of any one fund will have no effect on the value of any other fund and the holders of any class of shares will not have any interest in any assets of the Fund other than the fund attributable to the class of shares held by them. The assets of each such fund will be subject to the general creditors of the Fund.

The shares in each fund are ordinary accumulator shares, freely transferable, and unless otherwise stated enjoy equal rights participating equally in the profits of that fund. The shares issued are accumulator shares, and any profits will accumulate within the relevant class of accumulator shares and Company will not distribute any dividends.

The shares subscribed by the promoters of the Company at the time of establishment of the Company are, for administrative purposes, referred to as 'Founder Shares'. The Founder Shares constitute a separate class of Shares, but do not constitute a sub-fund in the Company. There are 1,000 voting non-participating Founder Shares of no nominal value. FMG (Malta) Ltd. has subscribed to 999 Founder Shares and Mr Peter B. Hughes has subscribed to one Founder share.

At the date of this Supplement 18 distinct non-voting participating Investor Share Classes are being offered within this Fund, namely,

Class A US\$;  
Class A EUR;  
Class A SEK;  
Class A NOK;  
Class A09 US\$;  
Class A09 EUR;  
Class A09 GBP;  
Class A09 SEK;  
Class A09 NOK;  
Class B US\$;  
Class B EUR;  
Class B SEK;  
Class B NOK;  
Class B09 US\$;  
Class B09 EUR;  
Class B09 GBP;  
Class B09 SEK; and  
Class B09 NOK.

Each share class constitutes a distinct class of shares within this Fund.

Class A and Class A09 Classes of Shares can only be held by Experienced Investors whereas Class B and Class B09 Classes of Shares can only be held by Qualifying Investors.

#### INITIAL OFFER PERIOD

The Initial Offer Period for Class A and Class B shares has closed at 5pm on the 2<sup>nd</sup> June 2008 and the Initial Offer Period for Class A09 and Class B09 has closed at 5pm on the 1 January 2009.

During the Initial offer period, shares in the Fund were issued at a fixed price (“initial offer price”) as follows:

<b>Name of Share Class</b>	<b>Initial Offer Price</b>
Class A US\$	US\$100
Class A EUR	€100
Class A NOK	NOK1,000
Class A SEK	SEK 1,000
Class A09 US\$	US\$100
Class A09 EUR	€100
Class A09 GBP	£100
Class A09 SEK	SEK1,000
Class A09 NOK	NOK1,000
Class B US\$	US\$10
Class B EUR	€10
Class B NOK	NOK 100
Class B SEK	SEK 100
Class B09 US\$	US\$10
Class B09 EUR	€10
Class B09 GBP	£10
Class B09 NOK	NOK 100
Class B09 SEK	SEK 100

The price of any other shares issued thereafter by the fund is the price prevailing as at close of business on each day preceding the dealing day.

Class A and Class B shares will be closed to new investors as from 1<sup>st</sup> January 2009.

#### DEALING DAY

Shares will be issued and redeemed on each Dealing Day. The “Dealing Day” will be the first business day in each week and/or such other days as the Directors shall from time to time determine. A business day means any day normally treated as a business day in the Republic of Malta. It is recommended that investors wishing to subscribe or redeem shares of the Fund contact the administrator, Apex Fund Services (Malta) Limited, for a current yearly calendar outlining Malta public holidays as well as business and dealing days.

#### VALUATION DAY

The “Valuation Day” shall be the business day immediately preceding a Dealing Day.

## PRICE PER SHARE

The Price on any Dealing Day shall be the Net Asset Value per Share being calculated as set forth on page 12 on the Valuation Day immediately preceding that Dealing Day.

## PUBLICATION OF NET ASSET VALUE

The Net Asset Value of Shares in the Fund will be available on the website of FMG (Malta) Ltd., namely [www.fmgfunds.com](http://www.fmgfunds.com). They will also be available from the office of the Administrator of the Fund.

## INVESTMENT OBJECTIVES

The Fund's objective is to provide capital appreciation over the medium to long-term. Assets will initially be invested in securities and other investment products primarily comprising a combination of FMG's Russia, India and China funds. This will afford investors access to an actively managed and diversified Emerging Market portfolio, with strong growth potential. FMG's Russia, India and China funds are in turn diversified among various managers with different investment styles, aiming to lower the risk and volatility. The Fund may also invest with managers that are not included in FMG's funds. In this way a balance is sought between attractive returns and capital preservation.

## INVESTMENT STRATEGY

Using the multi-manager concept the Fund will aim to:

- Spread its assets among various successful managers, with a minimum of three managers;
- Use managers with different investment styles and philosophies;
- Lower the risk and volatility by using multiple managers.

With respect to the underlying investments, FMG have screened a substantial number of managers and continues to screen managers of both the underlying funds and the managed accounts according to the following criteria and guidelines:

- An attractive track record;
- Attractive start ups may also be considered from time to time;
- The manager of the fund should preferably have a material portion of its own assets invested in the fund.

Consequently the Fund will use managers with a variety of investment styles such as:

- Classic long only managers
- Hedge Style managers
- Quant style managers

However, the Sub Advisor may advise the Investment Manager on any other investment style that it believes will add to performance.

When selecting funds in which to invest, each fund will be selected by the Investment Manager based on an assessment of documented investment skills, risk control and operational infrastructure. Consideration will be given to, amongst other things, skills, experience, background, size, track record, reputation, infrastructure and safe custody of the fund and its

assets. The Fund may also invest in exchange traded funds and funds managed by external portfolio managers whose objectives are in line with those of the Fund.

In the case where Funds Assets are invested in other FMG funds the management fees & performance fees (if applicable) are 100% rebated. Furthermore the Fund may also invest in managed accounts with portfolio managers if it deems fit.

After the performance record of a fund and its manager has been analyzed the final investment decision is made by FMG (Malta) Ltd. after consultation with the Sub advisor (see below).

The underlying assets are mainly invested in listed equities where the underlying managers have the discretion to invest in small, mid and large caps in their target universe, depending on where they are located. Bonds are not targeted as part of the mandate although the managers may chose to invest their unused cash in bonds to enhance the cash returns. Most managers are net long biased although there may be a mix of long-only as well as long-short equity managers. In the case of managed accounts, the manager typically gets a mandate to buy their top 10-30 names and only concentrate on their highest conviction ideas. Alternatively, a mandate can be to mimic an index of choice.

Although the Fund may make investments based on historical performance and there is no certainty that such past performance will be maintained in the future. The profit potential or risk of an investment relies entirely on the judgement of its underlying investment managers who may use leverage. There may also be major losses in the event that there is a disruption in the financial markets. The Fund will normally be fully invested with managers.

## INVESTMENT TECHNIQUES

The Directors of FMG (Malta) Ltd and the Sub Advisor (see below) together have over 50 years experience in screening investment managers and will meet regularly to review existing and new managers. A combination of qualitative and quantitative methods will be used when screening for managers.

## INVESTMENT RESTRICTIONS

The fund is not subject to any other investment restrictions except that the Fund may be leveraged for investment purposes via the use of derivatives up to 100% of NAV. Derivatives will only be employed for hedging purposes. The Fund may not borrow for investment purposes. The Fund may only borrow to satisfy any short term liquidity requirements.

## AMENDMENTS TO THE INVESTMENT OBJECTIVES, POLICIES AND INVESTMENT RESTRICTIONS

At any time, the Investment Objective of the Fund may only be changed with the consent in writing of the holders of three-fourths of the Founder Shares and with the sanction of an Extraordinary Resolution passed at a separate general meeting of the holders of all the shares in the Fund, including shares which do not carry any voting rights in terms of the Memorandum and Articles of Association of the Company.

Changes to the investment objectives of the fund shall be notified to investors in advance of the change. The change in the investment objective shall only become effective after all redemption requests received during such notice periods have been satisfied.

## BORROWING

Although there are no restrictions in the Articles regarding borrowing, the Fund may borrow for short-term Bridge Financing requirements but only to the permitted level of up to 100% NAV.

## MANAGEMENT OF THE FUND

The Fund has appointed FMG (Malta) Limited to manage the Fund. FMG (Malta) Ltd is wholly owned by FMG Holdings (Cyprus) Ltd. which was incorporated in 2004 and is subject to the laws of Cyprus. FMG (Malta) Limited is licensed and regulated by the Malta Financial Services Authority. FMG (Malta) Limited have appointed FMG Fund Managers Limited as Sub Advisor to the Manager to avail of synergies and experience in the investment research and selection process. FMG Fund Managers Limited also manage FMG MENA Ltd, FMG Africa Ltd, FMG Global Hedge Fund Ltd, , FMG Bio-Med Hedge Fund Ltd, FMG Rising 3 Fund Ltd, FMG China Fund Ltd, FMG Special Opportunity Fund Ltd, FMG India Fund Ltd and FMG India Opportunity Fund Ltd. FMG are also distributors of the Russian Federation First Mercantile Fund Ltd. All funds except for the Russian Federation First Mercantile Fund Ltd are multi-manager funds. FMG Fund Managers Limited has over 250 million Euro in third party funds under management and is registered in Bermuda.

## SUBADVISOR

FMG (Malta) Limited have sub delegated the investment research to FMG Fund Managers Ltd(Sub Advisor) who has established an Investment Committee to make the Investment recommendations to FMG (Malta) Limited. The members of this Committee are: -

**Johan G. Kahm**, born in Stockholm, Sweden in 1947, has held positions at Alfred Berg Fondkommission AB, Stockholm and Dominick & Dominick Inc, New York. In 1976 he founded International Forecasting Corporation, an advisory and asset management company specializing in foreign exchange and bond trading for corporate treasury and banks. In 1989, he was the co-founder of FMG.

**Jeffery Y Shen**, born in China in 1981. He holds an BS degree in International Business and Finance from the Stern School of Business, New York University in the United States. He has worked as an analyst with FMG since 2004 and is currently the senior analyst responsible for researching emerging markets managers.

**Arild Johansen (Oslo)**, born in East Lansing, Michigan in 1964. He graduated with a BS in Business Administration and a BS in Finance from the University of Wyoming in December of 1989. He has worked as an analyst for FMG since 1992. He is in charge of finding managers for the FMG family of funds.

## RISK FACTORS

Certain risks relating to the Shares are set out under the heading “Risk Factors” in the Prospectus. In addition, Shareholders should note that:

This offering is intended only for those high-risk investors who have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of an investment in Shares of the Fund and are able to bear the risk of their entire investment in the Fund. The value of the Shares may be volatile and may go up as well as down. Accordingly an investment in the Fund involves a high degree of risk as stated herein.

**No Current Income** The Fund's investment policies should be considered speculative, as there can be no assurance that FMG's assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that the Fund will issue accumulator shares, an investment in the Fund is not suitable for investors seeking current income for financial or tax planning purposes.

**Business Dependent Upon Key Individuals** The success of the Fund is expected to be significantly dependent upon the expertise of the Board of Directors and the members of the Investment Committee of the Sub-Advisor and the ability of such members to successfully screen and choose appropriate investment managers who can achieve the Fund's investment objectives.

**Concentration of Investments** From time to time a significant portion of the Fund's capital or underlying investments may be concentrated with a few managers, in a particular security, industry, market or country. Should such security, industry, market or country become subject to adverse financial conditions, the Fund's capital shall not be afforded the protection otherwise available through greater diversification of its investments.

**Litigation and Claims** The Fund and FMG (Malta) Ltd., as independent legal entities, may be subject to lawsuits or proceedings by government entities or private parties. Except in the event of a lawsuit or proceeding arising from a Director's or FMG (Malta) Ltd's gross negligence, wilful default, or fraud in the performance of its duties, expenses or liabilities of the Fund arising from any suit shall be borne by the Fund.

**Investment and Trading Risks** Investing in securities attracts a level of risk and potential loss of capital. However, the Directors of FMG (Malta) Ltd. together with the experience of the Sub Advisors believes that the Fund's investment program and manager screening techniques aims to moderate this risk through a careful selection of investment managers and the allocation of the Fund's portfolio amongst various managers. No guarantee or representation is made that the Fund's program will be successful.

**Emerging Markets Risk** A significant portion of the Fund's assets may from time to time be invested in developing countries. The economies of many of the emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Also, many emerging market country economies have a high dependence on a small group of markets or even a single market. This may result in sharp price increases and declines in the underlying funds which will in turn affect the NAV of the Fund in a similar way.

**Shareholder Loss** No Shareholder will be liable for losses or debts of the Fund beyond that Shareholder's investment nor may any Shareholder be assessed or otherwise required to invest more than its initial investment.

**Risks of Special Techniques Used by FMG (Malta) Ltd.** The Fund may invest using special investment techniques that may subject the Fund's investments to certain risks. Certain, but not all, of these techniques and the risks that they entail are summarized herein. The Fund, in any event, is not designed to correlate to the broad equity market, and should be viewed as an alternative to, rather than a substitute for equity investments.

**Political Risks** The value of the Fund's investments may be affected by uncertainties, such as political developments, changes in government policies, taxation, currency repatriation restrictions and restrictions on foreign investment in some or all of the countries in which the Fund may invest.

**Currency Risks** The Net Asset Value per Share will be denominated in Euros, whereas the underlying funds' investments may be acquired, directly or indirectly, in a range of currencies. Changes in exchange rates may therefore affect the valuations of the underlying funds.

**Liquidity, Settlement and Counterparty Risks** The underlying funds in which the Fund may invest are exposed to a credit risk on parties with whom they trade and may also bear the risk of settlement default. Transactions effected by the underlying funds will not be limited to transactions on, or be effected under the rules of, major exchanges.

**Regulatory Risks and Accounting Standards** The regulatory supervision, legal structure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of Shareholder protection or information to investors as would generally apply internationally.

**Other Risks** The underlying funds may make investments through Special Purpose Vehicles in which its interest may be that of a minority shareholder and accordingly the underlying funds' ability to make decisions affecting such vehicles and their investments may be limited. Additionally, some underlying assets may not be held by a Custodian, but be directly held by a third party pursuant to an agreement directly with the underlying funds.

**Substantial Redemptions** If there are substantial redemptions within a limited period of time, it may be difficult for the Fund to provide sufficient funds to meet such redemptions without liquidating positions prematurely at an inappropriate time or upon unfavourable terms. This may also apply should an underlying fund or investment vehicle experience substantial redemptions. Both cases may result in substantial losses to the Fund.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. This Fund should be considered a high-risk investment. Prospective investors should read the entire Prospectus and consult with their own advisers before deciding to invest in the Fund.**

## FUND CUSTODIAN

Credit Suisse was founded in 1856 and is active in over 50 countries. The bank is headquartered in Zurich (Switzerland) and as a world-leading financial services company employs more than 46,000 people from approximately 100 different nations. It serves companies, institutional clients and high-net-worth private clients worldwide, as well as retail clients in Switzerland. As per June 30, 2009, the Group had assets under management of CHF 1'175 billion, a market capitalization of CHF 58 765 million and a BIS tier 1 ratio of 15.5%. The Group's long term ratings are Moody's Aa2, Standard & Poor's A and Fitch Ratings AA-. Credit Suisse is supervised by the Swiss Financial Market Supervisory Authority.

Credit Suisse (CS) will not provide any other services or perform any other functions except safekeeping and the usual administrative matters relating to the Safe Custody Assets of the Company, and will have no other duties or responsibilities relating to the Company, for example CS will not provide advisory services or asset management services nor will it monitor investment management activities or investment strategies of the Company. CS shall not supervise or control the activities of the Investment Manager, the Trustee (or corresponding hierarchical level) or the Administrator of the Company. CS does not warrant the contents of the relevant fund-documentation nor will it be involved in the management, administration or Net Asset Value calculation of the Company. CS does not act as sponsor or promoter of the Company.

CS shall not have any duties or responsibilities within the meaning of Article 72 et seq. of the Swiss Act on Collective Investment Schemes of June 23, 2006, as amended (SR 951.31).

Therefore, CS does not assume any liability for negligent or wilful misconduct of the Company's Investment Manager, Trustee (or corresponding hierarchical level) or Administrator and potential investors should not rely upon CS in deciding whether or not to invest in the Company.

Details of the custodian fees are disclosed under Fund Expenses.

## PURCHASE AND SALE OF SHARES

### APPLICATION FOR CLASS A, CLASS A09, CLASS B AND CLASS B09 SHARES

Applications for Shares may be made through intermediaries or directly to the Manager. Application forms are available from the Manager and intermediaries. Payment is by a cheque or funds wired for the sum to be invested. To be included in the next following Dealing Day's issue, applications and payment must be received not later than 5pm CET on the Business Day preceding the Dealing Day. However, if paying by cheque, the Manager should be contacted who will determine whether there is sufficient time available to clear the relevant cheque.

Application forms should be sent by airmail or by facsimile to: -

FMG Funds SICAV plc  
c/o Apex Fund Services (Malta) Limited,  
Floor 6, Airways House,  
Gaiety Lane,  
Sliema, SLM1549  
Malta  
Fax: +356 2132880

Applications must be in an amount not less than Euro 15,000 for any of the Class A09 Investor share Classes and Euro 75,000 for any of the Class B09 Investor share Classes, except in the case of an existing shareholder or at the discretion of FMG. Applications will not be accepted to or for the benefit of a United States person. All applications are subject to Anti Money Laundering Provisions.

Please note that Class A and Class B investor share classes are closed to new subscriptions from the 1<sup>st</sup> January 2009.

Duly completed applications received and accepted by the Fund are irrevocable. The Fund reserves the right to reject and return any application and remittance if it considers it appropriate and not to accept further remittances until such time as it thinks fit.

The number of Shares to be allotted in respect of each application will be determined by dividing the sum remitted by the Net Asset Value per Share on the Valuation Day immediately preceding the next following Dealing Day, calculated as set out under the sub-heading "Net Asset Value Per Share" in the section entitled "Shareholder Information, Accounting and Audit".

Following receipt of accepted applications, Shares in the Fund will be allotted on the next following Dealing Day. A contract note will be sent to applicants confirming acceptance of application and the number of Shares allotted. Shares are held in book entry form and share certificates will be issued if specifically requested.

There are no restrictions on who may buy Shares in the Fund provided the legislation of the countries of citizenship, residence and domicile of the potential investor permits such purchase (except United States and Canadian residents). The Fund's Bye-Laws include a clause empowering the Directors to redeem compulsorily Shares acquired by any person who has acquired them in contravention of such legislation or in the event that to do so would eliminate or reduce the exposure of the Fund or its shareholders to adverse tax or regulatory consequences under the laws of any country or, if the acquisition or holding of Shares might be expected to prejudice or risk prejudicing in any way either the Fund or the Shareholders.

A sales charge of up to 5% of the amount subscribed may be charged and in some situations a 1% placement fee may also be charged by some distributors which, if applied, will reduce the amount available for the purchase of Shares in the Fund and the premium, if any, shall be retained by the Fund.

#### FORM OF REMITTANCE

Payment is required in USD, Euro, GBP, SEK or NOK. Investors should either enclose a cheque for the Class of Shares applied for with the application form or instruct their bankers to transfer monies by telegraphic transfer to wire instructions set out on the application form:

Shares in the Fund are in book form.

## REDEMPTION

To redeem shares, redemption requests should be made in writing and sent by airmail or via facsimile to the Administrator together with the relevant share certificate. Any redemption requests should contain the following information: the exact name and address of the person requesting redemption, the number of shares to be redeemed and the name of the person to whom payment is to be made. Notice to redeem must be received by the Administrator by the close of business at least 5 Business Days preceding a Dealing Day..

Subject to certain restrictions (see the text under the sub-heading “Net Asset Value” in the section entitled “Bye-laws of the Fund”), redemption of Shares will take place on the Dealing Day immediately following receipt of such written request and share certificate (if there is one) at the NAV per Share calculated at the close of business in Malta on the Valuation Day immediately preceding that Dealing Day. A cheque will be posted or funds will be wired normally within 10 days of the release of the Net Asset Value, together with details of the redemption and share certificate for the balance (if any) of the holding.

The Fund reserves the right to require redemption of the Shares of any shareholder whose total shareholding in the FMG Funds SICAV plc. has a Net Asset Value of less than Euro 15,000 or equivalent or Euro 75,000 or equivalent, as the case may be, or whose shareholding whether solely or jointly or, in the case of a company either alone or together with its associates or subsidiaries, exceeds 10% of the issued capital of the Fund.

## TRANSFER OF SHARES

Shares are transferable by instrument in writing signed by (or in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor and registered in the register of shareholders of the Fund. Directors may reject any transfer of shares in their sole discretion. Unless the Directors otherwise agree, no transfer may be made which would result in either the transferor or the transferee remaining or being registered as the holder of Shares valued at less than €15,000 or equivalent or €75,000 or equivalent, as the case may be at the time of such intended transfer. The Directors may decline to register any transfer of Shares over which the Company has a lien and may suspend the registration of transfers for not more than a total of 30 days in any year.

## DIVIDENDS

The Company will not be distributing dividends.

## CHARGES AND EXPENSES

### REMUNERATION OF FMG (MALTA) LTD.

FMG (Malta) Ltd. is entitled to receive from the Fund for all the Classes of **Class A Shares and Class A09:-**

- (1) Each Class A and Class A09 of this fund will be subject to an Investment Management Fee in the amount of 2% per annum of the NAV calculated on each valuation date in arrears on the basis of the NAV per Share as at the previous Dealing Day, plus net subscriptions, may be charged.
- (2) The subscribers of the founder shares, namely the Investment Manager, will be entitled to the payment of a dividend by the Company. Class A and Class A09 shares will pay a dividend equivalent to 20% of the increase in the value of the attributable net assets (after payment of the Management Fee), including unrealized gains, from the beginning of each financial quarter to the end of such period (before giving effect to withdrawals). The dividend payable will be subject to a “High Water Mark” and the subscribers of the founder shares will not be entitled to receive a dividend until the respective Class A and Class A09 Shares have recovered any net capital depreciation.

FMG (Malta) Ltd. are entitled to receive from the Fund for all the Classes of **Class B or Class B09 Shares**:-

- (1) Each Class B and Class B09 of this fund will be subject to an Investment Management Fee in the amount of 1.5% per annum of the NAV calculated on each valuation date in arrears on the basis of the NAV per Share as at the previous Dealing Day, plus net subscriptions, may be charged..
- (2) The subscribers of the founder shares, namely the Investment Manager, will be entitled to the payment of a dividend by the Company. Class B and Class B09 shares will pay a dividend equivalent to 10% of the increase in the value of the attributable net assets (after payment of the Management Fee), including unrealized gains, from the beginning of each financial quarter to the end of such period (before giving effect to withdrawals). The dividend payable will be subject to a “High Water Mark” and the subscribers of the founder shares will not be entitled to receive a dividend until the respective Class B and Class B09 Shares have recovered any net capital depreciation.

**High Water Mark** shall mean the Net Asset Value at the end of the most recent quarter for which a performance fee was paid or payable to the Investment Manager, or if no performance fee has been paid since the inception of the share class, then the initial net asset value of such shares.

When a shareholder subscribes for Shares in a Class at a time when the Net Asset Value per Share is less than the High Water Mark then a new class may be issued for new investors to reduce inequalities that may otherwise result to the existing subscriber or to the Investment Manager.

In addition, FMG may receive a sales charge of up to 5% of the amount subscribed which, if applied, will reduce the amount available for the purchase of shares in the Fund. FMG (Malta) Ltd. shall also be entitled to out of pocket expenses. All management expenses will be charged to income. The fees of FMG (Malta) Ltd. may be altered by the mutual agreement of the Board of Directors of the Fund and FMG (Malta) Ltd. and are subject to the approval by the MFSA. FMG (Malta) Ltd’s portion of the fees in the FMG funds are 100% rebated.

## FUND EXPENSES

The Fund will incur costs in connection with the operation of the Fund, which include the fees due to FMG, Directors' fees, administration, audit, custody and legal fees, together with the cost of formation estimated at €30,000, which will be amortised over a 60-month period.

## CUSTODIAN EXPENSES

The Custodian will receive custody fees as follows:

- 0.07% basis points per annum of the value of the net assets of the Fund under custody for Assets under management below 500 Million USD – subject to a minimum fee per annum per Fund account of 5,500 CHF.
- 0.06% basis points per annum of the value of the net assets of the Fund under custody for Assets under management over 500 Million USD.

In addition, all reasonable disbursement and out-of pocket expenses, including telephone, telex, telegram and postage expenses (this list is not exhaustive) incurred by the Custodian in connection with purchases and sales of securities in the portfolio of the Fund will be charged to the Fund. The Custodian shall receive transactional fees for each subscription into or redemption from an underlying fund.

The Custody Fee shall be payable half yearly in arrears and expenses shall be charged as incurred.

#### REMUNERATION OF DIRECTORS AND ADMINISTRATOR.

There are also other fees and expenses payable by the Fund, namely the remuneration of the Directors and Administrator. Details of all these are contained in the sections entitled "Key Features of the Company" and "Fees, Charges and Expenses" in the Prospectus.

### SHAREHOLDER INFORMATION, ACCOUNTING AND AUDIT

#### NET ASSET VALUE PER SHARE

The Net Asset Value of each class of Shares in the Fund is determined by reference to the market prices of the underlying assets in the fund at the close of business on the "Valuation Day" (the business day immediately preceding each Dealing Day). Assets for which market prices are not readily available will be valued by the Directors after consultation with FMG (Malta) Ltd. Fees and expenses of the Fund will be accrued and subtracted from the assets of the Fund in determining the Net Asset Value of each class of Share. The Net Asset Value of each class of Share calculated by dividing the value of the total net assets of that class (i.e. the value of the assets and cash, less liabilities and estimated cost of realisation) by the number of shares in issue of that class. The resultant Net Asset Value per Share is adjusted to two decimal places.

The assets of the Fund shall be valued as follows:

1. the value of any cash on hand or on deposit, bills, demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof, unless, in any case, the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making any reasonable reductions in order to reflect the fair value of such assets;
2. investment in other funds shall be valued at their Net Asset Value as reported or otherwise obtained, estimated Net Asset Values may be used where final Net Asset Value are not available;
3. securities bid on an official stock exchange or dealt in on a regulated market which operates regularly and is recognized and open to the public shall be valued at the last available price or, if such securities are dealt in on several markets, on the last available price on the main market of the relevant security. If the last available price is not representative, the securities shall be valued on the basis of the probable sales price determined prudently and in good faith by or on behalf of the Board of Directors;
4. securities not listed or dealt in on a stock exchange or regulated market which operates regularly and is recognized and open to the public shall be valued on the basis of the probable sales price determined prudently and in good faith by or on behalf of the Board of Directors;
5. securities denominated in currencies other than the Euro shall be converted at the last available exchange rate.

This section should be read in conjunction with the sections entitled "Appendix I – Net Asset Value per Investor Share" and "Appendix II – Valuation of Assets" in the Prospectus.

#### ANNUAL ACCOUNTS

Annual accounts will be made up to 31 March each year. Audited accounts and a semi-annual report with unaudited financial information will be sent to Shareholders and the MFSA within six months and four months, respectively, of the end of the relevant financial period. The audited accounts will also be sent to prospective investors upon request.

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## **DIRECTORY**

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### **The Company's Registered Office**

FMG Funds SICAV plc.  
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Sliema, SLM1549,  
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### **Manager**

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