

## **SANLAM EUROPEAN GROWTH BASKET FUND**

### **Supplement to the Prospectus dated 11 May 2016 for Sanlam Qualifying Investors Funds p.l.c.**

#### **A QUALIFYING INVESTOR ALTERNATIVE INVESTMENT FUND**

An open-ended umbrella type investment company with segregated liability between Funds with registration number 475202 authorised by the Central Bank of Ireland (the "Central Bank") to which the Companies Act 2014 and chapter 2 of the AIF Rulebook applies.

This Supplement contains specific information in relation to Sanlam European Growth Basket Fund (the "**Fund**"), a sub-fund of Sanlam Qualifying Investors Funds plc (the "**Company**"). There are six other sub-funds of the Company in existence namely Sanlam Institutional Bond Fund, Sanlam Institutional Balanced Fund, Sanlam Africa Equity Fund, Sanlam Institutional Equity Flexible Fund, Sanlam Centre Multi-Asset Real Return Feeder Fund and Sanlam Global Fund of Hedge Funds.

**This Supplement forms part of and should be read in conjunction with the Prospectus for the Company dated 11 May 2016 (the "Prospectus") and the latest audited financial statements of the Company.**

The Directors of the Company, whose names appear in the "Directors of the Company" section of the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

Date: 11 May 2016

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## **Investment Objective and Policies**

### **Investment Objective:**

The investment objective of the Fund is to provide long-term capital growth.

There is no guarantee that the Fund will meet its investment objective.

### **Investment Policies:**

The Investment Manager intends to achieve the Fund's investment objective by gaining exposure to European equities and European equity indices through the use of FDI such as options (OTC), forwards and swaps.

The Fund may also invest directly in European equities, money market instruments, deposits and notes issued by banks, or bonds across European developed markets as required.

The Fund will make investment decisions after performing a detailed market analysis of each instrument. Returns will be assessed after taking due consideration of the risk profile, which will be measured using market standard credit risk measures. The investment horizon will be medium to long-term.

## **Investment Restrictions**

The general investment restrictions contained in the "Investment Restrictions" section of the Prospectus shall apply.

## **Efficient Portfolio Management**

Currency hedging may be undertaken to reduce the Fund's exposure to the fluctuations of the currencies in which the Fund's assets may be denominated against the Base Currency of the Fund. The Fund may employ techniques and instruments for protection against exchange risks (including foreign exchange transactions which alter the currency characteristics of transferable securities held by the Fund) and to alter the currency exposure characteristics of transferable securities in accordance with the conditions and limits set down by the Central Bank.

This section should be read in conjunction with the section entitled "Utilisation of Financial Derivative Instruments and Efficient Portfolio Management" in the Prospectus.

## **Investment Manager**

The AIFM has appointed Sanlam Investment Management (Pty) Limited to act as Investment Manager of the Fund. Sanlam Investment Management (Pty) Limited is a company incorporated in South Africa and having its registered office and place of business at 55 Willie van Schoor Avenue, Bellville 7530, South Africa. It provides, inter alia, discretionary portfolio management services and investment advisory services for private as well as for institutional clients in all areas of international securities business. Sanlam Investment Management (Pty) Limited is regulated by the Financial Services Board in South Africa and is a wholly owned subsidiary of Sanlam Limited.

## **Listing**

Class A USD Shares issued in respect of the Fund have been admitted to listing on the Official List and trading on the Main Securities Market of the Irish Stock Exchange and dealings in those Shares of the Fund on the Irish Stock Exchange commenced on 29 November 2011.

Neither the admission of the Shares to listing on the Official List and trading on the Main Securities Market of the Irish Stock Exchange nor the approval of this Supplement pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of service providers to or any other party connected with the Fund, the adequacy of information contained in this Supplement or this Prospectus or the suitability of the Fund for investment purposes.

### **Leverage**

The Fund will not be leveraged.

### **Borrowing**

In accordance with the general provisions contained in the Prospectus, the Fund may borrow up to 20% of its Net Asset Value on a temporary basis.

### **Risk Factors**

The general risk factors set out under the "Risk Factors" section in the Prospectus apply to the Fund. In addition, the following risk factors apply to the Fund.

#### *Liquidity Risk*

Certain securities may be difficult or impossible to sell at the time and the price that the seller would like. The seller may have to lower the price to effect a secondary market sale, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on the Fund's management or performance.

#### *Credit Risk*

Monies subscribed in advance of a Dealing Day, which are held or invested in advance of the relevant Dealing Day may be viewed by the courts as being assets of the Fund. In the event of the Fund becoming insolvent prior to the relevant Dealing Day, such monies would be at risk with all other assets of the Fund.

#### *Reliance on the Investment Manager and its Key Personnel*

The success of the Fund will depend widely on the experience, relationships and expertise of its key persons, who have considerable experience in the investments contemplated by the Fund. The performance of the Fund may be negatively affected if one of these individuals ceases to be involved in the management or the investment process of the Fund. There can be no assurance that these individuals will remain in their current employment or otherwise continue to be able to carry on their current duties throughout the term of the Fund. The loss of the services of any such individuals could have a material adverse effect on the operations of the Fund. In addition, such individuals might get involved in other business, including in similar projects or investment structures, and as a result thereof, would not be able to devote their entire working time to the Fund. Finally, it must be noted that the involvement in such similar projects or investment structures may create potential conflicts of interests.

#### *Hedging*

Although the Fund is expected to use hedging which is intended to protect its assets from losses due to general declines in international financial markets, there can be no assurances that the hedging strategies that will be used will be successful. The market values of related securities or other instruments may not move in correlation with each other in ways anticipated by the Investment Manager and intervening events may cause hedged positions not to perform as anticipated. A hedged position also may perform less favourably in generally rising markets than an unhedged position.

### *Market Risks*

The profitability of the investment programmes of the Fund depends to a great extent upon correctly assessing the future price movements of global capital markets, currencies and other investments. There can be no assurance that the Investment Manager will be able to predict accurately these price movements. The securities markets have in recent years been characterised by great volatility and unpredictability. With respect to the investment strategy utilised by the Investment Manager, there is always some, and occasionally a significant, degree of market risk.

### *Currency Risks*

The investments of the Fund which are denominated in a currency other than the Base Currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. As a result, the Fund could realise a net loss on an investment, even if there were a gain on that investment because currency losses were taken into account. Among the factors that may affect currency values are inter alia trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Investment Manager may try to hedge these risks by investing in currencies, currency futures contracts and options thereon, forward currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

### *Trading Risks*

Trading in financial options, forwards and swaps are highly specialised activities, which, while they may increase the total return on the investments of the Fund, may entail greater than ordinary investment risks.

### *Counterparty and Settlement Risk*

To the extent the Fund invests in swaps, options, forwards or other synthetic instruments, or other over-the-counter transactions or, in certain circumstances, some securities, the Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which are generally backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

### *Custody Risk*

A substantial portion of the Fund's assets may be invested in forward contracts, options, swaps or similar financial instruments which are not capable of being deposited with custodians in the traditional sense. Accordingly, at any given time, the Fund's accounts may only contain a small amount of cash and/or direct investments, with the majority of the Fund's assets posted as collateral or otherwise held at the various banks, brokerage firms and other financial institutions with whom it has effected investment transactions. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund and hence the Fund should not be exposed to any custody risk with respect to such parties. However, it may not always be possible to achieve this segregation and there may be practical or timing problems associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party.

### *Taxation*

Changes in tax legislation in any of the countries in which the Fund will have investments, or changes in tax treaties negotiated by those countries, could adversely affect the returns of the Fund. No assurance can be given on the actual level of taxation suffered by the Fund.

**Before determining to invest in the Fund, prospective investors should evaluate whether they accept the aforesaid risks which they will assume by buying Shares of the Fund. The foregoing list of risk factors does not purport to be a complete explanation of the risks involved in this offering.**

**Prospective investors should read the entire Prospectus and this Supplement and fully evaluate all other information that they deem to be necessary before determining to invest in the Fund.**

### **Dividend Policy**

It is the Directors' current intention not to distribute the profits of the Fund derived from its investments. All such profits shall be reinvested in the Fund.

### **Key Information for Buying and Selling**

#### **Base Currency**

US Dollars.

#### **Business Day**

Any day (except Saturday or Sunday) on which the banks in Dublin are open for business and such other days as the Directors may, with the consent of the Depositary, determine and notify in advance to Shareholders.

#### **Dealing Day**

Any Business Day.

#### **Dealing Deadline**

In respect of a Dealing Day, 4.00 p.m. Irish time on the Business Day immediately preceding that Dealing Day.

#### **Valuation Point**

Close of business in the relevant market on the relevant Dealing Day.

#### **Minimum Shareholding**

Class A USD                      US\$ equivalent of €100,000

### **Minimum Initial Investment Amount**

Class A USD                      US\$ equivalent of €100,000

### **Minimum Additional Investment Amount**

None

### **Preliminary Charge**

Five per cent of the Net Asset Value per Share (plus VAT, if any). The Company may waive in whole or in part the Preliminary Charge.

### **Repurchase Charge**

Up to three per cent of the Net Asset Value per Share (plus VAT, if any). The Company may waive in whole or in part the Repurchase Fee.

### **Settlement Date**

In the case of applications, close of business on the Business Day preceding the relevant Dealing Day (or up to two Business Days after the relevant Dealing Day as may be permitted by the AIFM at its absolute discretion). In the case of repurchases, five Business Days after the relevant Dealing Day or, if later, two Business Days after the receipt of the relevant duly signed repurchase documentation.

### **Fees and Expenses**

#### **Fees of the AIFM, the Depositary, any sub-custodian, the Administrator, the Registrar and Transfer Agent, the Investment Manager and the Distributor**

The AIFM will be entitled to receive from the Company an annual fee of 0.15% of the Net Assets of the Class A USD Shares. These fees will accrue and be calculated on each Dealing Day and be payable monthly in arrears. The AIFM will be responsible for all its own out of pocket costs and expenses.

The AIFM will pay out of its fees, the fees of the Investment Manager and the fees and expenses of the Distributors.

The Administrator will be entitled to receive out of the assets of the Fund an annual fee which will not exceed 0.03% of the Net Assets of the Fund in the performance of its duties as Administrator of the Fund. These fees shall accrue and be calculated on each Dealing Day and shall be payable monthly in arrears.

The Registrar and Transfer Agent will be entitled to receive from the Company out of the assets of the Fund an annual fee which will not exceed US\$3,000 plus \$1,250 for each additional share class greater than two, together with reasonable costs and expenses incurred in the performance of their duties as Registrar and Transfer Agent of the Fund. These fees shall accrue and be calculated on each Dealing Day and shall be payable monthly in arrears. The Registrar and Transfer Agent shall also be entitled to be reimbursed out of the assets of the Fund all agreed transaction charges (which will be charged at normal commercial rates).

The Depositary will be entitled to receive from the Company out of the assets of the Fund an annual fee which will not exceed 0.012% of the Net Assets of the Fund (plus VAT, if any), together with reasonable costs and expenses incurred by the Depositary in the performance of its duties as Depositary of the Fund. These fees shall accrue and be calculated on each Dealing Day and shall be payable monthly in arrears. The Depositary shall also be entitled to be reimbursed out of the assets of the Fund all agreed sub-custodian fees, expenses and transaction charges (which will be charged at normal commercial rates).

The cost of establishing the Fund, obtaining authorisation from any authority, regulatory or other body,

listing the Shares on the Irish Stock Exchange, filing fees and the preparation and printing of this Supplement, marketing costs and the fees of all professionals relating to it, which are estimated not to exceed €15,000 will be borne by the Fund and amortised over the five years following the first issue of shares in the Fund.

The Company may be required to meet additional fees relating to AIFMD support services including (i) risk and liquidity management reporting; (ii) regulatory reporting; and (iii) cross-border registration services which, in all cases, will be at normal commercial rates.

This section shall read in conjunction with the section entitled "Fees and Expenses" in the Prospectus.

### **Material Contracts**

The Investment Management and Allocation Agreement dated 18 November 2010 as amended between the AIFM and the Investment Manager; the Agreement provides that the appointment of the Investment Manager will continue unless and until terminated by the AIFM on giving not less than 30 day's written notice to the Investment Manager or by the Investment Manager giving to the AIFM not less than 90 days' notice in writing although in certain circumstances the Agreement may be terminated forthwith by notice in writing by either party to the other; this Agreement limits the liability of the Investment Manager to the AIFM to losses arising by reason of the fraud, bad faith, negligence or wilful default of the Investment Manager in the performance or non-performance of its duties. The Agreement also provides that the Investment Manager shall indemnify the AIFM to the extent that any claims, direct damages, direct losses or expenses are attributable to the fraud, bad faith, negligence or wilful default by the Investment Manager in the performance or non-performance of its duties.