

*The Directors of the Company whose names appear on the last page of this Offering Supplement accept responsibility for the information contained herein. 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 Offering Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information as of the date hereof. The Directors accept responsibility accordingly.*

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# Offering Supplement

July 14<sup>th</sup>, 2020

relating to the offering of non-voting participating  
Investor Shares in

## STABLE YIELD FUND

a Sub-Fund of

### COSMOS SICAV plc

A collective investment scheme organised as a multi-fund public limited liability company with variable share capital registered under the laws of Malta

**Abalone Asset Management Limited**  
(Investment Manager)

**Fexserv Fund Services Limited**  
(Administrator, Registrar and Transfer Agent)

**Zarattini International Limited**  
(Depositary)

**Ernst & Young Malta Limited**  
(Auditor)

***Important Notice:** This Offering Supplement may not be distributed unless accompanied by, and is to be read in conjunction with, the Offering Memorandum issued by the Company.*

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**STABLE YIELD Fund, a sub-fund of Cosmos SICAV plc (the “Company”) is a Notified AIF under the Investment Services Act (List of Notified AIFs) Regulations and which is available to Eligible Investors as detailed in the Offering Memorandum and this Offering Supplement.**

**The Company and the Sub-Fund have been entered onto the List of Notified AIFs on the basis of a notification submitted to the Malta Financial Services Authority (“MFSA”) by the AIFM.**

**The Directors of the Company confirm that the Investment Manager is in possession of an Alternative Investment Fund Manager license granted by**

**the MFSA under the Investment Services Act and that they have reviewed and approved this document.**

**The entry of the Company and the Sub-Fund on the List of Notified AIFs is not an endorsement, guarantee or statement of approval by the MFSA nor is the MFSA responsible for the contents of this document or the selection or adequacy of its governing body or service providers.**

**The MFSA has made no assessment or value judgment of the soundness of the Company or for the accuracy or completeness of statements made or opinions expressed with regard to it.**

**The MFSA has not reviewed or approved this document. Any person making statements to the contrary may be prosecuted under the Maltese Criminal Code under Chapter 9 of the Laws of Malta. Investors must rely solely upon their own and their advisors' due diligence in making any decision to invest.**

**Shares in the Sub-Fund/s may only be marketed outside Malta to Eligible Investors as defined in the Offering Memorandum.**

**The Company is a non-retail collective investment scheme.**

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# IMPORTANT INFORMATION

This Offering Supplement may not be distributed unless accompanied by, and is to be read in conjunction with, the latest Offering Memorandum issued by the Company and its Memorandum and Articles. The attention of investors is also drawn, in particular, to the section entitled “**Important Notices**” in the Offering Memorandum which also applies to this Offering Supplement and the offering of Investor Shares made thereby.

This offer is an offer only to the person to whom a copy of this document has been furnished by the Company and/or its authorised agents and this on the basis that the person falls within the definition of a Qualifying Investor and/or Professional Investor as defined in the Offering Memorandum. The Company is not authorised to, and does not intend to, offer Investor Shares to the general public.

## Status

The Company and its Sub-Fund qualify as listed Notified Alternative Investment Fund (“**NAIF**”). The Sub-Fund is managed by an AIFM in terms of the Investment Services Act (List of Notified AIFs) Regulations, 2016 (S.L.370.34)

Investor Shares in the Sub-Fund may only be marketed outside Malta to Eligible Investors as defined in the Offering Memorandum.

## SECTION 1 | DEFINITIONS

Terms used in this Offering Supplement shall, unless otherwise defined or the context otherwise requires, have the same meaning as those defined in the Offering Memorandum.

In this Offering Supplement, the following words shall have the meanings set opposite them:

<b>Offering Period</b>	The period which shall commence on the first Business Day after the Closing Date and shall remain open unless otherwise determined by the Board during which Investors may subscribe for Investor Shares at the Offering Price.
<b>Offering Price</b>	The NAV per Investor Share, rounded down to four (4) decimal places, calculated at the close of business on the Valuation Day.
<b>Redemption Day</b>	The first Business Day immediately following each Valuation Day, or such other Business Day as the Board may from time to time determine.
<b>Redemption Price</b>	The price at which Investor Shares shall be redeemed, which shall be equivalent to the NAV per Investor Share, rounded down to four (4) decimal places, calculated at the close of business on the Valuation Day.
<b>Subscription Day</b>	Any day during the Initial Offering Period and the first Business Day immediately following each Valuation Day, or such other Business Day as the Board may from time to time determine.
<b>Subscription Price</b>	The price at which Investor Shares may be subscribed for, which shall be equivalent to the NAV per Investor Share at the Valuation Point on the relevant Subscription Day.
<b>Valuation Day</b>	The Valuation Day shall be on Wednesday of each week, provided that the Board may from time to time determine such other date (in addition to the days referred to above) as a Valuation Day for the purposes of subscription or redemption of Investor Shares in the Sub-Fund. If the prescribed day is not a Business Day the Valuation Day will be the first next Business Day.
<b>Valuation Point</b>	11:59pm CET on the Valuation Day.

This Offering Supplement shall, in addition, be subject to the same rules of interpretation as those set out in the Offering Memorandum. Please see “**Section 1 | Interpretation**” of the Offering Memorandum for further details.

## SECTION 2 | KEY FEATURES

### The Sub-Fund and the Investor Shares

<b>Name of the Sub-Fund</b>	STABLE YIELD Fund
<b>Base currency of the Sub-Fund</b>	EUR
<b>Share Classes</b>	The Sub-Fund is comprised of 1 (one) class of Investor Shares, being the Class A EUR
<b>ISIN(s)</b>	Class A EUR: MT7000025722
<b>Dividend Policy</b>	The Board may proceed at any time and at its sole discretion to the distribution of dividends either in cash or <i>in specie</i> . In any case, the Investment Manager shall always retain a portion of available cash to meet redemption requests, to pay current expenses and to cover costs related to the management and preservation of the Sub-Fund and its assets.

### Investment Objective, Policies and Restrictions

<b>Investment Objective</b>	<p>The investment objective of the Sub-Fund is to maximize capital growth over the medium-long term through an asset allocation geared to, <i>inter alia</i>, fixed income instruments.</p> <p><b>There is no guarantee that the investment objective of the Sub-Fund will be achieved and investment results may vary substantially over time.</b></p>
<b>Investment Policies</b>	<p>In order to achieve its Investment Objective, the Sub-Fund will invest in: (i) listed and unlisted fixed income instruments which may include, but are not limited to, government bonds, municipal bonds, corporate bonds, Eurobonds, convertible bonds and structured notes; (ii) listed and unlisted money market instruments which may include, but are not limited to, savings accounts, money market accounts and certificates of deposit; (iii) collective investment schemes, as further detailed below; and (iv) structured notes issued by securitization vehicles.</p> <p>The fixed income instruments may be rated or unrated. In the case where these are rated, the rating can range from non-investment grade to investment grade. Furthermore, they will have no duration limitation.</p> <p>The Sub-Fund may invest in a selection of collective investment schemes of various types ranging from UCITS and Exchange Traded Funds to professional investor funds and alternative investment funds which may be either regulated or unregulated, listed or unlisted</p>

and established in EU or non-EU jurisdictions. The collective investment schemes and alternative investment funds in which the Sub-Fund may invest can in turn invest in different asset classes and pursue different investment strategies. The Sub-Fund does not adopt any pre-set policy on what type of asset classes or investment strategies or currency, geographical or industry allocation will be included in the target funds' portfolio of holdings.

The Sub-Fund will not be investing in other sub-funds of the Company.

The investment by the Sub-Fund in other collective investment schemes would ordinarily make the Sub-Fund subject to the payment of all the fees which the investors in such target funds would normally be subject to, including without limitation, subscription fees, entry charges, redemption fees, exit charges, early redemption penalties, management fees and performance fees (including fees which are not calculated using an equalisation mechanism). Should the Sub-Fund invest in target Sub-Funds which have the same investment manager there will not be a duplication of fees and therefore only one set of management, subscription and/or redemption fees shall apply between the Sub-Fund and the target Sub-Fund

The Sub-Fund shall not make use of securities financing transaction, total return swap, repurchase and reverse repurchase agreement and securities lending transactions and therefore it will be not subject to the reporting obligations under Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.

An investment in the Sub-Fund should not be considered a complete investment program. Each prospective Eligible Investor should take into account the investment objective of the Sub-Fund as well as their other prospective investments when considering an investment in the Sub-Fund.

### **Investment and Borrowing Restrictions**

The Investment Manager will generally aim to limit the leverage employed in respect of the Sub-Fund to 300% (three hundred percent) of the Sub-Fund's Net Asset Value, calculated in accordance with the Commitment approach (the "**Leverage Limit**"). The only means through which the Sub-Fund will employ leverage is through borrowing for liquidity purposes.

The Sub-Fund shall, at the request of investors and without delay, inform them of the level of leverage it employs, calculated according to the Gross and Commitment methods, and shall also inform investors of

any changes to the maximum level of leverage the sub-Fund may employ at any point in time.

The investment restrictions will not be considered as being actively breached as a result of the portfolio being built up or investments being disposed of during, if applicable, the liquidation phase of the Sub-Fund.

The Board and/or the Investment Manager, where relevant, will monitor the applicable investment restrictions but shall not be required to take immediate remedial action to comply with any such restriction, if (a) the failure to comply with the restriction results in an event which is beyond the control of the Board and/or the Investment Manager, as applicable, or (b) the Board and/or the Investment Manager, as applicable, deem it advisable or in the best interest of the Sub-Fund to dispose of or otherwise take action with respect to the relevant investment.

In case of borrowing, the Leverage Limit set out in this Offering Supplement applies only on the date the debt is incurred. It shall not be an on-going obligation of the Sub-Fund to meet this constraint by reducing its existing indebtedness as a result of a decline in the value of any of its existing investments.

**Duration of the Sub-Fund**

The Sub-Fund shall be of unlimited duration.

**The Initial Offering**

**Initial Offering Period (“IOP”)**

The Initial Offering period will be from the date on which the Sub-Fund is duly recorded in the MFSA NAIF List until the Closing Date. Eligible Investors should note that the Sub-Fund may commence the investment program before the closing of the Initial Offering Period.

**Closing Date**

11<sup>th</sup> October 2019, unless otherwise resolved by the Board of the Company at its sole discretion and communicated to the Investors.

**Initial Offering Price**

Class A EUR: EUR 100

**Number of Investor Shares on Offer**

Class A EUR – 5,000,000 Shares

**Fees and Charges**

**Investment Manager Fee**

The Sub-Fund will pay to the Investment Manager an Investment Manager Fee based on the NAV of the Sub-Fund of 1.20% (one point two per cent) per annum provided that in any case the Investment Manager Fee shall be subject to a minimum of EUR 60,000 (sixty



	<p>thousand euros) per annum.</p> <p>The accrual of this fee will be calculated on the NAV of the Sub-Fund on every Valuation Day and paid monthly in arrears immediately following the last Valuation Day of the month. The Investment Manager Fee shall not be charged during the Initial Offering Period.</p>
<b>Performance Fee</b>	<p>The Sub-Fund shall be subject to a Performance Fee, calculated and accrued weekly on every Valuation Day, and payable quarterly in arrears by the Sub-Fund to the Investment Manager, and amounting to 20.0% (twenty percent) of the net NAV appreciation over the applicable High Watermark at each Valuation Point.</p> <p>The Performance fee is accrued on the positive performance, if any, of the NAV per Share before accrual of the Performance Fee (“<b>NAVBP</b>”) over the applicable High Watermark (“<b>HWM</b>”). The HWM at any Valuation Point is the highest of: (a) the Initial Offering Price, or the Offering Price when the Investor Shares were first issued, as applicable and; (b) the highest NAV per Share on which a Performance Fee was paid.</p>
<b>Depositary Fee</b>	<p>0.05% (five basis points) per annum of the Sub-Fund’s NAV, subject to a minimum annual fee of EUR 15,000 (fifteen thousand euros). This fee will be payable quarterly in arrears.</p>
<b>Administration Fee</b>	<p>0.06% (six basis points) of the Sub-Fund’s NAV, subject to a minimum annual fee of EUR 27,000 (twenty seven thousand euros). A one-time set-up fee of EUR 1000 (one thousand euros) will also be charged</p> <p>Transfer Agent and Investors Services are charged at EUR 150 (one hundred fifty euros) for each investor subscription and EUR 500 (five hundred euros) for every investor subscription in kind.</p> <p>Preparation of financial statements is charged at EUR 2000 (two thousand euros) per annum.</p> <p>Other optional services, such as regulatory reporting, are quoted and may be contracted separately.</p>
<b>Audit Fee</b>	<p>EUR 4,500 (four thousand five hundred euros) (excluding VAT) per annum.</p>
<b>Company Secretary and Domiciliation Fee</b>	<p>EUR 2,000 (two thousand euros) for the Company (to be allocated proportionally among all the sub-funds of the Company) plus EUR 2,000 (two thousand euros) for the Sub-Fund.</p>
<b>MLRO Fee</b>	<p>EUR 3,000 (three thousand euros) for the Company (to be allocated proportionally among all the sub-funds of the Company) plus EUR 500 (five hundred euros) for the Sub-Fund.</p>

<b>Subscription Charge</b>	None.
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<b>Redemption Charge</b>	None.
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Reference is also made to “**Section 5 | Fees, Charges and Expenses**” of this document.

### **Minimum Subscription, Holding and Redemption Requirements**

<b>Minimum Initial Subscription</b>	Class A EUR – EUR 100,000
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<b>Minimum Additional Subscription</b>	Class A EUR – EUR 10,000
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<b>Minimum Holding</b>	Class A EUR – EUR 100,000
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### **Notice Periods**

<b>Subscription Notice Period</b>	17:00pm CET, 1 (one) Business Days prior to the relevant Subscription Day.
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<b>Subscription Settlement Date</b>	17:00pm CET, 1 (one) Business Days prior to the relevant Subscription Day.
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<b>Redemption Notice Period</b>	17:00pm CET, 1 (one) Business Day prior to the relevant Redemption Day.
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## SECTION 3 | THE OFFERING

### Share Offer

Up to 5,000,000 Class A EUR Investor Shares with no nominal value are on offer.

The offering of the Class A EUR Investor Shares at the Initial Offering Price shall be open upon the inclusion of this Sub-Fund in the list of Notified AIFs by the MFSA and shall close on the Closing Date. The Board is entitled to close the Initial Offering Period at any time prior to the Closing Date or to extend it beyond the Closing Date at its sole discretion.

After the Closing Date, the Sub-Fund will offer further Investor Shares for subscription at the Offering Price.

### Subscription for Investor Shares

Subscription of Class A EUR Investor Shares can be made at the Initial Offering Price during the Initial Offering Period and thereafter at the prevailing Offering Price by:

1. submitting to the Company at the office of the Administrator of a properly executed Subscription Agreement including the Investor Declaration Form, the Bank Transfer Instruction Letter and those documents required in the AML Supplement; and
2. remitting the related subscription monies.

A specimen Subscription Agreement and Investor Declaration Form may be obtained from the Administrator.

### Subscription in Kind

The Fund may agree to issue the Class A EUR Investor Shares as consideration for a contribution in kind of appraisable assets to any Shareholder who agrees, in compliance with the conditions set forth by Maltese law, and provided that such securities comply with the investment objectives and policies of the relevant Sub-Fund. Any costs incurred in connection with a contribution in kind of appraisable assets shall be borne by the relevant Shareholder.

### Redemption of Investor Shares

Investors are directed to “**Section 11 | Redemption of Investor Shares**” of the Offering Memorandum where the procedures relating to the redemption of Investor Shares and the conditions applicable thereto are outlined. In terms of the Memorandum and Articles, redemption requests are, once made, irrevocable.

Provided that the Board reserves the right to set a Redemption Day as they may deem appropriate, and also to limit the redemption amount on such redemption days, the Board shall also have the right to declare a mandatory redemption of Investor Shares in accordance with the provisions of the Offering Memorandum.

**Notwithstanding anything to the contrary herein or in the Offering Memorandum, if any application for redemption is received in respect of any one Valuation Day, which either singularly or when aggregated with other such applications so received, represents more than 20% percent (twenty percent) (the “Gate Percentage”) of the Net Asset Value of the Class A EUR Investor Shares, the Board reserves the right, in its sole and absolute**

discretion and without liability (and in the reasonable opinion of the Board that to do so is in the best interests of the remaining Shareholders), to scale down pro rata each application with respect to such Valuation Day so that not more than the Gate Percentage amount of the Net Asset Value of the the Class A EUR Investor Shares on such Valuation Day will be redeemed on the same Redemption Day. To the extent that any application for redemption is not given full effect on such Valuation Day by virtue of the exercise by the Board of its power to pro-rate applications, such application shall be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in question in respect of the next Valuation Day and, if necessary, subsequent Valuation Days, until such application shall have been satisfied in full. With respect to any application for redemption received in respect of such Valuation Day, to the extent that subsequent applications shall be received in respect of following Valuation Days, such later applications shall be postponed in priority to the satisfaction of applications relating to such first Valuation Day, but subject thereto shall be dealt with as set out above.

In addition to the above the Board may exercise at its sole discretion the "Deferral of Redemption" up to 100% of the redemption requests for each relevant Redemption Day the right "Deferral of Redemption" up to 100% of the redemption requests for each relevant Redemption Day.

Without prejudice to the above, the first Business Day after each Valuation Day will correspond to a Redemption Day and the Board may from time to time determine further Redemption Days at its sole discretion.

In respect of each redemption request, the Redemption Notice Period shall commence to run following receipt by the Company at the office of the Administrator of a valid Redemption form. The Investor Shares will be redeemed on the first Redemption Day following the expiration of the said Redemption Notice Period. Redemption proceeds due will be paid out as soon as practicable after final calculation of the Redemption Price on the relevant Valuation Day and after receipt of the cash needed to fund the entire redemption. The Redemption proceeds will be paid out within six (6) months from the relevant Redemption Day.

A specimen Redemption Notice may be obtained from the Administrator.

### **Redemption in Kind**

If the Sub-Fund's assets do not provide the necessary liquidity to redeem Investor Shares, the Board may decide to redeem the assets in specie in accordance with the provisions of the Offering Memorandum – *Section 11 - Redemption in Specie*.

## **SECTION 4 | RISK FACTORS**

### **Risk Factors**

Investors are directed to ‘**Section 3 | Risk Factors**’ of the Offering Memorandum the risk factors applicable to investment in shares of the Company, including in Investor Shares, are explained.

**IN EVALUATING THE POTENTIAL AND SUITABILITY OF AN INVESTMENT IN THE SUB-FUND, CAREFUL CONSIDERATION SHOULD BE GIVEN BY PROSPECTIVE INVESTORS TO THE FOLLOWING RISK FACTORS WHICH RELATE TO THE MANAGEMENT OF THE SUB-FUND AND THE MARKETS IN WHICH THE SUB-FUND’S ASSETS WILL BE INVESTED.**

**INVESTMENT IN THE SUB-FUND SHOULD BE REGARDED AS A LONG-TERM INVESTMENT. THERE CAN BE NO GUARANTEE THAT THE INVESTMENT OBJECTIVE OF THE SUB-FUND SET OUT HEREIN WILL BE ACHIEVED.**

**POTENTIAL INVESTORS ARE EXPECTED TO BE AWARE OF THE RISKS OF INVESTING IN THE SUB-FUND AND ANY PERSON CONSIDERING AN INVESTMENT IN THE SUB-FUND MUST HAVE THE FINANCIAL SOPHISTICATION AND EXPERTISE TO EVALUATE ITS MERITS AND RISKS.**

In addition, the following Risk Factors (which are definitely not the only risks relating to the Sub-Fund) are specific to the Sub-Fund:

### **Conflicts of Interest**

Generally, there may be conflicts of interest between the interests of the Company and the interests of the Investment Manager, the Portfolio Manager, the Investment Advisor, the Administrator and their respective affiliates and the Directors to generate fees, commissions and other revenues. In the event that such a conflict of interest arises, the Board will endeavour to ensure that it is resolved in the best interest of the Company.

Furthermore, the Investment Manager may have equity stakes in the funds (or fund managers) to which they are providing their services, or own or have an interest in one or more assets that are also owned by such funds. Conflicts of interest can therefore not be ruled out.

### **Valuations of the underlying assets of the Sub-Fund**

The NAV of the Sub-Fund is not audited (except at fiscal year-end) and is based primarily upon the value of the Sub-Fund's underlying assets.

Investors should recognise that the Sub-Fund's ability to correctly assess the value of its investments portfolio will be dependent upon the information available with respect to these investments.

For additional information on the valuations of the underlying assets of the Sub-Fund, please refer to “**Section 17 | Determination of Net Asset Value**” of the Offering Memorandum.

### **Investment in unregulated collective investment schemes**

The Sub-Fund may invest in collective investment schemes which may be unregulated. It should be noted that unregulated collective investment schemes do not afford the same level of protection towards investors generally afforded by regulated collective investment schemes. Furthermore,

the valuation of such collective investment schemes may be based on estimate values provided by such collective investment scheme.

## **Securitisation Transaction - Risks**

Typically, securitisation transactions involve sale of receivables by the originator (a bank, nonbanking finance company, housing finance company, or a manufacturing/service company) to an intermediary (called a securitization vehicle, or SV). The SV issues certificates to investors, and the proceeds are paid as consideration to the originator. In this manner, the originator, by selling its receivables to the SV, receives consideration from the investors much before the maturity of the underlying receivables. Collections from the underlying receivables held by the SV are passed on to the investors. The transaction may be provided with a limited credit support or credit enhancement in the form of fixed deposits or guarantees, which provides protection to investors against defaults by the underlying borrowers. The Board believes the following four categories of potential risks will provide the starting steps for a meaningful analysis of securitisation transactions:

- Credit risk may arise in transactions on non-payment by underlying borrowers in the pool of receivables because of either inability or unwillingness to pay. Analysis of the nature of the underlying asset class, the robustness of the origination processes, past performance of the originator's overall portfolio and pool characteristics will provide pertinent insights into the credit risk associated with the underlying borrowers.
- Counterparty risk arises on account of non-performance of the many counterparties involved in securitisation transactions. The key counterparties to be analysed are the servicer, the designated bank and the swap counterparties, only if applicable. The Investment Manager assesses counterparty risk using a combination of qualitative and quantitative factors. The Investment Manager analyses the quality of processes and systems at counterparties and, where required, employs credit rating as a proxy for the counterparties' ability to perform over the tenure of the transaction.
- Legal risk may arise in a situation where if the originator goes bankrupt, there is a possibility that the bankruptcy court may attach the securitised receivables, and may decide that the pool cash flows should not be specifically earmarked to the investors in the securitisation transaction. To assess this risk, the Investment Manager studies the relevant transaction-related documents and requires the originator to furnish an independent legal opinion addressing relevant legal issues and uncertainties associated with the transaction. The Investment Manager conducts detailed analysis of legal documents to assess whether there is a 'true sale' of the securitised assets and whether these assets are bankruptcy remote from the originator.
- Market risk arises on account of factors external to securitisation transactions. Risks arising from prepayment of receivables, movement in interest rates, and other macro-economic factors fall under this category.

The AIFM incorporates these risks in its analysis by applying stress levels commensurate with the specific transactions.

## **Risks related to investment During the Initial investment Period**

Potential Investor should be aware that the Sub-Fund may commence its investment process during the Initial Investment Period. Therefore, the Initial Offering Price, at which such Investor will subscribe for in the Sub-Fund, may not reflect any fluctuation of the value of any investment made during the Initial Offering Period.

## SECTION 5 | FEES, CHARGES AND EXPENSES

### Investment Manager Fee

The Company will pay to the Investment Manager an Investment Manager Fee based on the NAV of the Sub-Fund of 1.20% (one point two per cent) per annum provided that in any case the total Investment Manager Fee for all share classes shall be subject to a minimum of EUR 60,000 (sixty thousand euros) per annum.

The accrual of this fee will be calculated on the NAV of the Sub-Fund on every Valuation Day and paid in arrears immediately following the last Valuation Day of the month.

The Investment Manager will be reimbursed for all properly incurred and approved out-of-pocket expenses including but not limited to fees, commission, charge and expenses paid or borne in relation to the acquisition or disposal of any of the Sub-Fund investment. For avoidance of doubt such fees, commission, charge and expenses may be due to the Investment Manager for services provided directly to the Sub-Fund in relation to but not limited to the acquisition or disposal of an investment, were applicable, other than those related to its management functions.

### Performance Fee

The Sub-Fund shall be subject to a Performance Fee, payable quarterly in arrears by the Sub-Fund to the Investment Manager and amounting to 20.0% (twenty percent) of the net NAV appreciation at each Valuation Point with respect to the previous HWM.

The Performance fee is accrued on the positive performance, if any, of the NAVBPF over the applicable HWM. The HWM at any Valuation Point is the highest of: (a) the Initial Offering Price, or the Offering Price when the Investor Shares were first issued, as applicable and; (b) the highest NAV per Share on which a Performance Fee was paid.

The Performance Fee calculation formula is as follows:

$$\text{Performance Fee} = \text{PR} \times (\text{NAVBPF} - \text{HWM}) \times \text{N}$$

Where:

<b>PR</b>	=	the rate of participation as defined in (3) below.
<b>NAVBPF</b>	=	NAV per Share before accrual of the Performance Fee.
<b>HWM</b>	=	the highest previous NAV per Share on which a Performance Fee has been charged, less any distributions since the date on which the highest previous NAV was determined.
<b>N</b>	=	number of Shares in issue at the beginning of the day.

- (1) The participation rate (“**PR**”) shall be:
  - (A) nil, if the NAVBPF is less than or equal to the HWM.
  - (B) 20% (twenty percent) if the NAVBPF exceeds that of the HWM.
- (2) The first HWM will be equal to the NAV per Share on the day of the launch of the Sub-Fund.
- (3) The Performance Fee is levied on the assets of each Class and measured on the performance of each Class.

Here below a working sample for the calculation of the Performance Fee:

	NAVBP* (a)	HWM (b)	Gain (d) = max [0, (a) -(b)]	Performance Fee (e) = (d) x 20%	NAV (f) = (a) – (e)
Q1	102.00	100.00	2.00	0.40	101.60
Q2	104.00	101.60	2.40	0.48	103.52
Q3	106.00	103.52	2.48	0.50	105.50
Q4	104.00	105.50	0.00	-	104.00
Q5	102.00	105.50	0.00	-	102.00
Q6	105.00	105.50	0.00	-	105.00
Q7	108.00	105.50	2.50	0.50	107.50
Q8	110.00	107.50	2.50	0.50	109.50

The Company will not adopt an equalisation methodology for the calculation of the Performance Fee. Shareholders may accordingly underpay/overpay any Performance Fee due to the Portfolio Manager when subscribing and/ or redeeming their Investor Shares.

### Administration Fee

The Company shall pay the Administrator out of the assets of each Sub-Fund an administration fee (the “**Administration Fee**”) of 0.06% (six basis points) of the Sub-Fund’s NAV subject to a minimum annual fee of EUR 27,000 (twenty seven thousand euros) (excluding VAT thereon if any). The Administration Fee is calculated by reference to the Net Asset Value at each Valuation Point and shall be payable quarterly in arrears. A one-time set-up fee of EUR 1000 (one thousand euros) will also be levied.

In addition to the Administration Fee, the Administrator is also entitled to receive out of the assets of each Sub-Fund agreed-upon fixed fees for the preparation of financial statements, investor transactions and maintenance of investor accounts or other ancillary services it may provide to the Company, including but not limited to, regulatory reporting (e.g. FATCA Reporting, CRS Reporting and AIFMD Annex IV Reporting). In specific, the fee for the transfer agent and investors services is charged at EUR 150 (one hundred fifty euros) per subscription and EUR 500 (five hundred euros) per subscription in kind. The fee for the preparation of financial statements is EUR 2000 (two thousand euros) per annum.

The Company shall be responsible for all disbursements and reasonable out-of-pocket expenses incurred by the Administrator in the proper performance of its duties.

### Depositary Fee

The Company pays to the Depositary an annual recurring Depositary Fee of 0.05% of the Sub-Fund’s NAV, subject to a minimum fee of EUR 15,000 (excluding VAT thereon if any) per annum. The Depositary Fee is calculated by reference to the Net Asset Value at each Valuation Point and shall be payable quarterly in arrears.

Please note that the Depositary may apply to the Sub-Fund additional charges, including for account opening, postage, account maintenance, payment transactions, trading commissions and



settlement fees. Such charges are not specified in this document but can be disclosed by the Depositary upon request of the investors.

### **MLRO Fee**

The fee levied for MLRO services shall amount to EUR 3,000 (three thousand euros) for the Company (to be allocated proportionally among all the sub-funds of the Company) plus EUR 500 (five hundred euros) for the Sub-Fund.

### **Audit Fee**

The Company pays to the Auditor an annual recurring Audit Fee of EUR 4,500 (four thousand five hundred euros) (excluding VAT thereon if any). The Audit Fee shall be payable annually in arrears.

### **Subscription Charge**

None.

### **Redemption Charge**

None.

### **Other Expenses**

The Sub-Fund shall bear the costs incurred for the establishment and notification of the Sub-Fund and the offering of the Investor Shares. In particular, it shall incur a fee of EUR 1,000 payable to the MFSA in respect of the initial listing of the Notified AIF in the Notified AIF List of then MFSA and an annual renewal of notification fee of EUR 600 payable to the MFSA on each anniversary of the date of inclusion of the Sub-Fund in the List of Notified AIFs of the Sub-Fund.

The Sub-Fund will bear its own operating expenses, including, but not limited to, fees payable to the Administrator, Investment Manager, organisational and investment expenses (reasonably determined to be related to the investment of the Sub-Fund's assets), administrative expenses, marketing expenses, legal and licensing expenses, government fees, audit, interest and shareholder communication expenses and other expenses associated with the operation of the Sub-Fund.

The Sub-Fund may reimburse the Investment Manager for the investment expenses incurred in connection with its rendering investment advice and other services to the Sub-Fund (including, without limitation, compensation for ongoing operational, systems, research and due diligence). The Investment Manager and the Administrator will be responsible to track the expenses of the Sub-Fund. Preliminary and ongoing legal, printing and continuous offering documentation expenses, subject to a maximum of EUR 100,000 borne by the Sub-Fund in connection with the continuous offering of Investor Shares, will be capitalized and then amortised by writing off equal instalments on each Valuation Day over five (5) years (and thereafter as incurred).

Whilst the Investment Manager considers that such a valuation methodology is appropriate such policy may conflict with International Financial Reporting Standards.

The Sub-Fund will also be subject to other fees including, its *pro-rata* share of the operating expenses of the Company as set out in the Offering Memorandum.

## SECTION 6 | GENERAL INFORMATION

### The Rights of Shareholders

The rights of Shareholders are stated in the Memorandum and Articles of the Company and in the Companies Act. The Investor Shares entitle Shareholders to participate in the movements, both positive and negative, in value of the assets of the Sub-Fund. For a Shareholder to receive the benefits of any growth in the capital value of the Investor Shares, the Shareholder is entitled to request the redemption of the Investor Shares held by him at any time and the Investor Shares will, subject to the relevant Redemption Notice Period, be repurchased by the Company on the next Redemption Day following such request. **The Investor Shares are non-voting shares.** On winding up of the Sub-Fund the holders of the Investor Shares shall be entitled to their share of the value of the assets of the Sub-Fund.

### Share Capital and Accounts

All amounts received by the Company on the issue of Investor Shares, initially and subsequently, will be credited as share capital of the Company and will form part of the net assets of the Sub-Fund. Separate accounts are kept for the assets of the Sub-Fund.

### Fractional Shares

Fractional Shares will be issued up to four (4) decimal places.

### Shares in Issue

As of the date of this Offering Supplement, there are no Investor Shares in issue but only Founder Shares in issue.

### Duration of the Sub-Fund

The Sub-Fund has been constituted for an indefinite period.

### Sub-Fund Income

The Board may at its sole discretion declare and pay a dividend. In any case, the Investment Manager shall always retain a portion of available cash to meet redemption requests, to pay current expenses and to cover costs related to the management and preservation of the Sub-Fund and its assets.

# DIRECTORY

## **Directors of the Company**

**Mr Andrea Mario Vittorio VENTURINI**  
**Mr David GRECH**  
**Mr Riccardo TEODORI**

## **Registered Office**

**Cosmos SICAV plc**  
Skyway Offices, Block C, Office 1  
179 Marina Street  
Pieta PTA 9042  
Malta

## **Investment Manager**

**Abalone Asset Management Limited**  
Skyway Offices, Block C, Office 1  
179 Marina Street  
Pieta PTA 9042  
Malta

## **Administrator, Registrar and Transfer Agent**

**Fexserv Fund Services Limited**  
Nu Bis Centre  
Mosta Road  
Lija LJA901  
Malta

## **Depository**

**Zarattini International Limited**  
56, Europa Centre  
Saint Anne Street  
Floriana, FRN 9011  
Malta

## **Auditor**

**Ernst & Young Malta Limited**  
Regional Business Centre  
Achille Ferris Street  
Msida MSD 1751  
Malta

## **Legal Advisors**

Please refer to the Offering Memorandum.

## **Tax Advisors**

Please refer to the Offering Memorandum.

## **Company Secretary**

**Fexserv Fund Services Limited**  
Nu Bis Centre  
Mosta Road  
Lija LJA9012  
Malta