

## ALPHABETA ACCESS PRODUCTS LTD

(Incorporated with limited liability in Jersey)

**US\$50,000,000,000**

### Certificate programme

*This Base Prospectus describes the US\$50,000,000,000 certificate programme (the "**Programme**") of Alphabeta Access Products Ltd (previously named Oder Capital Limited) (the "**Issuer**"). This Base Prospectus is valid for one year from 28 July 2020. The obligation to supplement it in the event of significant new factors, material mistakes or material inaccuracies will not apply after the date falling 12 months from the date of this Base Prospectus.*

Under the Programme, the Issuer, subject to compliance with all relevant laws, regulations and directives, may from time to time issue secured certificates ("**Secured Certificates**") and unsecured certificates (the "**Unsecured Certificates**") and, together with the Secured Certificates, the "**Certificates**") on the terms set out herein, as further detailed in final terms (each, "**Final Terms**"). This Base Prospectus should be read in conjunction with the applicable Final Terms prepared in connection therewith. The aggregate principal amount of Certificates outstanding will not at any time exceed US\$50,000,000,000 (or the equivalent in other currencies).

The Certificates will generally offer exposure on a 1:1 basis for a Series of shares or interests in certain entities (including, but not limited to, companies, limited partnerships, unit trusts and contractual funds) (each a "**Company**") being a Company of a type that conforms to the criteria set out in the general description of Companies (as set out in "*Series Assets - Description of the Shares and the Company*") or the Certificates will offer exposure to a portfolio which consists of (1) shares or interests in the Company applicable to such Series (the "**Shares**") and (2) if specified, a Cash Account, with any return potentially being reduced by the payment of Transaction Fees (as defined in "*Terms and Conditions of the Certificates*"), in each case as confirmed in the Final Terms relating to each particular Series.

Each Certificate of a Series will be linked to the Shares. The Issuer at its discretion, in respect of a Series, may either (i) purchase the Shares and/or (ii) obtain exposure to the Shares by either entering into a swap (a "**Swap**") with Morgan Stanley & Co. International plc (the "**Swap Counterparty**") which references the Shares of the Company or by subscribing for certificates ("**MS Certificates**") issued by Morgan Stanley & Co. International plc (the "**MS Certificate Issuer**") which reference the Shares of the Company. Neither the Swap Counterparty nor the MS Certificate Issuer need purchase the Shares referenced by the Swaps or the MS Certificates, as applicable. The number or amount of Shares referenced in the Swap or MS Certificates, in respect of a Series, from time to time, will be determined by the Issuer on the basis that it is required to fully hedge its obligations to make payments under the Certificates.

Certificates will be issued in Series (as defined in "*Overview of the Programme*") and each Series will either consist of Secured Certificates and Secured Series Custodian Certificates only (each, a "**Secured Series**") or Unsecured Certificates and Unsecured Series Custodian Certificates only (each, an "**Unsecured Series**") and, together with the Secured Series, the "**Series**"). Each Secured Series (other than the Secured Series Custodian Certificates) will be secured by a charge on and/or assignment of and/or other security over or in respect of (i) Shares or MS Certificates owned by or held on behalf of the Issuer or a Swap or Swaps entered into by the Issuer in respect of such Secured Series and any sums held in a Cash Account (if any) for such Series (the "**Collateral**") and all proceeds of, income from and sums arising from such Collateral; (ii) all sums held by or on behalf of the Issuer in relation to the Collateral of such Secured Series; and (iii) the Issuer's right, title and interest under any agreement under which the Issuer enters into the Swap or Swaps and/or by which the Issuer purchases the Collateral in respect of the relevant Secured Series and the Agency Agreement (as defined in "*Terms and Conditions of the Certificates*") and the Custody Agreement (if applicable) (as defined in "*Terms and Conditions of the Certificates*"), together with security over such additional property as may be described in the relevant Final Terms (together, the "**Mortgaged Property**"). The Secured Series Custodian Certificates of a Secured Series will not be secured by or have recourse to the Mortgaged Property for that Series or any other asset.

Each Unsecured Series will not be secured and the Unsecured Certificates (other than the Unsecured Series Custodian Certificates) will rely for their payment on, *inter alia*, and, in the case of (iv) below have the benefit of, the contractual rights of the Issuer in respect of (i) Shares or MS Certificates owned by or held on behalf

of the Issuer or a Swap or Swaps entered into by the Issuer in respect of such Unsecured Series and any sums held in a Cash Account (if any) for such Series (the "**Underlying Assets**"), and all proceeds of, income from and sums arising from such Underlying Assets; (ii) all sums held by or on behalf of the Issuer in relation to the Underlying Assets of such Unsecured Series; and (iii) the Issuer's right, title and interest under any agreement under which the Issuer enters into the Swap or Swaps and/or by which the Issuer purchases the Underlying Assets in respect of the relevant Unsecured Series, the Agency Agreement and the Custody Agreement (if applicable) as may be described in the relevant Final Terms and (iv) the rights of the Issuer under other Series of Certificates which limit the recourse of holders of Certificates of such other Series (together, the "**Unsecured Series Property**" and, together with the Mortgaged Property, the "**Series Assets**"). The Unsecured Series Custodian Certificates of an Unsecured Series will not have recourse to the Unsecured Series Property for that Series or any other asset. All present and future creditors of specific Series Assets of a Series (including service providers for such particular Series) will have their recourse limited to the Series Assets of such Series. The Unsecured Series Property of an Unsecured Series will not be ring fenced against the claims of other creditors by virtue of having the benefit of any security. There can be no guarantee that unspecified third parties will not make any claims against the Unsecured Series Property, and that any Unsecured Series Property will be available to meet the claims of the holders of Unsecured Certificates (the "**Unsecured Certificateholders**") at any time.

Claims against the Issuer by holders of the Certificates (the "**Certificateholders**") of a particular Series will be limited to the Series Assets applicable to that Series. If the net proceeds of the enforcement or liquidation of the Series Assets for any Series are not sufficient for the Issuer to make all payments due in respect of the Certificates of that Series, the other assets of the Issuer will not be available for payment of any shortfall arising therefrom. Any such shortfall shall be borne by Certificateholders of each Series as specified in the relevant Final Terms. The Issuer will not be obliged to make any further payment in excess of such net proceeds and accordingly no debt shall be owed by the Issuer in respect of any such shortfall remaining after either (i) in the case of Secured Certificates realisation of the Mortgaged Property and application of the proceeds in accordance with the Trust Deed or (ii) in respect of Unsecured Certificates, liquidation of the Unsecured Series Property and application of the proceeds in accordance with the Trust Deed. None of the Note Trustee, the Security Trustee (if applicable) or any Certificateholder may take any further action to recover such shortfall.

This Base Prospectus has been approved by the Central Bank of Ireland, (the "**Central Bank**") as competent authority under Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**"). The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Certificates that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Certificates. Such approval relates only to the Certificates which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU and/or which are to be offered to the public in any Member State of the European Economic Area or in the United Kingdom. Application will be made to the Irish Stock Exchange plc trading as Euronext Dublin (the "**Euronext Dublin**") for Certificates issued under the Programme within 12 months of the date of this Base Prospectus to be admitted to the Official List (the "**Official List**") and trading on its regulated market (the "**Regulated Market**"). References in this Base Prospectus to Certificates being "listed" (and all related references) shall mean that such Certificates have been admitted to trading on the Regulated Market and have been admitted to the Official List. The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU.

However, unlisted Certificates may be issued pursuant to the Programme and the Programme provides that Certificates may be listed on such other stock exchange(s) outside the EU or markets as may be specified in the relevant Final Terms. The relevant Final Terms in respect of the issue of any Certificates, will specify whether or not application has been made for such Certificates to be listed on Euronext Dublin and to be admitted to trading on the Regulated Market.

Payments in respect of the Certificates comprising each Series will be made without withholding or deduction for or on account of any taxes unless required by law. The Issuer will not be obliged to gross up payments in respect of the Certificates and any imposition of withholding taxes on payments in respect thereof may lead to redemption of Certificates. See "*Terms and Conditions of the Certificates – Redemption*".

The Certificates of a Series will be held through a clearing system and represented by a Global Certificate, the Global Certificate will be held by a common depositary appointed by Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

The Certificates will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity.

This Base Prospectus comprises a base prospectus for the purposes of the Prospectus Regulation and for the purpose of giving necessary information with regard to the Issuer and the Certificates which, according to the particular nature and circumstances of the Issuer and the Certificates, is material to investors for making an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, the rights attaching to the Certificates and the reasons for the issuance and its impact on the Issuer.

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus and in the relevant Final Terms in connection with the issue or sale of a Series of Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Dealer (each as defined in "*Overview of the Programme*"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any Certificates which are to be admitted to trading on a regulated market within the European Economic Area or the United Kingdom or offered to the public in a Member State of the European Economic Area or in the United Kingdom in circumstances which require the publication of a prospectus under the Prospectus Regulation, the subscription price of the Certificates subscribed for shall be in a minimum amount in US\$ (or the equivalent in other currencies) such that the equivalent amount in Euros as at the date of issue of the Certificates shall be €100,000.

The distribution of this Base Prospectus and the offering or sale of Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer and the Dealer to inform themselves about and to observe any such restriction. The Certificates have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Issuer has not registered and will not register under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). Consequently, the Certificates may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except in accordance with the Securities Act or an exemption therefrom or in a transaction not subject to the registration requirements of the Securities Act and under circumstances designed to preclude the Issuer from having to register under the Investment Company Act. The Certificates may only be offered for sale outside the United States to non-U.S. persons in reliance on, and in accordance with, Regulation S and in compliance with applicable laws, regulations and directives. See "*Subscription and Sale and Selling Restrictions*".

For a description of certain restrictions on offers and sales of Certificates and on distribution of this Base Prospectus, see "*Subscription and Sale and Selling Restrictions*".

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered,

sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**") . For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPS Regulation.

**MiFID II product governance/target market** - The Final Terms in respect of any Certificates may include a legend entitled "*MiFID II product governance*" which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "**distributor**") should take into consideration the target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "**US\$**" and "**US dollars**" are to United States dollars, references to "**Euro**" and "**€**" are to the lawful currency of the Member States of the European Union that have adopted a single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty of European Union and references to "**GBP**" and "**£**" are references to the lawful currency of the United Kingdom.

## DISCLAIMERS

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer and the Dealer to subscribe for, or purchase, any Certificates.

Purchasers of Certificates should conduct such independent investigation and analysis regarding the Issuer, the security arrangements and the Certificates as they consider appropriate to evaluate the merits and risks of an investment in the Certificates. The Dealer does not make any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied in connection with the Certificates and none of them accepts any responsibility or liability therefor. The Dealer does not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Certificates of any information coming to the attention of the Dealer.

The Issuer having made all reasonable enquiries confirms that this document contains all information with respect to the Issuer and the Certificates that is material in the context of the issue and offering of the Certificates, the statements contained in it relating to the Issuer are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Base Prospectus with regard to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer or the Certificates the omission of which would, in the context of the issue and offering of the Certificates, make any statement in this Base Prospectus misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Base Prospectus. This Base Prospectus does not describe all of the risks of an investment in the Certificates. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Dealer that any recipient of this Base Prospectus or any other financial statements should purchase the Certificates. Prospective purchasers of Certificates should conduct such independent investigation and analysis regarding the Issuer, the security arrangements (if any), the Certificates, the Company (applicable to their Series) and the Shares (applicable to their Series) as they deem appropriate to evaluate the merits and risks of an investment in the Certificates. Prospective purchasers of Certificates should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Base Prospectus, any supplement to this Base Prospectus (each a "**Supplement**") and the applicable Final Terms (if any) and the merits and risks of investing in the Certificates in the context of their financial position and circumstances. The Dealer does not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Certificates of any information coming to the attention of the Dealer. The Dealer disclaims any responsibility to advise investors of the risks and investment considerations associated therewith as they may exist at the date hereof or as they may from time to time alter.

A copy of this document has been delivered to the registrar of companies in Jersey (the "**Jersey Registrar**") in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, as amended, and the Jersey Registrar has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission (the "**Commission**") has given, and has not withdrawn, or will have given prior to the issue of the

Certificates and not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Certificates. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law. It must be distinctly understood that, in giving these consents, neither the Jersey Registrar nor the Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up.

The directors of the Issuer have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the directors accept responsibility accordingly.

**The investments described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended, on the basis that they are investment products designed for financially sophisticated investors with specialist knowledge of, and experience of investing in, such investments, who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investments. These investments are not regarded by the Commission as suitable investments for any other type of investor.**

**Neither the investments described in this document nor the activities of any functionary with regard to such investments are subject to all the provisions of the Financial Services (Jersey) Law 1998.**

**Any individual intending to invest in any investment described in this document should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.**

The Certificates are complex instruments that involve substantial risks and are suitable only for sophisticated investors who have sufficient knowledge and experience and access to such professional advisers as they shall consider necessary in order to make their own evaluation of the risks and the merits of such an investment (including without limitation the tax, accounting, credit, legal, regulatory and financial implications for them of such an investment) and who have considered the suitability of such Certificates in light of their own circumstances and financial condition. Prospective investors should ensure that they understand the nature of the risks posed by an investment in the Certificates, and the extent of their exposure as a result of such investment in the Certificates and, before making their investment decision, should consider carefully all of the information set forth in this Base Prospectus, any applicable Supplements and the applicable Final Terms and, in particular, the considerations set forth below. Owing to the structured nature of the Certificates, their price may be more volatile than that of unstructured securities.

**Investors:** Each prospective investor in the Certificates should have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Certificates, including where principal may reduce or be lost in its entirety as a result of the occurrence of different events whether related to the creditworthiness of any entity or otherwise or changes

in particular rates, prices or indices, or where the currency for principal payments is different from the prospective investor's currency.

Investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its professional advisers to determine whether and to what extent (i) the Certificates are legal investments for it, and/or (ii) other restrictions apply to its purchase or, if relevant, pledge of any Certificates. Financial institutions should consult their professional advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

The redemption amounts payable under the Certificates of a Series are determined by reference to the amount of redemption proceeds which would be received in respect of a series of Shares of the relevant Company after payment, if applicable, of any Transaction Fees. Potential investors should be aware that:

- (a) the market price of the Certificates may be volatile;
- (b) payment of principal may occur at a different time than expected;
- (c) they may lose all or a substantial portion of their principal;
- (d) the Shares may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or indices;
- (e) the timing of changes in the value of Shares may affect the actual yield to investors.

Each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in the Certificates and the suitability of such Certificates in light of its particular circumstances.

**No fiduciary role:** None of the Issuer, the Dealer or any of the other parties to the Relevant Agreements (the "**Series Transaction Parties**") or any of their respective affiliates is acting as an investment adviser, and none of them (other than the Note Trustee and the Security Trustee to the extent set out in the Principal Trust Deed) assumes any fiduciary obligation to any purchaser of Certificates or any other party, including the Issuer. In respect of each Series the Note Trustee holds the benefit of the Issuer's covenant to pay on trust for the Certificateholders of such Series pursuant to the Trust Deed and has certain fiduciary duties towards the Certificateholders such as its duty to act in good faith and not to make an unauthorised profit.

None of the Issuer, the Dealer or any of the other Series Transaction Parties assumes any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any issuer or obligor of any Collateral or the terms of any Collateral.

Investors may not rely on the views or advice of the Issuer, the Dealer or any of the other Series Transaction Parties in respect of any Series for any information in relation to any person other than the entity giving the views or advice.

**No reliance:** A prospective purchaser may not rely on the Issuer, the Dealer or any of the other Series Transaction Parties in respect of any Series or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Certificates or as to the other matters referred to above.

**No representations:** None of the Issuer, the Dealer or any of the other Series Transaction Parties in respect of any Series makes any representation or warranty, express or implied, in respect of any Collateral or Underlying Assets, as applicable, or any issuer or obligor of

any Collateral or Underlying Assets, as applicable, or in respect of any information contained in any documents prepared, provided or filed by or on behalf of any such issuer or obligor or in respect of such Collateral or such Underlying Assets, as applicable, with any exchange, governmental, supervisory or self regulatory authority or any other person.

None of the Issuer, the Dealer or any of the other Series Transaction Parties makes any representation or warranty in respect of the Collateral or Underlying Assets, as applicable.

**Certificates obligations of the Issuer only:** The Certificates will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any of Morgan Stanley & Co. International plc, its affiliates or any other party named in this Base Prospectus and no person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Certificates.

**Change of law:** The Conditions, the issue of the Certificates and the ratings which may be assigned (if applicable) to the Certificates are based on English law in effect as at the date of issue of the Certificates. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Certificates.

THE CERTIFICATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, AND NONE OF THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY OF THE UNITED STATES HAS PASSED UPON THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE CERTIFICATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE ISSUER HAS NOT REGISTERED AND WILL NOT REGISTER UNDER THE INVESTMENT COMPANY ACT. THE CERTIFICATES MAY NOT BE OFFERED OR SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF, U.S. PERSONS (AS DEFINED IN REGULATION S). THIS BASE PROSPECTUS HAS BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE CERTIFICATES OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS PURSUANT TO REGULATION S, FOR THE LISTING OF THE CERTIFICATES ON EURONEXT DUBLIN AND TRADING ON THE REGULATED MARKET. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE CERTIFICATES AND DISTRIBUTION OF THIS BASE PROSPECTUS, SEE "*SUBSCRIPTION AND SALE AND SELLING RESTRICTIONS*".

### **Forward-Looking Statements**

Certain matters contained within this Base Prospectus are forward-looking statements. All statements other than statements of historical facts included in this Base Prospectus, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. These forward-looking statements



speak only as of the date of this Base Prospectus. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which such statement is based.

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## OVERVIEW OF THE PROGRAMME

*The following overview is qualified in its entirety by the remainder of this Base Prospectus and the Final Terms relating to the Series of which any Certificate is a part:*

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| <b>Issuer</b>                                 | Alphabeta Access Products Ltd (previously named Oder Capital Limited). The registered office of the Issuer is at 47 Esplanade, St Helier, Jersey JE1 0BD. The share capital of the Issuer is £10,000 divided into 10,000 shares of £1.00 each of which two shares have been issued and are fully paid up.  |
| <b>Issuer's Legal Entity Identifier (LEI)</b> | 635400IVGSQEAHVLPB96.  |
| <b>Description</b>                            | US\$50,000,000,000 certificate programme.  |
| <b>Size</b>                                   | Up to US\$50,000,000,000 (or the equivalent in other currencies at the trade date of the relevant Certificates) aggregate principal amount of Certificates outstanding at any one time.  |
| <b>Dealer and Certificate Custodian</b>       | Morgan Stanley & Co. International plc   |
| <b>Calculation Agent</b>                      | Crestbridge Fund Administrators Limited  |
| <b>Paying Agent</b>                           | The Bank of New York Mellon, London Branch   |
| <b>Registrar</b>                              | The Bank of New York Mellon SA/NV, Luxembourg Branch   |
| <b>Note Trustee</b>                           | BNY Mellon Corporate Trustee Services Limited  |
| <b>Security Trustee</b>                       | BNY Mellon Corporate Trustee Services Limited  |
| <b>Swap Counterparty</b>                      | Morgan Stanley & Co. International plc   |
| <b>MS Certificate Issuer</b>                  | Morgan Stanley & Co. International plc   |
| <b>Corporate Administrator</b>                | Crestbridge Corporate Services Limited. The registered office of the corporate administrator is at 47 Esplanade, St Helier, Jersey JE1 0BD   |
| <b>Cash Account Bank</b>                      | The Bank of New York Mellon, London Branch   |
| <b>Status of Certificates</b>                 | <p>The Certificates of a Series will be issued either as Secured Certificates and Secured Series Custodian Certificates only or Unsecured Certificates and Unsecured Series Custodian Certificates only.</p> <p>The Secured Certificates of each Secured Series (other than Secured Series Custodian Certificates) will be secured limited recourse obligations of the Issuer, ranking <i>pari passu</i> without any preference among themselves and secured in the manner described in "<i>Terms and Conditions of the Certificates – Status, Security and Assets of the Issuer – Mortgaged Property</i>".</p> <p>The Unsecured Certificates of each Unsecured Series (other than the Unsecured Series Custodian Certificates) will be limited recourse obligations of the Issuer, ranking <i>pari passu</i> without any preference among themselves, will not be secured and will have the rights described in "<i>Terms and Conditions of the Certificates – Status, Security and</i></p> |

*Assets of the Issuer – Unsecured Series Property*". Recourse in respect of any Unsecured Series will be limited to the Unsecured Series Property in respect of that Unsecured Series.

Recourse in respect of any Series will be limited to the Series Assets in respect of that Series. If the net proceeds of such Series Assets are not sufficient for the Issuer to make all payments due in respect of the Certificates of that Series, the other assets of the Issuer will not be available for payment of any shortfall arising therefrom. Any such shortfall shall be borne by the Certificateholders of such Series as specified in the relevant Final Terms. The Issuer will not be obliged to make any further payment in excess of such net proceeds and accordingly no debt shall be owed by the Issuer in respect of such shortfall remaining after either (i) in respect of Secured Certificates, realisation of the Mortgaged Property and application of the proceeds in accordance with the Trust Deed or (ii) in respect of Unsecured Certificates, liquidation of the Unsecured Series Property and application of the proceeds in accordance with the Trust Deed. None of the Note Trustee, the Security Trustee, if applicable, or any Certificateholder may take any further action to recover such shortfall. In particular, none of the Note Trustee, the Security Trustee, if applicable, or any holder of Certificates, shall be entitled to institute or join with any other person in bringing, instituting or joining insolvency, winding up or bankruptcy proceedings (whether court based or otherwise) in relation to the Issuer or any of its assets.

**Series Assets**

The general details of the type of Companies and Shares that can form the Series Assets (along with the Cash Account (if any)) are set out in the general description of Companies (see "*Series Assets - Description of the Shares and the Company*") and details of the specific Series Assets that relate to a particular Series will be confirmed in the relevant Final Terms. The Series Assets in respect of a Secured Series will include any Collateral. The Series Assets in respect of an Unsecured Series will include any Underlying Assets. Series Assets of Secured Certificates are referred to as Mortgaged Property. Series Assets of Unsecured Certificates are referred to as Unsecured Series Property.

**Company**

Each entity of a type that conforms to the criteria set out in the general description of Companies (as set out in "*Series Assets - Description of the Shares and the Company*") and in respect of which Certificates linked to the instruments or interests issued by such entity have been issued by the Issuer.

**Shares**

The respective shares or interest in a Company as applicable to the relevant Certificates relating to each particular Series.

**Custodian**

If specified in the Final Terms for a Series as applicable, the Issuer may appoint The Bank of New York Mellon, London Branch as a custodian to hold the Shares and/or cash on the terms of the Custody Agreement for such Series.

## **Mortgaged Property**

The Secured Certificates of each Secured Series (other than Secured Series Custodian Certificates) will be secured in the manner set out in the relevant Final Terms and Supplemental Trust Deed, which will include a charge on and/or assignment of and/or other security over or in respect of (i) certain Collateral and all proceeds of, income from and sums arising from such Collateral; (ii) all sums held by or on behalf of the Issuer in relation to the Collateral of such Series; (iii) the Issuer's right, title and interest under the Custody Agreement (if applicable); and (iv) any agreement under which the Issuer enters into the Swap or Swaps and/or by which the Issuer purchases the Collateral in respect of such Secured Series and the Agency Agreement, together with security over such additional property as may be described in the Supplemental Trust Deed in respect of such Secured Series and/or the relevant Final Terms.

## **Unsecured Series Property**

The Unsecured Certificates of each Unsecured Series will not be secured. Instead the Unsecured Certificates (other than the Unsecured Series Custodian Certificates) of an Unsecured Series will rely for their payment on, inter alia, and, in the case of (iv) below have the benefit of, the contractual rights of the Issuer in respect of (i) certain Underlying Assets and all proceeds of, income from and sums arising from such Underlying Assets; (ii) all sums held by or on behalf of the Issuer in relation to the Underlying Assets of such Unsecured Series; (iii) the Issuer's right, title and interest under the Custody Agreement (if applicable); and (iv) any agreement under which the Issuer enters into the Swap or Swaps and/or by which the Issuer purchases the Underlying Assets in respect of such Unsecured Series and the Agency Agreement as may be described in the Trust Deed in respect of such Unsecured Series and/or the relevant Final Terms; and (iv) the rights of the Issuer under other Series of Certificates which limit the recourse of Certificateholders of such other Series.

## **Method of issue of Certificates**

The Certificates will be issued in series (each a "**Series**") on one or more issue dates. Certificates of a Series shall be issued on identical terms (or identical other than in respect of the issue date), the Certificates of each Series being intended to be interchangeable with all other Certificates of that Series (other than the Custodian Certificates).

Certificates (whether Secured Certificates or Unsecured Certificates) in a Series will be constituted by one or more Supplemental Trust Deeds for such Series. Secured Certificates in a Secured Series will also be secured pursuant to such Supplemental Trust Deed for such Secured Series. Each Supplemental Trust Deed will be supplemental to the Principal Trust Deed, which contains the provisions common to all Series of Certificates. The Supplemental Trust Deed for a single Series together with the Principal Trust Deed (together, the "**Trust Deed**" for a Series) will contain all the provisions for the issuance of the Certificates of such Series.

## **Issuance of a Series**

On the first Issue Date of a Series:

1. the Issuer will issue the maximum number of Certificates available in such Series (as set out in the Final Terms) at a price per certificate as set out in the Final Terms for such Certificates;
2. the Dealer will pay to the Issuer the amount set out in the Final Terms (such amount being the product of (i) the maximum amount of Certificates of such Series and (ii) the price per Certificate therefor);
3. the Issuer will repurchase from the Dealer such amount of Certificates that are not being sold by the Dealer to investors on the first Issue Date of such Series at a price per Certificate as set out in the Final Terms (such price being the same as the price that the Issuer issues the issue of Certificates under 1. above); and
4. the Issuer will pay to the Dealer the amount set out in the Final Terms (such amount being the product of (i) the amount of Certificates that are not being sold by the Dealer to investors on the first Issue Date and (ii) the price per Certificate therefor).

The payments due from the Dealer to the Issuer and from the Issuer to the Dealer will be netted. The Certificates of such Series so repurchased will be held by the Certificate Custodian on behalf of the Issuer.

### **Price of Certificates**

All Certificates of a Series will be issued with each having a nominal amount of US\$1.00 (or its equivalent in other currencies rounded upwards as agreed between the Issuer and the Dealer). The price per Certificate will equal the share price of the Shares. The minimum value of Certificates of a Series that can be subscribed for by an investor or transferred by a Certificateholder (other than for transfers to the Certificate Custodian) shall be an amount in US\$ (or the equivalent in other currencies) such that the equivalent amount in Euros as at the date of such subscription or transfer shall be €100,000.

An existing Certificateholder may subsequently subscribe for any number of additional Certificates. If a new subscriber were to purchase Certificates on a date other than the issue date for such certificates from the Issuer or through the secondary market, then such subscriber will have to subscribe for a sufficient number of Certificates so that the purchase price payable therefor will be the US\$ equivalent (or the equivalent in other currencies), at such time, of €100,000 or more.

### **Currencies**

Subject to compliance with all relevant laws, regulations and directives, Certificates may be issued in any currency as the Issuer and the Dealer may agree.

## Maturity

The Certificates of a Series are expected to mature on the Maturity Date of such Series but will be subject to mandatory redemption in full in the circumstances described below and in Condition 7. The Certificates of a Series may also be repurchased by the Issuer as described below.

The Maturity Date for a Series will be specified in the Final Terms for such Series. No payments will be due on the Certificates prior to the Maturity Date other than upon the occurrence of a Mandatory Redemption Event, a voluntary repurchase of the Certificates by the Issuer from the Dealer or an Event of Default prior to the Maturity Date.

Upon the occurrence of a Mandatory Redemption Event or an Event of Default and on the Maturity Date, all outstanding Certificates are expected to be redeemed in an amount per Certificate equal to the Certificate Redemption Amount on such date.

With respect to the Maturity Date the Issuer will request the realisation of the Shares and/or MS Certificates and/or request payments under the Swap or Swaps, if applicable, in sufficient time to allow the Company to redeem or realise the underlying assets by the Maturity Date so that the only amount payable in respect of the Certificates on the Maturity Date shall be the Certificate Redemption Amount. If a Fixed Maturity Date is specified in the Final Terms, and if any amounts are received by the Issuer after the Maturity Date then such amounts shall be retained by the Issuer and available to be distributed to its shareholders for the benefit of The Oder Capital Charitable Trust. If a Scheduled Maturity Date is specified in the Final Terms, then if the Issuer has not received by such Scheduled Maturity Date (a) the full cash proceeds of redemption of the Shares and/or the MS Certificates and/or payments under the Swap or Swaps, if applicable, (b) in the context of a redemption of the Shares due to be effected in kind, the cash proceeds of disposal or redemption of the assets underlying the Shares or (c) any other form of liquidation of the Shares, the Maturity Date shall be the twentieth Business Day following such receipt.

## Custodian Certificates

All Certificates of a Series repurchased by the Issuer on the Issue Date of such Series shall be Custodian Certificates for so long as they are held by the Certificate Custodian on behalf of the Issuer and either (a) for so long as the Certificates of such Series are held through a clearing system, shall be held in the Certificate Custodian's client account at the applicable clearing system or (b) if the Certificates of such Series are no longer held through a clearing system due to an Exchange Event (see "*Summary of Provisions Relating to the Certificates while Represented by the Global Certificate – Exchange of Global Certificates for Definitive Certificates*"), shall be represented by a global certificate (the "**Custodian Global Certificate**") held by the Certificate Custodian. While held through a clearing system, the Custodian Certificates will be included in the total number of Certificates issued through such clearing system, will be classed as Certificates by the applicable clearing system, but the

Certificate Custodian will renounce all rights that Certificates have and will notify the clearing system accordingly. Such clearing system will treat the Certificates held in the Certificate Custodian's client account as not having any rights while they are held in the Certificate Custodian's client account and will only have the same rights as other Certificates upon transfer to a new investor.

Custodian Certificates in respect of Secured Certificates are referred to as "**Secured Series Custodian Certificates**". Custodian Certificates in respect of Unsecured Certificates are referred to as "**Unsecured Series Custodian Certificates**".

Custodian Certificates carry no voting rights, do not bear interest and no amount of principal or interest is payable thereon and are not secured by any property. Custodian Certificates are held by the Certificate Custodian on behalf of the Issuer either (a) for so long as an Exchange Event has not occurred, through the Certificate Custodian's client account at a clearing system or (b) following an Exchange Event, through the Custodian Global Certificate.

On each date on which Custodian Certificates are sold by the Issuer to the Dealer:

- (a) in the case of Certificates that continue to be held through a clearing system, the Certificate Custodian shall transfer, in accordance with the applicable clearing system's transfer procedures, such number of Certificates being sold that are held in the Certificate Custodian's client account to the Dealer's trading account at the applicable clearing system. The applicable clearing system will carry out such transfer in accordance with its standard transfer procedures and book entries will be effected within such clearing system, such that the total number of Certificates held by the Certificate Custodian in the Certificate Custodian's client account will have been reduced by the number of Certificates by which the number of Certificates held by the Dealer in the Dealer's trading account (and then ultimately by the applicable participants, in the clearing system, for the new investors) have been increased. Such Certificates transferred by the Certificate Custodian through the clearing system will, upon transfer, cease to be treated as 'Custodian Certificates' and the clearing system shall note in its book entries that such transferred Certificates then have all the rights that other Certificates have. Morgan Stanley, as both Dealer and as the Certificate Custodian shall note in its records (outside of the clearing system) the number of Custodian Certificates transferred and the total number of Custodian Certificates remaining; or
- (b) in the case of Certificates that are no longer held through a clearing system due to the occurrence of an Exchange Event, the Custodian Global Certificate shall be written down and the number of



Certificates registered in the Register shall be increased by the same number (and the names of the new Certificateholders shall be included on the Register or the number of Certificates held by an existing Certificateholder will be increased accordingly) such that, after such write-down and increase have taken place in accordance with the provisions of the Agency Agreement and the applicable Trust Deed, the total number of Custodian Certificates will have been reduced by the total number of Certificates by which the number of Certificates registered in the Register have been increased. The Custodian Certificates resold to the Dealer will upon resale cease to be Custodian Certificates and will be registered in the Register in the name of the Certificateholders or the number of Certificates held by an existing Certificateholder will be increased accordingly. Such Certificates will carry all of the rights which the existing Certificates carry.

Custodian Certificates shall be issued at the price set out in the relevant Final Terms.

### **Fungible Increases**

On any Business Day after the Issue Date of a Series, the Issuer may sell, via the Dealer, to existing or new Certificateholders further Certificates in such Series on the next Company Investment Subscription Date subject to the following conditions, provided that for such Series:

- (a) the company that the proceeds of such Series are invested in (the "**Company**") continues to accept new subscription requests for the amount of Shares which may be purchased using the proceeds of sale of such Custodian Certificates;
- (b) the Calculation Agent has confirmed that the Issuer is expected, on the next Company Investment Subscription Date, to have a sufficient number of Custodian Certificates available for purchase to meet such request;
- (c) the Subscription Conditions Precedent have been satisfied; and
- (d) the Requested Fungible Notional is equal to or greater than the US\$ equivalent (or the equivalent in other currencies), at such time, of €100,000 (or such other greater amount as may be agreed between the Calculation Agent and the Dealer).

On any Business Day on which the Dealer has requested the sale of Custodian Certificates, the Issuer will direct the Certificate Custodian to sell to the Dealer for on-sale to the existing or new Certificateholders and the Dealer will agree to purchase on the next Company Investment Subscription Date such number of Custodian Certificates as the Calculation Agent may in its sole discretion determine following publication of the Share NAV on the relevant Company Investment Subscription Date and the Dealer will pay to the Certificate Custodian no later than 2pm two Company Business Days prior to such Company Investment Subscription Date an amount equal to the

Requested Fungible Notional and the Certificate Custodian will remit such amount promptly to the Company and/or the MS Certificate Issuer and/or the Swap Counterparty, if applicable, on behalf of the Issuer.

The Custodian Certificates being sold will be sold to the Dealer at the Certificate Price as of the relevant Company Investment Subscription Date and will cease to be Custodian Certificates as of such date.

**Company Investment Subscription Date**

Means, in relation to a request for sale of further Certificates to the Dealer, the second Company Business Day following the date on which such request has been received by the Issuer.

**Subscription Conditions Precedent**

The conditions precedent to the issue of the Certificates and purchase of Custodian Certificates on a Company Investment Subscription Date as set out in the Dealer Agreement.

**Mandatory Early Redemption**

If:

- (a) at any time prior to the Maturity Date, if it is specified in the relevant Final Terms that the Issuer may determine in its sole discretion to redeem all Certificates and the Issuer so determines;
- (b) at any time prior to the Maturity Date, the Calculation Agent determines that an Early Termination Event (as defined in "*Terms and Conditions of the Certificates*") has occurred which it does not waive; or
- (c) at any time prior to the Maturity Date, an additional Early Termination Event as set out in the relevant Final Terms for such Certificates occurs

(each a "**Mandatory Redemption Event**") then all of the Certificates which are in issue at such time will be redeemed and the remaining Custodian Certificates will be cancelled in accordance with the process described below.

If, at the time of such Mandatory Redemption Event, there were purchasers who were to purchase new Certificates on a date after the occurrence of the Mandatory Redemption Event and consequently the Dealer was to request a transfer of Custodian Certificates, then such transfer of Custodian Certificates shall be cancelled and the subscription for new Certificates shall not take place.

Upon mandatory redemption, the Certificates will be redeemed in an amount per Certificate being redeemed equal to the Certificate Redemption Amount.

Upon the occurrence of a Mandatory Redemption Event, the Issuer shall give not more than two Company Business Days' prior notice (or such other notice period as indicated in the Trust Deed for such Certificates) of the date of such mandatory redemption (the "**Redemption Date**") to the Note Trustee, the Account Bank (if applicable), the Certificateholders and the Paying Agent (which notice shall be irrevocable). The Issuer will pay any amount due and payable to the Note Trustee and/or the Security Trustee and/or the Agents, to the extent not paid pursuant to the Expenses Agreement, and then redeem the Certificates in

an amount per Certificate equal to the Certificate Redemption Amount on the date falling two Company Business Days after the Redemption Date (or such other number of days specified in the Final Terms) subject to the Issuer having received the proceeds of realisation of the Shares and/or MS Certificates and/or payments under the applicable Swap or Swaps, if applicable, one Company Business Day after such Redemption Date. If receipt of the proceeds of realisation of the Shares and/or the MS Certificates and/or payments under the Swap, if applicable, is delayed the redemption of the Certificates will be effected within two Company Business Days of receipt thereof. For the avoidance of doubt, the redemption of the Certificates is contingent on the Issuer receiving proceeds of realisation of the Shares and/or MS Certificates and/or payments under the applicable Swap. If the Issuer subsequently receives, within 60 days of the Redemption Date, further amounts from the Company from the realisation of Shares and/or the Swap Counterparty under the Swap and/or the MS Certificate Issuer pursuant to the MS Certificates, in each case if applicable, in respect of such Certificates, then the Issuer will pay to the former Certificateholders their pro rata share of any such amounts. Such a situation could occur if the Company has invested in assets with limited liquidity.

#### **Early redemption**

Certificateholders do not have any right to request an early redemption of the Certificates other than as a result of an Event of Default or a Mandatory Redemption Event in accordance with the Terms and Conditions of such Certificates.

#### **Early repurchase**

If a Certificateholder or Certificateholders request repurchase by the Dealer and the Dealer requests the Issuer to repurchase on no less than one Company Business Day's notice, the Issuer may agree in its sole discretion to repurchase one or more Certificates on a Company Business Day (each, a "**Purchase Date**").

To effect such repurchase, on the date on which the Issuer receives notice of such repurchase request, the Calculation Agent will request the Company to redeem a number of Shares and/or MS Certificates and/or request the Swap Counterparty make a payment under the Swap, in each case, in respect of a number of Shares equal to the number of Certificates being repurchased by the Issuer or, if Transaction Fees are paid using "Method C", "Method E" or (in the case of unlisted Certificates only) "Method D", such number of Shares and/or MS Certificates and/or payment amount under the Swap as determined by the Calculation Agent in its sole discretion.

The Certificates repurchased on such Purchase Date shall be repurchased in an amount per Certificate equal to the Certificate Buy-back Amount.

Payment will be made to the Certificateholders two Company Business Days after the Purchase Date (or such other number of days as specified in the Final Terms) subject to the Issuer having received the proceeds of realisation of the Shares and/or the MS Certificates and/or payments under the Swap, if applicable, one Company

Business Day after such Purchase Date. If receipt of the proceeds of realisation of the Shares and/or the MS Certificates and/or payments under the Swap, if applicable, is delayed the repurchase of the Certificates will be effected within two Company Business Days of receipt thereof by the Issuer.

If, in respect of any Certificates repurchased prior to the Maturity Date, the Issuer subsequently receives, within 60 days of the Purchase Date of such Certificates, further amounts from the Company from the realisation of Shares and/or the MS Certificate Issuer from the realisation of the MS Certificates and/or the Swap Counterparty under the Swap, if applicable, in respect of such Certificates, then the Issuer will pay to the former Certificateholders their pro rata share of any such amounts. Any amounts received by the Issuer from the Company, the MS Certificate Issuer or the Swap Counterparty after such 60 days will be retained by the Issuer. Such a situation could occur if the Company has invested in assets with limited liquidity.

All Certificates repurchased by the Issuer may at the option of the Issuer be cancelled, in which case the obligations of the Issuer in respect of such Certificates shall be discharged. Absent such cancellation and notwithstanding any other provision of the Conditions, the Certificates repurchased by the Issuer shall be held by the Certificate Custodian on the Issuer's behalf and become Custodian Certificates.

On each date on which Certificates are repurchased by the Issuer from the Dealer:

- (a) in the case of Certificates that are not cancelled as referred to above and continue to be held through a clearing system, the Dealer shall transfer, in accordance with the applicable clearing system's transfer procedures, such number of Certificates being repurchased that are held in the Dealer's trading account to the Certificate Custodian's client account at the applicable clearing system. The applicable clearing system will carry out such transfer in accordance with its standard transfer procedures and book-entries will be affected within such clearing system, such that the total number of Certificates held by the Certificate Custodian in the Certificate Custodian's client account will have been increased by the total number of certificates by which the number of Certificates held by the Dealer in the Dealer's trading account (which had previously been transferred to the Dealer by the applicable participants, in the clearing system, for the investors that are requesting such repurchase) have been increased. Such Certificates transferred to the Certificate Custodian through the clearing system will, upon transfer, be treated as 'Custodian Certificates' and the clearing system shall note in its book-entries that such transferred Certificates no longer have the rights that other Certificates have. Morgan Stanley, as both Dealer and as the Certificate Custodian shall note in its records (outside of the clearing system) the

number of Custodian Certificates transferred to it and the new total number of Custodian Certificates; or

- (b) in the case of Certificates that are not cancelled as referred to above and are no longer held through a clearing system due to the occurrence of an Exchange Event, the number of Certificates registered in the Register shall be decreased (and the names of the applicable Certificateholders removed from the Register or the size of their holdings decreased) and the Custodian Global Certificate marked up by the same number such that, after such decrease and mark-up have taken place in accordance with the provisions of the Agency Agreement and the applicable Trust Deed, the total number of Custodian Certificates will have been increased by the total number of Certificates by which the number of Certificates registered in the Register has decreased.

**Interest on Certificates**

The Certificates will not bear interest.

**Transaction Fees**

The Final Terms for a Series will specify the method of payment of the Transaction Fees. Transaction Fees may be (i) paid outside of the transaction ("**Method A**"), (ii) paid from the Series Assets at the redemption of such Series ("**Method B**"), (iii) paid from the Series Assets on a regular basis during the life of such Series ("**Method C**" or "**Method E**"), (iv) in the case of Series not listed on Euronext Dublin, some other method specified in the Final Terms ("**Method D**").

**Restrictions and covenants**

So long as any of the Certificates remains outstanding, the Issuer will not declare any dividends (other than a dividend of up to US\$750 per Series or other series under alternative programmes of the Issuer), have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property, consolidate or merge with any other person, convey or transfer its properties or assets substantially as an entity to any person (other than as contemplated by the Conditions) or issue any shares (other than such shares as were in issue on 29 May 2012).

The Issuer may from time to time (without the consent of the Certificateholders) issue further certificates, subject to the conditions precedent set out in Conditions 18(a) and (b).

**Cross default**

None.

**Withholding tax**

In the event a withholding or deduction is required by law, the Issuer shall pay net of the relevant taxes. A Certificateholder must pay all Certificateholder Expenses relating to a Certificate held by or being exercised by it as a condition precedent to receiving any amount in respect of the Certificates and the Issuer is entitled to deduct all relevant Certificateholder Expenses from any such payment to be made by it under the Certificates.

**Initial delivery of Certificates**

The Certificates of each Series will be issued in registered form, serially numbered for such Series and initially, and

for so long as an Exchange Event has not occurred, will be held through a clearing system and represented by a Global Certificate.

The Certificates of a Series will initially be represented by interests in a global certificate (a "**Global Certificate**"), registered in the Register in the name of a nominee for the common depositary of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") and the Global Certificate shall be deposited with the Common Depositary.

Global Certificates may also be deposited with any other clearing system. Certificates will be registered in the name of nominees or a common nominee for such clearing systems.

#### **Limited Recourse and Non-Petition**

The Secured Certificates (other than the Secured Series Custodian Certificates) comprise secured, limited recourse obligations of the Issuer. The Unsecured Certificates (other than the Unsecured Series Custodian Certificates) comprise limited recourse obligations of the Issuer.

In respect of a Series, the Certificateholders shall have recourse only to the Series Assets of such Series, (subject, solely in the case of Secured Certificates, always to the Security), and not to any other assets of the Issuer. Claims by Certificateholders of a particular Secured Series (the "**Secured Certificateholders**") and any other secured creditor will be limited to the Mortgaged Property of such Secured Series. Claims by Unsecured Certificateholders of a particular Unsecured Series and any other unsecured creditors will be limited to the Unsecured Series Property of such Unsecured Series.

If, after the Series Assets for a Series has been exhausted (in the case of Secured Certificates, pursuant to enforcement of the Security and in the case of Unsecured Certificates, following all necessary processes) and following the application of the available cash sums derived therefrom in accordance with Condition 4(h) of the Certificates and the Trust Deed, any outstanding claim against the Issuer in respect of the Certificates of such Series remains unpaid, then such outstanding claims will be extinguished and no debt will be owed by the Issuer in respect thereof.

Following such extinguishment, none of the Note Trustee, the Security Trustee (if applicable), the Certificateholders or any other person acting on behalf of any of them shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer in respect of such further sum in respect of such Series.

None of the Note Trustee, the Security Trustee (if applicable), the Certificateholders or any person acting on behalf of any of them may at any time institute, or join with any other person in bringing, instituting or joining insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether

court-based or otherwise) in relation to the Issuer or any of its assets, and none of them shall have any claim arising with respect to the assets and/or property attributable to any other certificates issued by the Issuer (save for any further certificates which form a single series with the Certificates).

Such limited recourse and non-petition provisions shall survive maturity of the Certificates and the expiration or termination of the Trust Deed.

**Clearing Systems**

Clearstream, Luxembourg, Euroclear and, in relation to any Series, such other clearing system as may be agreed between the Issuer and the Dealer.

**Governing law**

English.

**Listing of Certificates**

Application will be made for certain Series of Certificates to be listed on Euronext Dublin.

**Selling restrictions**

United States, United Kingdom, European Economic Area, Germany, Jersey, Ireland and any other restrictions relevant to any Series. See "*Subscription and Sale and Selling Restrictions*".

**Transfer restrictions**

There are restrictions on the transfer of Certificates. See Condition 3(a) below.

**Use of proceeds**

The net proceeds of sale of the Certificates of a Series and of any other Custodian Certificates will be used by the Issuer to acquire shares or interests in a company or fund (the "**Shares**") at their prevailing net asset value pursuant to the subscription booklet for such Company and/or acquire MS Certificates and/or enter into a Swap or Swaps with the Swap Counterparty. The assets of the Company relating to the Shares will be invested by such Company. If Method C, Method D or Method E is specified for the payment of Transaction Fees, then the Issuer may deposit any amount specified in the relevant Final Terms into the Cash Account on the Issue Date for such Certificates.

**Members**

Means a party that has acquired Shares in a Company or a party that is entitled to exercise the rights of such party in relation to those Shares, as applicable.

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Certificates issued under the Programme.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Certificates issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Certificates issued under the Programme, but the inability of the Issuer to pay principal or other amounts on or in connection with any Certificates may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Certificates are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **1 Risks relating to the Issuer**

#### **(a) The Issuer is a special purpose vehicle**

The Issuer is a special purpose vehicle established for the purpose of issuing Certificates for the purposes of purchasing assets and entering into related contracts and the Swaps.

The Issuer has covenanted (amongst other things) that, as long as any Certificate remains outstanding, it will not engage in any activity or business, except as provided or contemplated by the Certificates, the Custodian Certificates, the Relevant Agreements and the Alternative Programme Agreements and to perform any acts incidental to or necessary in connection therewith, or any act required by law, regulation or order of any court to be performed.

For further information on the restrictions on the Issuers' activities, see the section of the Base Prospectus entitled "*Alphabeta Access Products Ltd – Special Purpose Vehicle*".

As such, the Issuer has, and will have, no assets other than its issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of Certificates from time to time, any Series Assets, any other assets on which Secured Certificates are secured and any other assets contemplated by the Alternative Programme Agreements.

#### **(b) Regulation of the Issuer by any regulatory authority**

Other than consent to the circulation of this Base Prospectus given by the Jersey Registrar and consent to the issuance of the Certificates given by the Commission, and unless otherwise specified for a Series of Certificates, the Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws or regulations of its jurisdiction of incorporation. There is no assurance, however, that in the future such regulatory authorities would not take a contrary view regarding the applicability of any such laws or regulations to the Issuer. There is also no assurance that the regulatory authorities in other jurisdictions would not require the Issuer to be licensed or authorised under any securities, commodities, insurance or banking laws or regulations of those jurisdictions. Any requirement to be licensed or authorised could have an adverse effect on the Issuer and could give rise



to circumstances that could result in the early redemption of the Certificates, which may prove to be adverse to the holders of the Certificates.

### **(c) No registration of the Issuer under the Investment Company Act**

The Issuer has not registered with the U.S. Securities and Exchange Commission as an investment company pursuant to the Investment Company Act. If the U.S. Securities and Exchange Commission or a court of competent jurisdiction were to find that the Issuer is required but, in violation of the Investment Company Act, had failed to register as an investment company, possible consequences include, but are not limited to the following: (i) the U.S. Securities and Exchange Commission could apply to a district court to enjoin the violation; (ii) investors in the Issuer could sue the Issuer and recover any damages caused by the violation; and (iii) any contract to which the Issuer is party that is made in, or whose performance involves a, violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Issuer be subjected to any or all of the foregoing, the Issuer would be materially and adversely affected and this could give rise to circumstances that could result in the early redemption of the Certificates, which may prove to be adverse to the holders of the Certificates.

## **2 Risks relating to the Certificates**

### **(a) Amounts payable to Certificateholders on early redemption**

The Certificates may be redeemed on a date other than on the Maturity Date if:

- (i) at any time prior to the Maturity Date, if it is specified in the relevant Final Terms that the Issuer may determine in its sole discretion to redeem all Certificates and the Issuer so determines; or
- (ii) at any time prior to the Maturity Date, the Calculation Agent determines that an Early Termination Event has occurred which it does not waive; or
- (iii) at any time prior to the Maturity Date, an additional Early Termination Event as set out in the relevant Final Terms for such Certificates occurs.

In addition, the Note Trustee may, and if so requested in writing by the holders of at least one-quarter of the aggregate principal amount of the Certificates (excluding any outstanding Custodian Certificates, if any) then outstanding or if so directed by an Extraordinary Resolution of the Certificateholders (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) direct the redemption of the Certificates. The amount payable per Certificate to Certificateholders in such circumstances will be, unless otherwise specified in the applicable Final Terms, an amount equal to the Certificate Redemption Amount, subject to the payment of all prior ranking amounts as provided in the Conditions. The Issuer will fund such payments under a Series of Certificates from payment(s) due to it under the Collateral or the Underlying Assets as the case may be (if applicable). This will expose Certificateholders to the market value of the Collateral or the Underlying Assets, as applicable (for a consideration of factors that may impact such values see *"Risk Factors – Risks relating to Companies and Shares"* below).

If, following the realisation in full of the Mortgaged Property in the case of Secured Certificates or the Unsecured Series Property in the case of Unsecured Certificates relating to the relevant Series of Certificates (in the case of Secured Certificates by way of enforcement of the Security) and application of available cash sums as

provided in the Conditions, there are any outstanding claims against the Issuer in respect of such Series of Certificates which remain unpaid, then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. In such circumstances, the investors in the Certificates may not receive back their investment and may receive zero.

**(b) Limited recourse obligations**

In respect of a Secured Series, the Secured Certificates (other than the Secured Series Custodian Certificates) are direct, secured, limited recourse obligations of the Issuer payable solely out of the Mortgaged Property over which security is given by the Issuer in favour of the Security Trustee on behalf of the Secured Certificateholders and other secured creditors. In respect of an Unsecured Series, the Unsecured Certificates (other than the Unsecured Series Custodian Certificates) are direct, limited recourse obligations for the Issuer payable solely out of the Unsecured Series Property. The Issuer will have no other assets or sources of revenue available for payment of any of its obligations under the Certificates. No assurance can be made that the proceeds available for the payment of the amounts due to the Note Trustee, the Security Trustee and the Agents (to the extent not paid pursuant to the Expenses Agreement) and the proceeds available for and allocated to the repayment of the Certificates at any particular time will be sufficient to cover all amounts that would otherwise be due and payable to the Note Trustee, the Security Trustee and the Agents (to the extent not paid pursuant to the Expenses Agreement) and under the Certificates. If a shortfall arises, the shortfall will be borne by the Certificateholders and the Series Transaction Parties in accordance with the order of priority set out in the Trust Deed.

If, in the case of Secured Certificates, the proceeds of the realisation of the Security received by the Security Trustee or, in the case of Unsecured Certificates, the proceeds of liquidation of the Unsecured Series Property for the benefit of the Certificateholders prove insufficient to make payments on the Certificates, in respect of which payment is due, no other assets will be available for payment of the deficiency, and, following distribution of the proceeds of such realisation or liquidation, any outstanding claim against the Issuer in relation to the Certificates shall be extinguished and no debt shall be owed by the Issuer in respect thereof. No person other than the Issuer will be obliged to make payments on the Certificates.

Further, only the Note Trustee may pursue remedies available under the Trust Deed as it may think fit to enforce the rights of the creditors under the Trust Deed and the Conditions and in the case of Secured Certificates, only the Security Trustee may enforce the Security, and none of the Certificateholders, any creditor or any Series Transaction Party shall be entitled to proceed directly against the Issuer unless the Note Trustee or the Security Trustee, as applicable, having become bound to proceed in accordance with the terms of the Trust Deed, fails to do so within a reasonable period and such failure is continuing.

The Unsecured Series Property of an Unsecured Series will not be ring fenced against the claims of other creditors by virtue of having the benefit of any security. There can be no guarantee that unspecified third parties will not make any claims against any Unsecured Series Property and that any Unsecured Series Property will be available to meet the claims of the Unsecured Certificateholders of the Unsecured Series at any time. In addition, there can be no guarantee that there will not be any creditors of the Issuer that have not agreed to limited recourse and non-petition or that such creditors would not be successful in making and enforcing claims against the Issuer. Any such claim could result in the Unsecured Series Property not being sufficient to meet the claims of the Unsecured Certificateholders.

**(c) Non-petition**

The Certificateholders may not, at any time, institute, or join with any other person in bringing, instituting or joining insolvency, administration, bankruptcy, winding-up, or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its assets in order to recover any payments they may be due, and none of them shall have any claim arising with respect to the assets and/or property attributable to any other certificates issued by the Issuer (save for any further certificates which form a single series with the Certificates). This would not be the case if the Certificates were not subject to non-petition provisions.

**(d) Investors will have to rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer**

On issuance the Certificates will be represented by a Global Certificate (as defined in the Principal Trust Deed). The Global Certificate will be deposited with a common depositary for, and registered in the name of the common nominee of, Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in the Global Certificate, investors will not be entitled to receive definitive registered certificates. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate.

While the Certificates are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge its payment obligations under the Certificates by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of Euroclear or Clearstream, Luxembourg to receive payments under the Certificates. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the relevant Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream, Luxembourg and their respective participants to appoint appropriate proxies. Similarly, holders of beneficial interests in a Global Certificate will not have a direct right under such Global Certificate to take enforcement action against the Issuer in the event of a default under the relevant Certificates but will have to rely upon their rights under the Trust Deed.

**(e) Meetings of Certificateholders, Modification and waivers and substitution**

The Trust Deed and Conditions contain provisions for convening meetings of Certificateholders to consider matters affecting their interests generally and to obtain written resolutions on matters relating to the Certificates from Certificateholders without calling a meeting. A written resolution signed by or on behalf of the Certificateholders of not less than 75 per cent in principal amount of the Certificates for the time being outstanding shall for all purposes be valid and effectual as an Extraordinary Resolution passed at a meeting of such Certificateholders duly convened and held.

A written resolution described above may be effected in connection with any matter affecting the interests of Certificateholders, including regarding a modification of the details of the Security (if applicable) and the Series Assets, certain terms concerning the amount, currency and postponement of the due dates for payment of the Certificates, the provisions concerning the quorum required at any meeting of

Certificateholders and the provisions concerning the majority required to pass an Extraordinary Resolution (each, a "**Basic Terms Modification**"), that would otherwise be required to be passed at a meeting of Certificateholders satisfying a special quorum in accordance with the provisions of the Principal Trust Deed. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting or in respect of the relevant resolution (or participate in the written resolution, as the case may be) and Certificateholders who voted in a manner contrary to the majority (either in a meeting or by written resolution). Consequently, the rights of a holder of less than 25 per cent. of the aggregate principal amount of the Certificates then outstanding, or a Certificateholder who does not attend and vote at a meeting or participate in respect of a resolution irrespective of its holding, may be varied in a manner that is adverse to its wishes and/or interests. Such variation of the terms of the Certificates will be binding on that Certificateholder notwithstanding that it did not agree with proposal.

The Trust Deed and Conditions also provide that the Note Trustee may, without the consent of any of the Certificateholders, agree to and, in the case of Secured Certificates, may direct the Security Trustee to agree to (i) any modification of any of the provisions of the Trust Deed or the Relevant Agreements which is in the opinion of the Note Trustee of a formal, minor or technical nature or is made to correct a manifest error or (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed or any of the Relevant Agreements which, in any such case, is in the opinion of the Note Trustee not materially prejudicial to the interest of all of the Certificateholders or (iii) the substitution of another entity as the principal debtor under any Certificates in place of the Issuer.

Secured Certificateholders and Unsecured Certificateholders shall have no right of action against the Note Trustee if the Note Trustee agrees to any such modifications to the Relevant Agreements that affect either the Secured Certificateholders or the Unsecured Certificateholders. Depending on their nature, such modifications may have an adverse impact on the Certificates.

**(f) Note Trustee and Security Trustee indemnity**

In certain circumstances, the Certificateholders of a Series may be dependent on the Note Trustee or (solely in the case of Secured Certificates) the Security Trustee to take certain actions in respect of a Series of Certificates, in particular if the Security (if applicable) in respect of such Series becomes enforceable under the Conditions.

Prior to taking such action, the Note Trustee and/or the Security Trustee (if applicable) is entitled to require to be indemnified and/or secured and/or prefunded to its satisfaction. If the Note Trustee or the Security Trustee is not indemnified and/or secured and/or prefunded to its satisfaction it may not be bound to take such action and such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Certificateholders may have to either arrange for such indemnity and/or security and/or prefunding or accept the consequences of such inaction by the Note Trustee or the Security Trustee, which may be an additional cost to the Certificateholders. Such inaction by the Note Trustee or the Security Trustee will not entitle Certificateholders to take action directly against the Issuer to pursue remedies for any breach by the Issuer of the Trust Deed or the Certificates.

**(g) Priority of Claims**

During the term of the Certificates and in the case of Secured Certificates on an enforcement of the Security, the rights of the Certificateholders to be paid amounts

due under the Certificates will be subordinated to (i) payment or satisfaction of, or provision for, the fees, costs, charges, expenses and liabilities incurred by the Note Trustee, and in the case of Secured Certificates only, the Security Trustee or any receiver in preparing and executing the trusts under the Trust Deed in relation to the Certificates and in carrying out their functions under the Trust Deed (including any taxes required to be paid, (solely in the case of Secured Certificates) the cost of realising any Security, and the Note Trustee's and/or the Security Trustee's remuneration) to the extent not paid pursuant to the Expenses Agreement, and (ii) payment of the fees, costs, charges, expenses and liabilities incurred by the Agents in carrying out their functions under the Agency Agreement to the extent not paid pursuant to the Expenses Agreement, and (iii) any other claims as specified in the Conditions as may be amended by the Trust Deed relating to the relevant Series that rank in priority to the Certificates. Payment of such amounts will reduce the amounts that are available to the Issuer to make payments to Certificateholders and may result in the Issuer having insufficient funds to pay amounts due under the Certificates in full.

**(h) No gross-up**

In the event that any withholding tax or deduction for tax is imposed (including, without limitation, through any law or regulation implementing a system of financial transaction tax in any jurisdiction, including the European Union, relating to any tax payable in respect of the transfer of, or issue or modification or redemption of, any financial instruments; or under (i) FATCA, (ii) U.S. Internal Revenue Code section 871(m), or (iii) U.S. Internal Revenue Code section 3406 ("backup" withholding)) on payments on the Certificates, the Certificateholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax nor be reimbursed for the amount of any shortfall.

**(i) Information reporting obligations**

Information relating to the Certificates, their holders and beneficial owners may be required to be provided to tax authorities in certain circumstances pursuant to domestic or international reporting and transparency regimes (including, without limitation, in relation to FATCA). This may include (but is not limited to) information relating to the value of the Certificates, amounts paid or credited with respect to the Certificates, details of the holders or beneficial owners of the Certificates and information and documents in connection with transactions relating to the Certificates. In certain circumstances, the information obtained by a tax authority may be provided to tax authorities in other countries. Some jurisdictions operate a withholding system in place of, or in addition to, such provision of information requirements.

Neither a Certificateholder nor a beneficial owner of Certificates will be entitled to any additional amounts if any withholding or deduction or charge in connection with an information reporting regime is imposed on any payments on or with respect to the Certificates. As a result, Certificateholders may receive less than expected as they will not be reimbursed for any such shortfall. Each Certificateholder should consult its own tax adviser to obtain a more detailed explanation of FATCA and the other information reporting regimes and to learn how FATCA and the other information reporting regimes might affect such Certificateholder in light of its particular circumstances.

**(j) Determinations of Swap termination payments**

Upon early termination of the Swap (if any), an early termination payment based on the losses or costs or, as the case may be, gains of the determining party in entering into a replacement transaction or its economic equivalent (or otherwise determined in accordance with the terms of such Swap) will be payable by the Issuer to the Swap

Counterparty, or (as the case may be) by the Swap Counterparty to the Issuer under the Swap. Such payment will generally be determined by the Swap Counterparty save where it is in default. If the Swap Counterparty is in default, the Issuer may, if provided for under the terms of the Swap, need to appoint a substitute calculation agent under the Swap for the purposes of making such determination on the Issuer's behalf. The determination of any such losses or costs or, as the case may be, gains will be dependent on a number of factors, including, without limitation, (i) the creditworthiness and liquidity of the assets underlying the swap payments, (ii) market perception, interest rates, yields and foreign exchange rates, (iii) the time remaining to the scheduled termination date of the Swap and (iv) if applicable, the value of any collateral received by the Issuer, or collateral posted by the Issuer, pursuant to any credit support provided by the Issuer or the Swap Counterparty in connection with the Swap. The determination of a termination payment and the factors which are taken into account in making that determination, may significantly impact amounts payable to Certificateholders.

If, for whatever reason, the Issuer or the Swap Counterparty disputes the determination of a termination payment, any payment of redemption proceeds to Certificateholders will be delayed until such dispute is resolved.

#### **(k) Market Value of Certificates**

The market value of the Certificates may be affected by a number of factors, including, but not limited to (i) the value and volatility of the Collateral or the Underlying Assets, as applicable, if any and the creditworthiness of the issuers and obligors of any Collateral or the Underlying Assets, (ii) the value and volatility of any index, securities, commodities or property to which payments on the Certificates may be linked, directly or indirectly, and the creditworthiness of the issuers or obligors in respect of any securities or other obligations to which payments on the Certificates may be linked, directly or indirectly, (iii) market perception, interest rates, yields and foreign exchange rates, (iv) the time remaining to the Maturity Date and (v) any outstanding Transaction Fees (if payable out of the proceeds of redemption of the Collateral or the Underlying Assets). Any price at which Certificates may be sold prior to the Maturity Date may be at a discount, which could be substantial, to the value at which the Certificates were acquired on the Issue Date.

As a result, Certificateholders may suffer a loss and could suffer a significant loss in selling the Certificates on the secondary market.

#### **(l) Impact on Valuations and Calculations**

Valuations or calculations in respect of Certificates and certain asset classes of instruments comprising the Collateral or the Underlying Assets, as applicable, have typically been based on quoted market prices or market inputs. However, since 2007, actively traded markets for a number of such asset classes and obligors have either ceased to exist or have reduced significantly. The lack or limited availability of such market prices or inputs has significantly impaired the ability to make accurate valuations or calculations in respect of the Certificates and such underlying instruments. No assurance can be given that similar impairment may not occur in the future.

The valuations of the Certificates are based on valuations of the Shares and the valuations of the Shares are based on the valuations of the underlying assets of the Company. There is a risk that market participants may no longer provide liquidity and price quotes for the underlying assets. In this case, the Shares, and therefore the Certificates, can no longer be valued accurately. This may mean that market

participants quote for the Certificates with high bid offer spreads or stop quoting prices for the Certificates.

In a number of asset classes, a significant reliance has historically been placed on valuations derived from models that use inputs that are not observable in the markets and/or that are based on historical data and trends. Such models often rely on certain assumptions about the values or behaviour of such unobservable inputs or about the behaviour of the markets generally or interpolate future outcomes from historical data. In a number of cases, the extent of the market volatility and disruption has resulted in the assumptions being incorrect to a significant degree or in extreme departures from historical trends. Where reliance is placed on historical data, in certain instances such data may only be available for relatively short time periods (for example, data with respect to prices in relatively new markets) and such data may not be as statistically representative as data for longer periods.

If the underlying assets of the Company are valued on the basis of mark to model, the valuation of the Shares is subject to a number of assumptions (such as future revenues, discount rates and inflation assumptions). The assumptions may significantly change over time which can reduce the value of the Shares and therefore the value of the Certificates. In addition, market participants may value the Shares and the Certificates on the basis of different assumptions which means that the prices offered for the Shares and/or the Certificates may vary significantly from market participant to market participant. Investors in the Certificates may realise a lower value for the Certificates due to changes of the mark to model assumptions or variations of assumptions amongst market participants.

Prospective investors should be aware of the risks inherent in any valuation or calculation relating to the Certificates (including any instrument comprising the Collateral or Underlying Assets relating to the Certificates) that is determined by reference to a model and that certain assumptions will be made in operating the model which may prove to be incorrect and give rise to significantly different outcomes to those predicted by the model.

#### **(m) Resolution of financial institutions**

##### **i. Potential impact on the Certificates**

Following the global financial crisis, in 2011 the Financial Stability Board (the "FSB") produced a document setting out key attributes of effective resolution regimes for financial institutions. Resolution is the process by which the authorities can intervene to manage the failure of a firm in an orderly fashion. The FSB's proposals have been implemented in the laws of, among others, the European Union and the United States.

The taking of any actions by the relevant resolution authorities under any regime may adversely affect the Certificateholders. Whilst the Issuer itself is unlikely to be within scope of any implementing legislation, if the obligor in respect of any Series Asset or the Swap Counterparty is within the scope of any implementing legislation:

- (i) any applicable bail-in power might be exercised in respect of the Series Asset or the Swap (as the case may be) to convert any claim of the Issuer as against such person;
- (ii) any applicable suspension power might prevent the Issuer from exercising any termination rights under the Swap; or

- (iii) any applicable close out power might be exercised to enforce a termination of the Swap and to value the transactions in respect of such agreements (which value may be different to the value that would have been determined by the Issuer, the Swap Counterparty (as the case may be)).

The operation of resolution regimes and their application to cross-border financial institutions is complex and the resolution of any Company or the Swap Counterparty is likely to adversely affect the Certificates in multiple and unpredictable ways. Following an exercise of any powers by a resolution authority, the Issuer may have insufficient assets or sums to meet its obligations under the Certificates or any transaction documents for that Series, the Certificates may be the subject of an early redemption and any payment of redemption proceeds to Certificateholders may be delayed.

## ii. **Qualified financial contracts**

In September 2017, the Board of Governors of the Federal Reserve System (the "**Board of Governors**") adopted a final rule (the "**Final Rule**") imposing restrictions on the ability of a party to call a default under, or to restrict transfers of, certain qualified financial contracts ("**QFCs**") entered into by any top-tier bank holding company identified by the Board of Governors as a global systemically important banking organisation (each a "**GSIB**"), the subsidiaries of any U.S. GSIB (with certain exceptions) or the U.S. operations of any foreign GSIB (with certain exceptions) (collectively, subject to certain exceptions, "**Covered Entities**"). The Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency have adopted parallel rules which are substantively the same as the Final Rule. A QFC includes, among other things, over-the-counter derivatives, repurchase agreements, contracts for the purchase or sale of securities and any credit enhancement in respect of the foregoing contracts (including a guarantee as well as a charge, pledge, mortgage or other similar credit support arrangement). In respect of each Series, the Swap Counterparty or the Dealer may be Covered Entities to which the Final Rule applies and the terms applicable to the Swap, the Dealer Agreement and the Trust Deed (as non-U.S. law governed contracts) are likely to constitute QFCs.

While the relevant U.S. federal banking laws and regulations (the "**U.S. Special Resolution Regimes**") provide for such restrictions on default rights and transfers, if the relevant contract is not governed by the laws of the United States or a state of the United States, a court outside the United States may decline to enforce such provisions even if a Covered Entity is in a proceeding under a U.S. Special Resolution Regime. To address this, the Final Rule requires a Covered Entity to ensure that each QFC it enters into (a "**Covered QFC**") includes provisions that (i) restrict default rights against such Covered Entity to the same extent as provided under the U.S. Special Resolution Regimes and (ii) restrict the exercise of any cross-default rights against such Covered Entity based on any affiliate's entry into bankruptcy or similar proceedings. In respect of each Series, each transaction document which constitutes a Covered QFC will include provisions which reflect these requirements and, as a result, the Issuer may face a delay in being able to enforce its rights against such a transaction party or be restricted from terminating such a transaction document. Such delays could have a negative impact on the Issuer's ability to make payments due under the Certificates.



#### **(n) Limited liquidity of the Certificates**

Although application may be made to admit the Certificates to the Official List of Euronext Dublin (or the official list of another stock exchange) and admit them to trading on the Regulated Market (or on the regulated market of any other stock exchange), there is currently no secondary market for the Certificates. There can be no assurance that a secondary market for any of the Certificates will develop, or, if a secondary market does develop, that it will provide the holders of the Certificates with liquidity or that it will continue for the life of the Certificates.

Investors should note that the market for the Certificates will be affected by, among other things, supply and demand for the Certificates, and that, accordingly, it should not be assumed that there will be a significant correlation between the market value of the Certificates and the market value of the Collateral or the Underlying Assets, as applicable. Prospective investors should be aware that the market value of the Certificates may also be affected by events in the capital and credit markets which may have an effect on the market value of the Collateral or Underlying Assets, the Issuer and/or similar structured securities generally.

In addition, the liquidity of any trading market (should any develop) in the Certificates may be adversely affected by changes in the overall market for investment and non-investment grade securities. If such a trading market were to develop, the Certificates could trade at prices that may be higher or lower than the initial offering price depending on many factors including prevailing interest rates and the market for similar securities.

Consequently, any investor in the Certificates must be prepared to hold such Certificates for an indefinite period of time or until redemption of the Certificates. Under normal market conditions, subject to applicable law and the Dealer's policies, the Dealer will use reasonable efforts to make a market for the Certificates and quote bid and offer prices. However, the Dealer is under no obligation to continue to do so and may stop making a market at any time.

### **3 Risks relating to the assets**

#### **(a) Risks relating to Companies and Shares**

The Certificate Redemption Amount of the Certificates is dependent upon the redemption or sale proceeds that would be received in respect of the Shares of a Company. Accordingly, an investment in the Certificates may bear similar market risks to a direct investment in the Shares and investors should take advice accordingly. An investment in the Certificates will entail significant risks not associated with a conventional debt security.

Despite the fact that, in relation to a Company, a net asset value may be published, potential investors should be aware that payments on the Certificates will be determined by reference to Realised Share NAV. Any such amounts may be significantly different from amounts calculated by reference to the net asset value of the particular Company. In addition, in relation to payments due on Certificates which are determined by reference to amounts that would be received by an investor, where such investor would receive payments after their scheduled payment date, corresponding delays may also be made to equivalent payments on the Certificates.

A large number of subscription or repurchase orders with the Company by investors can lead to either an accelerated sale or temporary dilution of assets and higher fees for the remaining investors or "gating" where such orders are only satisfied in part, with others being delayed. In addition, there may not be a liquid market in the Shares

of a Company and consequently there may be a considerable time delay before any relevant Share may be realised.

Investment by the Issuer in a particular Company involves risks that can be applicable to any Company in which the Issuer invests the net proceeds of the Certificates of a particular Series.

If the risks materialise for the Company (or its related agents) related to a particular Series of Certificates, only the Certificates of such Series would be affected. However, the risks could materialise for the entities associated with more than one Series of Certificates, especially if such entities act for more than one Company.

Such factors may consequently have an adverse impact on the Certificate Redemption Amount received in respect of any Series of Certificates and include the following:

- the short-term performance of a Company's investments may fluctuate significantly even though the manager or adviser for such Company is seeking to achieve significant gains over the longer term and therefore investment in the Company may not be suitable for short-term investment;
- Shares in a Company may only be transferable with the consent of the manager of such Company. Consequently, the Issuer may only be able to dispose of the Shares by means of withdrawal on a Business Day (with a certain number of Business Days' prior notice) (and, in certain circumstances, the right of withdrawal may be limited or suspended) which could mean there is no secondary market for the Shares of a Company;
- the Issuer, as a shareholder of a Company, could lose all or a substantial portion of its investment in that Company;
- the Companies are not expected to be registered with, or regulated by, any securities or governmental authority. Accordingly, the benefits of any further or additional registrations and regulations, are not, and would not be applicable to the Company or available to its members including the Issuer;
- a Company may be subject to several conflicts of interest that may be detrimental to the performance of the Company. For example, (i) an adviser to a Company might not be required to devote its full time to the Company; (ii) an adviser to a Company may have a conflict of interest when allocating investment opportunities between the Company and its other clients; (iii) an adviser to a Company may trade in the types of assets invested in by the Company for its own respective accounts; or (iv) other agents and service providers to a Company may engage in businesses that are competitive to that of the Company;
- in managing and directing the day-to-day activities and affairs of a Company, a manager for such Company relies heavily on its directors and may be leanly staffed. If any of such manager's key persons were to leave or be unable to carry out his or her present responsibilities, it may have an adverse effect on the management of the Company;
- a Company may have been recently formed or will be formed in the future and therefore will have limited or no trading activities as of the date of this Base Prospectus. Consequently, there will be limited operating history upon which the Issuer (and therefore also investors in the Certificates) can evaluate past performance. There can be no assurance the adviser to a Company will achieve the investment objective of the Company and that profits will be achieved or that substantial losses will not be incurred;

- the Company may be a fund, which regularly charges fees (such as management fees) that lower the redemption proceeds used to determine the redemption, cancellation and/or interim amounts under the Certificates. In addition, other fees and expenses can be incurred that are charged by third persons employed by such Company's fund manager to provide services connected to such Company (such as custodian bank fees, fees for investment advice and auditing);
- there may also be fees incurred at the level of the assets held by a Company that lower the value of these assets, and thereby also indirectly lower the net asset value of the Company itself. Such fees occur especially if the Company for its part invests in a funds (or a fund of funds) or other investment vehicles or instruments entailing fees;
- Companies might invest in shares, corporate bonds, government bonds or other assets in jurisdictions, including emerging markets, that might have legal and regulatory frameworks that are not as well developed as developed countries. Investing in emerging markets has its own risks, including, but not limited to less liquid and less efficient securities markets; greater price volatility; exchange rate fluctuations and exchange controls; less publicly available information about issuers; the imposition of restrictions on the repatriation of funds or other assets out of the country; higher transaction and custody costs and higher settlement risks; difficulties in enforcing contractual obligations; lesser levels of regulation of the securities markets; different accounting, disclosure and reporting requirements; more substantial government involvement in the economy; higher rates of inflation; social, political and economic instability; and risk of nationalisation or expropriation of assets and risk of war or terrorism;
- Companies might invest in debt instruments and unlisted securities that provide such Companies with direct or indirect exposure to entities which use debt financing or trade on margin (i.e. borrowing against the assets purchased) to obtain an optimum return on their equity capital. The use of such techniques may therefore increase the volatility of the price of such debt instruments and unlisted securities and as a result may impact the returns of such Companies; and
- the Company might base trading decisions on mathematical analyses of technical factors relating to past market performance rather than fundamental analysis. The buy and sell signals generated by a technical, trend-following trading strategy are derived from a study of actual intraday and daily price fluctuations, volume variations and changes in open interest in the markets. The profitability of any technical, trend-following trading strategy depends upon the occurrence in the future of significant, sustained price moves in some of the markets traded. A danger for trend-following trading strategies is whip-saw markets, that is, markets in which a potential price trend may start to develop but reverses before an actual trend is realised. A pattern of false starts may generate repeated entry and exit signals in technical systems, resulting in unprofitable transactions.

**(b) Collateral**

The Collateral or the Underlying Assets, as applicable, relating to any Certificates will be subject to credit, liquidity and interest rate risks. In the event of an insolvency of an issuer or obligor in respect of any Collateral or Underlying Assets or the Swap Counterparty, various insolvency and related laws applicable to such issuer or obligor or the Swap Counterparty may (directly or indirectly) limit the amount the Issuer, the Note Trustee or

the Security Trustee (if applicable) may recover in respect such Collateral or Underlying Assets.

If Certificates redeem other than on their Maturity Date, the Collateral or the Underlying Assets, as applicable, relating thereto will be sold or otherwise liquidated (except where otherwise transferred in accordance with the Conditions). No assurance can be given as to the amount of proceeds of any sale or liquidation of such Collateral or Underlying Assets at that time since the market value of such Collateral or Underlying Assets will be affected by a number of factors including but not limited to (i) the creditworthiness of the issuers and obligors of the Collateral or Underlying Assets and the Swap Counterparty, (ii) market perception, interest rates, yields and foreign exchange rates, (iii) the time remaining to the scheduled maturity of the Collateral or Underlying Assets and (iv) the liquidity of the Collateral or Underlying Assets. Accordingly, the price at which such Collateral or Underlying Assets is sold or liquidated may be at a discount, which could be substantial, to the market value of the Collateral or Underlying Assets on the issue date and the proceeds of any such sale or liquidation and any other assets available to the Issuer that relate to the relevant Series of Certificates may not be sufficient, following deduction of amounts to be paid to prior ranking claimants in accordance with the Conditions, to repay the full amount of principal of and interest on the relevant Certificates that the holders of such Certificates would expect to receive in the event that the Certificates were redeemed in accordance with their terms on their Maturity Date.

**(c) No claim against any obligor of the Underlying Assets**

The Certificates will not represent a claim against the obligor of the Underlying Assets and, in the event of any loss, a Certificateholder will not have recourse under the Certificates to the obligor of the Underlying Assets.

**4 Risks relating to the Series Transaction Parties**

**(a) The Custodian**

**i. Custodian risk**

If a Series of Certificates has a Custodian specified in the Final Terms then collateral in the form of cash or securities may be held in an account of the Custodian or a sub-custodian in the name of the Issuer (provided that, in limited circumstances, the Custodian may register or record securities in a name other than the Issuer).

Any cash deposited with the Custodian by the Issuer and any cash received by the Custodian for the account of the Issuer in relation to a Series will be held by the Custodian as banker and not as trustee. Accordingly such cash will not be held as client money and will represent only an unsecured claim against the Custodian's assets.

If the Custodian, whilst holding collateral in respect of the Certificates, is declared insolvent, the Certificateholders may not receive all (or any part) of any amounts due to them in respect of the Certificates. The Issuer will still be liable to Certificateholders in respect of such unpaid amounts but the Issuer will have insufficient assets to make such payments (or any part thereof). Consequently, the Certificateholders are relying not only on the creditworthiness of the Series Assets, but also on the creditworthiness of the Custodian.

**ii. Sub-custodians, depositaries and clearing systems**

**(A) Credit risk**

Under the Custody Agreement, the Issuer may authorise the Custodian to hold the Series Assets in the Custodian's account or accounts with any other sub-custodian, any securities depository or at such other account keeper or clearing system as the Custodian deems to be appropriate for the type of instruments which comprise the Collateral.

Where the Collateral is held with a sub-custodian, securities depository or clearing system, the ability of the Issuer to meet its obligations with respect to the relevant Series of Certificates will be dependent upon receipt by the Issuer of payments from the Custodian under the Custody Agreement for such Series of Certificates (if the Series Assets are so held) and, in turn, the Custodian will be dependent (in whole or in part) upon receipt of payments from such sub-custodian, securities depository or clearing system. Consequently, the Certificateholders are relying not only on the creditworthiness of the Series Assets and the Custodian in respect of the performance of its obligations under the Custody Agreement for such Series of Certificates, but also on the creditworthiness of any duly appointed sub-custodian, securities depository or clearing system holding the Series Assets subject to any relevant provisions or arrangements intended to provide that custody assets held by sub-custodians would not be available to its creditors on any insolvency of the sub-custodian.

In particular, the Custodian is authorised to hold Collateral in the form of securities with sub-custodians in omnibus accounts. Where securities are held in an omnibus account, this may result in such securities not being as well protected as if the securities were held in a segregated account. If there are insufficient securities to meet the claims of all persons holding securities in that account, the Issuer may not recover some or all of its securities, which would adversely affect the ability of the Issuer to meet its obligations with respect to the Certificates.

#### **(B) Lien/Right of set-off**

Pursuant to their terms of engagement, sub-custodians, security depositories or clearing systems may have liens or rights of set-off with respect to the Series Assets held with them in relation to any of their fees and/or expenses. If, for whatever reason, the Custodian fails to pay such fees and/or expenses, the relevant sub-custodian, security depository or clearing system may exercise such lien or right of set-off, which may result in the Issuer failing to receive any payments due to it in respect of the Series Assets, and thereby adversely affecting the ability of the Issuer to meet its obligations with respect to the Certificates.

Therefore, the ability of the Issuer to meet its obligations with respect to the Certificates will not only be dependent upon receipt by the Issuer of payments from the Custodian under the Custody Agreement for the relevant Series of Certificates (if the Series Assets are so held) but will also be dependent on any sub-custodian, security depository or clearing system not exercising any lien or right of set-off in respect of any Series Assets that it holds. Consequently, the Certificateholders are relying not only on the creditworthiness of the Series Assets, but also on the creditworthiness of the Custodian in paying when due any fees or expenses of such sub-custodian, security depository or clearing system.

#### **(b) The Paying Agent**

Any payments made to Certificateholders in accordance with the terms and conditions of the Certificates will be made by the Paying Agent on behalf of the Issuer. Pursuant to the Agency Agreement, the Issuer is to transfer to the Paying Agent such amount as may be due under the Certificates, on or before each date on which such payment in respect of the Certificates becomes due.

If the Paying Agent, while holding funds for payment to Certificateholders in respect of the Certificates, is declared insolvent, the Certificateholders may not receive all (or any part) of any amounts due to them in respect of the Certificates from the Paying Agent. The Issuer will still be liable to Certificateholders in respect of such unpaid amounts but the Issuer will have insufficient assets to make such payments (or any part thereof) and Certificateholders may not receive all, or any part, of any amounts due to them. Consequently, the Certificateholders are relying not only on the creditworthiness of the Collateral or the Underlying Assets, if applicable, but also on the creditworthiness of the Paying Agent in respect of the performance of its obligations under the Agency Agreement to make or facilitate payments to Certificateholders.

#### **(c) The Calculation Agent**

The Calculation Agent has broad discretionary authority to make various determinations under the Certificates, any of which may have an adverse effect on the market value thereof or amounts payable or other benefits to be received thereunder.

Following the existence or occurrence of certain events, if the Calculation Agent determines that such event or events are material for the purposes of the Certificates, an Early Termination Event will occur which will lead to a Mandatory Redemption Event occurring.

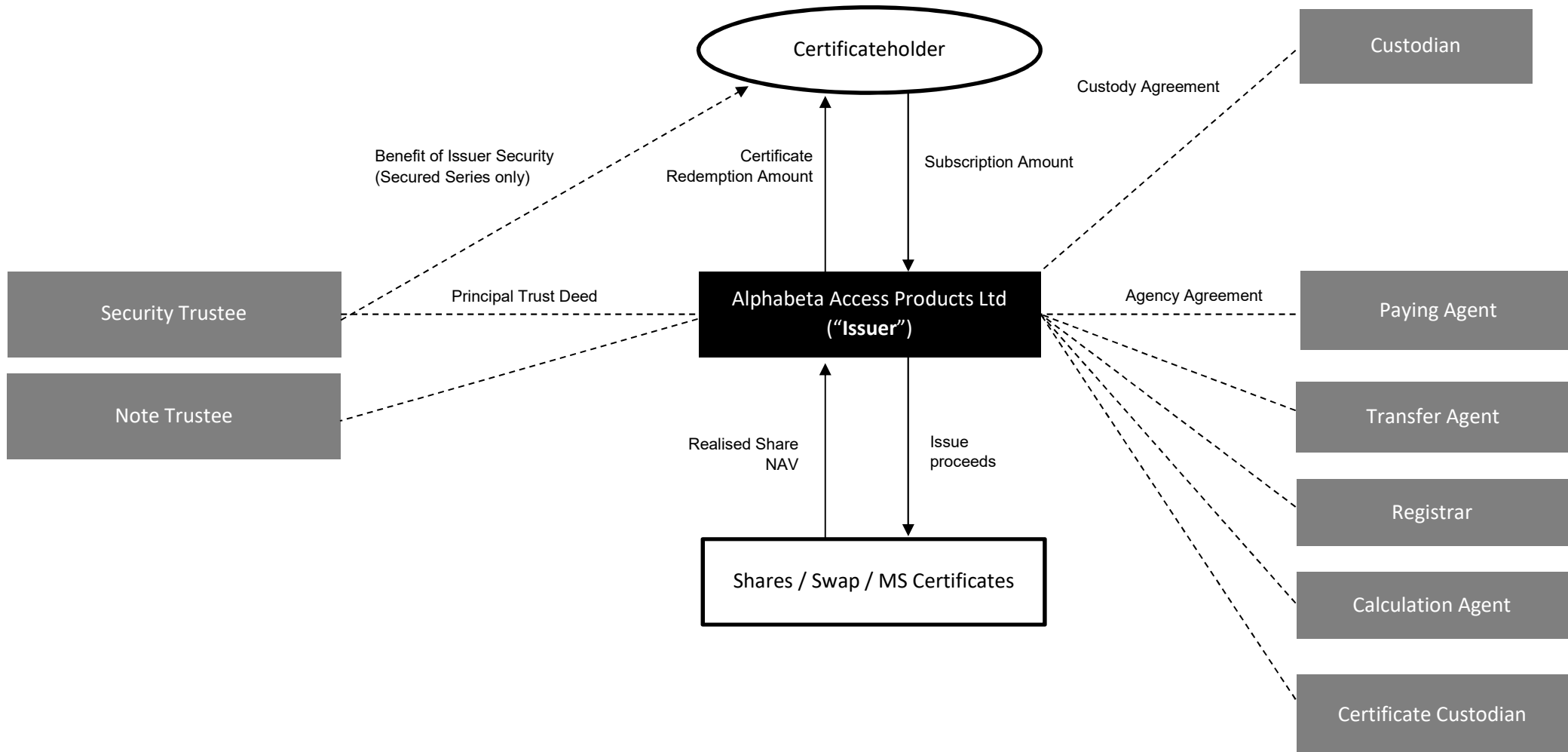
#### **(d) The Cash Account Bank**

If a Series of Certificates has an Account Bank specified in the Final Terms then certain amounts of the proceeds of the issuance of the Certificates, amounts from the sale of the Shares of the applicable Company relating to such Certificates and other amounts may be deposited into such Cash Account, which will be held with the Cash Account Bank.

If the Cash Account Bank, while holding funds for, *inter alia*, payment to Certificateholders in respect of the Certificates, is declared insolvent, the Certificateholders may not receive all (or any part) of any amounts due to them in respect of the Certificates from the Cash Account Bank. The Issuer will still be liable to Certificateholders in respect of such unpaid amounts but the Issuer will have insufficient assets to make such payments (or any part thereof) and Certificateholders may not receive all, or any part, of any amounts due to them. Consequently, the Certificateholders are relying not only on the creditworthiness of the Collateral or the Underlying Assets, if applicable, but also on the creditworthiness of the Cash Account Bank in respect of the performance of its obligations under the Cash Account Agreement to make or facilitate certain payments to Certificateholders.

### TRANSACTION STRUCTURE DIAGRAM

The diagram below is intended to provide an overview of the structure of a standard transaction. Prospective investors should also review the detailed information set out elsewhere in this Base Prospectus prior to making any investment decision. In the diagram below dotted lines represent contractual relationships and solid lines represent cashflows.



## **Conflicts of Interest**

### **General**

Any Series Transaction Party and any of its affiliates may act in a number of capacities in connection with any issue of Certificates. Any Series Transaction Party or any such affiliate, as the case may be, when acting in such capacities in connection with the transactions described herein in respect of any Series of Certificates shall have only the duties and responsibilities expressly agreed to by such entity in the relevant capacity and shall not, by virtue of its or any affiliate acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to the relevant capacity. Any Series Transaction Party and any of its affiliates in its various capacities may enter into business dealings relating to the Certificates or the Collateral or Underlying Assets, as applicable, or any asset to which the Certificates or Collateral or Underlying Assets are exposed, including the acquisition and/or sale of the Certificates, from which they may derive revenues and profits in addition to any fees stated in the various documents, without any duty to account therefor.

Any Series Transaction Party and any of its affiliates may from time to time be in possession of certain information (confidential or otherwise) and/or opinions with regard to the issuer or obligor of any Collateral or Underlying Assets which information and/or opinions might, if known by a Certificateholder, affect decisions made by it with respect to its investment in the Certificates. Notwithstanding this, none of the Series Transaction Parties or any of their affiliates shall have any duty or obligation to notify the Certificateholder or the Issuer or any other Series Transaction Parties (including any directors, officers or employees thereof) of such information and/or opinions.

Any Series Transaction Party and any of its affiliates may deal in any obligation of the issuer or obligor of any Collateral or Underlying Assets and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business transactions with, the issuer or obligor of any Collateral or Underlying Assets and may act with respect to such transactions in the same manner as if the Certificates of the relevant Series did not exist and without regard to whether any such action might have an adverse effect on the issuer or obligor of any Collateral or Underlying Assets, the Issuer or the Certificateholders of the relevant Series.

Any Series Transaction Party and any of its affiliates may at any time be active and significant participants in or act as market maker in relation to a wide range of markets for currencies, instruments relating to currencies, securities and derivatives. Activities undertaken by any Series Transaction Party and any of its affiliates may be on such a scale as to affect, temporarily or on a long-term basis, the price of such currencies, instruments relating to currencies, securities and derivatives or securities and derivatives based on, or relating to the Certificates or any Collateral or Underlying Assets. Notwithstanding this, none of the Series Transaction Parties or any of their affiliates shall have any duty or obligation to take into account the interests of any party in relation to any Certificates when effecting transactions in such markets.

One or more of the Series Transaction Parties and their affiliates may:

- (a) have placed or underwritten, or acted as a financial arranger, structuring agent or adviser in connection with the original issuance of, or may act as a broker or dealer with respect to the Collateral or Underlying Assets;



- (b) act as trustee, paying agent and in other capacities in connection with certain of the Collateral or Underlying Assets or other classes of securities issued by an issuer of, or obligor with respect to, the Collateral or Underlying Assets or an affiliate thereof;
- (c) be a counterparty to issuers of, or obligors with respect to, certain of the Collateral or Underlying Assets under a swap or other derivative agreements;
- (d) lend to certain of the issuers of, or obligors with respect to, the Collateral or Underlying Assets or their respective affiliates or receive guarantees from such issuers, obligors or their respective affiliates;
- (e) provide other investment banking, asset management, commercial banking, financing or financial advisory services to the issuers of, or obligors with respect to, the Collateral or Underlying Assets or their respective affiliates; or
- (f) have an equity interest, which may be a substantial equity interest, in certain issuers of, or obligors with respect to, the Collateral or Underlying Assets or their respective affiliates.

The Dealer may have acquired, or during the terms of the Certificates may acquire, confidential information or enter into transactions with respect to any Collateral or Underlying Assets, as applicable, and they shall not be under any duty to disclose such confidential information to any Certificateholder or the Issuer.

When acting as a trustee, paying agent or in other service capacities with respect to the Collateral or Underlying Assets, the Series Transaction Parties are entitled to fees and expenses (if not otherwise paid) senior in priority to payments on such Collateral or Underlying Assets. When acting as a trustee for other classes of securities issued by the issuer or obligor of any Collateral or Underlying Assets or an affiliate thereof, a Series Transaction Party may owe fiduciary duties to the holders of such other classes of securities, which classes of securities may have differing interests from the holders of the class of securities of which the relevant Collateral is a part, and may take actions that are adverse to the holders (including, where applicable, the Issuer) of the class of securities of which the relevant Collateral or Underlying Assets are a part. As a counterparty under swaps and other derivative agreements, a Series Transaction Party may take actions adverse to the interests of the Issuer, including, but not limited to, demanding collateralisation of its exposure under such agreements (if provided for thereunder) or terminating such swaps or agreements in accordance with the terms thereof. In making and administering loans and other obligations, a Series Transaction Party may take actions including, but not limited to, restructuring a loan, foreclosing on or exercising other remedies with respect to a loan, requiring additional collateral or other credit enhancement, charging significant fees and interest, placing the issuers of, or obligors with respect to, any Collateral or Underlying Assets in bankruptcy and/or demanding payment on a loan guarantee or under other credit enhancement. The Issuer's acquisition, holding and sale of the Collateral or Underlying Assets may enhance the profitability or value of investments made by a Series Transaction Party in the issuers thereof or obligors in respect thereof. As a result of all such transactions or arrangements between a Series Transaction Party and the issuers of, and obligors with respect to, the Collateral or Underlying Assets or their respective affiliates, a Series Transaction Party may have interests that are contrary to the interests of the Issuer and the Certificateholders.

## **The Note Trustee**

In connection with the exercise of its functions in respect of a Series, the Note Trustee shall have regard to the interests of the Certificateholders of that Series as a class and shall not have regard to the consequences of such exercise for individual Certificateholders and the Note Trustee shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders. In acting as Note Trustee under the Trust Deed, the Note Trustee shall not, in respect of Certificates of any Series, assume any duty or responsibility to the Paying Agent or any other secured creditor or any other Series Transaction Party (other than to pay any such party any moneys received and payable to it and to act in accordance with the Conditions and the Trust Deed) and shall have regard solely to the interests of the Certificateholders and shall not be obliged to act on any directions of any secured creditor or Series Transaction Party if this would in the Note Trustee's opinion be contrary to the interests of the Certificateholders (other than if such actions are in accordance with the Relevant Agreements).

## SUPPLEMENTARY INFORMATION

The Issuer shall prepare a supplement to this Base Prospectus in the circumstances required by, and in compliance with, the Prospectus Regulation and relevant implementing measures in Ireland. A supplement to this Base Prospectus prepared in the circumstances specified above shall be a "**Supplement**".

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following is the text of the terms and conditions which, subject to completion and minor amendment, will be applicable to the Certificates of a Series in definitive and global form and the Custodian Certificates. Either (i) the full text of these terms and conditions together with the relevant provisions of the final terms for such Series (the "**Final Terms**") or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions) shall be endorsed on the Definitive Certificates and Global Certificates (as applicable) relating to the Certificates. All capitalised terms that are not defined in these Conditions will have the meaning given to them in the Principal Trust Deed, and/or relevant Final Terms and will be endorsed on the Definitive Certificates and Global Certificates (as applicable). References to "Certificates" are to Certificates of one series of Certificates (each, a "**Series**") only, not to all Certificates that may be issued under the Programme.*

The Certificates, in the case of unsecured Certificates ("**Unsecured Certificates**"), are constituted by and, in the case of secured Certificates ("**Secured Certificates**"), are constituted and secured by a supplemental trust deed (the "**Supplemental Trust Deed**") dated the date of issue of the Certificates (the "**Issue Date**") between, *inter alia*, Alphabeta Access Products Ltd (the "**Issuer**") and BNY Mellon Corporate Trustee Services Limited as note trustee for the Certificateholders (the "**Note Trustee**", which expression shall include all persons for the time being the note trustee or note trustees under the Principal Trust Deed (as defined below)) and, solely in the case of Secured Certificates, as security trustee for the Secured Certificateholders (the "**Security Trustee**", which expression shall include all persons for the time being the security trustee or security trustees under the Principal Trust Deed). The Supplemental Trust Deed is supplemental to a trust deed (the "**Principal Trust Deed**", which expression shall include any amendments or supplements thereto) dated 29 June 2012 as amended, supplemented and/or amended and restated from time to time between the Issuer, the Note Trustee and the Security Trustee (together with the Supplemental Trust Deed, the "**Trust Deed**").

The Secured Certificates (other than the Secured Series Custodian Certificates), are secured on certain assets of the Issuer, as described in Condition 4(b), pursuant to the Trust Deed.

Payments under the Certificates will be made pursuant to an agency agreement dated 29 June 2012 as amended and restated from time to time made between the Issuer, the Note Trustee, Crestbridge Fund Administrators Limited, in its capacity as calculation agent (the "**Calculation Agent**"), Morgan Stanley & Co. International plc as certificate custodian (the "**Certificate Custodian**"), The Bank of New York Mellon, London Branch, having its registered office at One Canada Square, London, E14 5AL, in its capacity as paying agent (the "**Paying Agent**") and as transfer agent (the "**Transfer Agent**") and The Bank of New York Mellon SA/NV, Luxembourg Branch as the registrar (the "**Registrar**") or their successors from time to time (the "**Agency Agreement**").

Statements in these terms and conditions (the "**Conditions**") are subject to the detailed provisions of the Trust Deed, the Agency Agreement and any other Relevant Agreement entered into in connection with the Certificates, copies of which are available for inspection at the offices of the Paying Agent. The Trust Deed includes the forms of the Certificates. Certificateholders are entitled to the benefit of, are bound by and are deemed to have notice of (i) all the provisions contained in the Trust Deed (save, in the case of the Unsecured Certificateholders, certain provisions of the Trust Deed will not apply including, *inter alia*, provisions relating to the Security and the Security Trustee), (ii) those provisions applicable

to them of the Agency Agreement and (iii) those provisions applicable to them in any other Relevant Agreement entered into in connection with the Certificates.

## 1. DEFINITIONS

**"Adjusted Maturity Date"** means, if applicable and specified, the Scheduled Maturity Date specified in the Final Terms, save that if the Issuer has not received by the Scheduled Maturity Date (a) the full cash proceeds of redemption of the Shares and/or the proceeds of realisation of the MS Certificates and/or payments under the applicable Swap, (b) in the context of a redemption of the Shares, the MS Certificates or the Swap, as applicable, due to be effected in kind, the cash proceeds of disposal or redemption of the assets underlying the Shares or (c) any other form of liquidation of the Shares, the MS Certificates or the Swap, as applicable, the Adjusted Maturity Date shall be the twentieth Business Day following such receipt;

**"Agents"** means the Paying Agent, the Registrar, the Transfer Agent, the Calculation Agent, the Certificate Custodian and, if specified in the Final Terms as being applicable, the Cash Account Bank and/or the Custodian;

**"Alternative Programme Agreements"** means those agreements documenting and/or approving other programmes entered into by the Issuer to issue secured and or unsecured certificates or notes that are separate from the Programme, provided that such other programmes that the Issuer enters into have substantially the same provisions in respect of security, if applicable, and limited recourse provisions as the Programme;

**"AuM"** means

- (a) the Share NAV; multiplied by
- (b) the number of Shares held by the Issuer on the day as of which such Share NAV is calculated;

**"Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Dublin and Jersey, Channel Islands and:

- (a) if the Specified Currency is a currency other than Euros, in the Principal Financial Centre of the Specified Currency; or
- (b) if the Specified Currency is Euros, a day on which TARGET is open.

**"Cash Account"** means, if specified in the Final Terms for a Series as applicable, the account for such Series held at the Cash Account Bank used for the purpose of holding residual cash arising from settlement procedures, dealing suspensions, deferrals or other such amounts as may be paid by the Company to the Issuer;

**"Cash Account Agreement"** means, if specified in the Final Terms for a Series as applicable, the Account Bank Agreement for such Series between the Issuer and the Cash Account Bank entered into on the date specified in the Final Terms in respect of the Cash Account;

**"Cash Account Bank"** means, if applicable, The Bank of New York Mellon, London Branch;

**"Certificate"** means a certificate issued in registered form for a Series pursuant to the Trust Deed;

**"Certificate Buy-back Amount"** means, for each Certificate being repurchased by the Issuer, an amount determined by the Calculation Agent, in its sole discretion, equal to the Net Realised Share NAV for each Share realised to effect the repurchase of such Certificates;

**"Certificate Price"** means, on any date on which such price is to be determined, an amount per Certificate equal to the Share NAV of the Shares held by the Issuer in respect of such Certificates and/or the Shares referenced by the MS Certificates and/or the Swap as the case may be;

**"Certificate Redemption Amount"** means, for each Certificate being redeemed, an amount determined by the Calculation Agent, in its sole discretion, equal to the Net Realised Share NAV for each Share realised and/or MS Certificates realised referencing such Shares and/or payments under the applicable Swap or Swaps referencing such Shares, if applicable, to effect the redemption of such Certificate;

**"Certificateholder"** or **"holder"** means (in relation to a Certificate) the holder of a Certificate or Certificates and shall be the person whose name is entered in the Register as the holder of a Certificate;

**"Company"** means any entity in which the Issuer invests the net proceeds of issue of the Certificates (other than the Initial Cash Account Amount) or of resale of the Custodian Certificates or in respect of which MS Certificates are subscribed or a Swap is entered into, the details of which are specified in the Final Terms for each Series;

**"Company Administrator"** means, in relation to each particular Series, the person specified in respect of a particular Company to act as that Company's administrator;

**"Company Business Day"** means a day (other than a Saturday or a Sunday or other day when banks and/or securities exchanges in the City of New York, New York, or the state or country of incorporation of the particular Company, are authorised or obligated by law to close);

**"Company Commodity Broker"** means, in relation to each particular Series, the person specified in respect of a particular Company to act as that Company's commodity broker;

**"Company Document"** means any prospectus (howsoever described) or supplement thereto of the Company or the constitutional documents of the Company or such other documentation issued by or entered into by the Company which is material to the Certificates in the determination of the Calculation Agent;

**"Company Investment Subscription Date"** means in relation to a request for sale of further Certificates to the Dealer, the second Company Business Day following the date on which such request has been received by the Issuer;

**"Company Manager"** means, in relation to each particular Series, the person specified in respect of a particular Company to act as that Company's manager;

**"Company Trading Adviser"** means, in relation to each particular Series, the person specified in respect of a particular Company to act as that Company's trading adviser;

**"Corporate Administrator"** means Crestbridge Corporate Services Limited, a company incorporated in Jersey with registered number 71285 and having its registered office at 47 Esplanade, St Helier, Jersey JE1 0BD;

**"Custodian"** means, if applicable, The Bank of New York Mellon, London Branch;

**"Custodian Certificates"** means such of the Certificates repurchased from time to time by the Issuer and held on its behalf by the Certificate Custodian;

**"Custody Agreement"** means, if applicable, the custody agreement for a Series pursuant to which a Custodian is appointed as described in the relevant Final Terms;

**"Dealer"** means Morgan Stanley & Co. International plc;

**"Dealer Agreement"** means the dealer agreement dated 29 June 2012, as amended, supplemented and/or amended and restated from time to time and made between the Issuer and the Dealer;

**"Expenses Agreement"** means the agreement dated 29 June 2012, as amended, supplemented and/or restated from time to time between the Issuer and the Dealer;

**"FATCA"** means collectively, sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, or any successor provisions or any current or future U.S. Treasury Regulations promulgated thereunder, official interpretations thereof, published administrative guidance implementing such Sections or Regulations whenever promulgated or published, or any fiscal or regulatory legislation, rules, or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation thereof;

**"Final Terms"** means the final terms for this Series as annexed to the Supplemental Trust Deed;

**"Fixed Maturity Date"** means, if applicable and specified, the Fixed Maturity Date specified in the Final Terms;

**"Illegality"** means the adoption of, or any change in, any applicable law after the Issue Date, or the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after the Issue Date, as a result of which it becomes unlawful for the Issuer, the Company Manager, the Company Trading Adviser, the Company Commodity Broker, the Company Administrator, the Company, the Dealer, the Paying Agent, the Certificate Custodian, the Calculation Agent, the Swap Counterparty (if applicable), the Corporate Administrator, the Note Trustee or the Security Trustee (if applicable) to comply with their obligations under the Relevant Agreements;

**"Implementation of Financial Transaction Tax"** means the adoption of, or any change in any applicable law or regulation implementing, a financial transaction tax in any jurisdiction (including the European Union) payable in respect of the transfer of, or issue or modification or redemption of, any financial instruments or otherwise of a kind contemplated in the European Commission consultation paper on financial services sector taxation dated 22 February 2011 (or any other similar proposal);

**"Initial Cash Account Amount"** means the amount, if any and specified in the Final Terms, that is deposited into the Cash Account on the Issue Date;

**"Maturity Date"** means for each Series either the Fixed Maturity Date or the Adjusted Maturity Date, as applicable;

**"MS Certificates"** means certificates issued by Morgan Stanley & Co. International plc and whereby the Issuer obtains exposure to the Shares;

**"Minimum Fee Amount"** means for a Series, if applicable, the amount specified in the relevant Final Terms;

**"Net Realised Share NAV"** means:

- (a) if "Method A" or "Method B" is specified in respect of Transaction Fees in the Final Terms, for each Certificate being repurchased by the Issuer or redeemed, an amount determined by the Calculation Agent, in its sole discretion, equal to the Realised Share NAV (under paragraph (a) of that definition) minus the Transaction Fees (if any);
- (b) if "Method C" or "Method E" is specified in respect of Transaction Fees in the Final Terms, the Portfolio Value divided by the outstanding Number of Certificates at the relevant date for calculation determined by the Calculation Agent in its sole discretion; or
- (c) if "Method D" is specified in the Final Terms and only in respect of unlisted Series, such other method of calculation as specified in the Final Terms;

**"Number of Certificates"** means the total number of Certificates (excluding for these purposes Custodian Certificates) outstanding on any date on which such number is to be determined by the Calculation Agent in its sole discretion;

**"Payment Business Day"** means any day (other than a Saturday or Sunday) which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, and:

- (a) in the case of a payment in a currency other than Euros, a day on which foreign exchange transactions may be carried on in the Principal Financial Centre of the currency of payment; or
- (b) in the case of Euros, a day on which TARGET is open;

**"Periodic Basis"** means for a Series, if applicable, the periodic basis on which Transaction Fees are calculated and accrued as specified in the relevant Final Terms;

**"Portfolio Value"** means the sum of (a) the number of Shares held by the Issuer and/or the number of Shares referenced by the relevant MS Certificates and/or the Swap at the relevant date for calculation determined by the Calculation Agent in its sole discretion multiplied by the Realised Share NAV (under paragraph (b) of that definition) and (b) the value of the Cash Account (if any) less (c) any accrued (but not yet paid) Transaction Fees;

**"Principal Financial Centre"** means, for a Series, the Principal Financial Centre specified in the Final Terms and, in relation to any currency, the principal financial centre for that currency;

**"Programme"** means the US\$50,000,000,000 certificate programme of the Issuer established on 29 June 2012;

**"Realised Share NAV"** means:

- (a) if "Method A" or "Method B" is specified in respect of Transaction Fees in the Final Terms, on any date, an amount per Share (which for the purposes of calculating the Realised Share NAV includes any Shares, any MS Certificates or Swap as the case may be) determined by the Calculation Agent, in its sole discretion, equal to (a) the liquidated proceeds of the Collateral or the Underlying Assets, as the case may be, received by the Issuer in respect of the Shares and/or the MS Certificates (as the case may be) realised on such



date for such purpose and/or payments received by the Issuer from the Swap Counterparty under the relevant Swap (if any) in respect of the termination in whole or in part of such Swap on the relevant date, divided by (b) either (i) in respect of Certificates being repurchased on any date under a buy-back, the number of Certificates being repurchased on such date or (ii) in respect of the final redemption of all Certificates, the number of outstanding Certificates; or

- (b) if "Method C" or "Method E" is specified in respect of Transaction Fees in the Final Terms, on any date, an amount per Share (which for the purposes of calculating the Realised Share NAV includes any Shares, any MS Certificates or Swap as the case may be) determined by the Calculation Agent, in its sole discretion, equal to the liquidated proceeds (net of any costs charged by the Company, in particular redemption fees in respect of the Shares) of the Collateral or the Underlying Assets, as the case may be, received by the Issuer in respect of the Shares and/or the MS Certificates (as the case may be) realised on such date for such purpose and/or payments received by the Issuer from the Swap Counterparty under the relevant Swap (if any) in respect of the termination in whole or in part of such Swap on the relevant date; or
- (c) if "Method D" is specified in the Final Terms and only in respect of unlisted Series, such other method as specified in the Final Terms;

**"Relevant Agreement"** means the Trust Deed, the Agency Agreement, the Dealer Agreement, the Expenses Agreement, the purchase agreement in respect of any MS Certificates, the Swap (if applicable), the Custody Agreement (if applicable) and the Cash Account Agreement (if applicable);

**"Relevant Date"** means, in respect of a Certificate, the date on which payment in respect thereof first becomes due or (if the full amount of the moneys payable in respect of all the Certificates due on or before that date has not been duly received by the Paying Agent or, if applicable, the Note Trustee on or before that date) the date on which notice that the full amount of such moneys has been received is duly given to the Certificateholders in accordance with Condition 17;

**"Requested Fungible Notional"** means, in relation to a Company Investment Subscription Date, the aggregate value of the Certificates which the Dealer wishes to purchase per investor on a Company Investment Subscription Date;

**"Scheduled Maturity Date"** means, if applicable and specified, the Scheduled Maturity Date specified in the Final Terms;

**"Secured Certificateholders"** means the Certificateholders of Secured Certificates;

**"Secured Series"** means a Series of Secured Certificates;

**"Secured Series Custodian Certificates"** means the Custodian Certificates in respect of Secured Certificates;

**"Share NAV"** means the most recently available published net asset value of the Shares determined by or on behalf of the Company;

**"Shares"** means, for each particular Series, the shares or interests in a Company that have been specified in the Final Terms which will be referenced in a Swap or Swaps and/or referenced in any MS Certificates and/or which the Issuer has acquired from the net proceeds of sale of the Certificates (other than the Initial Cash Account Amount) or of resale of the Custodian Certificates;

**"Specified Currency"** means the currency specified in the Final Terms or, if none is specified, the currency in which the Certificates are denominated, which shall be the same currency as the Shares, Swaps(s) and/or MS Certificate(s) related to such Certificates are denominated in;

**"Subscription Conditions Precedent"** means the conditions precedent to the issue of the Certificates and purchase of Custodian Certificates on a Company Investment Subscription Date as set out in the Dealer Agreement;

**"Swap"** means a total return swap entered into with the Swap Counterparty which references the Shares of the Company and whereby the Issuer obtains exposure to the Shares;

**"Swap Counterparty"** means Morgan Stanley & Co. International plc;

**"TARGET"** means the Trans-European Automated Real Time Gross Settlement Express Transfer system;

**"Tax Event"** means that the Issuer is or would be required by law, or is expected at any time, to withhold or account for any tax on any payment to be made by it on or in connection with the Certificates or would suffer, or expects to at any time suffer, or is expected at any time to suffer, tax in respect of its income or its investments or receivables;

**"Transaction Fees"** means:

- (a) if "Method A" is specified in the Final Terms, none;
- (b) if "Method B" is specified in the Final Terms, a percentage per annum (as specified in the Final Terms) of the Certificate Price which is calculated and accrued on a daily basis. Such Transaction Fees will be deducted by the Calculation Agent from the Certificate Buy-back Amount and/or the Certificate Redemption Amount, as applicable, upon a voluntary repurchase and/or final redemption, as applicable, and be paid to the Dealer as soon as reasonably practicable thereafter;
- (c) if "Method C" is specified in the Final Terms, a percentage per annum (as specified in the Final Terms, and subject to a minimum of, if applicable, the Minimum Fee Amount per annum specified in the Final Terms) of the Certificate Price which is calculated and accrued on such Periodic Basis as specified in the Final Terms. Such Transaction Fees will be deducted by the Calculation Agent from the liquidated proceeds (net of any costs charged by the Company, in particular redemption fees in respect of the Shares) of the Collateral or the Underlying Assets, as the case may be, received by the Issuer in respect of the Shares and/or the MS Certificates (as the case may be) realised upon a voluntary repurchase and/or final redemption, as applicable, and be paid to the Dealer as soon as reasonably practicable thereafter;
- (d) if "Method D" is specified in the Final Terms and only in respect of unlisted Series, such other method as specified in the Final Terms. Such Transaction Fees will be deducted by the Calculation Agent from amounts received by the Issuer upon a voluntary repurchase and/or final redemption, as applicable, and be paid to the Dealer in accordance with the terms specified in the Final Terms; or

- (e) if "Method E" is specified in the Final Terms, a percentage or percentages per annum (as specified in the Final Terms) of the AuM which is calculated and accrued on such Periodic Basis as specified in the Final Terms. Such Transaction Fees will be deducted by the Calculation Agent from the liquidated proceeds (net of any costs charged by the Company, in particular redemption fees in respect of the Shares) of the Collateral or the Underlying Assets, as the case may be, received by the Issuer in respect of the Shares and/or the MS Certificates (as the case may be) realised upon a voluntary repurchase and/or final redemption, as applicable, and be paid to the Dealer as soon as reasonably practicable thereafter;

**"Unsecured Certificateholders"** means the Certificateholders of Unsecured Certificates;

**"Unsecured Series"** means a Series of Unsecured Certificates; and

**"Unsecured Series Custodian Certificates"** means the Custodian Certificates in respect of Unsecured Certificates.

## 2. FORM AND TITLE

The Certificates are issued in Series (each a **"Series"**) in registered form, serially numbered, in nominal amounts of US\$1.00 each (or its equivalent in other currencies rounded upwards as agreed between the Issuer and the Dealer). The minimum value of Certificates that can be subscribed for by an investor shall be an amount in US\$ (or the equivalent in other currencies) such that the equivalent amount in Euros as at the date of such subscription or transfer shall be €100,000.

An existing Certificateholder may subsequently subscribe for any number of additional certificates. If a new investor were to purchase Certificates on a date other than the issue date for such certificates from the Issuer or through the secondary market, then such investor will have to subscribe for a sufficient number of Certificates so that the purchase price payable therefor will be the US\$ equivalent (or the equivalent in other currencies), at such time, of €100,000 or more.

*The Certificates are not issuable in bearer form.*

The Certificates are represented by registered definitive certificates (**"Definitive Certificates"**), serially numbered, each Definitive Certificate representing a holding of one or more Certificates by the same holder.

Title to the Certificates shall pass by registration in the register (the **"Register"**) that the Issuer shall procure to be kept by the Registrar in accordance with the Agency Agreement.

Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Certificate shall be deemed to be and may be treated by the Issuer, the Note Trustee, the Security Trustee, if applicable, and the Paying Agent as the absolute owner of such Certificate for the purpose of receiving payment thereon or on account thereof and for all other purposes, whether or not such Certificate shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

The Certificates will initially be represented by a global certificate (the **"Global Certificate"**), interests in which will be exchangeable for registered Definitive Certificates in the circumstances specified in the Global Certificate. The Global Certificate will be deposited with and registered in the name of a nominee for the

common depository for Euroclear or Clearstream, Luxembourg (the "**Common Depository**"). Each subscriber will be credited in the records of Euroclear or Clearstream, Luxembourg with a number of Certificates equal to the number thereof for which it has subscribed and paid.

### **3. TRANSFERS OF CERTIFICATES**

#### **(a) Transfer of Certificates**

Subject to Condition 3(e), provided that the minimum value of Certificates transferred by a Certificateholder is the US\$ equivalent (or the equivalent in other currencies), at such time, of €100,000 and such Certificateholder does not hold Certificates with an aggregate value of less than the US\$ equivalent (or the equivalent in other currencies), at such time, of €100,000 following such transfer, Certificates may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Definitive Certificate or Global Certificate (as applicable) representing such Certificate to be transferred, together with the form of transfer endorsed on such Definitive Certificate or Global Certificate (as applicable) (or another form of transfer substantially in the same form and containing the same representations and certificates (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Certificates represented by one Definitive Certificate, a new Definitive Certificate shall be issued to the transferee in respect of the part transferred and a further new Definitive Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Certificates and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any Certificateholder upon request.

The Registrar shall as soon as practicable inform the Issuer on any amendment made to the Register.

#### **(b) Exercise of a partial repurchase of Certificates**

In the case of the Issuer agreeing to a partial repurchase of a holding of Certificates represented by a single Definitive Certificate, a new Definitive Certificate shall be issued to the holder to reflect the balance of the holding not repurchased. New Definitive Certificates shall only be issued against surrender of the existing Definitive Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Certificates to a person who is already a holder of Certificates, a new Definitive Certificate representing the enlarged holding shall only be issued against surrender of the Definitive Certificate representing the existing holding.

#### **(c) Delivery of new Definitive Certificates**

Each new Definitive Certificate to be issued pursuant to Conditions 3(a) or (b) shall be available for delivery within five business days of receipt of the form of transfer or repurchase request and/or surrender of the Definitive Certificate. Delivery of the new Definitive Certificates shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be)

to whom delivery or surrender of such form of transfer, repurchase request or Definitive Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, repurchase request or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Definitive Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 3(c) "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar.

(d) **Exchange free of charge**

Exchange and transfer of Definitive Certificates on registration, transfer or partial repurchase shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it.

(e) **Closed periods**

No Certificateholder may require the transfer of a Certificate to be registered for one or more Certificates (i) during the period of 15 days ending on the due date for redemption of that Certificate or (ii) after any such Certificate has been called for repurchase or redemption.

**4. STATUS, SECURITY AND ASSETS OF THE ISSUER**

(a) **Status**

The Certificates constitute limited recourse obligations of the Issuer and are secured or unsecured (as specified in the Final Terms), ranking *pari passu*, without any preference among themselves, (which, in the case of Secured Certificates, are secured in the manner described in this Condition 4) and recourse in respect of which is limited as described in Condition 13.

(b) **Mortgaged Property**

If it is stated in the Final Terms that the Certificates are Secured Certificates then, unless otherwise specified in the Supplemental Trust Deed, the obligations of the Issuer to the Note Trustee and the Secured Certificateholders under the Trust Deed and the Secured Certificates are secured by the following charges and/or assignments (the "**Security**") granted in favour of the Security Trustee pursuant to the Trust Deed and subject to the provisions of this Condition 4:

- (i) a first fixed charge over, and/or assignment of, (A) the assets and/or other property of the Issuer specified as such in the Supplemental Trust Deed, including without limitation, the Cash Account, if applicable (the "**Collateral**"), (B) all proceeds of, income from and sums arising from the Collateral, (C) all rights attaching to or relating to the Collateral including without limitation any right to delivery of such securities or to an equivalent number or nominal value thereof which arises in connection with any such assets being held in a clearing system or through a financial intermediary and (D) all assets and property hereafter belonging to the Issuer and deriving from such assets or the rights attaching thereto;

- (ii) an assignment by way of first fixed security of the Issuer's rights, title and interest under the Agency Agreement, to the extent that such rights relate to sums held to meet payments due in respect of the Certificates, and a first fixed charge over all sums held by or on behalf of the Issuer in relation to the Collateral; and
- (iii) an assignment by way of first fixed security of the Issuer's rights, title and interest under the Custody Agreement (if applicable) and any agreement by which the Issuer purchases the Collateral and/or under the Swap.

The assets described in (i), (ii) and (iii) above are together referred to herein as the "**Mortgaged Property**".

Cash flows generated by the Mortgaged Property will be utilised by the Issuer in making payments due in respect of the Secured Certificates.

(c) **Unsecured Series Property**

If it is stated in the Final Terms that the Certificates are Unsecured Certificates then, unless otherwise specified in the Supplemental Trust Deed, the obligations of the Issuer to the Note Trustee and the Unsecured Certificateholders and the Unsecured Certificates are not secured and instead the Unsecured Certificates will rely for their payment on *inter alia* and, in the case of (iv) below have the benefit of, the contractual rights of the Issuer in respect of:

- (i) (A) the assets and/or other property of the Issuer specified as such in the Supplemental Trust Deed, including without limitation, the Cash Account, if applicable (the "**Underlying Assets**"), (B) all proceeds of, income from and sums arising from the Underlying Assets, (C) all rights attaching to or relating to the Underlying Assets including without limitation any right to delivery of such securities or to an equivalent number or nominal value thereof which arises in connection with any such assets being held in a clearing system or through a financial intermediary and (D) all assets and property hereafter belonging to the Issuer and deriving from such assets or the rights attaching thereto;
- (ii) the Issuer's rights, title and interest under the Agency Agreement, to the extent that such rights relate to sums held to meet payments due in respect of the Certificates, and all sums held by or on behalf of the Issuer in relation to the Underlying Assets;
- (iii) the Issuer's rights, title and interest under the Custody Agreement (if applicable) and any agreement by which the Issuer purchases the Underlying Assets and/or under the Swap; and
- (iv) the Issuer's rights, title and interest under the terms and conditions of other certificates of other series which limit the recourse of the certificateholders of such other series.

The assets described in (i), (ii), (iii) and (iv) above are together referred to herein as the "**Unsecured Series Property**".

Cash flows generated by the Unsecured Series Property will be utilised by the Issuer in making payments due in respect of the Certificates though no security will be taken over any such Unsecured Series Property.

(d) **Balancing Amounts**

Following the sale of Certificates to the Dealer for on sale to Certificateholders and the determination by the Calculation Agent of the Balancing Amounts (if any), any Balancing Amounts payable to the Dealer will be retained by the Issuer.

(e) **Custodian Certificates**

On the Issue Date, the Issuer will repurchase the number of Certificates stated in the Final Terms from the Dealer at their issue price. The Certificates so repurchased by the Issuer will be held by the Certificate Custodian on behalf of the Issuer on or about the date in which they are repurchased. Custodian Certificates carry no voting rights, do not bear interest and no amount of interest or principal is payable thereon and are not secured by any property.

(f) **Conditions Precedent to sale of Certificates after the Issue Date**

On any Business Day after the Issue Date of a Series the Issuer may sell, via the Dealer, to existing or new Certificateholders further Certificates in such Series on the next Company Investment Subscription Date (by transferring Custodian Certificates which upon transfer will become Certificates with all the rights that the other Certificates have), subject to the following conditions and provided that:

- (1) the Company continues to accept new subscription requests for the amount of Shares which may be purchased using the proceeds of sale of such Custodian Certificates;
- (2) the Calculation Agent has confirmed that the Issuer is expected on the next Company Investment Subscription Date to have a sufficient number of Custodian Certificates available for purchase to meet each individual Certificateholder's request;
- (3) the Subscription Conditions Precedent have been satisfied; and
- (4) the Requested Fungible Notional is equal to or greater than the US\$ equivalent (or the equivalent in other currencies), at such time, of €100,000 (or such other greater amount as may be agreed between the Calculation Agent and the Dealer).

On a Business Day on which the Dealer has requested the Sale of Custodian Certificates, the Issuer will direct the Certificate Custodian to sell to the Dealer for on-sale to the existing or new Certificateholders and the Dealer will agree to purchase on the following Company Investment Subscription Date such number of Custodian Certificates as the Calculation Agent in its sole discretion may determine following publication of the Share NAV on the relevant Company Investment Subscription Date, and the Dealer will pay to the Certificate Custodian no later than 2pm on the date falling two Company Business Days prior to such Company Investment Subscription Date an amount equal to the Requested Fungible Notional and the Certificate Custodian will remit such amount promptly to the Company and/or the MS

Certificate Issuer and/or the Swap Counterparty, if applicable, on behalf of the Issuer.

The Custodian Certificates being sold will be sold to the Dealer at the Certificate Price as of the relevant Company Investment Subscription Date and will cease to be Custodian Certificates as of such date.

The total number of Custodian Certificates sold to the Dealer as of any Company Investment Subscription Date will be equal to the number of Shares that have been subscribed for by the Issuer on such date and/or, if applicable, the number of MS Certificates referencing the Shares and/or the number of Shares referenced in the Swap entered into by the Issuer in respect of the Shares, as determined by the Company Administrator (such number, the **"Additional Certificate Number"**).

If the product of the Additional Certificate Number and Certificate Price as of the relevant Company Investment Subscription Date is less than an amount in US dollars equivalent of the Requested Fungible Notional (such difference, a **"Balancing Amount"**), then any Balancing Amount due to the Dealer on behalf of the Certificateholders shall be retained by the Issuer.

(g) **Enforcement of the Security**

If the Certificates are Secured Certificates (other than the Secured Series Custodian Certificates), the Security will become enforceable upon the Note Trustee giving an Enforcement Notice (as defined in Condition 12) to the Issuer and the Security Trustee. If the Security has become enforceable, the Security Trustee shall enforce the Security if directed to do so in writing by the Note Trustee, as directed in writing by the Certificateholders holding one-quarter of the aggregate principal amount of the Certificates (excluding any outstanding Custodian Certificates, if any) then outstanding or as directed by an Extraordinary Resolution (as defined in the Trust Deed) of the holders of the Certificates, subject to the Note Trustee and the Security Trustee having been indemnified and/or secured and/or prefunded to their satisfaction. To the extent that the Note Trustee and the Security Trustee act in accordance with the directions of the Certificateholders provided as described above, neither the Note Trustee nor the Security Trustee shall have any obligation to take the interests of any other party into account or to follow any direction given by any other party and shall have no liability to any person for acting on such instructions.

Upon enforcement of the Security, the Custodian Certificates will be cancelled and no payment thereon will be due.

(h) **Application of proceeds**

(i) **Enforcement, Mandatory Redemption, Acceleration**

On the occurrence of a Mandatory Redemption Event pursuant to Condition 7(b), and on enforcement of the Security (solely in the case of Secured Certificates) and/or acceleration of the Certificates following the occurrence of an Event of Default, moneys available for distribution shall be applied in or towards satisfaction of the following amounts in the following order of priority:

- (1) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Note Trustee and, in



the case of the Secured Certificates only, the Security Trustee or any receiver in preparing and executing the trusts in the Trust Deed in relation to the Certificates and in carrying out their functions under the Trust Deed (including any taxes required to be paid, (solely in the case of Secured Certificates) the costs of realising any security, and the Note Trustee's and/or the Security Trustee's remuneration) to the extent not paid pursuant to the Expenses Agreement;

- (2) secondly, to pay the fees, costs, charges, expenses and liabilities incurred by the Agents in carrying out their functions under the Agency Agreement or, if applicable, the Cash Account Agreement and/or the Custody Agreement, in each case, to the extent not paid pursuant to the Expenses Agreement;
- (3) thirdly, to pay any accrued Transaction Fees to the Dealer;
- (4) fourthly, rateably in meeting the claims (if any) of the Certificateholders. If the moneys received are not enough to pay such amounts in full, such amounts shall be applied pro rata on the basis of the amount due to each party entitled to such payment;
- (5) fifthly, in payment of the balance (if any) to the Issuer.

(ii) **Early repurchase**

On an early repurchase of the Certificates pursuant to Condition 7(c), the Issuer will repurchase each certificate at the Certificate Buy-Back Amount within two Company Business Days of the Purchase Date or such other date set out in Condition 7(c).

(iii) **Shortfall after application of proceeds**

If the net proceeds of (i) in the case of Secured Certificates, the Security being enforced and liquidated in accordance with the Trust Deed or (ii) in the case of Unsecured Certificates, the liquidation of the Unsecured Series Property are not sufficient, after payment of the claims (if any) ranking in priority to the Certificates, to cover all payments due in respect of the Certificates, the obligations of the Issuer in respect of the Certificates will be limited to such net proceeds and such net proceeds shall be applied in accordance with the Trust Deed and no other assets of the Issuer will be available for any further payments in respect of the Certificates. The right to receive any further payments in respect of any shortfall remaining after enforcement of the Security or liquidation of the Unsecured Series Property, as applicable, and application of the proceeds thereof in accordance with the Trust Deed shall be extinguished and failure to make any payment in respect of any shortfall shall in no circumstances constitute an Event of Default (as defined in Condition 12).

**5. COVENANTS OF THE ISSUER**

Save as provided in or contemplated by the Relevant Agreements or the Alternative Programme Agreements, or with the prior written consent of the Note Trustee, the

Issuer shall not, so long as any Certificate remains outstanding (as defined in the Trust Deed):

- (a) use, invest, sell, transfer, exchange, factor, assign, lease, hire out, lend or dispose of, or otherwise deal with, any of its property or assets or any interest therein or grant any option or right to acquire the same or agree or attempt or purport to do any of the same;
- (b) lend money;
- (c) purchase, own lease or otherwise acquire any real or heritable property (including office premises or like facilities);
- (d) (1) create or permit to exist upon or effect any mortgage, charge, pledge, lien or other encumbrance whether fixed, floating or otherwise, upon the whole or any part of its property or assets, present and future other than in any case as may arise by operation of law or (2) sign, file or register under applicable law any mortgage, debenture or the like which names the Issuer as debtor, or sign or enter into any security agreement authorising any secured party thereunder to file or register such mortgage, debenture or the like, except, in relation to (1) and (2) above in the case of the Secured Certificates, any such instrument solely securing the rights and preserving the security of the Security Trustee;
- (e) guarantee, act as surety for or become obligated for the debts of any other entity or person or enter into any agreement with any other entity or person whereby it agrees to satisfy the obligations of such entity or person or any other entity or person;
- (f) consolidate with or merge with or into any other person or convey or transfer its properties or assets substantially in their entirety to any person;
- (g) have, form or cause to be formed any subsidiary or have any employees or premises;
- (h) issue any further shares, or issue any warrants or options in respect of shares, or securities convertible into or exchangeable for shares;
- (i) issue any certificates in respect of which the recourse of the Certificateholders is not limited to Series Property (as defined in the relevant final terms);
- (j) declare or pay any dividend (other than a dividend of up to US\$750 per Series or other series under alternative programmes of the Issuer) or make any other distribution to the holders of any of its shares;
- (k) open, operate or have an interest in any bank account relating to the Certificates, save as may be contemplated by the Relevant Agreements;
- (l) permit the validity or effectiveness of any of the Relevant Agreements, or, in the case of Secured Certificates, the priority of the security interests created thereby, to be amended, terminated or discharged, or consent to any variation of, or exercise of any powers of consent or waiver pursuant to the terms of, the Trust Deed, these Conditions or any of the other Relevant Agreements, or permit any party to any of the Relevant Agreements or, in the case of Secured Certificates, any other person whose obligations form part of the Security to be released from such obligations, or, in the case of Secured Certificates, dispose of any interest in any of the Security;

- (m) approve, sanction or propose any amendment to its constitutional documents; or
- (n) engage in any activity that could cause it to become subject to any tax on its income in any jurisdiction (other than at a rate of zero per cent.).

In giving any consent to the foregoing in respect of Certificates, the Note Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Relevant Agreements (and may itself consent thereto on behalf of the Certificateholders) or may impose such other conditions or requirements as the Note Trustee may deem expedient (in its absolute discretion) in the interests of the Certificateholders and may rely on any written confirmation from the Issuer as to the matters contained therein. Any modification or additions to the provisions of any of the Relevant Agreements shall be binding on the Certificateholders of such Series.

## **6. INTEREST**

The Certificates will not bear interest.

## **7. REDEMPTION**

### **(a) Final redemption**

Unless previously redeemed as provided in this Condition, the Issuer will redeem each Certificate in an amount per Certificate equal to the Certificate Redemption Amount on the Maturity Date.

The Issuer may not redeem any Certificate in whole or in part prior to the Maturity Date except as provided in Conditions 7(b) and (c).

With respect to the Maturity Date the Issuer will request the realisation of the Shares and/or the MS Certificates and/or request payments under the Swap or Swaps, if applicable, in sufficient time to allow the Company to redeem or realise the underlying assets by the Maturity Date so that the only amount payable in respect of the Certificates on the Maturity Date shall be the Certificate Redemption Amount. If a Fixed Maturity Date is specified in the Final Terms, and if any amounts are received by the Issuer after the Maturity Date then such amounts shall be retained by the Issuer and available to be distributed to its shareholders for the benefit of The Oder Capital Charitable Trust. If a Scheduled Maturity Date is specified in the Final Terms, then if the Issuer has not received by such Scheduled Maturity Date (a) the full cash proceeds of redemption of the Shares and/or the MS Certificates and/or payments under the Swap or Swaps, if applicable, (b) in the context of a redemption of the Shares due to be effected in kind, the cash proceeds of disposal or redemption of the assets underlying the Shares or (c) any other form of liquidation of the Shares, the Maturity Date shall be the twentieth Business Day following such receipt.

All Custodian Certificates outstanding (as defined in the Trust Deed) on the Maturity Date shall be cancelled.

### **(b) Mandatory early redemption**

If:

- (i) at any time prior to the Maturity Date, if it is specified in the relevant Final Terms that the Issuer may determine in its sole discretion to redeem all Certificates and the Issuer so determines; or

- (ii) at any time prior to the Maturity Date, the Calculation Agent determines that an Early Termination Event has occurred which it does not waive; or
- (iii) at any time prior to the Maturity Date, an additional Early Termination Event as set out in the relevant Final Terms for such Certificates occurs

(each, a "**Mandatory Redemption Event**") then all of the Certificates which are in issue at such time will be redeemed and the remaining Custodian Certificates will be cancelled.

If, at the time of such Mandatory Redemption Event, there were purchasers who were to purchase new Certificates on a date after the occurrence of the Mandatory Redemption Event and consequently the Dealer was to request a transfer of Custodian Certificates, then such transfer of Custodian Certificates shall be cancelled and the subscription for new Certificates shall not take place.

Upon the occurrence of a Mandatory Redemption Event, the Issuer shall forthwith give not more than two Company Business Days' prior notice (or such other notice period as indicated in the Trust Deed) of the date of such mandatory redemption (the "**Redemption Date**") to the Note Trustee, the Swap Counterparty (if applicable), the Certificateholders and the Paying Agent (which notice shall be irrevocable). The Issuer will pay any amount due and payable to the Note Trustee and/or the Security Trustee and/or the Agents, to the extent not paid pursuant to the Expenses Agreement and any Transaction Fees due to the Dealer in each case in accordance with Condition 4(h), and then redeem the Certificates in an amount per Certificate equal to the Certificate Redemption Amount on the date falling two Company Business Days after the Redemption Date (or such other number of days specified in the Final Terms) subject to the Issuer having received the proceeds of realisation of the Shares and/or the MS Certificates and/or the payments under the Swap (if applicable) one Company Business Day after such Redemption Date. If receipt of the proceeds of realisation of the Shares and/or the MS Certificates and/or the payments under the Swap (if applicable) is delayed the redemption of the Certificates will be effected within two Company Business Days of receipt thereof. If the Issuer subsequently receives, within 60 days of the Redemption Date, further amounts from the Company from the realisation of Shares and/or the MS Certificates and/or payments under the Swap (if applicable) in respect of the Certificates, then the Issuer will pay to the former Certificateholders their pro rata share of any such amounts (such payment, a "**Supplemental Redemption Amount**").

No payment will be made in respect of the Certificates until any amount due and payable to the Note Trustee and/or the Security Trustee and/or the Agents, to the extent not paid pursuant to the Expenses Agreement, has been paid in full.

No payment will be made in respect of Custodian Certificates.

The following events shall each constitute an "**Early Termination Event**", in each case as determined by the Calculation Agent and if it determines this is material for the purposes of the Certificates:

- (i) the occurrence of a Tax Event or an Illegality;

- (ii) the currency of the Shares and/or its net asset value is no longer calculated in the Specified Currency;
- (iii) in the case of a Share issued by a Company as part of a fund, the Company Administrator fails to calculate and publish the Share NAV for one week or more or, if the relevant Final Terms specifies the frequency with which prices are published as being monthly, the Company Administrator fails to calculate and publish the Share NAV for two months or more or the Share NAV is not published in accordance with the procedures prevailing as of the Issue Date;
- (iv) the Company introduces a redemption fee or subscription fee, or any other fee not otherwise payable on the Issue Date under the Company offering document that a holder of a Share has to bear;
- (v) there is a change in tax treatment which could have an adverse economic impact for a holder of a Share;
- (vi) in the case of a Company that issues Shares as part of a fund, the Company is closed or an investor is unable to purchase or sell Shares on a daily basis or on such periodic basis as is provided for pursuant to the terms of the Company Documents;
- (vii) the Company is wound up or terminated or any regulatory approval or registration is cancelled or is under review (due to wrongdoing, breach of any rule or regulation or other reason);
- (viii) the occurrence of any event or circumstance (whether or not in accordance with the rules of the Company) which obliges a holder of a Share to sell or dispose of such Share;
- (ix) the Issuer advises that it is unable, after using commercially reasonable efforts, or would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to:
  - (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the Certificates; or
  - (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s);
- (x) any event occurs that the Calculation Agent, acting in good faith and in a commercially reasonable manner, determines may have a materially detrimental effect on the risk profile of the Certificates for the Issuer;
- (xi) in the case of a Company that issues Shares as part of a fund, there is a declaration by or on behalf of the Company of an actual or proposed compulsory termination or redemption of or any dividend or distribution in respect of the Shares;
- (xii) in the case of a Company that issues Shares as part of a fund, the suspension by the Company of acceptance of subscriptions or

redemptions for Shares whether or not in accordance with the Company Documents;

- (xiii) an order has been made or an effective resolution passed for the winding up, dissolution or termination of the Company Trading Adviser, the Company Manager, the Swap Counterparty (if applicable) or any of their respective affiliates;
- (xiv) the Company is dissolved or ceases to exist or circumstances occur that will cause it to be dissolved or cease to exist;
- (xv) any action, condition or circumstance necessary to enable the Company to lawfully enter into, exercise its rights and perform and comply with its obligations has not been taken, fulfilled or completed or has been cancelled;
- (xvi) any action, suit, proceeding, inquiry or investigation has been taken or brought, or is pending, by any court, governmental or regulatory body or agency against the Company or any authorised representative or any affiliate of the Company Trading Adviser or the Company Manager;
- (xvii) the Shares are reclassified, the Company is consolidated, amalgamated or merged with another company whose investment objectives, risk profile and/or investment objectives are different to those of the Company at the Issue Date or a resolution is proposed to effect any such reclassification, consolidation, amalgamation or merger;
- (xviii) there is (i) a transfer or an irrevocable commitment to transfer all of the Shares or the shares in the Company Trading Adviser or the Company Manager to another entity or person, (ii) a consolidation, amalgamation or merger of the Company or the Company Trading Adviser or the Company Manager with or into another entity or person (other than a consolidation, amalgamation or merger in which the Company or the Company Trading Adviser or the Company Manager, as applicable, is the continuing entity and which does not result in a reclassification or change of all of the Shares or the shares in the Company Trading Adviser or the Company Manager, as applicable), or (iii) a takeover offer, tender offer, exchange offer, solicitation or other event by any entity or person to acquire all of the Shares or the shares in the Company Trading Adviser or the Company Manager;
- (xix) a change in law that requires the imposition or deduction of withholding tax which increases the effective dealing costs of subscribing for, holding, or redeeming the Shares or MS Certificates;
- (xx) a change in law, taxation or regulation, including capital adequacy or similar requirements, or in the constitution of the Company occurs or is likely to occur which may have a material adverse effect on (i) the ability of an investor to hold, purchase, sell or redeem Shares or MS Certificates; (ii) the costs that are or will be incurred by an investor in purchasing, selling, holding or redeeming Shares or MS Certificates; or (iii) the value of the Shares or MS Certificates;
- (xxi) any event has occurred which is likely to have a material adverse effect on the solvency or liquidity of the Company and/or the Shares

and/or the MS Certificates, including, but not limited to, any material litigation concerning the Company which involves any holder(s) of Shares;

- (xxii) the making of any material reservation, warning and/or provision in an audit report of the Company (whether generally or in respect of any class or series of shares or units) by the auditor of the Company;
- (xxiii) there is an actual or proposed change to the investment strategy being pursued by the Company in respect of the Shares;
- (xxiv) there is an actual or proposed material change to the Company Documents;
- (xxv) the Company is in breach of the Company Documents or any investment guidelines or either the Company Trading Adviser or the Company Manager is in breach of its investment management agreement (howsoever described) with the Company;
- (xxvi) the appointment of the Dealer pursuant to the Dealer Agreement has been terminated;
- (xxvii) any other event or circumstance exists or occurs in relation to the Company, the Shares, the MS Certificates, agents or service providers of the Company, the Swap, the Certificates or the MS Certificates which the Calculation Agent determines is analogous to any other Early Termination Event and/or has or may have a material adverse effect on the Company, the Share, the MS Certificates or the Certificates;
- (xxviii) any additional Early Termination Event set out in the Final Terms.

Upon the occurrence of any Early Termination Event the Calculation Agent shall notify the Issuer, the Note Trustee and the Security Trustee in writing of such occurrence. The Note Trustee and the Security Trustee shall be entitled to rely on such notice without liability to any person. Neither the Note Trustee nor the Security Trustee shall be under any duty to monitor whether an Early Termination Event has occurred and in the absence of express notice to the contrary from the Calculation Agent shall assume no such event has occurred and shall have no liability to any person for doing so.

(c) **Early repurchase**

If a Certificateholder or Certificateholders request repurchase by the Dealer and the Dealer requests the Issuer to repurchase on no less than one Company Business Day's notice, the Issuer may agree in its sole discretion to repurchase one or more Certificates on a Company Business Day (each, a "**Purchase Date**"). On the date on which the Issuer receives notice of such repurchase request, the Calculation Agent will request the Company to redeem a number of Shares and/or MS Certificates and/or request the Swap Counterparty make a payment under the Swap, in each case, in respect of a number of Shares equal to the number of Certificates being repurchased by the Issuer or, if Transaction Fees are paid using "Method C", "Method E" or (in the case of unlisted Certificates only) "Method D", such number of Shares and/or MS Certificates and/or payment amount under the Swap as determined by the Calculation Agent in its sole discretion.

The Certificates repurchased on such Purchase Date shall be repurchased in an amount per Certificate equal to the Certificate Buy-back Amount. Payment will be made to the Certificateholders two Company Business Days after the Purchase Date (or such other number of days specified in the Final Terms), subject to the Issuer having received the proceeds of realisation of the Shares and/or the MS Certificates and/or the payments under the Swap (if applicable) one Company Business Day after such Purchase Date. If receipt of the proceeds of realisation of the Shares and/or the MS Certificates and/or the payments under the Swap (if applicable) is delayed the repurchase of the Certificates will be effected within two Company Business Days of receipt thereof by the Issuer.

If, in respect of any Certificates repurchased prior to the Maturity Date, the Issuer subsequently receives, within 60 days of the Purchase Date of such Certificates, further amounts from the Company from the realisation of Shares and/or MS Certificates and/or payments under the Swap (if applicable) in respect of such Certificates, then the Issuer will pay to the former Certificateholders their pro rata share of any such amounts. Any amounts received by the Issuer from the Company, the MS Certificate Issuer or the Swap Counterparty after such 60 days will be retained by the Issuer.

No more than one repurchase request may be made by the Dealer to the Issuer in relation to the same Purchase Date.

(d) **Payment of Transaction Fees**

- (i) If "Method A" is specified in respect of Transaction Fees in the Final Terms, then no Transaction Fees shall be paid by the Issuer.
- (ii) If "Method B" is specified in respect of Transaction Fees in the Final Terms, Transaction Fees shall be paid in accordance with the method specified under paragraph (b) of the definition of Transaction Fees.
- (iii) If "Method C" or "Method E" is specified in respect of Transaction Fees in the Final Terms, Transaction Fees shall be paid as follows:

- (1) **Calculation Basis.** The Transaction Fees will accrue on the Periodic Basis for such Series and will be calculated on the Periodic Basis using the most recently available Certificate Price, for the period from and including the Issue Date or such other date as may be specified in the Final Terms to and including the last day of the Periodic Basis immediately preceding the Maturity Date or such other date as may be specified in the Final Terms. Should the Company provide a net asset value in respect of any additional redemption day in respect of the Shares ("**Extraordinary Dealing Day**"), the Transaction Fee will accrue in respect of each month in which any such Extraordinary Dealing Day may occur from the date it was last calculated to the valuation date in respect of such Extraordinary Dealing Day and from such valuation date to the next date as of which the net asset value of the Shares is to be calculated.

(2) **Frequency of Payment**

- (a) If the Final Terms specify "First Year only", the Transaction Fees in respect of the period from



and including the Issue Date or such other date as may be specified in the Final Terms to but excluding the first anniversary of the Issue Date or such other date as may be specified in the Final Terms (the "**First Year Fees**") will be payable in arrear as soon as practicable following calculation of the full First Year Fees.

- (b) If the Final Terms specify "Yearly", the Transaction Fees will be calculated in respect of the period from and including the Issue Date or such other date as may be specified in the Final Terms to but excluding the first anniversary of the Issue Date or such other date as may be specified in the Final Terms (the "**First Regular Year Fees**"). The Transaction Fees in respect of each subsequent yearly period will be calculated from and including the last anniversary of the Issue Date or such other date as may be specified in the Final Terms to but excluding the next anniversary of the Issue Date or such other date as may be specified in the Final Terms (each, a "**Subsequent Year Fees**"). The First Regular Year Fees and Subsequent Year Fees will be payable in arrear as soon as practicable following calculation of such year's Transaction Fees or such other date as specified in the Final Terms.
- (3) **Liquidity to effect payment of Transaction Fees.** To effect the payment of the First Year Fees, the First Regular Year Fees and each Subsequent Year Fees, as applicable the Calculation Agent shall calculate and request the Company to redeem such round number of Shares so that the number of Shares being redeemed multiplied by the Share NAV on such date is an amount equal to the First Year Fees, the First Regular Year Fees or such Subsequent Year Fees, as applicable, or if no round number of Shares would result in an amount equal to the First Year Fees, the First Regular Year Fees or such Subsequent Year Fees, as applicable, then the highest number of Shares whose proceeds of redemption are an amount that is nearest to but less than the First Year Fees, the First Regular Year Fees or such Subsequent Year Fees, as applicable, payable on such date. Any remaining First Year Fees, First Regular Year Fees or such Subsequent Year Fees, as applicable, shall remain due and shall be payable pro rata from any Certificate Buy-back Amount and/or Certificate Redemption Amount.

If the proceeds of the issue of the Certificates have been used to purchase MS Certificates that reference the Shares and/or have been used to enter into a Swap with the Swap Counterparty, then the Calculation Agent shall request the redemption of an applicable number of MS Certificates and/or termination in part of the Swap on the basis set out in

paragraph (3) above, adjusted, if necessary, in its sole discretion.

Following the payment of First Year Fees, the First Regular Year Fees and each Subsequent Year Fees, as applicable, for the purposes of calculating the "Realised Share NAV" the number of Shares attributable to each Certificateholder's Certificates shall be reduced pro rata by the amount of Shares redeemed to pay the First Year Fees, the First Regular Year Fees and each Subsequent Year Fees, as applicable.

- (4) **Payment of Transaction Fees on redemption.** Any accrued (but not yet paid) Transaction Fees up to including the last day of the Periodic Basis immediately preceding any redemption date for the Certificates shall be deducted from the Certificate Buy-back Amount and/or the Certificate Redemption Amount, as applicable in respect of a Certificate.

- (iv) If "Method D" is specified in respect of Transaction Fees in the Final Terms and only in respect of unlisted Series, Transaction Fees shall be paid using such other method as specified in the Final Terms.

## 8. SUBORDINATION

No payment may be made to the Certificateholders on the Maturity Date until any amount due and payable to the Note Trustee and/or the Security Trustee and/or the Agents, to the extent not paid pursuant to the Expenses Agreement, has been paid in full.

On any date on which all of the Certificates are to be redeemed, if the liquidated proceeds of realisation of the Collateral, in the case of Secured Certificates, or the Underlying Assets, in the case of Unsecured Certificates being realised (the "**Realised Value**") does not exceed the sum of (i) amounts due and payable to the Note Trustee and/or the Security Trustee and/or the Agents (to the extent not paid pursuant to the Expenses Agreement), and (ii) the Certificate Redemption Amount multiplied by the Number of Certificates outstanding, then the amount payable to the relevant Certificateholders per Certificate will be equal to the Realised Value minus the amounts due and payable to the Note Trustee and/or the Security Trustee and/or the Agents (to the extent not paid pursuant to the Expenses Agreement), divided by the Number of Certificates in issue on the redemption date of the Certificates whereupon the Certificateholders shall have no further claims against the Issuer (save, in the case of a Mandatory Redemption Event, in respect of the Supplemental Redemption Amount). If the proceeds of the redemption of the Collateral, in the case of Secured Certificates, or the Underlying Assets, in the case of Unsecured Certificates on such date exceed the amount (if any) payable to the Note Trustee, the Security Trustee (if applicable), the Agents, the Certificateholders and the Dealer, then each Certificate will be redeemed in an amount per Certificate equal to the Certificate Redemption Amount and the Certificateholders shall have no further claims against the Issuer (save, in the case of a Mandatory Redemption Event, in respect of the Supplemental Redemption Amount). Any excess proceeds (if any) remaining after such payments shall be retained by the Issuer.

## 9. PAYMENTS

### (a) Method of payment

Payments of principal will be by credit or transfer to a US dollar account specified by the payee or if in a currency other than US dollars then to an account specified by the payee in the Specified Currency.

### (b) Payments against presentation and surrender

Payments of principal in respect of Certificates will (subject as provided below) be made in the manner provided in Condition 9(a) against presentation and surrender of the relevant Certificates at the specified office of any Paying Agent, Transfer Agent or of the Registrar.

All payments in respect of Certificates represented by a Global Certificate will be made to the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment (the "**Record Date**"), where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January of each year.

### (c) Payments subject to fiscal law

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 10.

### (d) Appointment of agents

The Paying Agent initially appointed by the Issuer and its specified office is set out in the introductory paragraphs to these conditions. The Paying Agent, the Registrar, the Calculation Agent, the Certificate Custodian and the Account Bank (if applicable) act solely as agents of the Issuer (unless, in the case of Secured Certificates, an Event of Default has occurred or may with the lapse of time or the giving of notice occur, when such agents may act as agents of the Note Trustee if so notified by the Note Trustee) and do not assume any obligation or relationship of agency or trust for or with any Certificateholder. The Issuer reserves the right at any time with the prior written approval of the Note Trustee to vary or terminate the appointment of the Paying Agent, the Registrar, the Calculation Agent, the Certificate Custodian or the Account Bank (if applicable) and to appoint additional or other paying agents, registrars, calculation agents or certificate custodians provided that the Issuer will at all times maintain (i) a Paying Agent, (ii) a Registrar, (iii) a Calculation Agent and (iv) a Certificate Custodian.

Notice of any such change or any change of any specified office will promptly be given to the Certificateholders in accordance with Condition 17.

### (e) Non-business days

If the due date for payment of any amount in respect of any Certificate is not a Payment Business Day, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) **Payment contingent on receiving proceeds of realisation**

For the avoidance of doubt, the redemption of the Certificates is contingent on the Issuer receiving proceeds of realisation of the Shares and/or payments under the applicable Swap.

**10. TAXATION**

(a) **Payment net of Taxes**

All payments in respect of the Certificates by or on behalf of the Issuer shall be made net of withholding or deduction for, or on account of, any present or future taxes, duties, assessments of whatever nature and penalties, charges, costs and interest relating thereto imposed or levied by or on behalf of any government, state or municipality or any local, state, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world competent to impose, administer or collect any taxes, duties, assessments or make any decision or ruling on any matter relating to such taxes, duties, assessments, including specifically any withholding under (i) FATCA, (ii) U.S. Internal Revenue Code section 871(m), or (iii) U.S. Internal Revenue Code section 3406 ("backup" withholding).

(b) **Certificateholder Expenses**

A Certificateholder must pay all Certificateholder Expenses relating to Certificates held by or being exercised by it as a condition precedent to receiving any amount in respect of the Certificates and the Issuer is entitled to deduct all relevant Certificateholder Expenses from any such payment to be made by it under the Certificates. As used herein "**Certificateholder Expenses**" means, in respect of a Certificate, all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (a) the exercise of such Certificate and/or (b) any payment due following exercise or otherwise in respect of such Certificates.

(c) **Implementation of Financial Transaction Tax**

If "Implementation of Financial Transaction Tax" is specified in the applicable Final Terms to be applicable to any Series, then upon the occurrence of an Implementation of Financial Transaction Tax, the Issuer may (i) in its sole discretion, with immediate effect amend the Conditions of the Certificates by adjusting downward any amount payable and/or any other value or term of the Conditions to account for the economic impact of the Implementation of Financial Transaction Tax on the Issuer and its Affiliates in relation to the Certificates ("**FTT Amendments**"), and (ii) to the extent that at any time thereafter the Issuer determines (acting in good faith and in a commercially reasonable manner) that it (including its Affiliates) has incurred additional loss as a result of the Implementation of Financial Transaction Tax that has not been accounted for through the adjustment made pursuant to sub-paragraph (i) (such amount, "**Additional Increased Tax**"), it may reduce the amount otherwise payable on the Certificates on the next payment date (and any payment date thereafter) by an amount up to the Additional Increased Tax amount. Any such adjustments shall be notified to Certificateholders as soon as reasonably practicable.

The Note Trustee may rely, without further enquiry and without liability to any person for so doing, on a certificate in writing of the Issuer to the Note Trustee that the purpose of the FTT Amendment is solely as set out in (i) above (the **"FTT Amendments Certificate"**). Upon receipt of an FTT Amendment Certificate, the Note Trustee shall agree to the FTT Amendment without seeking the consent of the Certificateholders or any other party and concur with the Issuer in effecting the FTT Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Note Trustee shall not be required to agree to the FTT Amendment if, in the opinion of the Note Trustee, the FTT Amendment would (i) expose the Note Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (y) impose more onerous obligations upon it or expose it to any additional duties or responsibilities or reduce or amend the protective provisions afforded to the Note Trustee in the Conditions or any Relevant Agreement.

## **11. PRESCRIPTION**

Claims against the Issuer for payment in respect of the Certificates shall be prescribed and become void unless made within ten years from the appropriate Relevant Date in respect thereof.

## **12. EVENTS OF DEFAULT**

If any of the following events (each an **"Event of Default"**) shall occur, the Note Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter of the aggregate principal amount of the Certificates (excluding any outstanding Custodian Certificates, if any) then outstanding or if so directed by an Extraordinary Resolution of the Certificateholders (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) shall, give notice (an **"Enforcement Notice"**) to the Issuer and, in the case of Secured Certificates, the Security Trustee that the Certificates are, and each Certificate shall accordingly forthwith become immediately due and payable and any Custodian Certificates outstanding on such date shall be cancelled and, in the case of Secured Certificates only, the Security shall become enforceable.

### **(a) Non-payment**

if the Issuer fails to pay any amount due in respect of the Certificates within seven days following receipt by the Issuer of the redemption proceeds of the Collateral or the Underlying Assets, as applicable, being redeemed to effect such redemption;

### **(b) Breach of other obligations**

the Issuer fails to perform or comply with any one or more of its other obligations (other than a failure to perform or comply with obligations which failure, in the opinion of the Note Trustee, is not materially prejudicial to the Certificateholders) under the Certificates or the Trust Deed and (except where such failure is not in the opinion of the Note Trustee capable of remedy when no such notice as is hereinafter referred to shall be required) such failure shall continue for more than 30 days (or, if applicable, such longer period as the Note Trustee may permit) next following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied;

(c) **Winding-up**

the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (d) below, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business or being unable to pay its debts as and when they fall due;

(d) **Insolvency proceedings**

an order being made or an effective resolution being passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by an Extraordinary Resolution of the Certificateholders;

(e) **Insolvency**

proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order) and such proceedings are not being disputed in good faith with a reasonable prospect of success, or a receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or in the opinion of the Note Trustee any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or in the opinion of the Note Trustee any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process being levied or enforced upon or sued out against the whole or in the opinion of the Note Trustee any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to judicial proceedings relating to itself under applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally.

**13. ENFORCEMENT**

Only the Note Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Certificateholders and, in the case of Secured Certificates, only the Security Trustee may enforce the Security, and no Certificateholder is entitled to proceed against the Issuer unless the Note Trustee or the Security Trustee, as applicable, having become bound so to do, fails to take action against the Issuer or to enforce the rights of the Certificateholders or any of the Security, if applicable, within a reasonable time and such failure is continuing. Having realised the Security (in the case of Secured Certificates) or following liquidation of the Unsecured Series Property by the Issuer (in the case of Unsecured Certificates) and distributed the net proceeds in accordance with Condition 4, none of the Note Trustee, the Security Trustee, if applicable, or any Certificateholder may take any further steps against the Issuer to recover any sum still unpaid and any such liability shall be extinguished. In particular none of the Note Trustee, the Security Trustee, if applicable, the Certificateholders or any person acting on behalf of any of them may at any time institute, or join with any other person in bringing, instituting or joining, insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its assets, and none of them shall have any claim arising with respect to the assets

and/or property attributable to any other certificates issued by the Issuer (save for any further certificates which form a single series with the Certificates) provided that the Note Trustee may prove or lodge a claim in the liquidation of the Issuer initiated by another party and provided further that the Note Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer.

Neither the Note Trustee nor the Security Trustee shall be obliged to take any action, step or proceeding under these Conditions, the Trust Deed or any Relevant Agreement unless directed to do so pursuant to the terms of the Trust Deed and indemnified and/or secured and/or prefunded to its satisfaction.

Following such extinguishment, none of the Note Trustee, the Security Trustee, if applicable, the Certificateholders or any other person acting on behalf of any of them shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer in respect of such further sum.

#### **14. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATIONS, WAIVER, AUTHORISATION, DETERMINATION AND SUBSTITUTION**

##### **(a) Meetings of Certificateholders**

The Trust Deed contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed, "**Extraordinary Resolution**") of a modification of any of the provisions of the Trust Deed, the terms and conditions of the Certificates or any Relevant Agreement. The quorum at any such meeting for passing an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Certificates (excluding any outstanding Custodian Certificates, if any) for the time being outstanding or, at any adjourned meeting, two or more persons being or representing Certificateholders, whatever the principal amount outstanding of the Certificates (excluding any outstanding Custodian Certificates, if any) so held or represented, except that, any modification relating to, *inter alia*, the details of the Security (if applicable) and the Series Assets, terms concerning the amount, currency and postponement of the due dates for payment of the Certificates, the provisions concerning the quorum required at any meeting of Certificateholders and the provisions concerning the majority required to pass an Extraordinary Resolution (such modification a "**Basic Terms Modification**") may be modified only by resolutions passed at a meeting the quorum at which shall be two or more persons holding or representing at least two-thirds, or at any adjourned such meeting at least one-third, in principal amount of the Certificates (excluding any outstanding Custodian Certificates, if any) for the time being outstanding. An Extraordinary Resolution passed at any meeting of Certificateholders will be binding on all Certificateholders, whether or not they were present at such meeting.

##### **(b) Modifications, waiver, authorisation and determination**

The Note Trustee may agree, and, in the case of Secured Certificates, may direct the Security Trustee to agree without the consent of any of the Certificateholders, to:

- (i) any modification of any of the provisions of the Certificates, the Conditions, the Trust Deed or of any other Relevant Agreement which is in the opinion of the Note Trustee of a formal, minor or technical nature or is made to correct a manifest error; or
- (ii) any modification (except relating to a Basic Terms Modification), waiver or authorisation of any breach or proposed breach of any of the provisions of the Certificates, the Conditions, Trust Deed or of any of the other Relevant Agreements which, in any such case, is not in the opinion of the Note Trustee materially prejudicial to the interests of all of the Certificateholders.

The Note Trustee may also, without the consent of the Certificateholders, determine that an Event of Default or Potential Event of Default shall not be treated as such provided that it is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders.

Any such modification, waiver, authorisation or determination shall be binding on both the Secured Certificateholders and the Unsecured Certificateholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Certificateholders as soon as practicable thereafter. Secured Certificateholders and Unsecured Certificateholders shall have no right of action against the Note Trustee if the Note Trustee agrees to any such modifications to the Relevant Agreements that affect either the Secured Certificateholders or the Unsecured Certificateholders.

(c) **Substitution**

Subject to such amendment of the Trust Deed and such other conditions as the Note Trustee may require, including in the case of the Secured Certificates the transfer of the Security, but without the consent of the holders of the Certificates, the Note Trustee may agree to and, in the case of Secured Certificates, may direct the Security Trustee to agree to the substitution of any other company or other entity in place of the Issuer as principal debtor under the Trust Deed, the Certificates (to the extent relevant) and the other Relevant Agreements. Such substitution shall be subject to the relevant provisions of the Trust Deed and the other Relevant Agreements and to such amendments thereof as the Note Trustee or the Issuer may deem appropriate. In the case of such a substitution the Note Trustee may agree, and, in the case of Secured Certificates, may direct the Security Trustee to agree without the consent of the holders of the Certificates, to a change of the law governing the Certificates, the Trust Deed and/or the other Relevant Agreements provided that such change would not in the opinion of the Note Trustee be materially prejudicial to the interests of the Certificateholders.

If another company or entity is substituted in place of the Issuer pursuant to these Conditions and the Trust Deed such substitute shall replace the Issuer as principal debtor under the Trust Deed and the Certificates and replace it under the Trust Deed and the other Relevant Agreements.

The Note Trustee may, without the consent of the Certificateholders, agree and, in the case of Secured Certificates, may direct the Security Trustee to agree to a change in the place of residence of the Issuer for taxation purposes provided the Issuer does all such things as the Note Trustee may require in order that such change in the place of residence of the Issuer for taxation



purposes is fully effective and complies with such other requirements in the interests of the Certificateholders as the Note Trustee may direct.

**15. INDEMNIFICATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Note Trustee and the Security Trustee and for their relief from responsibility including for the exercise of any rights in respect of the Mortgaged Property (in the case of Secured Certificates), for the sufficiency and enforceability (which neither the Note Trustee nor the Security Trustee has investigated) of the Security (in the case of Secured Certificates) and for taking any actions, steps or proceedings to enforce the terms of the Certificates unless indemnified and/or secured and/or prefunded to its satisfaction. The Note Trustee, the Security Trustee and any of their affiliates are entitled to enter into business transactions with the Issuer, any obligor in respect of any of the Mortgaged Property or Unsecured Series Property or any of their respective subsidiaries, holding or associated companies without accounting to the Certificateholders for any profit resulting therefrom. Each of the Note Trustee and the Security Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Mortgaged Property or Unsecured Series Property and from any obligation to insure or to procure the insuring of the Mortgaged Property or Unsecured Series Property.

**16. REPLACEMENT OF DEFINITIVE CERTIFICATES**

If a Definitive Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and listing regulations, at the specified office of the Registrar on payment by the claimant of the taxes, fees and costs properly incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that, if the allegedly lost, stolen or destroyed Definitive Certificate is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificates) and otherwise as the Issuer may require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

**17. NOTICES**

Notices to the holders of Certificates represented by Definitive Certificates shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and notices to the holders of Certificates represented by a Global Certificate held on behalf of a clearing system may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders.

**18. FURTHER ISSUES**

**(a) Restrictions on further issues and transactions**

Unless otherwise specified in the Supplemental Trust Deed, the Issuer may from time to time (without the consent of the Certificateholders) issue further Certificates (which may be consolidated and form a single series with any Series of Certificates if issued in accordance with Condition 18(b)) which are secured by or rely for their payment on *inter alia* (save in the case of further Certificates forming a single series with Custodian Certificates) assets of the Issuer other than any existing Mortgaged Property or any existing Unsecured Series Property and the Issuer's share capital and transaction fees and issued on terms that provide for the extinction of all claims in respect of such

Certificates after application of the proceeds of enforcement of the security over or the liquidation of the assets on which such further Certificates are secured or rely for their payment on (as the case may be) and that prevent transaction creditors from taking steps to wind up the Issuer. Any such further Certificates shall be constituted by a Supplemental Trust Deed in respect of such Certificates.

(b) **Restrictions on fungible issues**

Unless otherwise specified in the Supplemental Trust Deed, the Issuer may from time to time (without the consent of the Certificateholders) issue further Certificates that have, when issued, the same terms and conditions as the Certificates in all respects and that are consolidated and form a single series with the Certificates provided that in the case of a further issue of Secured Certificates only the Issuer provides additional security for such new Secured Certificates that comprises assets that are fungible with the Mortgaged Property.

**19. PURCHASE OF CERTIFICATES**

All Certificates repurchased by the Issuer may be cancelled, in which case the obligations of the Issuer in respect of any such Certificates shall be discharged. Absent such cancellation and notwithstanding any other provision of these Conditions, all Certificates held by or on behalf of the Issuer, shall be deposited with the Certificate Custodian and shall carry the same rights as Custodian Certificates.

**20. GOVERNING LAW**

- (a) The Certificates and any non-contractual obligations arising therefrom are governed by, and shall be construed in accordance with, English law.
- (b) No person shall have any right to enforce any term or condition of this Certificate by virtue of the Contracts (Rights of Third Parties) Act 1999.

## **SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE REPRESENTED BY THE GLOBAL CERTIFICATE**

The following is a summary of the provisions to be contained in the Global Certificate which will apply to, and in some cases modify, the Conditions of the Certificates while the Certificates are represented by the Global Certificate.

### **Initial issue of Certificates**

The Certificates will initially be represented by interests in a global certificate (the "**Global Certificate**") registered in the Register in the name of a nominee for the common depositary for Euroclear or Clearstream, Luxembourg (the "**Common Depositary**") and the Global Certificate shall be deposited with the Common Depositary. Each subscriber will be credited in the records of Euroclear or Clearstream, Luxembourg with a number of Certificates equal to the number thereof for which it has subscribed and paid.

Certificates that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by other clearing systems. Conversely, Certificates that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **Relationship of accountholders with clearing systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Certificate represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the holder of the underlying Certificates in the Register and in relation to all other rights arising under the Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Certificates for so long as the Certificates are represented by such Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the underlying Certificates in the Register in respect of each amount so paid.

### **Exchange of Global Certificates for Definitive Certificates**

The Global Certificate will be exchangeable in whole but not in part (free of charge to the holder) for Definitive Certificates only if any of the following events occurs or exists (each an "**Exchange Event**"):

- (a) an Event of Default (as set out in Condition 12) has occurred and is continuing; or
- (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Certificates in definitive form.

The Issuer will promptly give notice to Certificateholders if an Exchange Event occurs. In the case of (a) or (b) above, the holder of the Global Certificate, acting on the instructions of one or more of the Accountholders (as defined below), may give notice to the Issuer and the Paying Agent and, in the case of (c) above, the Issuer may give notice to the Paying Agent

of its intention to exchange the Global Certificate for Definitive Certificates on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Global Certificate may or, in the case of (c) above, shall surrender the Global Certificate to or to the order of the Paying Agent. In exchange for the Global Certificate the Issuer will deliver, or procure the delivery of, an equal aggregate number of Definitive Certificates, security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Global Certificate, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant Definitive Certificate.

Registration of title to Certificates of a Series, specified in the Final Terms of such Series that such Certificates are to be held through a clearing system, in a name other than that of the nominee of Euroclear and Clearstream, Luxembourg will not be permitted unless an Exchange Event occurs.

For these purposes, "**Exchange Date**" means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Registrar is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

"**Accountholder**" means each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular number of Certificates.

### **Amendments to Conditions**

The Global Certificates contain provisions that apply to the Certificates that they represent, some of which modify the effect of the terms and conditions of the Certificates set out in this Base Prospectus. The following is a summary of certain of those provisions:

### **Payments**

No payment falling due after the Exchange Date will be made on any Global Certificate unless exchange for Definitive Certificates is improperly withheld or refused. All payments in respect of Certificates represented by a Global Certificate will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Certificates, surrender of that Global Certificate to or to the order of the Paying Agent by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Certificate appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear, Clearstream, Luxembourg and/or any other relevant Clearing System are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date (the "**Record Date**"). For these purposes, "**Designated Account**" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than US dollars) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in US dollars) any bank which processes payments in US dollars.

A record of each payment so made will be endorsed on each Global Certificate, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Certificates.

## **Prescription**

Claims against the Issuer in respect of Certificates that are represented by a Global Certificate will become void unless it is presented for payment within a period of 10 years from the appropriate due date therefor.

## **Meetings**

The holder of a Global Certificate shall (unless such Global Certificate represents only one Certificate) be treated as being two persons for the purposes of any quorum requirements of a meeting of Certificateholders. All holders of Certificates are entitled to one vote in respect of each Certificate comprising such Certificateholder's holding, whether or not represented by a Global Certificate.

## **Cancellation**

Cancellation of any Certificate represented by a Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Global Certificate.

## **Trustee's powers**

In respect of a Secured Series of Certificates, in considering the interests of Certificateholders while any Global Certificate is held on behalf of, and Certificates are registered in the name of any nominee for, a clearing system, the Note Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Certificate and Certificates and may consider such interests as if such accountholders were the holders of the Certificates represented by such Global Certificate.

## **Notices**

So long as any Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to the Certificateholders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Certificate.

## **CLEARING AND SETTLEMENT**

Clearing and settlement of the Certificates will be effected in accordance with the operating procedures of Euroclear and Clearstream, Luxembourg.

### **Transfers within and between Euroclear and Clearstream Luxembourg**

So long as Euroclear, Clearstream, Luxembourg or the nominee of their common depository is the holder of a Global Certificate for a series, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Certificates of such series represented by such Global Certificate for all purposes under the Trust Deed, the Agency Agreement and the Certificates. All payments in respect of Certificates represented by a Global Certificate will be made to Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the holder thereof. None of the Issuer, the Note Trustee, the Security Trustee, if applicable, the Registrar, the Paying Agent, the Calculation Agent or the Dealer or any affiliate of any of the foregoing will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### **Euroclear and Clearstream, Luxembourg**

Custodial and depository links have been established with Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Certificates and cross-market transfers of the Certificates associated with secondary market trading.

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders and provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system.

Distributions of principal and any other amounts with respect to book-entry interests in the Certificates held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg from the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg customers in accordance with the relevant system's rules and procedures.

The holdings of book-entry interests in Certificates in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Beneficial ownership in Certificates will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Certificates, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Certificates. The Registrar will be responsible for maintaining a record of the aggregate holdings of Certificates registered in the name of a nominee for the common

depository for Euroclear and Clearstream, Luxembourg, and/or holders of Certificates represented by Definitive Certificates. The Paying Agent will be responsible for ensuring that payments received by it from the Issuer for holders of interests in the Certificates holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be. Payments to holders of Certificates represented by Definitive Certificates will be made in accordance with the Conditions.

The Issuer will not impose any fees in respect of the Certificates; however, holders of book-entry interests in the Certificates may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

Interests in Global Certificates will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Certificates through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional eurobonds. Book-entry interests in the Global Certificates will be credited to Euroclear participant securities clearance accounts on the business day following the closing date against payment (for value the closing date), and to Clearstream, Luxembourg participant securities custody accounts on the closing date against payment in same day funds.

### **Trading between Euroclear and/or Clearstream, Luxembourg accountholders**

Secondary market sales of book-entry interests in the Certificates held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Certificates through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

The information in this section regarding the procedures of Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the Certificates among participants of Clearstream, Luxembourg and Euroclear has been obtained from sources that the Issuer believes to be reliable but prospective investors are advised to make their own enquiries as to such procedures. None of Euroclear or Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Note Trustee, the Security Trustee, if applicable, the Registrar, the Paying Agent, the Dealer, or any affiliate of any of the foregoing will have any responsibility for the performance by Euroclear and Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

## ALPHABETA ACCESS PRODUCTS LTD

### General

The Issuer was incorporated in Jersey (registered number 110792) as a public company with limited liability under the Companies (Jersey) Law 1991 on 29 May 2012 for a period of unlimited duration. The Issuer changed its name from Oder Capital Limited to Alphabet Access Products Ltd on 10 August 2018.

Pursuant to an Instrument of Trust dated 24 May 2012, the entire issued share capital of the Issuer is held upon trust for charitable purposes by or on behalf of Crestbridge Corporate Trustees Limited in its capacity as trustee of The Oder Capital Charitable Trust (in such capacity, the "**Share Trustee**"), a company incorporated in Jersey. The registered office of the Share Trustee is 47 Esplanade, St Helier, Jersey JE1 0BD. The Share Trustee will have no beneficial interest in and derive no benefit (other than fees for acting as Share Trustee) from its holding of shares in the Issuer.

The objects of the Issuer are unrestricted.

### Registered Office and Telephone Number

The Issuer's registered office is at 47 Esplanade, St Helier Jersey JE1 0BD. The Issuer's telephone number is +44 (0)1534 835 600.

### Management

The Directors of the Issuer are:

| Name           | Principal Occupation                  |
|----------------|---------------------------------------|
| Michael Newton | Director, Group Head of Fund Services |
| Stuart Conroy  | Director, Client Accounting           |

### DESCRIPTION OF DIRECTORS' INTERESTS

Affiliates of the Directors of the Issuer provide ongoing administrative services to the Issuer at commercial rates.

The business address of each of the Directors of the Issuer is 47 Esplanade, St Helier, Jersey JE1 0BD.

The secretary of the Issuer is Crestbridge Corporate Services Limited of 47 Esplanade, St Helier, Jersey JE1 0BD.

Crestbridge Corporate Services Limited (in such capacity, the "**Corporate Administrator**") provides administration services to the Issuer pursuant to:

- (a) a corporate administration agreement dated 29 June 2012 (the "**Corporate Administration Agreement**") made between the Issuer, the Corporate Administrator and the Share Trustee; and
- (b) a side letter to the Corporate Administration Agreement and related fee letter dated 18 August 2016 between the Issuer, the Corporate Administrator, the Calculation Agent and the Dealer.



## Business

The Issuer has undertaken that, so long as any of the Certificates remains outstanding, it will not, without the prior consent in writing of the Note Trustee incur any other indebtedness for borrowed moneys or engage in any business (other than transactions contemplated by this Base Prospectus), declare any dividends (other than a dividend of up to US\$750 per Series or other series under alternative programmes of the Issuer), have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property, consolidate or merge with any other person, convey or transfer its properties or assets substantially as an entity to any person (other than as contemplated by the Conditions) or issue any shares (other than such shares as were in issue on or 29 May 2012).

The Issuer may however, at its discretion, enter into other programmes in order to issue secured and/or unsecured certificates but such other programmes are not themselves being established by this Base Prospectus. Such other programmes will be separate from the Programme, will have a base prospectus separate from this Base Prospectus and will be subject to separate approval by the Central Bank and the Commission. Any other programmes that the Issuer enters into will have substantially the same provisions in respect of security, if applicable, and limited recourse provisions.

The Issuer has no assets other than the Series Assets with respect to each Series, the benefit of any agreement relating to each Series, assets in respect of other programmes, the sum of £2.00 representing the issued and paid-up share capital and fees generated in connection with the issue of the Certificates and of other certificates. The Issuer has no employees.

*The only assets of the Issuer available to meet the claims of the holders of certificates of the Issuer will be (a) in the case of Secured Certificateholders, the property on which such certificates are secured or (b) in the case of Unsecured Certificateholders, the property which the Issuer has allocated to such Unsecured Series.*

The Certificates are obligations of the Issuer alone and not of the Share Trustee.

## Capitalisation

The following table sets forth the capitalisation of the Issuer at the date hereof:

|   | US\$                           |
|---|--------------------------------|
| <b>Shareholders' funds:</b>   |                                |
| Share capital (Authorised: £10,000 issued: 2 Ordinary Shares of £1.00 each)   | US\$ 2.42 <sup>1</sup>         |
| <b>Indebtedness</b>   |                                |
| Series 5 £500,000,000 Certificates linked to the shares (being the Class U3 Sterling Shares) of OM Arbea Fund Limited under the Programme | US\$ 217,045.34 <sup>2</sup>   |
| Series 6 U.S.\$500,000,000 Certificates linked to the shares of Lynx (Cayman) Fund limited under the Programme                            | US\$ 7,032,502.79 <sup>3</sup> |

<sup>1</sup> Amounts in £ have been converted to US\$ at an exchange rate of £1: US\$ 1.210400. Amounts in € have been converted to US\$ at an exchange rate of €1: US\$ 1.081967.

<sup>2</sup> £500,000,000 issued, but £499,820,683 (US\$ 604,983,076) of Certificates held by the Certificate Custodian as at 15 May 2020.

<sup>3</sup> US\$ 500,000,000 issued, but US\$ 492,967,497 of Certificates held by the Certificate Custodian as at 15 May 2020.

|  |                                 |
|--|---------------------------------|
| Series 9 U.S.\$1,000,000,000 Certificates linked to the shares (being the voting participating shares of par value US\$0.01) of IPM (Cayman) Fund Limited under the Programme  | US\$ 62,651,631.00 <sup>4</sup> |
| Series 16 €325,000,000 Certificates linked to a basket of funds and/or shares which are Eligible Instruments (as defined in the relevant Final Terms) satisfying the Diversification Criteria (as defined in the relevant Final Terms), for which Morgan Stanley & Co International plc has client demand and which have been selected by the Issuer as Basket Selection Agent | US\$ 2,920.23 <sup>5</sup>      |
| Series 17 U.S.\$500,000,000 Certificates linked to the shares of MSP (Europe) I Ltd under the Programme  | US\$ 4,927,228.18 <sup>6</sup>  |
| Series 19 U.S.\$ 500,000,000 Certificates linked to the shares of Two Trees Certificate Cayman Fund Limited under the Programme  | US\$ 170,664 <sup>7</sup>       |
| Total capitalisation   | US\$ 75,001,993.96              |

There has been no material change in the capitalisation of the Issuer since the date of the information contained in the above table.

The Issuer has no other outstanding indebtedness as at the date hereof.

### Financial statements

The Issuer prepares annual accounts which are audited. The most recent published audited accounts of the Issuer are in respect of the financial year ended 31 December 2019. The Issuer will not prepare interim accounts. The Principal Trust Deed requires the Issuer to provide written confirmation to the Note Trustee, on an annual basis, that no Event of Default or other matter which is required to be brought to the Note Trustee's attention has occurred. The audited accounts of the Issuer for the financial years ended 31 December 2018 and 2019 are attached to this Base Prospectus at Appendix I.

### Auditors

The auditors of the Issuer are Grant Thornton of Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey, JE1 1ET. The auditors are Certified Public Accountants. The auditors are members of the Institute of Chartered Accountants in England and Wales.

### Special Purpose Vehicle

The Issuer's sole business is the raising of money by issuing Certificates for the purposes of purchasing assets and entering into related contracts and the Swaps. The Issuer has covenanted (amongst other things) not to, as long as any Certificate remains outstanding, without the consent of the Note Trustee engage in any activity or business except as provided or contemplated by the Certificates, the Custodian Certificates, the Relevant Agreements and the Alternative Programme Agreements and to perform any acts incidental to or necessary in connection therewith, or any act required by law, regulation or order of any court

<sup>4</sup> US\$ 1,000,000,000 issued, but US\$ 937,348,369 of Certificates held by the Certificate Custodian as at 15 May 2020.

<sup>5</sup> €325,000,000 issued, with €324,997,301 (US\$351,636,205) of Certificates held by the Certificate Custodian as at 15 May 2020.

<sup>6</sup> US\$ 500,000,000 issued, but US\$ 495,072,772 of Certificates held by the Certificate Custodian as at 15 May 2020.

<sup>7</sup> US\$ 500,000,000 issued, but US\$ 499,829,336 of Certificates held by the Certificate Custodian as at 15 May 2020.

to be performed. In addition, the Issuer will be subject to certain other restrictions (as set out in Condition 4) including, but not limited to, that it will not, without the consent of the Note Trustee declare or pay any dividend (other than a dividend of up to US\$750 per Series or other series under alternative programmes of the Issuer) or make any other distribution to the holders of any of its shares or have formed or cause to be formed by subsidiaries or have any employees purchase, own, lease or otherwise acquire any real property, consolidate or merge with or into any other person, or convey or transfer its properties or assets substantially in their entirety to any other person, or use, invest, sell, transfer, exchange, factor, assign, lease, hire out, lend or dispose of, or otherwise deal with any of its property or any interests therein or create or permit to edict upon or effect any mortgage, charge, pledge, lien or other encumbrance whether fixed or floating or otherwise upon the whole or any part of its property or assets (other than as contemplated by the Conditions and/or the Trust Deeds), issue any further shares or issue any warrants or options in respect of shares or securities convertible units or exchangeable for shares. As such, the Issuer has, and will have, no assets other than its issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of Certificates from time to time, any Series Assets, any other assets on which Secured Certificates are secured and any other assets contemplated by the Alternative Programme Agreements. There is no day-to-day management of the business of the Issuer.

## THE SWAP AND THE SWAP COUNTERPARTY

### The Swap

The Issuer may enter into a Swap, in respect of a Series, with the Swap Counterparty (see "*The Swap Counterparty*"). If entered into, a Swap would be governed by English law. If a Swap is entered into, the Issuer will pay the issue proceeds from such Series to the Swap Counterparty in respect of the Certificates hedged by the Swap. The Swap Counterparty will be required upon redemption of such Certificates to pay to the Issuer amounts equal to the Certificate Redemption Amount in respect of the Certificates hedged by the Swap. The termination date of the Swap, in respect of a Series, will be the Maturity Date of the Certificates of such Series.

### The Swap Counterparty

Pursuant to the terms of the Swap (if entered into), Morgan Stanley & Co. International plc ("**MSIP**") will agree to act as the Swap Counterparty.

MSIP is a public company incorporated with limited liability under the laws of England and Wales whose registered office is at 25 Cabot Square, Canary Wharf, London E14 4QA. MSIP is an indirect wholly owned subsidiary of Morgan Stanley. The principal activity of MSIP is the provision of financial services to corporations, governments, financial institutions and individual investors. It is authorised and regulated by the U.K. Financial Conduct Authority and the U.K. Prudential Regulation Authority. MSIP has certain non-equity securities listed on the main market of the London Stock Exchange plc which is a regulated market for the purposes of the Markets in Financial Instruments Directive.

## THE MS CERTIFICATES AND THE MS CERTIFICATE ISSUER

### The MS Certificates

The Issuer may subscribe for MS Certificates, in respect of a Series, from MSIP. The MS Certificates will offer exposure on a 1:1 basis (if the Transaction Fees for a Series are paid outside the transaction) to Shares of a specified Company or (if the Transaction Fees for a Series are paid from the underlying assets for such Series) the MS Certificates will offer exposure to a portfolio which consists of (1) Shares of a specified Company and (2) if specified, a Cash Account with any return being reduced by the payment of Transaction Fees, in each case as confirmed in the Final Terms relating to each particular Series. The specific terms of MS Certificates subscribed for by the Issuer in respect of a Series will be specified in a Supplement to this Base Prospectus.

### The Swap Counterparty

Any MS Certificates will be issued by Morgan Stanley & Co. International plc (see "*The Swap and the Swap Counterparty – The Swap Counterparty*" for information in relation to Morgan Stanley & Co. International plc).

## **SERIES ASSETS – DESCRIPTION OF THE SHARES AND THE COMPANY**

The net proceeds of the Certificates of a Series (either from a Secured Series or from an Unsecured Series) (other than the Initial Cash Account Amount) will be used by the Issuer to acquire shares or interests, in such entities (including, but not limited to, companies, limited partnerships, unit trusts and contractual funds) (each a "**Company**") that are of a type that conforms to the criteria set out in the general description of Companies below, in each one as confirmed in the Final Terms relating to each particular Series. Each Certificate of a Series will be linked to one share or interest of the Company applicable to such Series (the "**Shares**"). The Issuer will acquire the Shares at their prevailing net asset value for the Company and/or acquire MS Certificates and/or enter into a swap (a "**Swap**") with the Swap Counterparty, in each case which references the Shares and whereby the Issuer obtains exposure to the Shares. Each Series will be invested in a different Company although more than one Series may reference the same Company.

The Companies may be incorporated in any jurisdiction and such jurisdiction will be specified in the Final Terms relating to the Series backed by such Company.

### **General Description of the Companies**

***The general description in this section is applicable to the Companies in which the Issuer invests the net proceeds of the Certificates of a particular Series and/or acquires MS Certificates and/or enters into a Swap in each case that references a Company although each individual Company need not conform with all of the criteria specified below.***

#### **The Company**

The Company may be incorporated in any jurisdiction although is likely to be a Cayman Islands company. In the case of a Cayman Islands company, it is likely to be incorporated with limited liability as an exempted company under the provisions of the Companies Law (2013 Revision) of the Cayman Islands with its objects being unrestricted and include the carrying on of the business of an investment company.

The Shares in the Company will be specified in the Final Terms and will be listed. Where an application has been made for the Certificates to be listed on Euronext Dublin or other EU regulated market, the Shares will also be listed on Euronext Dublin.

The Shares will be admitted to the Official List and for trading on the Regulated Market of Euronext Dublin. Annual audited financial statements are likely to be made up in each year and sent to shareholders and to the relevant exchange within six months of the financial year end.

#### **The Offering by the Companies**

By way of an offering memorandum, the Company will privately and usually continuously offer shares or other interests to certain qualified investors.

#### **Operations of the Companies**

The Company is likely to rely upon the services of a manager or an adviser for the day to day running of the business, including the management, operations and policies of the Company or the investment decisions pursuant to the trading programs, methods, systems or other strategies which the Company has selected.

The Company will have entered into various management, advisory and/or other agency agreements and the agents appointed thereunder will derive payment for their services to the Company through various fee arrangements.

### **Adviser to the Companies**

The duties of an adviser to the company are likely to include investing and reinvesting in exchange listed futures, forward, options contracts and other derivative instruments the amount of assets allocated to the adviser pursuant to the trading programs, methods, systems, strategies which the Company has selected and in accordance with any trading policies, guidelines, restrictions, or limitations set out in any applicable advisory agreement.

### **Investment by the Companies**

The investment objectives and strategy of each Company will be detailed in the offering document for the Shares of such Company. Such objectives might include an investment strategy to achieve long term capital growth and interest income by investing in or seeking exposure to fixed income securities of governments, government agencies, and companies of different industry sectors listed or traded in various jurisdictions, or to carry on the business of an investment company and to acquire, invest in and hold by way of investment, sell and deal in shares, stocks, debenture stock, bonds, obligations, certificates of deposit, bills of exchange, options, futures, currencies and securities of all kinds.

## **TAXATION**

### **Jersey Taxation**

The following summary of the anticipated treatment of the Issuer and Certificateholders (other than residents of Jersey) is based on Jersey taxation law and practice as they are understood to apply at the date of this Base Prospectus and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice (including such tax law and practice as they apply to any land or building situate in Jersey). Prospective investors in the Certificates should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of the Certificates under the laws of any jurisdiction in which they may be liable to taxation.

### **Taxation of the Issuer**

Under Article 123C of the Income Tax (Jersey) Law 1961 and on the basis that the Issuer is resident for tax purposes in Jersey and not a financial services company, a utility company or a large corporate retailer for the purposes of the Income Tax (Jersey) Law 1961, as amended, the Issuer is subject to income tax in Jersey at a rate of zero per cent. Payments in respect of the Certificates may be paid by the Issuer without withholding or deduction for or on account of Jersey income tax and Certificateholders (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Certificates.

If the Issuer derives any income from the ownership or development and disposal of land in Jersey, such income will be subject to tax at the rate of 20 per cent. It is not expected that the Issuer will derive any such income.

### **Certificateholders**

Dividends on Securities and redemption proceeds may be paid by the Issuer to non-Jersey resident Certificateholders without withholding or deduction for or on account of Jersey income tax. Non-Jersey resident Certificateholders will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Securities. Non-Jersey resident Certificateholders will be exempt from Jersey income tax on receipt of any distribution from the Issuer. Certificateholders who are resident in Jersey for tax purposes may be liable to pay income tax on distributions (including redemption proceeds) received from the Issuer.

### **Goods and Services Tax**

Jersey imposes a Goods and Services Tax ("**GST**") on the taxable supply of goods and services in or imported into Jersey. The current GST rate is 5 per cent. On the basis that the Issuer has obtained International Services Entity status, the Issuer is not:

- (a) required to register as a taxable person pursuant to the Goods and Services Tax (Jersey) Law 2007;
- (b) required to charge GST in Jersey in respect of any supply made by it; or
- (c) (subject to limited exceptions that are not expected to apply to the Issuer) required to pay GST in Jersey in respect of any supply made to it.

The directors of the Issuer intend to continue to conduct the business of the Issuer such that no GST will be incurred or be payable by the Issuer.



## Stamp duty

In Jersey, no stamp duty is levied on the issue, acquisition, ownership, exchange, sale, transfer or other disposition of the Certificates between living persons except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer the Certificates on the death of a Certificateholder of such Certificates. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situate in respect of a Certificateholder domiciled in Jersey, or situate in Jersey in respect of a Certificateholder domiciled outside Jersey). Such duties are payable in respect of the net value of the estate (as at the date of death) rounded up to the nearest £10,000 at a rate of 0.5 per cent. of the first £100,000 and 0.75 per cent. thereafter up to a maximum net value of £13,360,000. The rules for joint holders and holdings through a nominee are different and advice relating to this form of holding should be obtained from a professional advisor.

Purchasers of Certificates may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase or other relevant jurisdiction.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

## European Union Directive on the Taxation of Savings Income

Following the repeal on 1 January 2016 of the EU Savings Tax Directive, and in line with steps taken by other relevant third countries, Jersey has suspended its system of automatic communication to EU Member States of information regarding payments made by certain Jersey collective investment vehicles to EU resident individuals. The introduction of the Common Reporting Standard (see below) supersedes the information exchange arrangements previously in place.

## Common Reporting Standard

The OECD has developed a new global standard for the automatic exchange of financial information between tax authorities (the "**Common Reporting Standard**" or "**CRS**"). The CRS has been implemented in the EU by way of the Revised Directive on Administrative Co-Operation (Council Directive 2014/107/EU). Jersey is a signatory to the CRS and commenced exchange of information with tax authorities of other signatory jurisdictions in September 2017.

Jersey legislation which implements the CRS in Jersey came into effect on 1 January 2016 (the "**Jersey CRS Legislation**").

In summary, the Jersey CRS Legislation requires "reporting financial institutions" in Jersey to identify, review and report on "financial accounts" maintained by them and which are held by residents for tax purposes (whether individuals or entities) of jurisdictions with which Jersey has agreed to exchange information. The reporting deadline for Jersey reporting financial institutions to report to the States of Jersey Comptroller of Taxes is 30 June in the year following the calendar year to which the return relates.

Reports will be made to the States of Jersey Comptroller of Taxes and then passed to the competent authority of the jurisdiction in which the account holder is resident. Although the Issuer will attempt to satisfy any obligations imposed on it by the CRS, no assurance can be given that it will be able to satisfy such obligations. Implementation of the CRS may require the Issuer to conduct additional due diligence and report upon accounts held with it by Certificateholders who are reportable persons in other participating jurisdictions. The Issuer may require certain additional financial information from Certificateholders to comply with its due diligence and reporting obligations under the CRS.

Failure by the Issuer to comply with the obligations under the CRS may result in penalties being imposed on the Issuer and in such event, the target returns of the Issuer may be materially affected. All prospective Certificateholders must agree to provide the Issuer at the time or times prescribed by applicable law and at such times reasonably requested by the Issuer such information and documentation (whether relating to themselves, their investors and/or beneficial owners) prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under CRS.

Prospective Certificateholders should, as with FATCA, consult their tax advisors with regard to the potential CRS tax reporting and certification requirements associated with an investment in the Issuer. It is further recommended that Certificateholders who are entities consider themselves whether they have any obligations to notify their respective investors, Certificateholders or account holders about the information that the Issuer requests, and the potential disclosures that the Issuer will be obliged to make in connection with those persons in complying with its obligations under CRS.

**In order to avoid the Issuer being subject to withholding taxes or penalties, all investors must agree to provide the Issuer at times reasonably requested by the Issuer with such information and documentation (whether relating to themselves, their investors and/or beneficial owners) reasonably requested by the Issuer.**

**If you are in any doubt as to your tax position you should consult your professional tax adviser.**

### **Taxation in the United States — Foreign Account Tax Compliance Act**

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**"), the Issuer and other non-U.S. financial institutions through which payments on the Certificates are made ("**paying agents**") may be required to withhold U.S. tax at a rate of 30 per cent. on all or a portion of payments made two years or more after the date of publication of final U.S. Treasury Regulations defining the term "foreign passthru payment" with respect to Certificates (i) that are treated as debt for U.S. federal income tax purposes, provided that any such Certificates issued on or before the date that is six months after the date on which such final regulations are published generally will be grandfathered for purposes of FATCA withholding unless they are materially modified after such date; and (ii) that are treated as equity for U.S. federal income tax purposes, whenever issued. Under existing guidance, this withholding tax may be triggered on payments on the Certificates if (i) the Issuer or paying agent is a foreign financial institution ("**FFI**") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer or paying agent is required to withhold on "foreign passthru payments", and (iii) either (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether that investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such Certificates is made is not a Participating FFI or otherwise exempt from FATCA withholding.

The application of FATCA to interest, principal or other amounts paid with respect to the Certificates is not entirely clear. In particular, each of the United Kingdom and Jersey has entered into a "Model 1" intergovernmental agreement (each an "**IGA**") with the United States, to help implement FATCA for certain entities in the United Kingdom and Jersey respectively. An FFI in an IGA jurisdiction (such as the Issuer) that is compliant will not generally be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments it makes. The Issuer will still be required to report certain information on its U.S. account holders (if any) to the government of Jersey, and any UK paying agents may still be required to report certain information on their U.S. account holders (if any) to the government of the United Kingdom, in order (i) to obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable law of Jersey and the United Kingdom respectively. It is also not yet certain how the United States and

the United Kingdom and the United States and Jersey will address withholding on "foreign passthru payments" (which may include payments on the Certificates) after such term is defined.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Certificates as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms and conditions of the Certificates, be required to pay additional amounts as a result of the deduction or withholding. As a result, if FATCA withholding were to apply to payments on the Certificates, investors may receive less interest or principal than they would otherwise receive.

The application of FATCA to Certificates issued or materially modified after the date that is six months after the date on which final regulations defining the term "foreign passthru payments" are filed in the Federal Register (or whenever issued, in the case of Certificates treated as equity for U.S. federal tax purposes) may be addressed in a supplement to this Base Prospectus, as applicable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE CERTIFICATES AND THE HOLDERS OF CERTIFICATES IS UNCERTAIN AT THIS TIME. EACH HOLDER OF CERTIFICATES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND ADVICE ON HOW FATCA MIGHT AFFECT IT IN ITS PARTICULAR CIRCUMSTANCES.

Different and potentially obligatory disclosure requirements may be imposed on holders of Certificates as a result of any of the tax information exchange provisions referred to above.

#### **Taxation in the United States – Withholding under U.S. Internal Revenue Code of 1986 Section 871(m)**

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the U.S. Internal Revenue Code of 1986 which treats a "dividend equivalent" payment made by a non-U.S. entity as a dividend from sources within the United States. Under Section 871(m), such payments generally will be subject to a 30 per cent. U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner claims a credit or refund from the Internal Revenue Service ("**IRS**") in a timely manner. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) and (ii) above. The final U.S. Treasury regulations issued under Section 871(m) (the "**Section 871(m) Regulations**") require withholding on certain non-U.S. holders of the Certificates with respect to amounts treated as attributable to dividends from certain U.S. securities. Under the Section 871(m) Regulations, only a Certificate that has an expected economic return sufficiently similar to that of the underlying U.S. security, based on tests set forth in the Section 871(m) Regulations and applicable guidance, will be subject to the Section 871(m) withholding regime (making such Certificate a "**Specified Certificate**"). At least until 1 January 2023, a Certificate will only qualify as a Specified Certificate if the ratio of the change in its fair market value relative to a change in the value of the underlying U.S. security is 1:1 (a "**delta-one transaction**"). The Section 871(m) Regulations provide certain exceptions to this withholding requirement, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Certificate or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Certificate. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Certificate, withholding generally will still be required even if the Specified Certificate does not provide for payments explicitly linked to dividends. Additionally, the Issuer may withhold the full 30

per cent. tax on any payment on the Certificates in respect of any dividend equivalent arising with respect to such Certificates regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law (including, for the avoidance of doubt, where a Certificateholder is eligible for a reduced tax rate under an applicable tax treaty with the United States). A Certificateholder may be able to claim a refund of any excess withholding provided the required information is timely furnished to the IRS. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any Additional Amounts with respect to amounts so withheld.

The Section 871(m) Regulations generally apply to Specified Certificates issued on or after 1 January 2017, but the IRS has stated that so-called non-delta-one transactions (as defined in Section III(A) of IRS Notice 2016-76) will not be treated as Specified Certificates if issued before 1 January 2023. If the terms of a Certificate are subject to a "significant modification" (as defined for U.S. tax purposes), the Certificate generally would be treated as retired and reissued on the date of such modification for purposes of determining, based on economic conditions in effect at that time, whether such Certificate is a Specified Certificate. Similarly, if additional Certificates of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Certificates out of inventory) after the original issue date, the IRS could treat the issue date for determining whether the existing Certificates are Specified Certificates as the date of such subsequent sale or issuance. Consequently, a previously out of scope Certificate might be treated as a Specified Certificate following such modification or further issuance.

The applicable Final Terms will indicate whether the Issuer has determined that Certificates are Specified Certificates and will specify contact details for obtaining additional information regarding the application of Section 871(m) to Certificates. If Certificates are Specified Certificates, a non-U.S. holder of the Certificates should expect to be subject to withholding in respect of any dividend-paying U.S. securities underlying those Certificates. The Issuer's determination is binding on non-U.S. holders of the Certificates, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to Certificates linked to U.S. securities and their application to a specific issue of Certificates may be uncertain.

## **Taxation in the United States – Backup Withholding and Information Reporting**

If Definitive Certificates are issued, information returns will generally be filed with the U.S. Internal Revenue Service. Unless a Certificateholder provides proof: (i) of an applicable exemption or a correct U.S. taxpayer identification number, or (ii) that it is not a U.S. person, the Certificateholder may be subject to U.S. backup withholding on payments made on Certificates or on the proceeds of the sale or other disposition of Certificates. The amounts withheld under the backup withholding rules are not an additional U.S. tax and may be refunded or credited against the Certificateholder's U.S. federal income tax liability provided that the required information is furnished timely to the U.S. Internal Revenue Service. Certificateholders should consult their tax advisers regarding the application of U.S. information reporting and backup withholding in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining any available exemption. If any backup withholding were imposed on such payments, neither the Issuer nor any other person would be required to pay any withholding or deduction as a result of the deduction or withholding of such tax under the Terms and Conditions of the Certificates.

## **SUBSCRIPTION AND SALE AND SELLING RESTRICTIONS**

### **The Dealer Agreement**

Morgan Stanley & Co. International plc (the "**Dealer**"), entered into to a dealer agreement, as may be amended, restated and/or supplemented from time to time in respect of the Certificates to be issued under the Programme (the "**Dealer Agreement**") and pursuant to the Dealer Agreement will agree to subscribe or procure subscribers for the Certificates of

each Series at the issue price specified in the applicable Final Terms for such Certificates. Pursuant to the Dealer Agreement, the Issuer will agree to indemnify the Dealer against certain liabilities, incurred in connection with the issue of the Certificates. The Dealer Agreement may be terminated at any time by the Dealer and in certain circumstances prior to payment to the Issuer. Pursuant to the Expenses Agreement, the Dealer will agree to pay for certain of the operating expenses of the Issuer, incurred in connection with the issue of the Certificates.

Upon the terms and subject to the conditions contained in the Dealer Agreement, the Dealer:

- (a) on an Issue Date, will agree to subscribe and pay for the maximum number of the Certificates available in such Series at their issue price, provided the Subscription Conditions Precedent are satisfied;
- (b) will agree to, on each Company Investment Subscription Date on which new or existing Certificate holders have agreed to purchase further Custodian Certificates from the Dealer, the same such number of Custodian Certificates from the Certificate Custodian at a price per Custodian Certificate equal to the Certificate Price on the relevant Company Investment Subscription Date.

Under the terms of the Dealer Agreement, the Issuer will repurchase from the Dealer an amount of Certificates set out in the Final Terms at a price per Certificate equal to their issue price.

The purchase of Custodian Certificates by the Dealer is conditional upon there not having been any adverse change, development or event reasonably likely to involve a prospective adverse change in the condition (financial or otherwise) of the Issuer which is material in the context of the transaction and on the Subscription Conditions Precedent being satisfied on the relevant date. The representations and warranties that will be given by the Issuer on the Issue Date for a Series and on each date on which Custodian Certificates are purchased by the Dealer from the Issuer are as follows:

- (i) this Base Prospectus and Final Terms for the relevant Series (apart from the issue price of the Certificates of such Series, the repurchase price of the Custodian Certificates, the purchase price of Shares being purchased on the Issue Date and on each Company Investment Subscription Date on which Custodian Certificates are sold to the Dealer) contains all the information with respect to the Issuer and to the relevant Certificates which is material in the context of the issue and purchase of the relevant Certificates;
- (ii) the statements contained in this Base Prospectus and Final Terms for the relevant Series (apart from the issue price of the Certificates of such Series, the repurchase Custodian Certificates, the purchase price of the Company being purchased on the Issue Date and on each Company Investment Subscription Date on which Custodian Certificates are sold to the Dealer, and whether the Certificates are Secured Certificates or Unsecured Certificates) relating to the Issuer are in every material way true and accurate and not misleading;
- (iii) there are no other facts (apart from the issue price of the Certificates of such Series, the repurchase price of the Custodian Certificates, the purchase price of the Shares being purchased on the Issue Date and on each Company Investment Subscription Date on which Custodian Certificates are sold to the Dealer, and whether the Certificates are Secured Certificates or Unsecured Certificates) in relation to the Issuer the omission of which would, in the context of the issue and sale of the relevant series of Certificates, make any

statement in this Base Prospectus and the relevant Final Terms misleading in any respect;

- (iv) the Issuer is duly incorporated under the laws of Jersey, Channel Islands, and has full power and legal authority to conduct its business in Jersey, Channel Islands;
- (v) the creation and offering of the relevant Certificates under the terms and conditions of the Dealer Agreement do not contravene the Memorandum and Articles of Association or any other constitutional documents of the Issuer;
- (vi) all consents, approvals, authorisations, orders and clearances of all regulatory authorities required by the Issuer under the laws of Jersey, Channel Islands have been obtained and are in full force and effect and the Issuer has complied with all legal and other requirements necessary to ensure that the relevant Series of Certificates will represent valid and legally binding obligations of the Issuer and the Relevant Agreements constitute valid and legally binding obligations of the Issuer;
- (vii) there has been no material adverse change in the financial or the trading position of the Issuer nor has there been any material adverse change in the prospects of the Issuer, since its incorporation;
- (viii) no Potential Event of Default, Event of Default, Potential Early Termination Event or Early Termination Event has occurred; and
- (ix) no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Certificates of a Series, or possession or distribution of this Base Prospectus and the relevant Final Terms or any other offering or publicity material relating to the Certificates of a Series, in any country or jurisdiction where action for that purpose is required, save that the consent of the Jersey Registrar has been obtained to the circulation of the Base Prospectus as required by the Companies (General Provisions) (Jersey) Order 2002, as amended,

(together, the "**Subscription Conditions Precedent**"), where:

**"Potential Early Termination Event"** means any event which may become, with the passage of time, the giving of notice, the making of any determination or any combination thereof, an Early Termination Event; and

**"Potential Event of Default"** means any event which may become, with the passage of time, the giving of notice, the making of any determination or any combination thereof, an Event of Default.

No action has been taken by the Issuer or the Dealer which would or is intended to permit a public offer of Certificates of a Series in any country or jurisdiction where action for that purpose is required save that the consent of the Jersey Registrar has been obtained to the circulation of the Base Prospectus as required by the Companies (General Provisions) (Jersey) Order 2002, as amended. Accordingly, the Dealer has undertaken that it will not, directly or indirectly, offer or sell any Certificates of a Series or distribute or publish any base prospectus, prospectus, form of application, advertisement or other document or information in any country or jurisdiction where action for that purpose is required and neither this Base Prospectus nor any other circular, prospectus, form of application, advertisement or other material may be distributed in or from or published in any country or jurisdiction except under circumstances which will, to the best of its knowledge and belief, result in compliance with

applicable laws and regulations and all offers and sales of Certificates by it will be made on the same terms.

## **Selling restrictions**

### ***United States***

The Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such terms are used in Regulation S) except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. The Issuer has not registered and will not register under the Investment Company Act. Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S.

The Dealer has agreed that it will not offer, sell or deliver Certificates as part of their distribution or otherwise within the United States or to, or for the account or benefit of U.S. persons (as such term is used in Regulation S). The Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer or sell Certificates (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Certificates in a Series of which such Certificates are a part (the "**Distribution Compliance Period**"), as determined and certified to the Paying Agent by such Dealer, within the United States or to, or for the account or benefit of, U.S. persons (except in accordance with Regulation S or another exemption from the registration requirements of the Securities Act), and it will have sent to each affiliate, distributor, dealer or other person to which it sells Certificates during the Distribution Compliance Period a confirmation or other notice setting out the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Certificates are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

This Base Prospectus and any Final Terms have been prepared by the Issuer for use in connection with the offer and sale of the Certificates outside the United States to non-U.S. persons. This Base Prospectus and any Final Terms do not constitute an offer to any person in the United States or to any U.S. person. Distribution of this Base Prospectus and/or any Final Terms by any non-U.S. person outside the United States to any U.S. person or to any person within the United States is unauthorised and any disclosure of any of their contents, without the prior written consent of the Issuer, is prohibited.

### ***United Kingdom***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Certificates which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

### ***Jersey***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not prior to the consent of the Jersey Registrar pursuant to the Companies (General Provisions) (Jersey) Order 2002, as amended being obtained and becoming effective, circulated an invitation to acquire or apply for any Certificates in circumstances where such invitation constitutes or may constitute a prospectus for the purposes of the Companies (Jersey) Law 1991, as amended or the Companies (General Provisions) (Jersey) Order 2002, as amended.

### ***Ireland***

In respect of an Issuer which is incorporated in Ireland as a private limited company, its Articles of Association prohibit any invitation to the public to subscribe for any shares or debentures issued by it. Neither this Base Prospectus nor any Final Terms constitutes an invitation to the public within the meaning of the Companies Act 2014 (as amended, the "**Companies Act**") to subscribe for the Certificates issued by such Issuer.

Each Dealer has represented and agreed that:

- (i) it will not underwrite the issue of, or place, the Certificates otherwise than in conformity with the provisions of S.I. No. 375 of 2017 of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended, the "**MiFID Regulations**"), including any codes of conduct or rules made under the MiFID Regulations, and any conditions or requirements, other enactments, imposed or approved by the Central Bank of Ireland, and the provisions of the Investor Compensation Act 1998 (as amended);
- (ii) it will not underwrite the issue of, or place, the Certificates otherwise than in conformity with the provisions of the Companies Act, the Central Bank Acts 1942-2015 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended) and any regulations issued under Part 8 of the Central Bank (Supervision and Enforcement) Act 2013 (as amended);
- (iii) it will not underwrite the issue of, or place, or do anything in Ireland in respect of, the Certificates otherwise than in conformity with the provisions of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and the European Union (Prospectus) Regulations 2019) of Ireland (as amended), the Central Bank (Investment Market Conduct) Rules 2019 and any rules issued by the Central Bank of Ireland (the "**Central Bank**") under Section 1363 of the Companies Act; and
- (iv) it will not underwrite the issue of, place or otherwise act in Ireland in respect of, the Certificates otherwise than in conformity with the provisions of the European Union (Market Abuse) Regulations 2016, the Market Abuse



## **Germany**

The Certificates may only be offered or sold or publicly promoted or advertised in the Federal Republic of Germany in compliance with the Prospectus Regulation and the German Securities Prospectus Act (Wertpapierprospektgesetz) of June 22, 2005, as amended from time to time, or any other laws and regulations applicable in the Federal Republic of Germany in relation to the issuance, offer and sale of securities.

The Dealer has represented and agreed that the Certificates have not been and will not be offered or sold or publicly promoted or advertised by it in the Federal Republic of Germany other than in compliance with the Prospectus Regulation and the German Securities Prospectus Act or any other laws and regulations applicable in the Federal Republic of Germany in relation to the issuance, offer and sale of securities.

Neither this Base Prospectus nor any accompanying Prospectus Supplement nor any other offer document in relation to the Certificates have been approved by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**")) nor have they been notified to BaFin by any competent authority in accordance with Article 25 of the Prospectus Regulation.

## **Prohibition of Sales to EEA and UK Retail Investors**

The Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealer following a change in a relevant law, regulation or directive or in respect of any Series.

## **GENERAL INFORMATION**

1. The creation of the Programme and the issue of Certificates thereunder was authorised by a resolution passed by the Board of Directors of the Issuer on 28 June 2012. The

Programme was updated and amended by a resolution passed by the Board of Directors of the Issuer on 23 July 2020.

2. This Base Prospectus was authorised by a resolution passed by the Board of Directors of the Issuer on 23 July 2020.
3. All other authorisations, consents and approvals required to be obtained by the Issuer for, or in connection with, the creation of the Programme and issue of the Series of Certificates, the execution, delivery and performance by the Issuer of the obligations expressed to be undertaken by it under the Relevant Agreements to which it is a party and the distribution of this Base Prospectus have been (or will, prior to the Issue Date, be) obtained and are in full force and effect.
4. There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since its latest audited financial statements dated as at 31 December 2019.
5. The Issuer is not involved in any governmental, litigation or arbitration proceedings during the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability, nor is the Issuer aware of any such proceedings being pending or threatened.
6. For so long as Certificates may be issued pursuant to this Base Prospectus, electronic copies of the following documents will be available for inspection on Morgan Stanley's website ([www.morganstanley.com](http://www.morganstanley.com)):
  - (a) the Issuer's constitutive documents;
  - (b) the Trust Deed; and
  - (c) the annual accounts of the Issuer in respect of the financial years ended 31 December 2018 and 31 December 2019.
7. For so long as Certificates may be issued pursuant to this Base Prospectus and, in respect of item (iv) below only, for so long as the relevant listed Certificate is outstanding, copies of the (i) the Agency Agreement, (ii) the Dealer Agreement, (iii) the other Relevant Agreements relating to the issue of the Certificates or other relevant public documentation relating to the Collateral (if any) and (iv) such other documents as may be required by the rules of any stock exchange on which any Certificate is at the relevant time listed, will be made available in electronic form for inspection free of charge during usual business hours on any day (except Saturdays, Sundays and legal holidays) at the office of the Paying Agent (save that the documents referred to in (i) to (iii) above will only be available for inspection by a holder of a Certificate of the relevant Series and such holder must produce evidence satisfactory to the Issuer and Paying Agent, as to its holding of Certificates and identity).
8. As long as any Certificates are listed on Euronext Dublin and traded on the Regulated Market, any financial statements of the Issuer which are published will be made available at the offices of the Paying Agent as soon as they are published. The Issuer does not prepare interim accounts.
9. The Issuer does not intend to provide post-issuance information.
10. The Issuer intends that some Series of Certificates will be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code and the International Securities Identification Number (ISIN) (if any) for each Series of Certificates will be set out in the relevant Final Terms.

11. For the purposes of any Series issued under the Programme to be consolidated to form a single Series with Certificates (as specified in the relevant Final Terms) issued under a base prospectus with an earlier date, the following documents (as specified in the relevant Final Terms) are incorporated by reference in and form part of this Base Prospectus (as applicable):
- (a) the Terms and Conditions of the Certificates found on pages 48 to 68 of the base prospectus dated 29 June 2012 (available at: [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_4cdafcde-7fa7-4ac3-a98f-9ba3ca63cad7.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_4cdafcde-7fa7-4ac3-a98f-9ba3ca63cad7.PDF)) as supplemented by the supplement dated 18 December 2012 to the base prospectus (available at: [http://www.ise.ie/debt\\_documents/Supplements\\_6e6ab1fd-63eb-4889-8f56-56cbca152ad2.PDF](http://www.ise.ie/debt_documents/Supplements_6e6ab1fd-63eb-4889-8f56-56cbca152ad2.PDF));
  - (b) the Terms and Conditions of the Certificates found on pages 39 to 61 of the base prospectus dated 12 February 2014 (available at: [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_26c586c4-2809-474d-a152-18d9bf559dbc.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_26c586c4-2809-474d-a152-18d9bf559dbc.PDF)) as supplemented by the supplements dated 1 April 2014 ([http://www.ise.ie/debt\\_documents/Supplements\\_c3534c0c-cee2-4435-8a57-c4af4e9f96d6.PDF](http://www.ise.ie/debt_documents/Supplements_c3534c0c-cee2-4435-8a57-c4af4e9f96d6.PDF)), 9 June 2014 (available at: [http://www.ise.ie/debt\\_documents/Supplements\\_1f2c90c0-adab-4d5c-9140-61b7328d7238.PDF](http://www.ise.ie/debt_documents/Supplements_1f2c90c0-adab-4d5c-9140-61b7328d7238.PDF)); 10 July 2014 (available at: [http://www.ise.ie/debt\\_documents/Supplements\\_a7ae5c45-4554-4dd3-837a-8e2af15f7c52.PDF](http://www.ise.ie/debt_documents/Supplements_a7ae5c45-4554-4dd3-837a-8e2af15f7c52.PDF)) and 18 December 2014 (available at: [http://www.ise.ie/debt\\_documents/Supplements\\_791c82b4-0d78-4098-8f46-eff8fc580593.PDF](http://www.ise.ie/debt_documents/Supplements_791c82b4-0d78-4098-8f46-eff8fc580593.PDF)) respectively, to the base prospectus;
  - (c) the Terms and Conditions of the Certificates found on pages 41 to 65 of the base prospectus dated 24 June 2015 (available at: [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_37d7931b-2827-4f5c-acc8-3dedb5bb73ef.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_37d7931b-2827-4f5c-acc8-3dedb5bb73ef.PDF)) as supplemented by the supplements dated 31 July 2015 (available at: [http://www.ise.ie/debt\\_documents/Supplements\\_b1a9aa29-b990-4659-b00e-8b1c841ea8ae.PDF](http://www.ise.ie/debt_documents/Supplements_b1a9aa29-b990-4659-b00e-8b1c841ea8ae.PDF)) and 4 August 2015 (available at: [http://www.ise.ie/debt\\_documents/Supplements\\_99c889d9-f9a5-42fe-8393-72ef615f7a65.PDF](http://www.ise.ie/debt_documents/Supplements_99c889d9-f9a5-42fe-8393-72ef615f7a65.PDF)) respectively, to the base prospectus;
  - (d) the Terms and Conditions of the Certificates found on pages 44 to 72 of the base prospectus dated 4 April 2017 (available at: [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_4aa53518-a7fa-480c-91e1-e38a7c605d8b.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_4aa53518-a7fa-480c-91e1-e38a7c605d8b.PDF));
  - (e) the Terms and Conditions of the Certificates found on pages 44 to 73 of the base prospectus dated 14 June 2018 (available at: [https://www.ise.ie/debt\\_documents/BaseProspectus-Order\\_0cabe168-4be7-4f6f-989a-5f1ce307dc65.PDF](https://www.ise.ie/debt_documents/BaseProspectus-Order_0cabe168-4be7-4f6f-989a-5f1ce307dc65.PDF)) as supplemented by the supplement dated 5 June 2019 to the base prospectus (available at: [https://www.ise.ie/debt\\_documents/Supplements\\_7893f3d5-db51-4edf-b380-48c94cdca459.PDF](https://www.ise.ie/debt_documents/Supplements_7893f3d5-db51-4edf-b380-48c94cdca459.PDF)); and
  - (f) the Terms and Conditions of the Certificates found on pages 55 to 85 of the base prospectus dated 10 July 2019 (available at: [https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_c218787b-e25e-4acc-b627-9c11855f193a.PDF](https://www.ise.ie/debt_documents/Base%20Prospectus_c218787b-e25e-4acc-b627-9c11855f193a.PDF)).

12. This Base Prospectus and the Final Terms for Certificates that are listed on the Official List and admitted to trading on the Regulated market will be published on the website of Euronext Dublin ([www.ise.ie](http://www.ise.ie)).

## FORM OF APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each issue of Series of Certificates.*

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

**Final Terms dated [●]**

### **ALPHABETA ACCESS PRODUCTS LTD**

**Issue of [AGGREGATE NOMINAL AMOUNT OF SERIES] [TITLE OF CERTIFICATES]  
under the  
Certificates Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 28 July 2020 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). [This document constitutes the Final Terms of the Certificates described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented]]<sup>1</sup>. Full information on the Issuer and the offer of the

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<sup>1</sup> Include for certificates listed on the regulated market of Euronext Dublin or other EU regulated market only.

Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing at [www.ise.ie](http://www.ise.ie) [[and] during normal business hours at [●]] [and copies may be obtained from [●]].

*The following alternative language applies if the relevant Certificates are to be consolidated to form a single Series with Certificates issued under a Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Principal Trust Deed dated 29 June 2012 as amended from time to time and set forth in the Base Prospectus dated 28 July 2020 [and the supplement to the Base Prospectus dated [●]]. This document constitutes the Final Terms of the Certificates described herein for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and must be read in conjunction with the Base Prospectus dated 28 July 2020 [and the supplement to the Base Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, save in respect of the Conditions which are extracted from the Base Prospectus dated [29 June 2012] [12 February 2014] [24 June 2015] [4 April 2017] [14 June 2018] [10 July 2019] [and the supplement to the Base Prospectus dated [●]]. Full information on the Issuer and the offer of the Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [29 June 2012] [12 February 2014] [24 June 2015] [4 April 2017] [14 June 2018] [10 July 2019] and [28 July 2020] [and the supplements to the Base Prospectus dated [●] and [●]]. [The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*[When completing final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under the Prospectus Regulation.]*

*[Italics and footnotes herein denote guidance for completing the Final Terms and should be deleted prior to completing these Final Terms.]*

|    |   |  |
|----|---|--|
| 1  | Series Number:  | [•] [The Certificates are to be consolidated and form a single series with [•]]                              |
| 2  | Issue Date:   | [•]  |
| 3  | Maturity Date:  | [Specify either:<br>[Fixed Maturity Date: [specify date]]<br>Or<br>[Scheduled Maturity Date: [specify date]] |
| 4  | Specified Currency  | [US\$]/[specify]   |
| 5  | Aggregate nominal amount of Certificates to be issued as at the Issue Date:             | [•]  |
| 6  | Issue Price (face value) per Certificate:   | [US\$][•]  |
| 7  | Maximum number of Certificates in the Series on the Issue Date:                         | [•]  |
| 8  | Purchase Price (amount payable at Issue Date) per Certificate:                          | [•]  |
| 9  | Dealer purchase price (at Issue Date):  | [Item 6 x item 7]  |
| 10 | Number of Certificates to be repurchased by the Issuer (at Issue Date):                 | [•]  |
| 11 | Issuer repurchase price (purchase price of the Custodian Certificates) (at Issue Date): | [Item 9 x item 7]  |

- 12 Trading method: Unit
- 13 Date Board approval for issuance of Certificates obtained: [•]
- 14 Status of the Certificates: [Secured]/[Unsecured]
- 15 (A) [If Secured]:
- Mortgaged Property: Shares/Swaps/MS Certificates
- [(i) Collateral - Shares] The Shares shall comprise a number of shares or units, as applicable, in the Company equal in value to the aggregate nominal amount of Certificates in issue on any date and not otherwise repurchased by the Issuer and held by the Certificate Custodian, less the number of shares or units, as applicable, redeemed to crystalize Transaction Fees.]
- Company: [Name]
- Asset: [Shares in the Company] / [specify other *interests, membership interests or securities in the Company*]
- Address: [•]
- Country of Incorporation: [•]
- Governing Law: [•]
- Significant Business Activities of the Company: [•]
- Expiry/Maturity Date (if applicable): [•]
- Admitted to trading on the following markets: *[Regulated market, equivalent third country market or SME growth market – for any issuances under the Prospectus Regulation]*
- Custody Agreement: [Not applicable] / [Applicable]
- If applicable:



[The custody agreement made between, among others, the Custodian and the Issuer on *[date]*.]

[The Shares will be held in a securities account maintained by or on behalf of the Custodian in accordance with the terms of the Custody Agreement.]

(ii) Collateral - Cash Account [Not applicable] / [Applicable]

If applicable:

[Cash Account opened pursuant to the [Cash Account Agreement dated *[date]*] / [Custody Agreement].]

[Initial Cash Account Amount: *[zero/specify amount]*]

(iii) Collateral - Other

Issuer's rights, title and interest under the (i) Agency Agreement (to the extent that such rights relate to sums held to meet payments due in respect of the Certificates); [(ii) Custody Agreement;] and (iii) any agreement by which the Issuer purchases the Shares and/or the Swap.]

(B) [If Unsecured]:

Unsecured Series Property:  
[(i) Underlying Assets - Shares

Shares/Swaps/MS Certificates  
The Shares shall comprise a number of shares or units, as applicable, in the Company equal in value to the aggregate nominal amount of Certificates in issue on any date and not otherwise repurchased by the Issuer and held by the Certificate Custodian, less the number of shares or units, as applicable, redeemed to crystalize Transaction Fees.]

Company: [Name]

Asset: [Shares in the Company] / [specify other *interests, membership interests or*

|  |  |  |
|--|--|--|
|  |  | securities in the Company]   |
|  | Address:   | [•]  |
|  | Country of Incorporation:                                    | [•]  |
|  | Governing Law:   | [•]  |
|  | Significant Business Activities of the Company:              | [•]  |
|  | Expiry/Maturity Date (if applicable):                        | [•]  |
|  | Admitted to trading on the following markets:                | [Regulated market, equivalent third country market or SME growth market – for any issuances under the Prospectus Regulation] |
| For issuances under the Prospectus Regulation for both Secured Certificates and Unsecured Certificates the following disclosure is required: | Description of the market on which the Shares are traded:    | [EU regulated market, equivalent third country market or SME growth market]  |
|  | Date of establishment of the market:                         | [•]  |
|  | How price information is published:                          | [•]  |
|  | Indication of Daily Trading Volumes:                         | [•]  |
|  | Information as to the standing of the market in the country: | [•]  |
|  | Frequency with which prices are published:                   | [•]  |
|  | The name of the markets regulatory authority:                | [•]  |
|  | [Documentation:  | [Insert electronic link to where the   |

*documentation in relation to the Shares can be found on the regulated or equivalent third country market or SME Growth Market]]*

Custody Agreement: [Not applicable] / [Applicable]

If applicable:

[The custody agreement made between, among others, the Custodian and the Issuer on *[date]*.]

[The Shares will be held in a securities account maintained by or on behalf of the Custodian in accordance with the terms of the Custody Agreement.]

(ii) Underlying Assets - [Not applicable] / [Applicable]  
Cash Account

If applicable:

[Cash Account opened pursuant to the [Cash Account Agreement dated *[date]*] / [Custody Agreement].]

[Initial Cash Account Amount: [zero/specify amount]]

16 Net asset value of the Shares: [●]

#### PROVISIONS RELATING TO REDEMPTION

17 Issuer has the right to redeem [Applicable]/[Not Applicable]  
Certificates in its sole discretion:

18 Agents:

(i) Calculation Agent: [Specify name and address]

(ii) Paying Agent: [Specify name and address]

[(iii) Additional Paying Agent(s):] [Specify name and address]

(iv) Registrar: [Specify name and address]

|    |   |   |
|----|---|---|
|    | (v) Transfer Agent(s):                  | [Specify name and address]  |
|    | (vi) Cash Account Bank (if applicable): | [Not applicable]<br>[The Bank of New York Mellon London Branch<br>One Canada Square<br>London E14 5AL]  |
|    | (vii) Certificate Custodian:            | Morgan Stanley & Co. International plc<br>25 Cabot Square<br>Canary Wharf<br>London E14 4QA   |
|    | (viii) Custodian (if applicable):       | [Not applicable]<br>[The Bank of New York Mellon London Branch<br>One Canada Square<br>London E14 5AL]  |
| 19 | [Transaction Fees]                      | [Specify [Method A] / [Method B] / [Method C] / [Method D] / [Method E]]<br><br>[If Method B, specify:<br>Fee percentage: [ ] %]<br><br>[If Method C, specify:<br>Fee percentage: [ ] %<br>Minimum Fee Amount: [amount] / [Not applicable]<br>Periodic Basis: [e.g., daily / weekly / monthly]<br>Frequency of Payment of Transaction Fees: [first year only] / [yearly]]<br><br>[If Method D, specify:<br>[Other method] – Note only applicable for unlisted Series]<br><br>[If Method E, specify:<br>Fee percentage: [ ] %<br>Periodic Basis: [e.g., daily / weekly / monthly]<br>Frequency of Payment of Transaction Fees: [first year only] / [yearly]] |

## DISTRIBUTION

|    |  |   |
|----|--|---|
| 20 | Certificates cleared through a clearing system | [Not Applicable]/[Specify clearing systems]   |
| 21 | U.S. federal income tax consequences:          | [The Certificates are [not] Specified Certificates for the purposes of Section 871(m).] ( <i>The Certificates will not be Specified Certificates if they do not</i> |

*reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Certificates reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities, further analysis will be required)* [Based on market conditions on the date of these Final Terms, the Issuer has made a preliminary determination that the Certificates are [not] Specified Certificates for purposes of Section 871(m). This is a preliminary determination only that is subject to change based on market conditions on the Issue Date. If the Issuer's final determination is different then it will give notice of such determination.]

## SWAPS

- 22 Exposure to Shares referenced in item 14 obtained by use of a swap [Applicable]/[Not applicable]

## MS CERTIFICATES

- 23 Exposure to Shares referenced in item 14 obtained by subscription for MS Certificates [Applicable]/[Not applicable]

## OTHER TERMS

- 24 Implementation of Financial Transaction Tax [Applicable]/[Not applicable]
- 25 Principal Financial Centre [●]

## [PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the [*specify relevant regulated market*] of the Certificates described herein pursuant to the Alphabeta Access Products Ltd Certificate Programme of 28 July 2020.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. *[[Insert relevant third party information]* has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

## PART B – OTHER INFORMATION

### LISTING

- (i) Listing: [Euronext Dublin] [*specify*] [None]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Certificates to be admitted to trading on Euronext Dublin on its regulated market with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) to Euronext Dublin for the Certificates to be admitted to trading on its regulated market with effect from [•].] [Not applicable.]
- (iii) Estimate of total expenses [•]  
[•] related to admission to trading:

### [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in [*"Subscription and Sale and Selling Restrictions"*], so far as the Issuer is aware, no person involved in the offer of the Certificates has an interest material to the offer."

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under the Prospectus Regulation.)]*

### [ESTIMATED NET PROCEEDS]

[Estimated net proceeds: [•]]

### OPERATIONAL INFORMATION

Delivery: Delivery [against][free of] payment

ISIN Code [•]

## **APPENDIX I: AUDITED FINANCIAL STATEMENTS**

alphabet access products ltd  
(formerly Oder Capital Limited)

Report and Audited Financial Statements

For the year ended 31 December 2018



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## DIRECTORS' REPORT

For the year ended 31 December 2018

The Directors present their Report, together with the audited financial statements of alphabet access products ltd (the "Company"), for the year ended 31 December 2018.

### INCORPORATION AND PRINCIPAL ACTIVITIES

The Company was incorporated as a public company on 29 May 2012. The principal activity of the Company is to issue secured and unsecured Certificates (together "the Certificates") under the terms of a US\$50,000,000,000 Certificate Programme (increased from US\$30,000,000,000 on 13 June 2019). The Certificates will be issued in series and will provide holders with indirect access to various leveraged products holding investments in a range of trading Programmes. There were two new series of certificates ("Series 15" and "Series 16") issued during the year which give access to an underlying basket of listed securities. As at the year end, there were six Series of Certificates outstanding.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 10. The Directors did not recommend any dividends for the year (2017: US\$ nil).

### DIRECTORS

The Directors who held office during the year and up to the date of this report were:

M Newton (appointed 12 March 2019)  
S Conroy

S M Rayson who was appointed as a Director on 15 May 2015, resigned on 12 March 2019.

### COMPANY SECRETARY

The Secretary of the Company who has been Secretary for the year under review and up to the date for this report is Crestbridge Corporate Services Limited.

### INDEPENDENT AUDITOR

Deloitte LLP have expressed their willingness to continue in office. The Directors have obtained a waiver to dispense with the need to hold annual general meetings. As such, under Companies (Jersey) Law 1991 as amended (the "Law"), Deloitte LLP will remain in office until formally removed.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991.

International Accounting Standard 1 "Presentation of Financial Statements" requires that financial statements present fairly, for each financial period, the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company at that time and to enable them to ensure that any financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DIRECTORS' REPORT**

For the year ended 31 December 2018

Approved by the Board of Directors  
and signed on behalf of the Board

Secretary



Date: 31 July 2019

**Registered Office**

47 Esplanade  
St Helier  
Jersey  
JE1 0BD

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHABETA ACCESS PRODUCTS LIMITED (FORMERLY ODER CAPITAL LIMITED)

## Report on the audit of the financial statements

### Opinion

#### In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of the company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been properly prepared in accordance with Companies (Jersey) Law 1991.

We have audited the financial statements of Alphabeta Access Products Limited (the 'Company') which comprise:

- the statement of financial position;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as issued by the IASB.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Summary of our audit approach

|                          |  |
|--------------------------|--|
| <b>Key audit matters</b> | The key audit matter that we identified in the current year relates to the valuation of the Company's investments held as at the year end. |
| <b>Materiality</b>       | The materiality that we used for the Company financial statements was \$4,583,000 which was determined on the basis of 2% of total assets. |

### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**We have nothing to report in respect of these matters.**

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of investments

#### Key audit matter description



The Company's investments have a total fair value of \$218.9m (2017: \$191.7m) as at 31 December 2018. This is comprised solely of investments in a variety of leveraged products that hold investments. The fair value of the investments is based upon the underlying Net Asset Value of the underlying leveraged products. The judgement associated with the valuation of the investments therefore arises from the risk of errors or deliberate manipulation of the underlying valuations or of recorded investment holdings that could result in material misstatement of the financial statements. Details of the investments are disclosed in note 4 and the accounting policies relating to them are disclosed in note 2.

Investments are the most quantitatively significant balance in the Statement of Financial Position of Alphabeta Access Products Limited and are an area of focus as they drive the distributable assets of the Company. The fair values of the investments held are based on the market conditions and other available information.

#### How the scope of our audit responded to the key audit matter



In order to test the investments balance as at 31 December 2018 we performed the following procedures:

- Assessed the design and implementation of controls relating to the valuation of investments, including controls adopted by the Company's administrators;
- Evaluated the valuation policy and methodology adopted by management in comparison to IFRS and industry practice;
- Reconciled the number of underlying equity shares held by the Company as at 31 December 2018 to independently received custodian confirmations;
- Obtained independent pricing information from custodians as at 31 December 2018 in order to recalculate the fair value of all of the investments held the Company;
- Obtained the signed financial statements of the underlying investments in order to compare the value per the signed financial statement to the fair value recorded and consider any other factors that would affect the fair value held by the Company; and
- Tested the initial cost and cut-off of investment transactions by agreeing the purchase and sale of a sample of the Company investments to independent confirmations.

**Key observations**

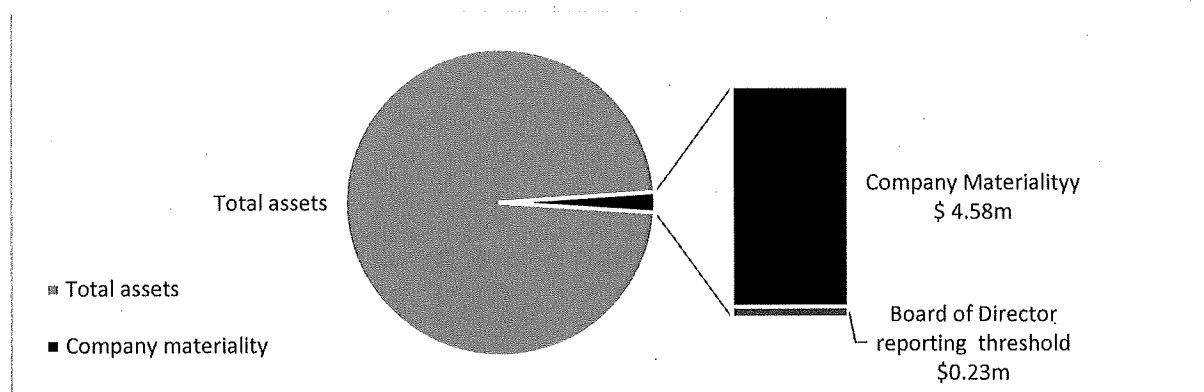
Based on our audit work, we concurred with directors that the valuation of the investment was appropriate.

**Our application of materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

|  |   |
|--|---|
| <b>Company materiality</b>                 | \$4,583,000 (2017: \$3,834,000)   |
| <b>Basis for determining materiality</b>   | A percentage of total assets was used for the year ended 31 December 2018 being 2% (2017: 2%).  |
| <b>Rationale for the benchmark applied</b> | Total assets is the key balance considered by the users of the financial statements which is consistent with the market approach for such entities. |



We agreed with the Board of Directors that we would report to the Board all audit differences in excess of \$229,100 (2017: \$191,700) for the Company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

**An overview of the scope of our audit**

Our audit was scoped by obtaining an understanding of the Company and its environment, including internal controls, and assessing the risks of material misstatement.

The Company holds underlying investments in a number of investments. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

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The administrator maintains the books and records of the Company. Our audit therefore included obtaining an understanding of this service organisation and its relationship with the Company.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

***We have nothing to report in respect of these matters.***

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

#### Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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## Report on other legal and regulatory requirements

### Matters on which we are required to report by exception

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#### *Adequacy of explanations received and accounting records*

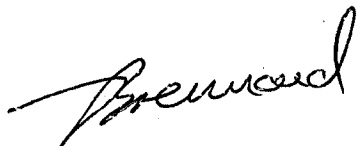
Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:  
we have not received all the information and explanations we require for our audit; or  
proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or  
the financial statements are not in agreement with the accounting records and returns.

***We have nothing to report  
in respect of these matters.***

### Use of our report

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This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Theo Brennand, BA, FCA  
Recognized auditor  
For and on behalf of Deloitte LLP  
Jersey, St Helier  
Date: 31 July 2019



**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2018

|   | Notes | 31-Dec-18<br>US\$         | 31-Dec-17<br>US\$         |
|---|-------|---------------------------|---------------------------|
| <b>Assets</b>   |       |                           |                           |
| <b>Non-Current Assets</b>   |       |                           |                           |
| Financial assets at fair value through profit or loss                         | 4     | 218,956,590               | 191,690,816               |
| <b>Current Assets</b>   |       |                           |                           |
| Trade and other receivables   | 5     | 10,123,785                | -                         |
| Cash and cash equivalents   |       | <u>72,205</u>             | <u>23,609</u>             |
|   |       | 10,195,990                | 23,609                    |
| <b>Total Assets</b>   |       | <u><u>229,152,580</u></u> | <u><u>191,714,425</u></u> |
| <b>Equity</b>   |       |                           |                           |
| <b>Capital and Reserves Attributable to the Equity Holders of the Company</b> |       |                           |                           |
| Share capital   | 6     | 3                         | 3                         |
| Accumulated reserves  |       | <u>72,202</u>             | <u>23,608</u>             |
| <b>Total Equity</b>   |       | <u>72,205</u>             | <u>23,611</u>             |
| <b>Liabilities</b>  |       |                           |                           |
| <b>Current Liabilities</b>  |       |                           |                           |
| Trade and other payables  | 7     | <u>10,123,785</u>         | <u>70,356</u>             |
| <b>Non-Current Liabilities</b>  |       |                           |                           |
| Financial liabilities at fair value through profit or loss                    | 8     | 218,956,590               | 191,620,458               |
| <b>Total Liabilities</b>  |       | <u>229,080,375</u>        | <u>191,690,814</u>        |
| <b>Total Equity and Liabilities</b>   |       | <u><u>229,152,580</u></u> | <u><u>191,714,425</u></u> |

These Financial Statements on pages 9 to 26 were approved and authorised for issue by the Board of Directors on 31 July 2019, and were signed on its behalf by:



Director

Stuart Conroy  
Authorised Signatory

**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2018

|   | Notes | 1-Jan-18<br>to<br>31-Dec-18<br>US\$ | 1-Jan-17<br>to<br>31-Dec-17<br>US\$ |
|---|-------|-------------------------------------|-------------------------------------|
| <b>Income</b>   |       |                                     |                                     |
| Other income  |       | -                                   | 16,827                              |
| Bank interest income  |       | 116                                 | -                                   |
| Foreign exchange gain   |       | 50,990                              | 531,029                             |
| Fair value gain on financial liabilities at fair value through profit or loss     | 8     | 10,703,682                          | -                                   |
| Fair value movement on financial assets at fair value through profit or loss      | 4     | -                                   | 26,559,048                          |
|   |       | <u>10,754,788</u>                   | <u>27,106,904</u>                   |
| <b>Expenses</b>   |       |                                     |                                     |
| Fair value loss on financial assets at fair value through profit or loss          | 4     | 10,652,563                          | -                                   |
| Fair value movement on financial liabilities at fair value through profit or loss | 8     | -                                   | 26,506,329                          |
| Management fees   | 9     | 51,119                              | 52,720                              |
| Bank charges  |       | 2,512                               | 3,922                               |
| Realised loss on sale of investments  | 4     | -                                   | 504,772                             |
| Foreign exchange loss   |       | -                                   | 527,299                             |
|   |       | <u>10,706,194</u>                   | <u>27,090,270</u>                   |
| <b>Profit for the year</b>  |       | <u>48,594</u>                       | <u>16,634</u>                       |
| Other comprehensive income  |       | -                                   | -                                   |
| <b>Total Comprehensive Income attributable to Equity Holders of the Company</b>   |       | <u>48,594</u>                       | <u>16,634</u>                       |

All results in the current year and prior year result from continuing operations.

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2018

|  | Share<br>Capital<br>US\$ | Accumulated<br>Reserves<br>US\$ | Total<br>US\$ |
|--|--------------------------|---------------------------------|---------------|
| As at 1 January 2018                               | 3                        | 23,608                          | 23,611        |
| Profit and total comprehensive income for the year | -                        | 48,594                          | 48,594        |
| As at 31 December 2018                             | <u>3</u>                 | <u>72,202</u>                   | <u>72,205</u> |

|  | Share<br>Capital<br>US\$ | Accumulated<br>Reserves<br>US\$ | Total<br>US\$ |
|--|--------------------------|---------------------------------|---------------|
| As at 1 January 2017                               | 3                        | 6,974                           | 6,977         |
| Profit and total comprehensive income for the year | -                        | 16,634                          | 16,634        |
| As at 31 December 2017                             | <u>3</u>                 | <u>23,608</u>                   | <u>23,611</u> |

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2018

|   | Notes | 31-Dec-18<br>US\$    | 31-Dec-17<br>US\$    |
|---|-------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                                       |       |                      |                      |
| Profit for the year   |       | 48,594               | 16,634               |
| Fair value movement on financial liabilities at fair value through profit or loss | 8     | 10,703,682           | 26,506,329           |
| Fair value movement on financial assets at fair value through profit or loss      | 4     | (10,652,563)         | (26,559,048)         |
| Decrease in receivables   |       | -                    | 661,719              |
| Decrease in payables  |       | (3,323)              | (616,521)            |
|   |       | <u>96,390</u>        | <u>9,113</u>         |
| <b>Cash flows from investing activities</b>                                       |       |                      |                      |
| Purchase of investments   | 4     | (131,969,739)        | (57,586,468)         |
| Sale of investments   |       | <u>70,641,327</u>    | <u>28,713,818</u>    |
| <b>Net cash outflow from investing activities</b>                                 |       | <u>(61,328,412)</u>  | <u>(28,872,650)</u>  |
| <b>Cash flows from financing activities</b>                                       |       |                      |                      |
| Issue of Certificates   |       | 131,969,739          | 57,586,468           |
| Redemption of Certificates  |       | <u>(70,689,121)</u>  | <u>(28,713,818)</u>  |
| <b>Net cash inflow from financing activities</b>                                  |       | <u>61,280,618</u>    | <u>28,872,650</u>    |
| <b>Increase in cash and cash equivalents</b>                                      |       | <u>48,596</u>        | <u>9,113</u>         |
| <b>Cash and cash equivalents at the beginning of the year</b>                     |       | <u>23,609</u>        | <u>14,496</u>        |
| <b>Cash and cash equivalents at the end of the year</b>                           |       | <u><u>72,205</u></u> | <u><u>23,609</u></u> |

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 1 GENERAL INFORMATION

The Company's principal place of business is at 47 Esplanade, St. Helier, Jersey, JE1 0BD. The Company was incorporated on 29 May 2012 under the Companies (Jersey) Law 1991. The principal activity of the Company is to issue secured and unsecured Certificates (together "the Certificates") under the terms of a US\$50,000,000,000 Certificate Programmes ("the Programme") (increased from US\$30,000,000,000 on 13 June 2019). The Certificates will be issued in series and will provide holders with indirect access to various leveraged products holding investments in a range of trading Programmes.

Six series of Certificates were in issue at the year end and provide direct access to the following Programmes all of which are Limited Liability Companies, incorporated in Delaware, the Cayman Islands, Ireland and Luxembourg:

|                                |                |
|--------------------------------|----------------|
| OM Arbea Fund Limited          | Cayman Islands |
| Lynx (Cayman) Fund Limited     | Cayman Islands |
| IPM (Cayman) Fund Limited      | Ireland        |
| Quantica Capital (Cayman) Fund | Ireland        |
| Series 15 - Investment basket  | Ireland        |
| Series 16 - Investment basket  | Ireland        |

E2 WNTN TradeCo - Diversified Programme LLC, AZ Pure China - Fixed Income Strategy sub-fund, Pure SICAV-SIF S.A. - AppleTree Multi-Strategy Sub-fund, A&Q Risk Premia Select Limited & Series 14 - Investment basket were fully redeemed in the year.

### 2 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently throughout the years presented in dealing with items which are considered to be material in relation to the Company's audited financial statements (the "financial statements").

#### Basis of accounting

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities designated at fair value through profit or loss which have all been measured at fair value. The financial statements are presented in United States Dollars ("US\$").

#### Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

#### Going concern

The Directors have prepared the financial statements of the Company on a going concern basis. The expenses of the Company, other than bank charges, are paid by Morgan Stanley. Income is received from Morgan Stanley to cover bank charges. The unsecured Certificates are limited recourse as the principal repayment of each series is linked to the value for the financial assets. The Directors have therefore prepared the financial statements on a going concern basis.

#### New and amended standards adopted for the year ended 31 December 2018

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9 – Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers

The nature and the impact of each new standard and amendment is described below:

#### IFRS 9 Financial Instruments

The Company adopted IFRS 9 'Financial Instruments' on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement' and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application.

##### a) Classification and measurement

The Company has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at fair value through profit and loss ("FVPL").

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

### 2 PRINCIPAL ACCOUNTING POLICIES - (CONTINUED)

#### a) Classification and measurement (continued)

- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.

- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Company has designated financial liabilities at FVPL. However, this requirement has not had an impact on the Company.

#### b) Impairment

IFRS 9 requires the Company to record expected credit losses ("ECLs") on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Company to credit risk, this amendment has not had a material impact on the financial statements. The Company only holds trade receivables with no financing component and that have maturities of less than 12 months at amortised cost. Therefore, it has adopted an approach similar to the simplified approach to ECLs.

#### Impact of adoption of IFRS 9

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018. However, the Company has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Company's financial assets and financial liabilities as at 1 January 2018:

#### Financial assets

| 1 January 2018            | IAS 39 Classification    | IAS 39<br>Measurement<br>US\$ | IFRS 9<br>Classification | IFRS 9<br>Measurement<br>US\$ |
|---------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------|
| Equity instruments        | Held for trading at FVPL | 191,690,816                   | FVPL                     | 191,690,816                   |
| Cash and cash equivalents | Amortised cost           | 23,609                        | Amortised cost           | 23,609                        |

In line with the characteristics of the Company's financial instruments as well as its approach to their management, the Company neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amount of the Company's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under IAS 39 are still classified as FVPL under IFRS 9. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be.

In addition, the application of the ECL mode/under IFRS 9 has not changed the carrying amounts of the Company's amortised cost financial assets.

The carrying amounts of amortised cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to IFRS 9.

#### IFRS 15 Revenue from contracts with customers

The Company adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income has been moved from IAS 18 to IFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Company.

#### New standards and interpretations not yet adopted

Standards issued but not yet effective up to the reporting date of the audited financial statements are listed below:

|  | For annual periods commencing on: |
|--|-----------------------------------|
| Amendments to IFRS 9 (Oct 17)  | 1 January 2019                    |
| IFRS 16 Leases   | 1 January 2019                    |
| IFRIC 23 Uncertainty over income tax treatments                        | 1 January 2019                    |
| Amendments to IAS 28 (Oct 2017)  | 1 January 2019                    |
| Annual Improvements to IFRSs: 2015-2017 Cycle (Dec 2017)               | 1 January 2019                    |
| Amendments to References to the Conceptual Framework in IFRS Standards | 1 January 2020                    |
| Amendments to IFRS 3 – Definition of a Business                        | 1 January 2020                    |
| Amendments to IAS 1 and IAS 8 (Oct 2018) – Definition of Material      | 1 January 2020                    |

The evaluation of the impact on the financial statements in respect of the: disclosures; classification; and, measurement on adoption of the standards in issue but not yet effective for periods beginning on or after 1 January 2019 has not been finalised and is currently being assessed by the Directors.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

### 2 PRINCIPAL ACCOUNTING POLICIES - (CONTINUED)

#### Financial instruments

In the current period, the Company has adopted IFRS 9 Financial Instruments. See above for an explanation of the impact. Comparative figures for the year ended 31 December 2017 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

#### 1. Accounting policies applied from 1 January 2018

##### 1.1 Classification

From 1 January 2018, the Company classifies its financial assets and financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value; and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial instruments and the contractual terms of the cash flows.

Assets measured at fair value are Financial Assets at FVPL and Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI"), gains and losses of which will be recorded in profit or loss or other comprehensive income ("OCI") respectively. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. No such irrevocable election has been made.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

##### 1.2 Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

##### 1.3 Subsequent measurement of financial assets and liabilities

#### Financial assets

##### Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Statement of Comprehensive Income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the Statement of Comprehensive Income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

##### Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost, except for those that are derivative financial instruments or financial liabilities that are held for trading which are classified as FVTPL. The FVTPL option can also be irrevocably elected at initial recognition of financial liabilities, if it eliminates or significantly reduces an accounting mismatch, the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy or there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

##### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. No such irrevocable election has been made.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

### 2 PRINCIPAL ACCOUNTING POLICIES - (CONTINUED)

#### Equity instruments (continued)

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the Statement of Comprehensive Income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### 1.4 Impairment

From 1 January 2018, the Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### 1.5 Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### Accounting policies applied until 31 December 2017

##### Financial assets at fair value through profit or loss

Financial assets include investments which provide indirect access to various underlying leveraged products. Financial assets are designated as financial assets at fair value through profit or loss. Purchases and sales of these investments are recognised on the trade date. These investments are initially recognised at cost which corresponds with the fair value of such investments and are subsequently measured at fair value through profit or loss thereafter. Financial assets are derecognised when the rights to receive cash flows from these investments have expired or the Company has transferred substantially all risks and rewards of ownership. Financial assets includes an element of cash that is held solely for trading and is held within a custody account.

##### Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. For the purpose of the Statement of Cash Flows, cash and cash equivalents are considered to be all highly liquid investments with maturity of three months or less.

##### Financial liabilities at fair value through profit or loss

Financial liabilities include the Certificates issued by the Company that are listed on Euronext Dublin. The Certificates are designated as financial liabilities at fair value through profit or loss. The Certificates are recognised at cost at their net issue proceeds which corresponds with the fair value of the Certificates and are subsequently measured at fair value through profit or loss thereafter. Certificates issued are recognised on the trade date and derecognised, either fully or partly, when the Company has transferred substantially all or part of its financial obligations relating thereto. Realised gains or losses on derecognition of the Certificates are recognised in the Statement of Comprehensive Income. Realised gains or losses are calculated by subtracting the weighted average book cost based on the number of certificates in issue from the proceeds of the respective trade.

##### Functional and presentation currency

Items included in the financial statements of the Company are measured using the primary currency in which the Company operates. The financial statements are presented in United States Dollar, which is the Company's functional and presentation currency.

##### Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Equity investments issued by the Company are recorded at the proceeds received, net of direct issue costs.

##### Expenses

All the Company expenses other than bank charges are paid by Morgan Stanley & Co. International Plc ("Morgan Stanley") and consequently are not recognised in these financial statements.

##### Revenue

Revenue has been recognised as and when it falls due to the Company. The Company is entitled to transaction fees of US\$750 for each series of Certificates issued during the year. In addition, income is received by the Company from Morgan Stanley to cover bank charges.

##### Taxation

The Company is liable to Jersey income tax at a rate of 0% (2017: 0%).

##### Valuation of Certificates

The Company held six series' of Certificates as at the year-end. The Certificates constitute a straight pass through exposure, net of fees, to the underlying investments detailed in note 4. The underlying investments are listed on Euronext Dublin.

The Company has designated all of the Certificates at fair value through profit or loss which is equivalent to the available quoted price of the underlying investment in the market. The Certificates are initially recognised at fair value and subsequently re-measured at fair value through profit or loss based on the last traded price of the underlying investment. Profits and losses on sales are accounted for on a trade date basis and taken to the Statement of Comprehensive Income.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2018

**3 ACCOUNTING JUDGEMENTS**

**Critical accounting judgements**

The Directors of the Company have considered there to be no critical accounting judgements made in respect of the preparation of these financial statements.

**Key sources of estimation**

The Company uses valuations received from the third party administrators of the underlying investments for daily Net Asset Valuation calculations. Financial assets at fair value through profit or loss are independently valued on an individual basis depending on the nature of the investment. Fair value estimates are made at a specific point in time, based on market conditions and other available information. The certificate investments fall under level 2 and 3 of the fair value hierarchy. The table in note 4 shows a reconciliation of opening balances to the year end balances. The Directors consider there to be no other key sources of estimation uncertainty at the year end date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**Capital risk management**

When managing capital, the Company's objectives is to safeguard the its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company aims to deliver these objectives by aiming to achieve consistent returns from its assets, maintaining sufficient liquidity to meet the expenses of the Company. Currently, there are no externally imposed capital requirements.

**4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

**Summary as at 31 December 2018**

| <b>Investment Programme</b>                             | <b>Cost<br/>US\$</b> | <b>Purchases<br/>US\$</b> | <b>Sales<br/>US\$</b> | <b>Realised Gain/<br/>(Loss) on Cost<br/>US\$</b> | <b>FX Movement<br/>US\$</b> | <b>Cost<br/>US\$</b> |
|---|----------------------|---------------------------|-----------------------|---|-----------------------------|----------------------|
| E2 WNTN TradeCo - Diversified                           | 3,176,531            | 2,075,000                 | (6,002,580)           | 751,049   | -                           | -                    |
| OM Arbea Fund Ltd                                       | 24,270,030           | -                         | -                     | -   | (1,357,357)                 | 22,912,673           |
| Lynx (Cayman) Fund Limited                              | 17,501,802           | 11,390,296                | (13,452,650)          | (2,668,926)                                       | -                           | 12,770,522           |
| IPM (Cayman) Fund Limited                               | 58,475,265           | -                         | -                     | -   | -                           | 58,475,265           |
| Quantica Capital Cayman Fund                            | 9,403,160            | 10,500,000                | (9,800,000)           | 1,727,729   | -                           | 11,830,889           |
| AZ Pure China - Fixed Income Strategy sub-fund          | 7,000,000            | -                         | (7,034,756)           | 34,756  | -                           | -                    |
| Pure SICAV-SIF S.A. - AppleTree Multi-Strategy sub-fund | 10,563,872           | -                         | (10,175,090)          | 83,611  | (472,393)                   | -                    |
| A&Q Risk Premia Select Limited                          | -                    | 5,000,000                 | (4,822,380)           | (177,620)   | -                           | -                    |
| Series 14 - Investment basket                           | 30,011,000           | -                         | (29,477,656)          | (2,146,539)                                       | 1,613,195                   | -                    |
| Series 15 - Investment basket                           | -                    | 74,036,199                | -                     | -   | (5,237,609)                 | 68,798,590           |
| Series 16 - Investment basket                           | -                    | 28,968,244                | -                     | -   | (299,269)                   | 28,668,975           |
|   | <u>160,401,660</u>   | <u>131,969,739</u>        | <u>(80,765,112)</u>   | <u>(2,395,940)</u>                                | <u>(5,753,433)</u>          | <u>203,456,914</u>   |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Summary as at 31 December 2018

|   | Unrealised Fair<br>Value<br>Gain/(Loss)<br>US\$<br>1 Jan 2018 | FX Movement<br>US\$ | Unrealised Fair<br>value movement<br>US\$ | Net Unrealised<br>Gain/(Loss)<br>US\$<br>31 Dec 2018 |
|---|---|---------------------|---|--|
| E2 WNTN TradeCo - Diversified Programme LLC             | 953,786   | -                   | (953,786)                                 | -  |
| OM Arbea Fund Ltd                                       | 11,014,688  | (615,964)           | (3,531,530)                               | 6,867,194  |
| Lynx (Cayman) Fund Limited                              | (3,162,895)   | -                   | 847,250                                   | (2,315,645)  |
| IPM (Cayman) Fund Limited                               | 18,032,033  | -                   | 104,759                                   | 18,136,792   |
| Quantica Capital Cayman Fund                            | 4,381,452   | -                   | (4,491,674)                               | (110,222)  |
| AZ Pure China - Fixed Income Strategy sub-fund          | (172,394)   | 172,394             | -   | -  |
| Pure SICAV-SIF S.A. - AppleTree Multi-Strategy sub-fund | 176,720   | (7,903)             | (168,817)                                 | -  |
| A&Q Risk Premia Select Limited                          | -   | -                   | -   | -  |
| Series 14 - Investment basket                           | 65,766  | (2,941)             | (62,825)                                  | -  |
| Series 15 - Investment basket                           | -   | (5,315,385)         | -   | (5,315,385)  |
| Series 16 - Investment basket                           | -   | (1,763,058)         | -   | (1,763,058)  |
|   | <u>31,289,156</u>   | <u>(7,532,857)</u>  | <u>(8,256,623)</u>                        | <u>15,499,676</u>                                    |

Financial assets at fair value through profit or loss

218,956,590

|   |                                 |
|---|---------------------------------|
|   | <b>31-Dec-18</b><br><b>US\$</b> |
| Realised loss on cost   | (2,395,940)                     |
| Unrealised fair value movement  | (8,256,623)                     |
| Fair value movement on assets measured at fair value through profit or loss | <u>(10,652,563)</u>             |

Level 3 Investment Reconciliation

|                              |             | <b>31-Dec-18</b><br><b>US\$</b> | <b>31-Dec-17</b><br><b>US\$</b> |
|------------------------------|-------------|---------------------------------|---------------------------------|
| Fair value as at 1 January   |             | 17,568,198                      | 15,816,459                      |
| Disposal                     |             | (17,209,846)                    | -                               |
| Gain/(losses)                | Realised    | 118,367                         | -                               |
|                              | Unrealised  | (168,817)                       | 452,708                         |
|                              | FX movement | (307,902)                       | 1,299,031                       |
| Fair value as at 31 December |             | <u>-</u>                        | <u>17,568,198</u>               |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)

Summary as at 31 December 2017

| Investment Programme                                    | Cost<br>US\$<br>1 Jan 2017 | Purchases<br>US\$ | Sales<br>US\$       | Realised<br>Gain/(Loss) on<br>Cost<br>US\$ | FX Movement<br>US\$ | Cost<br>US\$<br>31 Dec 2017 |
|---|----------------------------|-------------------|---------------------|--|---------------------|-----------------------------|
| E2 Quest TradeCo - QTI Programme LLC                    | 512,504                    | 193,000           | (561,553)           | (143,951)                                  | -                   | -                           |
| E2 WNTN TradeCo - Diversified                           | 4,562,328                  | 5,607,900         | (7,052,326)         | 58,629                                     | -                   | 3,176,531                   |
| OM Arbea Fund Ltd                                       | 22,174,684                 | -                 | -                   | -  | 2,095,346           | 24,270,030                  |
| Lynx (Cayman) Fund Limited                              | 23,264,573                 | 18,407,912        | (18,599,939)        | (5,570,744)                                | -                   | 17,501,802                  |
| IPM (Cayman) Fund Limited                               | 58,475,265                 | -                 | -                   | -  | -                   | 58,475,265                  |
| Quantica Capital Cayman Fund                            | 7,685,375                  | 3,900,000         | (2,500,000)         | 317,785                                    | -                   | 9,403,160                   |
| AZ Pure China - Fixed Income Strategy Sub               | 7,000,000                  | -                 | -                   | -  | -                   | 7,000,000                   |
| Pure SICAV-SIF S.A. - AppleTree Multi-Strategy sub-fund | 9,262,528                  | -                 | -                   | -  | 1,301,344           | 10,563,872                  |
| Series 14 - Investment Basket                           | -                          | 29,477,656        | -                   | -  | 533,344             | 30,011,000                  |
|   | <u>132,937,257</u>         | <u>57,586,468</u> | <u>(28,713,818)</u> | <u>(5,338,281)</u>                         | <u>3,930,034</u>    | <u>160,401,660</u>          |

Summary as at 31 December 2017

|   | Unrealised Fair<br>Value<br>Gain/(Loss)<br>US\$<br>1 Jan 2017 | Realised<br>Gain/(Loss) on<br>Disposal<br>US\$ | Fair Value<br>Movement in Year<br>US\$ | Net Unrealised<br>Gain/(Loss)<br>US\$<br>31 Dec 2017 |
|---|---|--|--|--|
| E2 Quest TradeCo - QTI Programme LLC                    | (124,107)   | -  | 124,107                                | -  |
| E2 WNTN TradeCo - Diversified Programme                 | (462,035)   | -  | 1,415,821                              | 953,786  |
| OM Arbea Fund Ltd                                       | 5,551,388   | 524,567  | 4,938,733                              | 11,014,688   |
| Lynx (Cayman) Fund Limited                              | (5,533,081)   | -  | 2,370,186                              | (3,162,895)  |
| IPM (Cayman) Fund Limited                               | (75,392)  | -  | 18,107,425                             | 18,032,033   |
| Quantica Capital Cayman Fund                            | (41,131)  | -  | 4,422,583                              | 4,381,452  |
| AZ Pure China - Fixed Income Strategy Sub-sub fund      | (429,593)   | -  | 257,199                                | (172,394)  |
| Pure SICAV-SIF S.A. - AppleTree Multi-Strategy sub-fund | (16,476)  | (2,313)  | 195,509                                | 176,720  |
| Series 14 - Investment basket                           | -   | -  | 65,766                                 | 65,766   |
|   | <u>(1,130,427)</u>  | <u>522,254</u>                                 | <u>31,897,329</u>                      | <u>31,289,156</u>                                    |

Financial assets at fair value through profit or loss 191,690,816

|   |                           |
|---|---------------------------|
|   | <b>31-Dec-17<br/>US\$</b> |
| Realised loss on cost   | (5,338,281)               |
| Unrealised fair value movement  | 31,897,329                |
| Fair value movement on assets measured at fair value through profit or loss | <u>26,559,048</u>         |

The Company used the proceeds of each issue of Certificates detailed in note 8 to acquire interest units in the Investment Programmes listed above. The Investment Programmes are Delaware, Ireland and Cayman Islands Limited Liability Companies. The Investment Programmes provide exposure to leveraged derivative instruments and are held for capital appreciation. The units are listed on the Irish Stock Exchange except those linked to Series 15 and 16 which invest in a diversified basket of shares of which the prices are published on Bloomberg.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

5 TRADE AND OTHER RECEIVABLES

|                                      | 31-Dec-18<br>US\$ | 31-Dec-17<br>US\$ |
|--------------------------------------|-------------------|-------------------|
| Proceeds from underlying investments | 10,123,785        | -                 |
|                                      | <u>10,123,785</u> | <u>-</u>          |

6 SHARE CAPITAL

|   | 31-Dec-18 | 31-Dec-17 |
|---|-----------|-----------|
| <i>Authorised</i>                         |           |           |
| 10,000 ordinary shares of £1 each         | 10,000    | 10,000    |
| <i>Allotted, called up and fully paid</i> |           |           |
| 2 ordinary shares of £1 each              | US\$ 3    | US\$ 3    |

On incorporation 2 ordinary shares were issued and fully paid at £1 each, at a foreign exchange rate of GBP 1.0000 : USD 1.5000  
The Company has one class of ordinary shares which carry no right to fixed income.

7 TRADE AND OTHER PAYABLES

|                            | 31-Dec-18<br>US\$ | 31-Dec-17<br>US\$ |
|----------------------------|-------------------|-------------------|
| Due to certificate holders | 10,056,752        | -                 |
| Accrued management fees    | 67,033            | 70,356            |
|                            | <u>10,123,785</u> | <u>70,356</u>     |

All the expenses of the Company, other than bank charges and management fees, are paid by Morgan Stanley who have provided funds to cover any bank charges. Any funds remaining in the bank account following the settlement of all liabilities and payment of dividends will then be transferred back to Morgan Stanley on dissolution of the Company. Management fees will be paid from the proceeds of an annual redemption of the required number of underlying shares.

8 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company may issue up to US\$50,000,000,000 secured and unsecured Certificates under the terms of the Certificate Programme dated 29 June 2012. All series currently in issue are unsecured and asset backed. At the year end the Company had six Series of Certificates in issue under the Programme, two with a nominal value of US\$1,000,000,000, one with a nominal value of US\$500,000,000, one with a nominal value of GBP500,000,000, one with a nominal value of EUR30,000,000 and one with a nominal value of EUR325,000,000. The Company has the ability to issue an additional US\$46,455,166,465 of Certificates at the year end. Details of the six Series of Certificates in issue are as follows:

| <u>Notional amount</u>                   | Aggregate<br>Nominal Amount<br>of Certificates in<br>Series<br>31/12/2018<br>US\$ | Nominal Value of<br>Certificates<br>Repurchased by<br>the Company<br>31/12/2018<br>US\$ | Cost of<br>Certificates<br>Subscribed<br>31/12/2018<br>US\$ |
|--|---|---|---|
| Series                                   |   |   |   |
| Series 5 Certificates - US\$ equivalent  | 637,734,090   | 726,774,524   | 22,912,673  |
| Series 6 Certificates                    | 500,000,000   | 498,500,000   | 12,770,522  |
| Series 9 Certificates                    | 1,000,000,000   | 964,450,920   | 58,475,265  |
| Series 10 Certificates                   | 1,000,000,000   | 997,300,500   | 11,830,889  |
| Series 15 Certificates - US\$ equivalent | 34,402,770  | -   | 68,798,590  |
| Series 16 Certificates - US\$ equivalent | 372,696,675   | -   | 28,668,975  |
|  | <u>3,544,833,535</u>  | <u>3,187,025,944</u>  | <u>203,456,914</u>  |

Fair Values

|   | Fair Value per<br>Certificate<br>31/12/2018<br>US\$ | Fair Value of<br>Subscribed<br>Certificates<br>31/12/2018<br>US\$ |
|---|---|---|
| Series                                    |   |   |
| Series 5 Certificates - US\$ equivalent   | 166.073865  | 29,779,867  |
| Series 6 Certificates                     | 0.534278  | 10,454,877  |
| Series 9 Certificates                     | 0.950700  | 76,612,057  |
| Series 10 Certificates                    | 0.749400  | 11,720,668  |
| Series 15 Certificates - US\$ equivalent  | 105,453.824668                                      | 63,483,204  |
| Series 16 Certificates - US\$ equivalent  | 107,623.664710                                      | 26,905,917  |
|   |   | <u>218,956,590</u>  |
| Unrealised fair value gain at year end    |   | 8,205,504   |
| Net fair value loss for the year (note 4) |   | <u>(8,256,623)</u>  |

During the year, the foreign exchange loss on financial liabilities at fair value through profit or loss was US\$13,286,290.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

8 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)

| <u>Number of Certificates</u>  |   |   |   |
|--|---|---|---|
| Series   | Number of<br>Certificates<br>31/12/2018 | Number of<br>Subscribed<br>Certificates<br>31/12/2018 | Number of<br>Unsubscribed<br>Certificates<br>31/12/2018 |
| Series 5 Certificates  | 5,000,000                               | 179,317   | 4,820,683   |
| Series 6 Certificates  | 500,000,000                             | 19,568,232  | 480,431,768   |
| Series 9 Certificates  | 1,000,000,000                           | 80,584,892  | 919,415,108   |
| Series 10 Certificates   | 1,000,000,000                           | 15,640,069  | 984,359,931   |
| Series 15 Certificates   | 602                                     | 602   | -   |
| Series 16 Certificates   | 250                                     | 250   | -   |
|  | <u>2,505,000,852</u>                    | <u>115,973,362</u>                                    | <u>2,389,027,490</u>                                    |
|  |   |   | 31-Dec-18   |
|  |   |   | US\$  |
| Realised gain on cost  |   |   | 2,447,059   |
| Unrealised fair value movement   |   |   | 8,256,623   |
| Fair value movement on liabilities measured at fair value through profit or loss |   |   | <u>10,703,682</u>                                       |

| <u>Notional amount</u>                   | Aggregate<br>Nominal Amount<br>of Certificates in<br>Series<br>31/12/2017<br>US\$ | Nominal Value of<br>Certificates<br>Repurchased by<br>the Company<br>31/12/2017<br>US\$ | Cost of<br>Certificates<br>Subscribed<br>31/12/2017<br>US\$ |
|--|---|---|---|
| Series                                   |   |   |   |
| Series 3 Certificates                    | 1,000,000,000   | 1,022,122,518   | 3,176,531   |
| Series 5 Certificates - US\$ equivalent  | 675,510,000   | 769,824,706   | 24,270,030  |
| Series 6 Certificates                    | 500,000,000   | 498,500,000   | 17,501,802  |
| Series 9 Certificates                    | 1,000,000,000   | 964,450,920   | 58,475,265  |
| Series 10 Certificates                   | 1,000,000,000   | 997,300,500   | 9,403,160   |
| Series 11 Certificates                   | 7,000,000   | -   | 7,000,000   |
| Series 12 Certificates - US\$ equivalent | 10,563,872  | -   | 10,563,872  |
| Series 14 Certificates - US\$ equivalent | 30,011,000  | -   | 30,011,000  |
|  | <u>4,223,084,872</u>  | <u>4,252,198,644</u>  | <u>160,401,660</u>  |

| <u>Fair Value</u>                          |   |   |
|--|---|---|
| Series                                     | Fair Value per<br>Certificate<br>31/12/2017<br>US\$ | Fair Value of<br>Subscribed<br>Certificates<br>31/12/2017<br>US\$ |
| Series 3 Certificates                      | 342.850320  | 4,130,318   |
| Series 5 Certificates - US\$ equivalent    | 196.771759  | 35,284,718  |
| Series 6 Certificates                      | 0.823628  | 14,338,907  |
| Series 9 Certificates                      | 0.949400  | 76,507,298  |
| Series 10 Certificates                     | 1.059200  | 13,784,612  |
| Series 11 Certificates - US\$ equivalent   | 4.911000  | 6,827,606   |
| Series 12 Certificates - US\$ equivalent   | 121,252.646892                                      | 10,670,233  |
| Series 14 Certificates - US\$ equivalent   | 120,307.064422                                      | 30,076,766  |
|  |   | <u>191,620,458</u>  |
| Net unrealised fair value loss at year end |   | <u>(31,844,610)</u>   |
| Net fair value gain for the year (note 4)  |   | <u>31,897,329</u>   |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 31 December 2018

**8 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)**

| <u>Number of Certificates</u>  |   |   |   |
|--|---|---|---|
| Series   | Number of<br>Certificates<br>31/12/2017 | Number of<br>Subscribed<br>Certificates<br>31/12/2017 | Number of<br>Unsubscribed<br>Certificates<br>31/12/2017 |
| Series 1 Certificates  | 10,000,000                              | 143,951   | 9,856,049   |
| Series 3 Certificates  | 10,000,000                              | 12,047  | 9,987,953   |
| Series 5 Certificates  | 5,000,000                               | 179,318   | 4,820,682   |
| Series 6 Certificates  | 500,000,000                             | 17,409,446  | 482,590,554   |
| Series 9 Certificates  | 1,000,000,000                           | 80,584,894  | 919,415,106   |
| Series 10 Certificates   | 1,000,000,000                           | 13,014,173  | 986,985,827   |
| Series 11 Certificates   | 1,390,268                               | 1,390,268   | -   |
| Series 12 Certificates   | 88                                      | 88  | -   |
| Series 14 Certificates   | 250                                     | 250   | -   |
|  | <u>2,526,390,606</u>                    | <u>112,734,435</u>                                    | <u>2,413,656,171</u>                                    |
|  |   |   | <b>31-Dec-17<br/>US\$</b>                               |
| Realised loss on cost  |   |   | (31,844,610)  |
| Unrealised fair value movement   |   |   | 5,338,281   |
| Fair value movement on liabilities measured at fair value through profit or loss |   |   | <u>(26,506,329)</u>                                     |

During the prior year, the foreign exchange loss on financial liabilities at fair value through profit or loss was US\$4,766,739.

The Certificates constitute a straight pass through exposure, net of fees, to the underlying investments detailed in note 4. The Certificates are limited recourse to the proceeds of the investments. The Certificate holders shall have no rights or claims against any other assets or future series of the Certificates issued by the Company.

The amount of the Company's obligations in respect of the Certificates is dependent on the performance of the underlying investment in the interest units of the investment Programme that each of the Certificates is exposed to, which will in turn determine the amounts repaid to the Certificate holders. The investment in the Certificates is not capital protected and therefore any negative performance of interest units in each underlying investment Programme will be reflected in the redemption price, which could result in a total loss on redemption of the Certificates. The Certificates can be redeemed at any time.

The holders of the Certificates have no shareholders rights and no duty to cover losses.

As per the Prospectus, Crestbridge Fund Administrators Limited, acting as the Calculation Agent, will determine the termination amount, liquidation repayment amount or the repayment of the repurchase price as the case may be.

Following the issue of the Certificates detailed above US\$46,455,166,465 remains available for issue under the Certificate Programme dated 29 June 2012.

**9 MANAGEMENT FEES**

Pursuant to the Final Terms in relation to the Series 12 ("Series 12") Certificates, the Manager will receive from the Company, a management fee equal to 0.5% (50 basis points) per annum, calculated and accrued monthly on the net asset value of the underlying shares. The management fee will be paid from the proceeds of an annual redemption of the required number of underlying shares.

In the event of a full redemption, the outstanding management fees will be paid with the redemption proceeds.

**10 FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow risk and interest rate risk), capital management risk, credit risk and liquidity risk. The financial risks relate to the following financial instruments: financial assets at fair value through profit or loss, cash and cash equivalents, trade and other payables and financial liabilities at fair value through profit or loss. The accounting policies with respect to these financial instruments are described in note 2. The Company's risk management policies employed to manage these risks are discussed below.

**(a) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The potential risk of not being able to meet its financial liabilities is mitigated by the fact that the investment interest units of OM Arbea Fund Limited, Lynx (Cayman) Fund Limited, IPM (Cayman) Fund Limited, Quantica Capital Cayman Fund, the Series 15 Basket of Shares and the Series 16 Basket of Shares (the "Underlying Investments") are highly liquid and the repayment profile of the Certificates, the Company's main liabilities, have been matched to the liquidity profile of the investments which are publicly traded.

The financial liabilities at fair value through profit or loss have been recognised on the statement of financial position as non-current liabilities based on their expected maturity. However, the certificates can be redeemed early at the option of the certificate holders and have therefore been classified as current liabilities for the purposes of this note.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Liquidity risk (continued)

The following table details the Company's liquidity analysis for its financial assets and liabilities.

| As at 31 December 2018                                     | Up to 1 yr<br>US\$         | 1yr to 2 yrs<br>US\$         | Over 2 yrs<br>US\$         | Total<br>US\$         |
|--|----------------------------|------------------------------|----------------------------|-----------------------|
| <b>Assets</b>  |                            |                              |                            |                       |
| <b>Current assets</b>                                      |                            |                              |                            |                       |
| Cash and cash equivalents                                  | 72,205                     | -                            | -                          | 72,205                |
| Trade and other receivables                                | 10,123,785                 | -                            | -                          | 10,123,785            |
| <b>Investment portfolio</b>                                |                            |                              |                            |                       |
| Financial assets at fair value through profit or loss      | 218,956,590                | -                            | -                          | 218,956,590           |
|  | 229,152,580                | -                            | -                          | 229,152,580           |
| <b>Liabilities</b>   |                            |                              |                            |                       |
| <b>Current liabilities</b>                                 |                            |                              |                            |                       |
| Trade and other payables                                   | 10,123,785                 | -                            | -                          | 10,123,785            |
| <b>Non-current liabilities</b>                             |                            |                              |                            |                       |
| Financial liabilities at fair value through profit or loss | 218,956,590                | -                            | -                          | 218,956,590           |
|  | 229,080,375                | -                            | -                          | 229,080,375           |
| <b>As at 31 December 2017</b>                              | <b>Up to 1 yr<br/>US\$</b> | <b>1yr to 2 yrs<br/>US\$</b> | <b>Over 2 yrs<br/>US\$</b> | <b>Total<br/>US\$</b> |
| <b>Assets</b>  |                            |                              |                            |                       |
| <b>Current assets</b>                                      |                            |                              |                            |                       |
| Cash and cash equivalents                                  | 23,609                     | -                            | -                          | 23,609                |
| <b>Investment portfolio</b>                                |                            |                              |                            |                       |
| Financial assets at fair value through profit or loss      | 191,690,816                | -                            | -                          | 191,690,816           |
|  | 191,714,425                | -                            | -                          | 191,714,425           |
| <b>Liabilities</b>   |                            |                              |                            |                       |
| <b>Current liabilities</b>                                 |                            |                              |                            |                       |
| Trade and other payables                                   | 70,356                     | -                            | -                          | 70,356                |
| <b>Non-current liabilities</b>                             |                            |                              |                            |                       |
| Financial liabilities at fair value through profit or loss | 191,620,458                | -                            | -                          | 191,620,458           |
|  | 191,690,814                | -                            | -                          | 191,690,814           |

(b) Capital management

When managing capital the Company's objectives are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and the Certificate holders.

The expenses of the Company are funded by a third party and the Company will issue further Certificates in order to fund further investments. Any capital requirements are known with some certainty and therefore no formal monitoring is considered necessary. There are no externally imposed capital requirements.

(c) Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has been entered into with the Company. Credit risk is the potential exposure of the Company to loss in the event of non-performance by the Underlying Investments, the counterparties to the investments. In turn the Company is exposed to a potential loss under the Certificates but this is mitigated by way of a charge over the Underlying Investments. The Directors consider that the Company is not exposed to any material net credit risk as the Certificates issued have limited recourse to the proceeds of the investments and hence, amounts due to the Certificate holders are limited to the amount received from the Underlying Investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

10 FINANCIAL RISK MANAGEMENT - (CONTINUED)

(c) Credit risk (continued)

The following table shows the Company's maximum exposure to credit risk:

| As at 31 December 2018                                   | Up to 1 yr<br>US\$         | 1yr to 2 yrs<br>US\$         | Over 2 yrs<br>US\$         | Total<br>US\$         |
|--|----------------------------|------------------------------|----------------------------|-----------------------|
| <b>Current assets</b>                                    |                            |                              |                            |                       |
| Cash and cash equivalents                                | 72,205                     | -                            | -                          | 72,205                |
| Trade and other receivables                              | 10,123,785                 | -                            | -                          | 10,123,785            |
| <b>Investment portfolio</b>                              |                            |                              |                            |                       |
| Financial assets at fair value through<br>profit or loss | 218,956,590                | -                            | -                          | 218,956,590           |
|  | <u>229,152,580</u>         | <u>-</u>                     | <u>-</u>                   | <u>229,152,580</u>    |
| <b>As at 31 December 2017</b>                            | <b>Up to 1 yr<br/>US\$</b> | <b>1yr to 2 yrs<br/>US\$</b> | <b>Over 2 yrs<br/>US\$</b> | <b>Total<br/>US\$</b> |
| <b>Current assets</b>                                    |                            |                              |                            |                       |
| Cash and cash equivalents                                | 23,609                     | -                            | -                          | 23,609                |
| <b>Investment portfolio</b>                              |                            |                              |                            |                       |
| Financial assets at fair value through<br>profit or loss | 191,690,816                | -                            | -                          | 191,690,816           |
|  | <u>191,714,425</u>         | <u>-</u>                     | <u>-</u>                   | <u>191,714,425</u>    |

(d) Market risk

The Company's exposure to market risk is comprised of the following risks:

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk as some of the Company's transactions are in currencies other than US Dollars which is the Company's functional and presentational currency.

The sensitivity analyses below have been determined based on the exposure to GBP and EUR exchanges rate at the reporting date:

For GBP and EUR denominated financial assets and liabilities, the analysis is prepared assuming the amount of the asset outstanding at the reporting date was outstanding for the whole year. A 5% increase or decrease represents the Directors' assessment of a reasonably possible change in foreign exchange rates.

If the US\$ strengthened by 5% against the GBP and EUR and all other variables held constant, the Company's comprehensive income for the year would have been US\$52 higher as a result of foreign exchange losses on translation of GBP and EUR denominated financial assets and liabilities.

If the US\$ weakened by 5% against the GBP and EUR and all other variables held constant, the Company's comprehensive income for the year would have been US\$52 lower as a result of foreign exchange gains on translation of GBP and EUR denominated financial assets and liabilities.

The following table shows the assets and liabilities of the Company which are denominated in a foreign currency:

|                 | Assets             |                    | Liabilities          |                     |
|-----------------|--------------------|--------------------|----------------------|---------------------|
|                 | 31/12/2018<br>US\$ | 31/12/2017<br>US\$ | 31/12/2018<br>US\$   | 31/12/2017<br>US\$  |
| EUR denominated | 90,389,122         | 40,844,981         | (90,389,121)         | (40,817,357)        |
| GBP denominated | 29,779,867         | 35,285,523         | (29,779,867)         | (35,284,718)        |
|                 | <u>120,168,989</u> | <u>76,130,504</u>  | <u>(120,168,988)</u> | <u>(76,102,075)</u> |



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

### 10 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Market risk (continued)

##### (ii) Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Company is not subject to interest rate risk on any of its liabilities.

##### (iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer. Price risk is increased due to the leveraged nature of the investments however these are documented in the prospectus and the Certificate holders are aware of the risks.

The Company is exposed to market price risk arising from its Underlying Investments (see note 4 for the fair value of these investments). Any price risk to the Company is managed due to the limited recourse nature of the underlying Certificates as disclosed in note 8. Therefore the Directors do not believe the Company is subject to any price risk; though Certificate holders are exposed to price risk.

#### Fair value measurements recognised in the Statement of Financial Position

IFRS 13 Fair Value measurement requires disclosure of fair value measurements to be categorised by Level. The Levels are split between three levels:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Company's assets and liabilities were classified as follows:

All assets during the year are measured using fair values falling under levels 1, 2 and 3.

| 31 December 2018 | Level 1 (US\$) | Level 2 (US\$) | Level 3 (US\$) |
|------------------|----------------|----------------|----------------|
|                  | 90,389,122     | 128,567,469    | -              |
| 31 December 2017 | Level 1 (US\$) | Level 2 (US\$) | Level 3 (US\$) |
|                  | 30,076,766     | 144,404,584    | 17,568,198     |

There were no transfers between Level 1, 2 and 3 during the year.

All liabilities during the year are measured using fair values falling under levels 1, 2 and 3.

| 31 December 2018 | Level 1 (US\$) | Level 2 (US\$) | Level 3 (US\$) |
|------------------|----------------|----------------|----------------|
|                  | 90,389,122     | 128,567,469    | -              |
| 31 December 2017 | Level 1 (US\$) | Level 2 (US\$) | Level 3 (US\$) |
|                  | -              | 144,045,853    | 47,574,605     |

The valuation of the majority of the underlying investments falls under level 2 fair value hierarchy. Although these investments are quoted, they are not actively traded. The fair values of quoted investments have been derived using observable market data.

### 11 RELATED PARTY DISCLOSURES

M Newton and S Conroy, Directors of the Company, are senior employees of Crestbridge Limited ("Crestbridge") who provide ongoing administrative services to the Company at normal commercial rates. During the year £181,187 (2017: £122,541) was due to Crestbridge in respect of services of which £ nil (2017: £27,459) was outstanding at the year end. As these expenses are paid by a third party they have not been recognised in these financial statements.

Crestbridge is the affiliate leader of a group of companies of which includes Crestbridge Corporate Services Limited (administrator and company secretary to the Company), Crestbridge Fund Administrators Limited (Calculation Agent) and Crestbridge Corporate Trustees Limited (share trustee for the Company).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2018**

**12 SEGMENTAL REPORTING**

The directors, who together are the Chief Operating Decision Makers, consider that the Company comprises of one operating segment and that it operates in the country of incorporation. The Company provides the directors with the financial information that is on an aggregated level. As such, there is no segmental information to disclose.

**13 IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY**

The Immediate Parent of the Company is The Oder Capital Charitable Trust, a trust formed in Jersey for charitable purposes.

The Ultimate Controlling Party of the Company is Crestbridge Corporate Trustees Limited as Trustee of The Oder Capital Charitable Trust.

**14 EVENTS AFTER THE REPORTING YEAR**

On 12 August 2018, the Directors approved under the Programme, the Company's participation in a transaction whereby the Company in its capacity as issuer, would issue unsecured exchange traded products which would be listed simultaneously on the warrants and certificate exchange segment of the Nasdaq First North Sweden and the official list of the Irish Stock Exchange Plc trading as Euronext Dublin.

As at the signing of this report, the Company had issued 44 series each of SEK 1,000,000 tracker security certificates under the Programme.

On 25 January 2019, the Company issued under the Programme, USD 500,000,000 Certificates linked to the shares of MSP (Europe) I Limited, an exempt company incorporated under the laws of the Cayman Islands. As at the signing of this report the Company had issued USD 992,929 Certificates.

On 25 February 2019, the Company fully redeemed all its shares Quantica Capital Cayman Fund ("Series 10"). Subsequently cancelling the certificates in issue linked to Series 10.

On 12 March 2019, Series 15 reached maturity. The certificates in issue linked to Series 15 were cancelled.

On 10 June 2019, the Company issued under the Programme, GBP 5,000,000,005 Certificates linked to the shares of Ruffer Multi Strategies Fund Limited, which is a regulated fund registered as a collective investment scheme in Guernsey and is listed on Euronext Dublin. As at the signing of this report the Company had issued GBP 7,692,307,700 Certificates.

On 13 June 2019, the Directors of the Company updated the base prospectus to increase the Programme size from US\$ 30,000,000,000 to US\$ 50,000,000,000.

On 11 July 2019, the Directors of the Company updated the base prospectus in relation to the ETP Programme to include the update of certain factual, technical and risk factor updates.

There were no other material events after the reporting period.

**alphabet access products ltd**  
(formerly Oder Capital Limited)

Report and Audited Financial Statements

For the year ended 31 December 2019

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## DIRECTORS' REPORT

For the year ended 31 December 2019

The Directors present their Report, together with the audited financial statements of alphabet access products ltd (the "Company"), for the year ended 31 December 2019.

### INCORPORATION AND PRINCIPAL ACTIVITIES

The Company was incorporated as a public company on 29 May 2012. The principal activity of the Company is to issue secured and unsecured Certificates (together "the Certificates") under the terms of a US\$50,000,000,000 Certificate Programme (increased from US\$30,000,000,000 on 13 June 2019). The Certificates will be issued in series and will provide holders with indirect access to various leveraged products holding investments in a range of trading Programmes. There were three new series of certificates ("Series 17", "Series 19" and "Repack Series 1") issued during the year. In addition the Exchange Traded Products Programme ("ETP Programme") was launched in 2019 launching 53 Series of Tracker Certificates.

### GOING CONCERN

The Directors have prepared the financial statements of the Company on a going concern basis. The expenses of the Company, other than bank charges, are paid by Morgan Stanley & Co International Plc ("Morgan Stanley") and income is received from Morgan Stanley to cover bank charges. The Directors have no reason to believe that Morgan Stanley will not honour this agreement for the foreseeable future and note that this agreement has been in place for a number of years and Morgan Stanley have continued to meet their obligations under it. Also, the Directors have no reason to believe that Morgan Stanley will not continue as a going concern amidst the current uncertain market conditions derived from the outbreak of the COVID-19 Virus. The unsecured Certificates are limited recourse as the principal repayment of each series is linked to the value for the financial assets. The Directors have therefore prepared the financial statements on a going concern basis.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 9. The Directors did not recommend any dividends for the year (2018: US\$ nil).

### DIRECTORS

The Directors who held office during the year and up to the date of this report were:

M Newton (appointed 12 March 2019)  
S Conroy

S M Rayson who was appointed as a Director on 15 May 2015, resigned on 12 March 2019.

### COMPANY SECRETARY

The Secretary of the Company who has been Secretary for the year under review and up to the date for this report is Crestbridge Corporate Services Limited.

### INDEPENDENT AUDITOR

The Independent Auditor Deloitte resigned on 6 December 2019. Subsequently Grant Thornton Limited, were appointed as the Independent Auditor on 6 December 2019. Accordingly a resolution to reappoint Grant Thornton Limited was approved at the Directors Meeting on the date of this report.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing financial statements in accordance with generally accepted accounting principles.

Companies Law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Company's surplus or deficit for that period. In preparing these financial statements the Directors should;

International Accounting Standard 1 "Presentation of Financial Statements" requires that financial statements present fairly, for each financial period, the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Subfund will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company at that time and to enable them to ensure that any financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing these audited financial statements.

The directors confirm that so far as they are aware, there is no relevant audit information, of which the Company's auditor is unaware and they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of this information.

**DIRECTORS' REPORT**

**For the year ended 31 December 2019**

Approved by the Board of Directors  
and signed on behalf of the Board

Secretary



**Michael Newton**

Date: 31 March 2020

**Registered Office**

47 Esplanade  
St Helier  
Jersey  
JE1 0BD

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ALPHABETA ACCESS PRODUCTS LIMITED (FORMERLY ODER  
CAPITAL LIMITED)**

**Opinion**

**Our opinion on the financial statements is unmodified**

We have audited the financial statements of Alphabeta Access Products Limited (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the Company's loss for the year then ended;
- are in accordance with IFRSs as issued by the International Accounting Standards Board; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the company financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Emphasis of matter**

We draw attention to Note 14 of the financial statements, which describes the effects of COVID-19 outbreak on the Company's operations. Our opinion is not modified in respect of this matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matter****How the matter was addressed in the audit****Investments maybe materially misstated due to incorrect valuation.**

Investments comprise of positions leveraged products that hold investments in a range of trading programmes. The fair value of investments (financial assets at fair value through profit or loss) is based on the price of the underlying leveraged products. The fair value may therefore be misstated due to intentional manipulation of the underlying products valuations or incorrect calculation of the fair value as at year end.

Our audit work included, but was not restricted to:

- review of the Company's accounting policies to confirm their compliance with IFRS requirements;
- assessment of the design and implementation of controls relating purchases, disposals and valuation of investments;
- tracing samples of subscriptions and redemptions during the year to the relevant valid deal tickets to confirm their occurrence and accuracy;
- reconciling units held under each series as at 31 December 2019 to confirmations received from independent custodians; and
- recalculating the fair value as at 31 December 2019 using the closing prices and units confirmed by independent custodians.

The Company's accounting policy on financial assets at fair value through profit or loss is shown in note 2 and related disclosures are included in note 4.

**Key observations**

No misstatements were identified from the work performed.

**Our application of materiality**

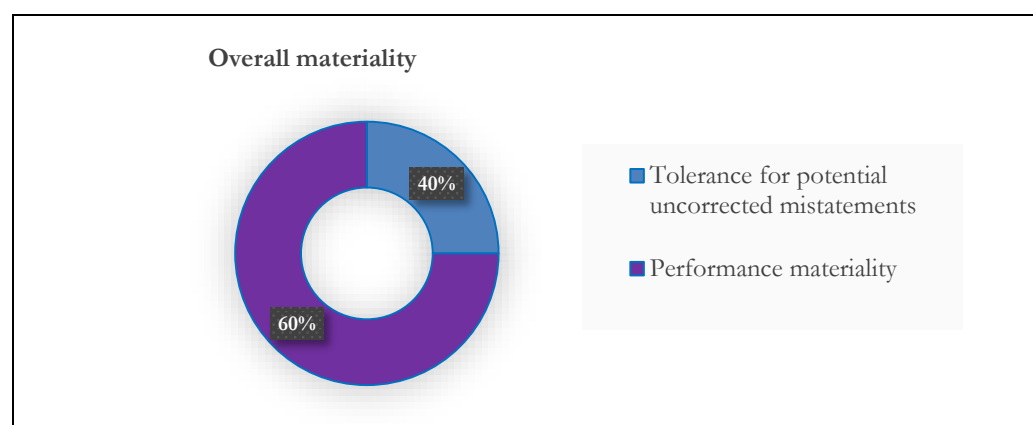
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

| Materiality measure   | Company  |
|---|--|
| Financial statements as a whole                                 | \$7,178,000 which is 2% of total assets. This benchmark is considered the most appropriate because certificate holders consider total assets value to be the main key performance indicator. |
| Performance materiality used to drive the extent of our testing | 60% of financial statement materiality   |



The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



### **An overview of the scope of our audit**

Our audit approach was based on a thorough understanding of the Company's business and is risk based, and in particular included:

- assessment of the controls designed and implemented by the administrator to ensure that information being recorded in the Company is valid, complete and accurate; and
- understanding the investments cycle and performing the relevant substantive procedures on fair value movement and the fair value as at 31 December 2019.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



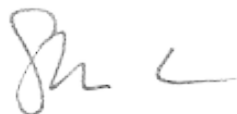
Alexander R. Langley  
For and on behalf of Grant Thornton Limited  
Chartered Accountants  
St Helier  
Jersey

**Date: 31 March 2020**

**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2019

|   | Notes | 31-Dec-19<br>US\$         | 31-Dec-18<br>US\$         |
|---|-------|---------------------------|---------------------------|
| <b>Assets</b>   |       |                           |                           |
| <b>Non-Current Assets</b>   |       |                           |                           |
| Financial assets at fair value through profit or loss                         | 4     | 330,684,454               | 218,956,590               |
| <b>Current Assets</b>   |       |                           |                           |
| Trade and other receivables   | 5     | 28,204,208                | 10,123,785                |
| Cash and cash equivalents   |       | 23,520                    | 72,205                    |
|   |       | <u>28,227,728</u>         | <u>10,195,990</u>         |
| <b>Total Assets</b>   |       | <u><u>358,912,182</u></u> | <u><u>229,152,580</u></u> |
| <b>Equity</b>   |       |                           |                           |
| <b>Capital and Reserves Attributable to the Equity Holders of the Company</b> |       |                           |                           |
| Share capital   | 6     | 3                         | 3                         |
| Accumulated reserves  |       | <u>23,612</u>             | <u>72,202</u>             |
| <b>Total Equity</b>   |       | <u>23,615</u>             | <u>72,205</u>             |
| <b>Liabilities</b>  |       |                           |                           |
| <b>Current Liabilities</b>  |       |                           |                           |
| Trade and other payables  | 7     | <u>28,204,113</u>         | <u>10,123,785</u>         |
| <b>Non-Current Liabilities</b>  |       |                           |                           |
| Financial liabilities at fair value through profit or loss                    | 8     | 330,684,454               | 218,956,590               |
| <b>Total Liabilities</b>  |       | <u>358,888,567</u>        | <u>229,080,375</u>        |
| <b>Total Equity and Liabilities</b>   |       | <u><u>358,912,182</u></u> | <u><u>229,152,580</u></u> |

These audited financial statements on pages 8 to 21 were approved and authorised for issue by the Board of Directors on 31 March 2020, and were signed on its behalf by:



Director

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2019

|  | Notes | 1-Jan-19<br>to<br>31-Dec-19<br>US\$ | 1-Jan-18<br>to<br>31-Dec-18<br>US\$ |
|--|-------|-------------------------------------|-------------------------------------|
| <b>Income</b>  |       |                                     |                                     |
| Other income   |       | 9,000                               | -                                   |
| Bank interest income   |       | -                                   | 116                                 |
| Foreign exchange gain  |       | -                                   | 50,990                              |
| Fair value gain on financial liabilities at fair value through profit or loss          |       | 17,227,027                          | 10,703,682                          |
|  |       | <u>17,236,027</u>                   | <u>10,754,788</u>                   |
| <b>Expenses</b>  |       |                                     |                                     |
| Fair value loss on financial assets at fair value through profit or loss               | 4     | 17,227,027                          | 10,652,563                          |
| Management fees  | 9     | 51,257                              | 51,119                              |
| Bank charges   |       | 5,558                               | 2,512                               |
| Foreign exchange loss  |       | 775                                 | -                                   |
|  |       | <u>17,284,617</u>                   | <u>10,706,194</u>                   |
| <b>(Loss)/profit for the year</b>  |       | <u>(48,590)</u>                     | <u>48,594</u>                       |
| Other comprehensive income   |       | -                                   | -                                   |
| <b>Total Comprehensive (Loss)/Income attributable to Equity Holders of the Company</b> |       | <u>(48,590)</u>                     | <u>48,594</u>                       |

All results in the current year and prior year result from continuing operations.

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2019

|  | Share<br>Capital<br>US\$ | Accumulated<br>Reserves<br>US\$ | Total<br>US\$ |
|--|--------------------------|---------------------------------|---------------|
| As at 1 January 2019                           | 3                        | 72,202                          | 72,205        |
| Loss and total comprehensive loss for the year | -                        | (48,590)                        | (48,590)      |
| As at 31 December 2019                         | 3                        | 23,612                          | 23,615        |

|  | Share<br>Capital<br>US\$ | Accumulated<br>Reserves<br>US\$ | Total<br>US\$ |
|--|--------------------------|---------------------------------|---------------|
| As at 1 January 2018                               | 3                        | 23,608                          | 23,611        |
| Profit and total comprehensive income for the year | -                        | 48,594                          | 48,594        |
| As at 31 December 2018                             | 3                        | 72,202                          | 72,205        |

**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2019

|   | Notes | 31-Dec-19<br>US\$    | 31-Dec-18<br>US\$    |
|---|-------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                                       |       |                      |                      |
| (Loss)/profit for the year  |       | (48,590)             | 48,594               |
| Fair value movement on financial liabilities at fair value through profit or loss |       | 17,227,027           | 10,703,682           |
| Fair value movement on financial assets at fair value through profit or loss      |       | (17,227,027)         | (10,652,563)         |
| Decrease in payables  |       | (67,033)             | (3,323)              |
|   |       | <u>(115,623)</u>     | <u>96,390</u>        |
| <b>Cash flows from investing activities</b>                                       |       |                      |                      |
| Purchase of investments   |       | (247,118,198)        | (131,969,739)        |
| Sale of investments   |       | 118,163,308          | 70,641,327           |
| <b>Net cash outflow from investing activities</b>                                 |       | <u>(128,954,890)</u> | <u>(61,328,412)</u>  |
| <b>Cash flows from financing activities</b>                                       |       |                      |                      |
| Issue of Certificates   |       | 247,118,198          | 131,969,739          |
| Redemption of Certificates  |       | (118,096,370)        | (70,689,121)         |
| <b>Net cash inflow from financing activities</b>                                  |       | <u>129,021,828</u>   | <u>61,280,618</u>    |
| <b>(Decrease)/Increase in cash and cash equivalents</b>                           |       | <u>(48,685)</u>      | <u>48,596</u>        |
| <b>Cash and cash equivalents at the beginning of the year</b>                     |       | 72,205               | 23,609               |
| <b>Cash and cash equivalents at the end of the year</b>                           |       | <u><u>23,520</u></u> | <u><u>72,205</u></u> |

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 1 GENERAL INFORMATION

The Company's principal place of business is at 47 Esplanade, St. Helier, Jersey, JE1 0BD. The Company was incorporated on 29 May 2012 under the Companies (Jersey) Law 1991. The principal activity of the Company is to issue secured and unsecured Certificates (together "the Certificates") under the terms of a US\$50,000,000,000 Certificate Programmes ("the Programme") (increased from US\$30,000,000,000 on 13 June 2019). The Certificates will be issued in series and will provide holders with indirect access to various leveraged products holding investments in a range of trading Programmes.

Seven series of Certificates were in issue at the year end and provide indirect access to the following Programmes:

| Series Name:                            | Principal Country of Operation |
|---|--------------------------------|
| Lynx (Cayman) Fund Limited (series 6)   | Cayman Islands                 |
| IPM (Cayman) Fund Limited (series 9)    | Ireland                        |
| Series 16 - Investment basket           | Ireland                        |
| MSP (Europe) I Limited (series 17)      | Cayman Islands                 |
| Two Trees (Capital) Limited (series 19) | Cayman Islands                 |
| Repack Series 1                         | Gibraltar                      |
| Exchanged Traded Products Programme     | Sweden                         |

OM Arbea Fund Limited, Quantica Capital (Cayman) Fund and Series 15 Investment basket were fully redeemed in the year.

During the year the Company in its capacity as Issuer, issued various unsecured exchange traded products which were be listed on the warrants and certificate exchange segment of the Nasdaq First North Sweden and Euronext Dublin. Throughout the year the certificates were actively traded and 50 series of certificates were in issue at the year end.

Also, during the year the Company in its capacity as Issuer established a new US\$30,000,000,000 secured and unsecured notes programme. The notes are to be issued in series. The series assets of the notes include bonds or notes of any form, denomination, type and issuer or other assets as specified in the Pricing Supplement. The series assets also include cash or assets held in a cash or custody account with the Custodian.

Pursuant to the programme the first issuance of notes comprised of the issue of US\$15,000,000 ETF SPDR Gold Shares Fund tracker notes. The proceeds of the note issuance were used to acquire bonds issued by New Jersey Transportation Trust Fund Authority.

### 2 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently throughout the years presented in dealing with items which are considered to be material in relation to the Company's audited financial statements (the "financial statements").

#### Basis of accounting

These audited financial statements have been prepared on an historical cost basis, except for financial assets and liabilities designated at Fair Value Through Profit or Loss ('FVTPL') which have all been measured at fair value. The financial statements are presented in United States Dollars ("US\$").

#### Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

#### Going concern

The Directors have prepared the financial statements of the Company on a going concern basis. The expenses of the Company, other than bank charges, are paid by Morgan Stanley & Co International Plc ("Morgan Stanley") and income is received from Morgan Stanley to cover bank charges. The Directors have no reason to believe that Morgan Stanley will not honour this agreement for the foreseeable future and note that this agreement has been in place for a number of years and Morgan Stanley have continued to meet their obligations under it. Also, the Directors have no reason to believe that Morgan Stanley will not continue as a going concern amidst the current uncertain market conditions derived from the outbreak of the COVID-19 Virus. The unsecured Certificates are limited recourse as the principal repayment of each series is linked to the value for the financial assets. The Directors have therefore prepared the financial statements on a going concern basis.

#### New standards and interpretations not yet adopted

Standards issued but not yet effective up to the reporting date of the audited financial statements are listed below:

|  | For annual periods commencing on: |
|--|-----------------------------------|
| Amendments to References to the Conceptual Framework in IFRS Standards | 1 January 2020                    |
| Amendments to IFRS 3 – Definition of a Business                        | 1 January 2020                    |
| Amendments to IAS 1 and IAS 8 (Oct 2018) – Definition of Material      | 1 January 2020                    |

The evaluation of the impact on the financial statements in respect of the: disclosures; classification; and, measurement on adoption of the standards in issue but not yet effective has not been finalised and is currently being assessed by the Directors.

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 2 PRINCIPAL ACCOUNTING POLICIES - (CONTINUED)

#### Financial instruments

##### 1.1 Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value; and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial instruments and the contractual terms of the cash flows.

Assets measured at fair value are Financial Assets at FVTPL and Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI"), gains and losses of which will be recorded in profit or loss or other comprehensive income ("OCI") respectively. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. No such irrevocable election has been made.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

##### 1.2 Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

##### 1.3 Subsequent measurement of financial assets and liabilities

#### Financial assets

##### Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Statement of Comprehensive Income.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

##### Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost, except for those that are derivative financial instruments or financial liabilities that are held for trading i.e. the Certificates, which are classified as FVTPL. The FVTPL option can also be irrevocably elected at initial recognition of financial liabilities, if it eliminates or significantly reduces an accounting mismatch, the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy or there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

##### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. No such irrevocable election has been made.

Changes in the fair value of financial assets at FVTPL are recognised in fair value gains/(losses) in the Statement of Comprehensive Income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

##### 1.4 Impairment

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 2 PRINCIPAL ACCOUNTING POLICIES - (CONTINUED)

#### Equity instruments

##### 1.5 Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Gains and losses on sales are calculated on an average cost basis.

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. For the purpose of the Statement of Cash Flows, cash and cash equivalents are considered to be all highly liquid investments with maturity of three months or less.

#### Functional and presentation currency

Items included in the financial statements of the Company are measured using the primary currency in which the Company operates. The financial statements are presented in United States Dollar, which is the Company's functional and presentation currency.

#### Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Equity investments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### Expenses

All the Company expenses other than bank charges are paid by Morgan Stanley & Co. International Plc ("Morgan Stanley") and consequently are not recognised in these financial statements.

#### Revenue

Revenue has been recognised as and when it falls due to the Company. The Company is entitled to transaction fees of US\$750 for each series of Certificates issued during the year. In addition, income is received by the Company from Morgan Stanley to cover bank charges.

#### Taxation

The Company is liable to Jersey income tax at a rate of 0% (2018: 0%).

#### Valuation of Certificates

The Company held seven series' of Certificates as at the year-end. The Certificates constitute a straight pass through exposure, net of fees, to the underlying investments detailed in note 4. The investments are listed on Euronext Dublin, Gibraltar Stock Exchange or Nasdaq South North.

The Company has designated all of the Certificates at fair value through profit or loss which is equivalent to the available quoted price of the underlying investment in the market. The Certificates are initially recognised at fair value and subsequently re-measured at fair value through profit or loss based on the last traded price of the underlying investment. Profits and losses on sales are accounted for on a trade date basis and taken to the Statement of Comprehensive Income.

### 3 ACCOUNTING JUDGEMENTS

#### Critical accounting judgements

The Directors of the Company have considered there to be no critical accounting judgements made in respect of the preparation of these financial statements.

#### Key sources of estimation

The Company uses valuations received from the third party administrators of the underlying investments for daily Net Asset Valuation calculations. Financial assets at fair value through profit or loss are independently valued on an individual basis depending on the nature of the investment. Fair value estimates are made at a specific point in time, based on market conditions and other available information. The certificate investments fall under Level 1, 2 and 3 of the fair value hierarchy. The table in note 4 shows a reconciliation of opening balances to the year end balances. The Directors consider there to be no other key sources of estimation uncertainty at the year end date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

#### Capital risk management

When managing capital, the Company's objectives is to safeguard the its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company aims to deliver these objectives by aiming to achieve consistent returns from its assets, maintaining sufficient liquidity to meet the expenses of the Company. Currently, there are no externally imposed capital requirements.

#### Foreign currency

Items included in the audited financial statements are measured and presented in United States Dollar, reflective of the primary economic environment in which it operates (the "functional currency").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Summary as at 31 December 2019

Investment Programmes

|  | Cost<br>US\$<br>1 Jan 2019 | Purchases<br>US\$  | Sales<br>US\$        | Cost C/f<br>US\$   | Unrealised Fair<br>Value B/F<br>US\$ | Current Year<br>Unrealised<br>Movement<br>US\$ | Fair value at<br>31-Dec-19 |
|--|----------------------------|--------------------|----------------------|--------------------|--------------------------------------|--|----------------------------|
| <b>OM Arbea Fund Ltd</b>                 |                            |                    |                      |                    |                                      |  |                            |
| ("Series 5")                             | 22,912,673                 | -                  | (22,912,673)         | -                  | 6,867,194                            | (6,867,194)                                    | -                          |
| <b>Lynx (Cayman) Fund Limited</b>        |                            |                    |                      |                    |                                      |  |                            |
| ("Series 6")                             | 12,770,522                 | 6,720,986          | (14,621,156)         | 4,870,352          | (2,315,645)                          | 2,516,806                                      | 5,071,513                  |
| <b>IPM (Cayman) Fund Limited</b>         |                            |                    |                      |                    |                                      |  |                            |
| ("Series 9")                             | 58,475,265                 | 14,000,000         | -                    | 72,475,265         | 18,136,792                           | (26,443,838)                                   | 64,168,219                 |
| <b>Quantica Capital Cayman Fund</b>      |                            |                    |                      |                    |                                      |  |                            |
| ("Series 10")                            | 11,830,889                 | -                  | (11,830,889)         | -                  | (110,222)                            | 110,222  | -                          |
| <b>Investment basket</b>                 |                            |                    |                      |                    |                                      |  |                            |
| ("Series 15")                            | 68,798,590                 | -                  | (68,798,590)         | -                  | (5,315,385)                          | 5,315,385                                      | -                          |
| <b>Investment basket</b>                 |                            |                    |                      |                    |                                      |  |                            |
| ("Series 16")                            | 28,668,975                 | 201,997,798        | -                    | 230,666,773        | (1,763,058)                          | 10,364,592                                     | 239,268,307                |
| <b>MSP (Europe) 1 Limited</b>            |                            |                    |                      |                    |                                      |  |                            |
| ("Series 17")                            | -                          | 700,000            | -                    | 700,000            | -                                    | (393,719)                                      | 306,281                    |
| <b>Two Trees (Cayman) Fund Limited</b>   |                            |                    |                      |                    |                                      |  |                            |
| ("Series 19")                            | -                          | 2,295,000          | -                    | 2,295,000          | -                                    | (269,978)                                      | 2,025,023                  |
| <b>Exchange Traded Product Programme</b> |                            |                    |                      |                    |                                      |  |                            |
| ("ETP" Programme")                       | -                          | 6,404,414          | -                    | 6,404,414          | -                                    | -  | 6,404,414                  |
| <b>Repack Gibraltar Programme</b>        |                            |                    |                      |                    |                                      |  |                            |
| ("Repack Series 1")                      | -                          | 15,000,000         | -                    | 15,000,000         | -                                    | (1,559,303)                                    | 13,440,697                 |
|  | <u>203,456,914</u>         | <u>247,118,198</u> | <u>(118,163,308)</u> | <u>332,411,804</u> | <u>15,499,676</u>                    | <u>(17,227,027)</u>                            | <u>330,684,454</u>         |

|   |                     |
|---|---------------------|
| Realised gain/(loss) on cost  | 6,258,285           |
| Unrealised fair value movement  | (23,485,312)        |
| Fair value movement on assets measured at fair value through profit or loss | <u>(17,227,027)</u> |

Level 3 Investment Reconciliation

|                                   |             | 31-Dec-19<br>US\$ | 31-Dec-18<br>US\$ |
|-----------------------------------|-------------|-------------------|-------------------|
| Fair value as at 1 January        |             | -                 | 17,568,198        |
| Additions                         |             | -                 | -                 |
| Disposal                          |             | -                 | (17,209,846)      |
| Gain/(losses)                     | Realised    | -                 | 118,367           |
|                                   | Unrealised  | -                 | (168,817)         |
|                                   | FX movement | -                 | (307,902)         |
| Fair value at the end of the year |             | <u>-</u>          | <u>-</u>          |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Summary as at 31 December 2018

Investment Programme

|   | Cost<br>1-Jan- 18<br>US\$ | Purchases<br>US\$ | Sales<br>US\$ | Cost C/f<br>US\$ | Unrealised Fair<br>Value B/F<br>US\$ | Unrealised<br>Movement<br>US\$ | Fair value at 31-<br>Dec-18<br>US\$ |
|---|---------------------------|-------------------|---------------|------------------|--------------------------------------|--------------------------------|-------------------------------------|
| <b>E2 WNTN Trade Co-Diversified Fund</b>                                    |                           |                   |               |                  |                                      |                                |                                     |
| ("Series 13")   | 3,176,531                 | 2,075,000         | (5,251,531)   | -                | 953,786                              | (953,786)                      | -                                   |
| <b>OM Arbea Fund Ltd</b>  |                           |                   |               |                  |                                      |                                |                                     |
| ("Series 5")  | 24,270,030                | -                 | (1,357,357)   | 22,912,673       | 11,014,688                           | (4,147,494)                    | 29,779,867                          |
| <b>Lynx (Cayman) Fund Limited</b>   |                           |                   |               |                  |                                      |                                |                                     |
| ("Series 6")  | 17,501,802                | 11,390,296        | (16,121,576)  | 12,770,522       | (3,162,895)                          | 847,250                        | 10,454,877                          |
| <b>IPM (Cayman) Fund Limited</b>  |                           |                   |               |                  |                                      |                                |                                     |
| ("Series 9")  | 58,475,265                | -                 | -             | 58,475,265       | 18,032,033                           | 104,759                        | 76,612,057                          |
| <b>Quantica Capital Cayman Fund</b>   |                           |                   |               |                  |                                      |                                |                                     |
| ("Series 10")   | 9,403,160                 | 10,500,000        | (8,072,271)   | 11,830,889       | 4,381,452                            | (4,491,674)                    | 11,720,667                          |
| <b>AZ pure China Fixed Income<br/>Strategy Sub Fund</b>                     |                           |                   |               |                  |                                      |                                |                                     |
| ("Series 11")   | 7,000,000                 |                   | (7,000,000)   | -                | (172,394)                            | 172,394                        | -                                   |
| <b>Pure SICAV-SIF SA Apple Tree Multi-<br/>Strategy SubFund</b>             |                           |                   |               |                  |                                      |                                |                                     |
| ("Series 12")   | 10,563,872                | -                 | (10,563,872)  | -                | 176,720                              | (176,720)                      | -                                   |
| <b>A&amp;Q Risk Premia<br/>Select Limited</b>                               | -                         | 5,000,000         | (5,000,000)   | -                | -                                    | -                              | -                                   |
| <b>Investment basket</b>  |                           |                   |               |                  |                                      |                                |                                     |
| ("Series 14 ")  | 30,011,000                |                   | (30,011,000)  | -                | 65,766                               | (65,766)                       | -                                   |
| <b>Investment basket</b>  |                           |                   |               |                  |                                      |                                |                                     |
| ("Series 15")   | -                         | 68,798,590        | -             | 68,798,590       | -                                    | (5,315,385)                    | 63,483,205                          |
| <b>Investment basket</b>  |                           |                   |               |                  |                                      |                                |                                     |
| ("Series 16")   | -                         | 28,668,975        | -             | 28,668,975       | -                                    | (1,763,058)                    | 26,905,917                          |
|   | 160,401,660               | 126,432,861       | (83,377,607)  | 203,456,914      | 31,289,156                           | (15,789,480)                   | 218,956,590                         |
| Realised gain/(loss) on cost  |                           |                   |               |                  |                                      |                                | (2,395,940)                         |
| Unrealised fair value movement  |                           |                   |               |                  |                                      |                                | (8,256,623)                         |
| Fair value movement on assets measured at fair value through profit or loss |                           |                   |               |                  |                                      |                                | (10,652,563)                        |

The Company used the proceeds of each issue of Certificates or notes detailed in note 8 to acquire interest units in a variety of Investment Programmes. Series 5,6,9,10,11,12,13,17,19 Investment Programmes included Ireland and Cayman Islands Limited Liability Companies and the units are listed on the Irish Stock Exchange. The Investment Programmes provide exposure to leveraged derivative instruments and are held for capital appreciation. Series 15 and 16 invests in a diversified basket of shares of which the prices are published on Bloomberg.

In addition a new note programme was established in 2019 and the first issuance of notes comprised of the issue of US\$15,000,000 ETF SPDR Gold Shares Fund tracker notes ("Repack Series 1"). The proceeds of the note issuance were used to acquire bonds issued by New Jersey Transportation Trust Fund Authority, the price of this bond is available on Bloomberg. These notes are listed on the Gibraltar Stock Exchange.

Furthermore, during 2019 the company issued a variety of exchange traded products which were listed on the Nasdaq First North Sweden, the proceeds from the sale of these products were collateralised in a diversified basket of shares. The prices of these shares are available on Nasdaq First North Sweden. The Company has a total return swap in place with Morgan Stanley.

5 TRADE AND OTHER RECEIVABLES

|  | 31-Dec-19<br>US\$ | 31-Dec-18<br>US\$ |
|--|-------------------|-------------------|
| Proceeds from sale of units in OM Arbea Fund Limited | 28,204,113        | 10,123,785        |
| Amount due from Oder Charitable Trust                | 95                | -                 |
|  | 28,204,208        | 10,123,785        |

As at year end, trade and other receivables were neither past due nor impaired.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2019

**6 SHARE CAPITAL**

|   | 31-Dec-19   | 31-Dec-18   |
|---|-------------|-------------|
| <i>Authorised</i>                         |             |             |
| 10,000 ordinary shares of £1 each         | 10,000      | 10,000      |
| <i>Allotted, called up and fully paid</i> | <b>US\$</b> | <b>US\$</b> |
| 2 ordinary shares of £1 each              | 3           | 3           |

On incorporation 2 ordinary shares were issued and fully paid at £1 each, at a foreign exchange rate of GBP 1.0000 : USD 1.5000

The Company has one class of ordinary shares which carry no right to fixed income.

**7 TRADE AND OTHER PAYABLES**

|  | 31-Dec-19<br>US\$ | 31-Dec-18<br>US\$ |
|--|-------------------|-------------------|
| Due to certificate holders from sale of units in OM Arbea Fund Ltd | 28,204,113        | 10,056,752        |
| Accrued management fees  | -                 | 67,033            |
|  | 28,204,113        | 10,123,785        |

All the expenses of the Company, other than bank charges and management fees, are paid by Morgan Stanley who have provided funds to cover any bank charges. Any funds remaining in the bank account following the settlement of all liabilities and payment of dividends will then be transferred back to Morgan Stanley on dissolution of the Company.

**8 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

The Company may issue up to US\$50,000,000,000 secured and unsecured Certificates under the terms of the Certificate Programme dated 29 June 2012. All series currently in issue are unsecured and asset backed. At the year end the Company had seven Series of Certificates in issue under the Programme, one with a nominal value of US\$1,000,000,000, three with a nominal value of US\$500,000,000, one with a nominal value of US\$30,000,000,000 and one with a nominal value of EUR325,000,000. Details of the seven Series of Certificates in issue are as follows:

**Summary as at 31 December 2019**

| Series                                      | Number of<br>Certificates in<br>Issue | Number of<br>Subscribed<br>Certificates | Number of<br>unsubscribed<br>Certificates | Cost of<br>Certificates | Price of<br>Certificates | Fair Value of<br>certificates |
|---|---------------------------------------|---|---|-------------------------|--------------------------|-------------------------------|
|   |                                       |   |   | 31/12/2019<br>US\$      |                          | 31/12/2019<br>US\$            |
| Series 6 Certificates                       | 500,000,000                           | 6,317,941                               | 493,682,059                               | 4,870,352               | 0.802711                 | 5,071,481                     |
| Series 9 Certificates                       | 1,000,000,000                         | 106,063,156                             | 893,936,844                               | 72,475,265              | 0.605000                 | 64,168,209                    |
| Series 16 Certificates - US\$<br>equivalent | 3,250                                 | 2,039                                   | 1,211                                     | 230,666,773             | 117,357.298372           | 239,268,342                   |
| Series 17 Certificates                      | 500,000,000                           | 2,784,371                               | 497,215,629                               | 700,000                 | 0.110000                 | 306,282                       |
| Series 19 Certificates                      | 500,000,000                           | 2,209,295                               | 497,790,705                               | 2,295,000               | 0.916595                 | 2,025,029                     |
| Repack Series 1                             | 21,429,000                            | 21,429,000                              | -   | 15,000,000              | 0.627220                 | 13,440,697                    |
| <b>ETP Programme Certificates</b>           |                                       |   |   |                         |                          |                               |
| 53 Series of Certificates in issue          | 69,000,000                            | 634,189                                 | 68,365,811                                | 6,404,414               |                          | 6,404,414                     |
|   | 2,590,432,250                         | 139,439,991                             | 2,450,992,259                             | 332,411,804             |                          | 330,684,454                   |

**Summary as at 31 December 2018**

| Series                        | Aggregate<br>Nominal<br>Amount of<br>Certificates in<br>Series | Number of<br>Subscribed<br>Certificates | Number of<br>unsubscribed<br>Certificates | Cost of<br>Certificates | Price of<br>Certificates | Fair Value of<br>certificates |
|-------------------------------|--|---|---|-------------------------|--------------------------|-------------------------------|
|                               |  |   |   | 31/12/2018<br>US\$      |                          | 31/12/2018<br>US\$            |
| Series 5 Certificates         | 637,734,090  | 179,317                                 | 637,554,773                               | 22,912,673              | 166.07387                | 29,779,867                    |
| Series 6 Certificates         | 500,000,000  | 19,568,232                              | 498,500,000                               | 12,770,522              | 0.534278                 | 10,454,877                    |
| Series 9 Certificates         | 1,000,000,000  | 80,584,892                              | 964,450,920                               | 58,475,265              | 0.950700                 | 76,612,057                    |
| Series 10 Certificates        | 1,000,000,000  | 15,640,069                              | 997,300,500                               | 11,830,889              | 0.749400                 | 11,720,668                    |
| Series 15 Certificates - US\$ | 34,402,770   | 602                                     | 34,402,168                                | 68,798,590              | 105,453.826680           | 63,483,204                    |
| Series 16 Certificates - US\$ | 372,696,675  | 250                                     | 372,696,425                               | 28,668,975              | 107,623.664710           | 26,905,917                    |
|                               | 3,544,833,535  | 115,973,362                             | 3,504,904,786                             | 203,456,914             |                          | 218,956,590                   |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 8 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)

|                                     | 31-Dec-19<br>US\$ | 31-Dec-18<br>US\$ |
|-------------------------------------|-------------------|-------------------|
| Fair value movement brought forward | 15,499,676        | 26,203,358        |
| Fair value movement current year    | (17,227,027)      | (10,703,682)      |
| Fair value movement carried forward | (1,727,351)       | 15,499,676        |

The Certificates constitute a straight pass through exposure, net of fees, to the underlying investments detailed in note 4. The Certificates are limited recourse to the proceeds of the investments. The Certificate holders shall have no rights or claims against any other assets or future series of the Certificates issued by the Company.

The amount of the Company's obligations in respect of the Certificates or Notes are dependent on the performance of the underlying investment in the interest units of the Investment Programme that each of the Certificates or Notes are exposed to, which will in turn determine the amounts repaid to the Certificate holders. The investment in the Certificates is not capital protected and therefore any negative performance of interest units in each underlying investment Programme will be reflected in the redemption price, which could result in a total loss on redemption of the Certificates. The Certificates can be redeemed at any time.

The holders of the Certificates have no shareholders rights and no duty to cover losses.

As per the Prospectus, Crestbridge Fund Administrators Limited, where appointed as the Calculation Agent, will determine the termination amount, liquidation repayment amount or the repayment of the repurchase price as the case may be.

Following the issue of the Certificates detailed above US\$2,382,626,448 remains available for issue under the Certificate Programme dated 29 June 2012.

### 9 MANAGEMENT FEES

Pursuant to the Final Terms in relation to the Series 12 ("Series 12") Certificates, the Manager will receive from the Company, a management fee equal to 0.5% (50 basis points) per annum, calculated and accrued monthly on the net asset value of the underlying shares. The management fee will be paid from the proceeds of an annual redemption of the required number of underlying shares.

Following the full redemption of certificates, the outstanding management fees were paid with the redemption proceeds.

### 10 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow risk and interest rate risk), capital management risk, credit risk and liquidity risk. The financial risks relate to the following financial instruments: financial assets at fair value through profit or loss, cash and cash equivalents, trade and other payables and financial liabilities at fair value through profit or loss. The accounting policies with respect to these financial instruments are described in note 2. The Company's risk management policies employed to manage these risks are discussed below.

#### (a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The potential risk of not being able to meet its financial liabilities is mitigated by the fact that the investment interest detailed in note 4 of are highly liquid and the repayment profile of the Certificates, the Company's main liabilities, have been matched to the liquidity profile of the investments which are publicly traded.

The financial liabilities at fair value through profit or loss have been recognised on the statement of financial position as non-current liabilities based on their expected maturity. However, the certificates can be redeemed early at the option of the certificate holders and have therefore been classified as current liabilities for the purposes of this note.

The following table details the Company's liquidity analysis for its financial assets and liabilities.

| As at 31 December 2019      | Up to 1 yr<br>US\$ | 1yr to 2 yrs<br>US\$ | Over 2 yrs<br>US\$ | Total<br>US\$ |
|-----------------------------|--------------------|----------------------|--------------------|---------------|
| <b>Assets</b>               |                    |                      |                    |               |
| <b>Current assets</b>       |                    |                      |                    |               |
| Cash and cash equivalents   | 23,520             | -                    | -                  | 23,520        |
| Trade and other receivables | 28,204,113         | -                    | -                  | 28,204,113    |
| Other receivables           | 95                 |                      |                    | 95            |
| <b>Non-current assets</b>   |                    |                      |                    |               |
| <b>Investment portfolio</b> |                    |                      |                    |               |
| Financial assets at FVTPL   | -                  | 330,684,454          | -                  | 330,684,454   |
|                             | 28,227,728         | 330,684,454          | -                  | 358,912,182   |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2019

**10 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Liquidity Risk (continued)**

As at 31 December 2019

**Liabilities**

**Current liabilities**

Trade and other payables

| Up to 1 yr<br>US\$ | 1yr to 2 yrs<br>US\$ | Over 2 yrs<br>US\$ | Total<br>US\$ |
|--------------------|----------------------|--------------------|---------------|
|--------------------|----------------------|--------------------|---------------|

|            |   |   |            |
|------------|---|---|------------|
| 28,204,113 | - | - | 28,204,113 |
|------------|---|---|------------|

**Non-current liabilities**

Financial liabilities at FVTPL

|   |             |   |             |
|---|-------------|---|-------------|
| - | 330,684,454 | - | 330,684,454 |
|---|-------------|---|-------------|

|            |             |   |             |
|------------|-------------|---|-------------|
| 28,204,113 | 330,684,454 | - | 358,888,567 |
|------------|-------------|---|-------------|

As at 31 December 2018

**Assets**

**Current assets**

Cash and cash equivalents

|        |   |   |        |
|--------|---|---|--------|
| 72,205 | - | - | 72,205 |
|--------|---|---|--------|

Trade and other receivables

|            |   |   |            |
|------------|---|---|------------|
| 10,123,785 | - | - | 10,123,785 |
|------------|---|---|------------|

**Non-current assets**

**Investment portfolio**

Financial assets at FVTPL

|   |             |   |             |
|---|-------------|---|-------------|
| - | 218,956,590 | - | 218,956,590 |
|---|-------------|---|-------------|

|            |             |   |             |
|------------|-------------|---|-------------|
| 10,195,990 | 218,956,590 | - | 229,152,580 |
|------------|-------------|---|-------------|

**Liabilities**

**Current liabilities**

Trade and other payables

|            |   |   |            |
|------------|---|---|------------|
| 10,123,785 | - | - | 10,123,785 |
|------------|---|---|------------|

**Non-current liabilities**

Financial liabilities at fair value through profit or loss

|   |             |   |             |
|---|-------------|---|-------------|
| - | 218,956,590 | - | 218,956,590 |
|---|-------------|---|-------------|

|            |             |   |             |
|------------|-------------|---|-------------|
| 10,123,785 | 218,956,590 | - | 229,080,375 |
|------------|-------------|---|-------------|

**(b) Capital management**

When managing capital the Company's objectives are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and the Certificate holders.

The expenses of the Company are funded by a third party and the Company will issue further Certificates in order to fund further investments. Any capital requirements are known with some certainty and therefore no formal monitoring is considered necessary. There are no externally imposed capital requirements.

**(c) Credit risk**

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has been entered into with the Company. Credit risk is the potential exposure of the Company to loss in the event of non-performance by the Underlying Investments, the counterparties to the investments. In turn the Company is exposed to a potential loss under the Certificates but this is mitigated by way of a charge over the Underlying Investments. The Directors consider that the Company is not exposed to any material net credit risk as the Certificates issued have limited recourse to the proceeds of the investments and hence, amounts due to the Certificate holders are limited to the amount received from the Underlying Investments.

The following table shows the Company's maximum exposure to credit risk:

As at 31 December 2019

**Current assets**

Cash and cash equivalents

| Up to 1 yr<br>US\$ | 1yr to 2 yrs<br>US\$ | Over 2 yrs<br>US\$ | Total<br>US\$ |
|--------------------|----------------------|--------------------|---------------|
|--------------------|----------------------|--------------------|---------------|

|        |   |   |        |
|--------|---|---|--------|
| 23,520 | - | - | 23,520 |
|--------|---|---|--------|

Trade and other receivables

|            |   |   |            |
|------------|---|---|------------|
| 28,204,208 | - | - | 28,204,208 |
|------------|---|---|------------|

**Non-current assets**

**Investment portfolio**

Financial assets at FVTPL

|   |             |   |             |
|---|-------------|---|-------------|
| - | 330,684,454 | - | 330,684,454 |
|---|-------------|---|-------------|

|            |             |   |             |
|------------|-------------|---|-------------|
| 28,227,728 | 330,684,454 | - | 358,912,182 |
|------------|-------------|---|-------------|

As at 31 December 2018

**Current assets**

Cash and cash equivalents

|        |   |   |        |
|--------|---|---|--------|
| 72,205 | - | - | 72,205 |
|--------|---|---|--------|

Trade and other receivables

|            |   |   |            |
|------------|---|---|------------|
| 10,123,785 | - | - | 10,123,785 |
|------------|---|---|------------|

**Non-current assets**

**Investment portfolio**

Financial assets at FVTPL

|   |             |   |             |
|---|-------------|---|-------------|
| - | 218,956,590 | - | 218,956,590 |
|---|-------------|---|-------------|

|            |             |   |             |
|------------|-------------|---|-------------|
| 10,195,990 | 218,956,590 | - | 229,152,580 |
|------------|-------------|---|-------------|

The Company is subject to the ECL model on its financial assets that are carried at amortised cost. While cash and cash equivalents and receivables are also subject to the impairment requirements of IFRS 9, there were no identified impairment losses. The Subfund is also exposed to credit risk in relation to financial assets that are measured at FVTPL. The maximum exposure at the end of the reporting period is the carrying amount of these financial assets. Due to the nature of the receivables and that they are not past due, there are no expected credit losses.

The fair value of the Subfund's financial assets and liabilities approximate their carrying amounts at the year end date.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

## 9 FINANCIAL RISK MANAGEMENT - (CONTINUED)

### (d) Market price risk

The Company's exposure to market risk is comprised of the following risks:

#### (i) Foreign exchange risk

The Company is exposed to foreign exchange risk as some of the Company's transactions are in currencies other than US Dollars which is the Company's functional and presentational currency.

The sensitivity analyses below have been determined based on the exposure to GBP, EUR and SEK exchanges rate at the reporting date:

For GBP and EUR denominated financial assets and liabilities, the analysis is prepared assuming the amount of the asset outstanding at the reporting date was outstanding for the whole year. A 5% increase or decrease represents the Directors' assessment of a reasonably possible change in foreign exchange rates.

If the US\$ strengthened by 5% against the GBP, SEK and EUR and all other variables held constant, the Company's comprehensive income for the year would have been US\$13,693,844 higher as a result of foreign exchange losses on translation of GBP, SEK and EUR denominated financial assets and liabilities.

If the US\$ weakened by 5% against the GBP, SEK and EUR and all other variables held constant, the Company's comprehensive income for the year would have been US\$13,693,844 lower as a result of foreign exchange gains on translation of GBP, SEK and EUR denominated financial assets and liabilities.

The following table shows the assets and liabilities of the Company which are denominated in a foreign currency:

|                 | Assets             |                    | Liabilities        |                    |
|-----------------|--------------------|--------------------|--------------------|--------------------|
|                 | 31/12/2019<br>US\$ | 31/12/2018<br>US\$ | 31/12/2019<br>US\$ | 31/12/2018<br>US\$ |
| EUR denominated | 239,268,342        | 90,389,122         | 239,268,342        | 90,389,121         |
| GBP denominated | 28,204,113         | 29,779,867         | 28,204,113         | 29,779,867         |
| SEK denominated | 6,404,414          | -                  | 6,404,414          | -                  |
|                 | <u>273,876,869</u> | <u>120,168,989</u> | <u>267,472,455</u> | <u>120,168,988</u> |

#### (ii) Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Company is not subject to interest rate risk on any of its liabilities.

#### (iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer. Price risk is increased due to the leveraged nature of the investments however these are documented in the prospectus and the Certificate holders are aware of the risks.

The Company is exposed to market price risk arising from its Underlying Investments (see note 4 for the fair value of these investments). Any price risk to the Company is managed due to the limited recourse nature of the underlying Certificates as disclosed in note 8. Therefore the Directors do not believe the Company is subject to any price risk; though Certificate holders are exposed to price risk.

### (d) Market Risk

#### Fair value measurements recognised in the Statement of Financial Position

IFRS 13 Fair Value measurement requires disclosure of fair value measurements to be categorised by Level. The Levels are split between three levels:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 9 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Market risk (continued)

The Company's assets and liabilities were classified as follows:

All assets during the year are measured using fair values falling under levels 1, 2 and 3.

| 31 December 2019 | Level 1 (US\$) | Level 2 (US\$) | Level 3 (US\$) |
|------------------|----------------|----------------|----------------|
|                  | 259,113,419    | 71,571,035     | -              |
| 31 December 2018 | Level 1 (US\$) | Level 2 (US\$) | Level 3 (US\$) |
|                  | 90,389,122     | 128,567,469    | -              |

There were no transfers between Level 1, 2 and 3 during the year.

All liabilities during the year are measured using fair values falling under levels 1, 2 and 3.

| 31 December 2019 | Level 1 (US\$) | Level 2 (US\$) | Level 3 (US\$) |
|------------------|----------------|----------------|----------------|
|                  | 259,113,419    | 71,571,035     | -              |
| 31 December 2018 | Level 1 (US\$) | Level 2 (US\$) | Level 3 (US\$) |
|                  | 90,389,122     | 128,567,469    | -              |

The valuation of the majority of the underlying investments falls under level 2 fair value hierarchy. Although these investments are quoted, they are not actively traded. The fair values of quoted investments have been derived using observable market data.

### 11 RELATED PARTY DISCLOSURES

M Newton and S Conroy, Directors of the Company, are senior employees of Crestbridge Limited ("Crestbridge") who provide ongoing administrative services to the Company at normal commercial rates. During the year £466,962 (2018: £181,187) was due to Crestbridge in respect of services of which £110,977 (2018: nil) was outstanding at the year end. As these expenses are paid by a third party they have not been recognised in these financial statements.

Crestbridge is the affiliate leader of a group of companies of which includes Crestbridge Corporate Services Limited (administrator and company secretary to the Company), Crestbridge Fund Administrators Limited (Calculation Agent) and Crestbridge Corporate Trustees Limited (share trustee for the Company).

### 12 SEGMENTAL REPORTING

The Directors, who together are the Chief Operating Decision Makers, consider that the Company comprises of one operating segment and that it operates in the country of incorporation. The Company provides the Directors with the financial information that is on an aggregated level. As such, there is no segmental information to disclose.

### 13 IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

The Immediate Parent of the Company is The Oder Capital Charitable Trust, a trust formed in Jersey for charitable purposes. The Ultimate Controlling Party of the Company is Crestbridge Corporate Trustees Limited as Trustee of The Oder Capital Charitable Trust.

### 14 EVENTS AFTER THE REPORTING YEAR

During 2019, COVID-19 disease was first identified in Wuhan, China which has since spread globally resulting in the ongoing coronavirus pandemic. The Directors of the Company are of the opinion that it is not currently possible to determine the impact that the outbreak may have on general economic conditions globally and it is also not possible to determine the impact that any of the matters outlined above will have on the Company or any other party involved in transactions with the Company. Although there are uncertainties as explained above, the Directors are of the opinion that the Company activities maybe adversely affected by the pandemic.

On 7 February 2020, the Directors approved the Company to enter into a transaction to issue under the Programme, USD 500,000,000 Certificates linked to the shares of RAM (Cayman) Systematic DIVALPHA Limited an exempt company incorporated under the laws of the Cayman Islands. As at the signing of this report the Company had issued no Certificates.

On 17 February 2020, the Company issued under the Programme ("Series 23"), 3,000 Certificates under a USD 50,000,000,000 Certificates programme with the value of EUR 300,000,000 which are linked to an investment basket. As at the signing of this report the Company had sold no certificates.

On 17 February 2020, the Directors approved the issuance of a USD 50,000,000,000 Basket Linked Certificates programme ("Series 24"). As at the signing of this report the Company there were no certificates in issue.

During March 2020, under the ETP Programme the Company issued a further 15 new tracker Certificates to accommodate the market appetite for commodities, equities and indices. This resulted in the issuance of a further 17,400,000 certificates.



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| €                                       | 4              |  |
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