

## SUPPLEMENT

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### **CARMIGNAC CREDIT OPPORTUNITIES**

This Supplement contains information in relation to Carmignac Credit Opportunities (the “Sub-Fund”), an open-ended sub-fund of Carmignac Alts ICAV, an umbrella Irish Collective Asset-management Vehicle with segregated liability between Sub-Funds and limited liability registered under the laws of Ireland with registration number C475684.

**Carmignac Gestion Luxembourg S.A.**

(MANAGER)

**Carmignac Gestion S.A.**

(INVESTMENT MANAGER)

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**This Supplement forms part of, may not be distributed unless accompanied by the Prospectus of Carmignac Alts ICAV dated 31 July 2025 (the “Prospectus”) (other than to prior recipients of the Prospectus), and must be read in conjunction with, the Prospectus.**

**Capitalised terms used in this Supplement will have the meanings given to them below or in the Prospectus.**

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

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

31 July 2025

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## INTRODUCTION

The Fund is registered and authorised in Ireland by the Central Bank and is marketed solely to Qualifying Investors. The Fund is an Irish collective asset-management vehicle with variable capital and having segregated liability between its sub-funds.

Additional Share Classes may be added to the Sub-Fund in accordance with the requirements of the Central Bank and information regarding other Share Classes may be contained in separate Share Class Supplements. These Share Classes may be subject to higher, lower or no fees, details of which are available on request. All Shares of each Share Class allocated to the Fund will rank *pari passu* with each other in respect of redemption rights and in circumstances of a winding up.

## **INVESTMENT OBJECTIVE, INVESTMENT POLICY AND INVESTMENT RESTRICTIONS**

### **Investment Objective**

The Sub-Fund's investment objective is to achieve capital growth and/or income over a minimum investment period of 3 years.

### **Investment Policy**

The Sub-Fund is invested in a wide spectrum of corporate-issued debt instruments, securitisation instruments, derivative instruments and loans. The Sub-Fund may also be invested in government bonds and have exposure to equities and currencies. The Sub-Fund may hedge foreign exchange risk with regards to investments, and investment in currencies assists with the reduction of risks associated with such investments.

The Sub-Fund is constructed based on an active and unconstrained management strategy. Investments are made on a discretionary basis without restriction in terms of sector or currencies and across all geographical regions.

The Sub-Fund's unconstrained management strategy consists of a relative-value based approach to global credit markets and a fundamentally-driven discretionary selection of corporate debt and securitisation instruments, which allows the identification of a desirable allocation in terms of geographical areas, sectors, asset classes and currencies.

### **Asset Types**

#### **Debt securities and money market instruments**

The investment policy involves the Sub-Fund investing in fixed and/or floating rate corporate bonds (including convertible bonds and contingent convertible bonds), corporate inflation-linked bonds, as well as money market instruments.

The Sub-Fund may invest in securities rated below investment grade. A debt security is considered "investment grade" if it is rated as such by at least one of the main rating agencies. The Sub-Fund may also invest in unrated debt securities and distressed debt securities.

The Sub-Fund may hold an ancillary position in inflation-linked government bonds and fixed and/or floating rate government bonds.

The Sub-Fund may invest in securitisation instruments. Securitisation is a financial arrangement whereby assets, generally debts bought from economic entities (financial institutions, companies, etc.) are pooled in a special purpose vehicle that finances its purchase of the debts by issuing securities (securitisation instruments) to investors. The coupons paid to investors and repayments are taken from the income generated by the underlying assets of the relevant special purpose vehicle. The instruments concerned include asset backed securities, a generic term generally used to describe the securities resulting from the securitisation mechanism. Depending on the nature of the underlying investment and with no restrictions on its nature, these may include securities backed by equipment assets (aircraft, ships, etc.) (EETC, Enhanced Equipment Trust Certificates), by loans associated with residential (RMBS, Residential Mortgage-Backed Securities) or commercial (CMBS, Commercial Mortgage-Backed Securities) property, loans or bonds issued by financial or manufacturing companies, debt portfolios, bank loans (CLO, Collateralised Loan Obligations), consumer loans, business or miscellaneous assets, and Credit Linked Notes (CLN).

Securitisation instruments may be “synthetic” where the credit risk of assets pooled in a special purpose vehicle is synthetically transferred to investors without the transfer of the pooled assets. The underlying assets remain in the balance sheet of their respective originating entity and are synthetically securitised in a special purpose vehicle via derivative instruments, such as credit default swaps or total return swaps. The Sub-Fund may invest in such synthetic securitisation instruments, and more specifically balance sheet securitisations. Balance sheet securitisation are usually issued (i) by a specific purpose vehicle referencing a portfolio (each a “Reference Portfolio”) of assets (included loans) held by financial or non-financial institutions in their books and synthetically securitised via such special purpose vehicles or (ii) through credit linked notes issued directly by the institution detaining the Reference Portfolio in its books.

### Loans

The Sub-Fund may invest in loans, participation in loans or assignments of loans to borrowers (which can be corporates, sovereign governments, public bodies or others). Loan participations typically represent participation in a loan to a corporate borrower and generally are offered by banks or other financial institutions or lending syndicates (the Lender). Such loan investments can include senior loans, second lien loans, mezzanine loans and other loan classes. The Sub-Fund can have exposure to loan sectors and businesses, including but not limited to, commercial real estate, infrastructure, financial institutions (including loans to corporate lenders), receivables, asset backed finance, leveraged loans and bridge finance.

The Sub-Fund may obtain exposure to such loans directly or indirectly by investing in intermediary vehicles which have exposure to such loan investments. Such securities issued by an intermediary vehicle may be rated or unrated, with no deemed minimum credit rating. Loans may be secured or unsecured. Loans can be secured by specific collateral and have a claim on the assets of the borrower that is generally senior to other subordinated debt and stock of the borrower (but do not need to be). Loans may or may not have a credit rating. Loans typically have rates of interest which are determined daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium. These base lending rates are primarily LIBOR (i.e. a variable rate), or a successor benchmark, but can also be fixed rate. There is no rating requirement or geographic focus for such loans or the borrowers under such loans.

### Equities

The Sub-Fund may be invested, either directly or indirectly, in equity securities. Equity investments will be used by the Sub-Fund to obtain exposure to special situations (such as, but not limited to situations involving insolvency matters, spin-offs, mergers and acquisitions, rights offerings, restructurings and bankruptcies) and distressed debt. Investments may sometimes take the form of equity investments or be restructured as equity investments. Equity exposure may also be used to hedge an investment in a debt instrument but will not be the primary focus of the Sub-Fund.

### Collective investment schemes, trackers or Exchange Traded Funds (ETF)

The Sub-Fund may invest up to 50% of Net Asset Value in units or shares of UCITS, units or shares of AIFs or other investment funds including index-tracking funds. The Sub-Fund may invest in funds managed by the Manager and/or the Investment Manager or an affiliated company. Investment by the Sub-Fund in collective investment schemes which are managed by the Manager or the Investment Manager are carried out as if effected on normal commercial terms negotiated on an arm’s length basis and are subject to such underlying collective investment schemes waiving any preliminary/initial/redemption charge which they may ordinarily charge.

## Derivatives

The Sub-Fund may use derivatives for hedging, exposure or arbitrage purposes, such as options (vanilla, barrier, binary), futures, forwards, and swaps (including performance swaps) on one or more underlying investments. The Investment Manager invests in futures traded on Eurozone and international markets, including regulated, organised and OTC markets.

The Sub-Fund may invest in credit default swaps in order to sell or purchase protection. This may include credit default swaps on single name underlying investments or credit indices, including iTraxx and CDX.

The Sub-Fund may use total return swaps for exposure or hedging purposes. The expected proportion is 0 – 50% of the Net Asset Value.

The use of derivatives is an integral part of the investment policy and as such may make a significant contribution to the realisation of the investment objective. The contributions of derivatives to the Sub-Fund's performance are the following, in descending order from the highest to the lowest: credit derivatives, interest rate derivatives, currency derivatives, equity derivatives and dividend derivatives.

## Securities Financing Transactions

The Sub-Fund may engage in securities lending in accordance with the AIFM Rules and the SFTR. A securities lending transaction is a transaction by which one party transfers securities to the other party subject to a commitment that the other party will return equivalent securities on a future date or when requested to do so by the party transferring the securities, that transaction being considered as securities lending for the party transferring the securities and being considered as securities borrowing for the party to which they are transferred. The expected proportion 0 - 50% of Net Asset Value.

## Borrowing and Leverage

The maximum level of leverage which may be employed on behalf of the Sub-Fund when calculated in accordance with the "gross" and "commitment" methods (as set out in the AIFM Rules) is respectively 500% and 300% of the Net Asset Value.

The maximum level of leverage is not an investment restriction or prohibition, and the maximum level of leverage may change from time to time. There are no other restrictions on the Sub-Fund's use of leverage, by borrowing or otherwise, other than those which may be imposed by applicable law, rule and regulation.

## Cash Management

The Sub-Fund may use deposits in order to optimise its cash management. The Sub-Fund may hold cash, in particular in order to meet its redemption obligations in relation to Shareholders.

## EU Sustainable Finance Disclosure Regulation

Pursuant to the SFDR, financial market participants are required to disclose the way sustainability risks are integrated into the investment decision making process and the results of the assessment of the likely impacts of sustainability risks on the returns of the Sub-Fund. For the purposes of SFDR, "sustainability risk" means an ESG event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. This section should be read in conjunction with the section headed "EU Sustainable Finance Disclosure Regulation" in the Prospectus.

The Sub-Fund does not have a sustainable investment objective in accordance with article 9(1) of the SFDR, nor does it promote environmental or social characteristics in accordance with article 8(1) of the SFDR.

#### Integration of sustainability risks in the investment decision making process

The Investment Manager acknowledges, in reference to article 6 of the SFDR that the investments of the Sub-Fund are exposed to sustainability risks which represent a potential or actual material risk to maximising the long-term risk adjusted returns. The Investment Manager has consequently integrated the identification and assessment of sustainability risks into its investment decisions and risk management processes through a 3-step process, namely:

- (i) Exclusion - investments in companies that the Investment Manager considers are not meeting sustainability standards of the Sub-Fund are excluded. The Investment Manager has established an exclusion policy (“Exclusion Policy”) which provides, amongst others, for company exclusions and threshold tolerances for activities in areas such as controversial weapons, tobacco, adult entertainment, thermal coal producers and power generating companies. For further information, please refer to the Exclusion policy at: [https://www.carmignac.lu/en\\_GB/responsible-investment/template-hub-policies-reports-4528](https://www.carmignac.lu/en_GB/responsible-investment/template-hub-policies-reports-4528);
- (ii) Analysis - the Investment Manager integrates ESG-related analysis alongside conventional financial analysis to identify sustainability risks of investee companies within the investment universe with a coverage of above 90% of corporate bond and equity holdings. The proprietary ESG research system of Carmignac, START, is used by the Investment Manager to assess sustainability risks. For further information, please refer to the Investment Manager’s ESG integration policy at [https://www.carmignac.lu/en\\_GB/responsible-investment/template-hub-policies-reports-4528](https://www.carmignac.lu/en_GB/responsible-investment/template-hub-policies-reports-4528) and to information on the START system at [https://carmidoc.carmignac.com/SRIIP\\_LU\\_en.pdf](https://carmidoc.carmignac.com/SRIIP_LU_en.pdf); and
- (iii) Engagement - the Investment Manager engages with investee companies or issuers on ESG-related issues to raise awareness and understanding on sustainability risks within portfolios. These engagements may involve a specific ESG theme, a sustainable impact, controversial behaviours or during proxy voting decisions. For further information, please refer to engagement policy of the Investment Manager at [https://www.carmignac.lu/en\\_GB/responsible-investment/template-hub-policies-reports-4528](https://www.carmignac.lu/en_GB/responsible-investment/template-hub-policies-reports-4528) and [https://www.carmignac.lu/en\\_GB/responsible-investment/in-practice-4744](https://www.carmignac.lu/en_GB/responsible-investment/in-practice-4744).

Sustainability risks may cause adverse sustainability impacts in terms of an actual or a potential material negative impact on the value of the investments, the Net Asset Value and ultimately, on the return to Shareholders. There are multiple manners in which the Investment Manager can monitor and gauge the financial materiality of sustainability risks on an investee company’s financial return, namely:

- (i) Environmental: The Investment Manager believes that if a company does not consider the environmental impact of its operations, and in the production of its goods and services, that a company could experience natural capital deterioration, environmental fines or declining client demand for its goods and services. Therefore, the carbon footprint, water and waste management, and sourcing and suppliers are monitored where relevant to the company.
- (ii) Social: The Investment Manager considers social indicators important to monitor a company’s long-term growth potential and financial stability. Such policies on human

capital, product safety controls, and client data protection are some of the important practices that are monitored.

- (iii) Governance: The Investment Manager considers that weak corporate governance can lead to financial risk, therefore board independence, management committee composition and skills, minority shareholder treatment and remuneration are key factors investigated. Also, corporate behaviour of accounting practices, tax and antibribery are verified.

The Investment Manager does not consider the principal adverse impacts of its investment decisions on sustainability factors, in respect of the Sub-Fund, on the basis that, in the context of the investment strategies of the Sub-Fund, it is not possible to conduct detailed diligence on the comprehensive list of principal adverse impacts of the Investment Manager's investment decisions on sustainability factors as outlined by the SFDR.

#### Collateral and Asset Re-use Arrangements

The Sub-Fund's collateral and asset re-use arrangements vary according to the identity of the Sub-Fund's trading counterparty or broker. The Sub-Fund may from time to time be required to deliver collateral to or to the order of its trading counterparties and brokers under the terms of the relevant agreements (including, but not limited to, ISDA master agreements, global master securities lending agreements, credit support documentation and securities lending, repurchase, foreign exchange and futures clearing agreements), by posting initial margin and variation margin and on a daily mark-to-market basis. The Sub-Fund may deliver such collateral by way of title transfer or by way of security interest (and in certain circumstances may grant a right of re-use of such collateral) to a trading counterparty or broker. The treatment of such collateral varies according to the type of transaction and where it is traded. There are generally no restrictions on the re-use of collateral by trading counterparties and brokers required to be implemented by the Sub-Fund, but the Sub-Fund, and the Investment Manager on its behalf, seeks to establish such protections for assets as are appropriate and negotiable according to the circumstances of each counterparty relationship. The Sub-Fund may execute collateral or asset re-use arrangements in relation to their assets at any time. Details of collateral providers are available from the Manager. Any changes to the right of re-use of collateral will be disclosed to Shareholders in accordance with the AIFM Rules.

## SUBSCRIPTIONS

The following Share Classes are available for subscription:

Share Class	Currency	Hedged	Minimum Initial Investment
Class I EUR	Euro	No	EUR 1,000,000
Class I USD hdg	USD	Yes	USD 1,000,000
Class I CHF hdg	CHF	Yes	CHF 1,000,000
Class B EUR	Please contact the Manager for further information.		
Class B USD hdg			
Class B CHF hdg			

Shares may be issued and redeemed in Euro (Class I EUR and Class B EUR), CHF (Class I CHF hdg and Class B CHF hdg) or US Dollars (Class I USD hdg and Class B USD hdg).

Please refer to the sections entitled “Hedging”, “Currency Exposure” and “Risk Factors” in the Prospectus for further information.

The first Subscription Day in respect of each Class was 13 December 2022. The initial issuance of each Class will be at the Initial Offer Price. Thereafter the Shares of each such Class will be issued at the Subscription Price.

### Procedure

Applicants wishing to apply for Shares in the Sub-Fund, must send their completed and executed application form to the Administrator by the Dealing Deadline, or by such later time as the Directors may determine generally or in any case, but subject always to such later time being prior to the Valuation Point. Cleared funds in respect of each application for Shares must be received prior to the Valuation Point.

Existing Shareholders wishing to apply for additional Shares in the Sub-Fund must send their completed and executed Dealing form / electronic order to the Administrator by the Dealing Deadline, or by such later time as the Directors may determine generally or in any case, but subject always to such later time being prior to the Valuation Point. Cleared funds in respect of each application for Shares must be received prior to the Valuation Point.

If the executed application form and cleared funds are not received as described above, the application will, subject to the discretion of the Directors, be held over to the following Subscription Day and Shares will be issued at the relevant Net Asset Value per Share on that following Subscription Day, or alternatively may be cancelled.

## REDEMPTIONS

### Procedure

To redeem Shares, a Shareholder must send a completed and executed redemption to be received by the Administrator no later than the Dealing Deadline, or by such later time as the Directors may determine, either generally or in any particular case, but subject always to such later time being prior to the Valuation Point.

Redemption requests may be sent by fax or by pdf attachment to an email, as further detailed in the Application Form.

A redemption request, once given, is irrevocable except with the consent of the Directors (which may be withheld in their absolute discretion) or as specified under “Additional Information – Suspension of Net Asset Value and Dealings in Shares”.

In the event of a partial redemption, Shares of a Class will be redeemed on a first-in, first-out (‘fiffo’) basis unless otherwise agreed by the Directors. A request for a partial redemption of Shares may be refused, or the holding redeemed in its entirety, if, as a result of that partial redemption, the Net Asset Value of the Shares of the relevant Class retained by the Shareholder would be less than the Minimum Holding.

Shares will be redeemed at the relevant Redemption Price.

### Deferred Redemptions

If Net Redemption Requests in respect of any Redemption Day exceed 10% of the Net Asset Value of the Sub-Fund, the Fund may defer a portion of the requested redemptions, allocated to redeeming Shareholders in proportion to their redemption requests, so that the Net Redemption Requests effected on that Redemption Day represent 10% (or such higher percentage as the Directors may determine) of the Net Asset Value of the Sub-Fund. Deferred redemptions will be effected on the following Redemption Day, subject to further deferral on the same basis. Deferred redemptions will have priority over other redemptions. Shares will be redeemed at the Net Asset Value per Share of the relevant class of Shares as at the Redemption Day on which they are redeemed.

### Suspension

The Directors may declare a suspension of the determination of Net Asset Value and/or the redemption of Shares in certain circumstances as described under “Additional Information - Suspension of Net Asset Value and Dealings in Shares” in the Prospectus. No Shares will be redeemed during any such period of suspension.

### Settlement

Payment of redemption proceeds will generally be made within 10 Business Days of the relevant Redemption Day. Cash redemption proceeds will be paid in the currency in which the Shares are redeemed by direct transfer, at the Shareholder’s risk and cost, to the account from which the subscription monies for the Shares were originally debited (unless otherwise agreed by the Fund and the Administrator) and otherwise in accordance with instructions given by the redeeming Shareholder to the Administrator.

Certain deductions may be applied to redemption proceeds (including, for the avoidance of doubt, the proceeds of any compulsory redemption), and/or any other distribution payable to any Shareholder, in the circumstances described in the Prospectus.

## **EXCHANGES**

### Procedure

To exchange Shares, a Shareholder must send a request to be received by the Administrator by the Dealing Deadline in respect of a Valuation Day, or by such later time as the Directors may generally or in any particular case determine, but subject always to such later time being prior to the Valuation Point. If the exchange request is not received as described above, the exchange will be held over until the following Redemption Day and Shares will be exchanged at the relevant Redemption Price and Subscription Price as at that following Redemption Day.

## FEES AND EXPENSES

### Management Fee

The Manager will be paid an annual Management Fee from the Sub-Fund payable monthly in arrears in respect of each Class equal to a maximum of 1.5% of the Net Asset Value of that Class (before deduction of any accrued Management Fee or Performance Fee), calculated and accrued on each Valuation Day and payable in arrears within 10 Business days at the end of each month.

Subject to any applicable law, the Manager may from time to time, at its sole discretion and out of its own resources, decide to rebate to a Shareholder or pay to intermediaries' part or all of the Management Fee.

### Performance Fee

The Performance Fee will be calculated in respect of each period of 12 months ending on 31 December in each year (a "Calculation Period"), except that the first Calculation Period in respect of each Class will be the period commencing on the date on which Shares of that Sub-Class are first issued and ending on 31 December in the same calendar year. The Performance Fee is deemed to accrue as at each Valuation Day and is calculated and accrued separately for each Share Class.

The Manager will be entitled to receive a Performance Fee from the Sub-Fund for each Calculation Period which will be twenty (20%) percent of the Sub-Fund's positive return subject to the relative overperformance of the Share Class relative to the relevant Hurdle Rate (as set out below in '*Hurdle Rates by Currency Class*'). The positive returns taken into account shall equal to the Net Asset Value per Share net of costs, charges and expenses but gross of all actual or deemed distributions (if any) (the "Performance NAV").

The Performance Fee applies a High Watermark subject to the relevant Hurdle Rate. This means that a performance fee accrual is calculated monthly as at each Valuation Day only where the Net Asset Value per Class cumulatively satisfies the following conditions:

- it exceeds, the relevant Hurdle Rate (net of all fees, costs and expenses); and
- it is higher than (i) the Performance NAV per Class at the Initial Offering Price or, if later, (ii) the Performance NAV per Class in respect of which the last Performance Fee was paid at the end of the relevant Calculation Period (the "High Watermark").

#### **Hurdle Rates by Currency Share Class:**

*Euro Share Classes:* The Hurdle Rate is the ESTER capitalised (also called €STER) floored at zero (Bloomberg Ticker: ESTRON INDEX).

*Swiss Franc Share Classes:* The Hurdle Rate is the SARON capitalised floored at zero (Bloomberg Ticker: SRFON3 Index).

*US Dollar Share Classes:* The Hurdle Rate is the SOFR capitalised rate floored at zero (Bloomberg Ticker: SOFR rate Index).

The Performance Fee has been designed so that no Performance Fee is paid merely for making up earlier underperformance. Accordingly, any underperformance as at a Valuation Day will be carried forward to the next Valuation Day within the Calculation Period.

The calculation of the Performance Fee is verified by the Depositary or by a competent person appointed by the Manager and approved for the purpose by the Depositary.

If a Performance Fee is payable in respect of a Class, then in the event of net subscriptions, a system for neutralizing the volume effect of net subscriptions on the Performance Fee is applied. This involves systematically deducting the share of the Performance Fee resulting from the newly subscribed Shares. In the event of net redemptions, the portion of the Performance Fee provision corresponding to redeemed Shares is payable to the Manager.

The Performance Fee is payable to the Manager in arrears within 10 Business Days of the end of each Calculation Period. However, if Shares are redeemed during a Calculation Period, the accrued Performance Fee in respect of that Class (or part thereof) will be payable within 10 Business Days of the date of redemption.

Subject to any applicable law, the Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to Shareholders or pay to intermediaries' part or all of the Performance Fee.

#### Administrator

The Administrator will be paid an annual fee out of the assets of the Sub-Fund which will accrue and be payable monthly in arrears and not exceed 0.05% of the Net Asset Value of the Sub-Fund, subject to reasonable minimum fees. Fees are exclusive of VAT, if any.

The Administrator is entitled to receive out of the assets of the Sub-Fund, reasonable and vouched out of pocket expenses and disbursements. The Administrator is also entitled to be repaid all of its reasonable agreed upon transaction and other charges which will be at normal commercial rates (plus VAT thereon, if any).

All amounts are exclusive of any applicable taxes that may be chargeable in accordance with the provisions of the Administration Agreement.

#### Depositary

The Depositary will be paid an annual fee out of the assets of the Sub-Fund which will accrue and be payable monthly in arrears and not exceed 0.05% of the Net Asset Value of the Sub-Fund subject to reasonable minimum fees. Fees are exclusive of VAT, if any.

In addition, the Depositary is also entitled to charge to the Sub-Fund all agreed fees and transaction charges, at normal commercial rates, together with all reasonable and properly vouched out-of-pocket expenses (plus any applicable taxes), it incurs on behalf of the Sub-Fund in the performance of its duties under the Depositary Agreement.

All amounts are exclusive of any applicable taxes that may be chargeable in accordance with the provisions of the Depositary Agreement.

#### Prime Broker

The Prime Broker, when appointed, will receive such fees out of the assets of the Sub-Fund as may be agreed with or notified to the Manager from time to time and which shall be based on current market prices. All amounts are exclusive of any applicable taxes that may be chargeable in accordance with the provisions of the Prime Brokerage Agreement.

## PRIME BROKER

The Fund may engage the services of a Prime Broker or Prime Brokers in respect of the Sub-Fund. Each Prime Broker may provide prime brokerage services to the Sub-Fund under the terms of the relevant Prime Brokerage Agreement entered into between the Fund and each of the Prime Brokers for itself and as agent for other entities affiliated with the relevant Prime Broker, as applicable. The services of each Prime Broker will also be subject to the terms of a sub-custody agreement entered into among the relevant Prime Broker, the Depositary and the Fund, including a fund confirmation thereto in respect of the Sub-Fund (together, a “Sub-Custody Agreement”).

The relevant Sub-Custody Agreement shall continue until terminated by each party on thirty (30) days' prior written notice or, if earlier, on termination of the relevant Prime Brokerage Agreement. The relevant Sub-Custody Agreement may be terminated with immediate effect upon the occurrence of certain circumstances as set out therein.

Each Prime Broker will be appointed as a sub-custodian by the Depositary pursuant to the relevant Sub-Custody Agreement in respect of the Sub-Fund's investments. As sub-custodian, each Prime Broker may arrange for the Sub-Fund's securities to be registered in the name of a nominee but, where required by applicable law or market practice, or where the relevant Prime Broker reasonably believes it is in the Depositary's best interests to do so, it may arrange for such securities to be registered in the name of the relevant Prime Broker itself. In such a case, such securities may not be segregated from such Prime Broker's own investments and in the event of such Prime Broker's default may not be as well protected. The Sub-Fund's securities may be held by the relevant Prime Broker in an omnibus custody account, so that the Depositary's rights in respect of such securities are in respect of securities of the same amount, number, class, denomination and issue as those originally deposited with the relevant Prime Broker.

Pursuant to the relevant Sub-Custody Agreement, the Sub-Fund's cash held by each Prime Broker may not be held as client money, as title to such cash shall pass to the relevant Prime Broker. Consequently, the Sub-Fund ranks as an unsecured creditor in relation to such cash and, in the event of the insolvency of the relevant Prime Broker, may not be able to recover such cash in full, or at all.

Each Prime Broker may appoint sub-custodians, including affiliates, in respect of the Sub-Fund's investments. Under the terms of the relevant Sub-Custody Agreement, each Prime Broker will be obligated to use reasonable care in the selection and continued appointment of any such sub-custodian and will monitor the appropriateness of continuing to use any sub-custodian and the performance of each sub-custodian in relation to the duties of the relevant Prime Broker. Each Prime Broker has agreed that the level of assessment and oversight conducted by it regarding the selection and monitoring of an affiliate will be at least as rigorous as that performed on any non-affiliated company.

The Fund reserves the right to change the arrangements described above by agreement with the relevant Prime Broker and/or, in their discretion, to appoint additional or alternative prime broker(s) and sub-custodians(s) in respect of the Sub-Fund with the consent of the Depositary to the extent applicable. If another Prime Broker is to be appointed, the Central Bank will be informed by the Manager on behalf of the Fund.

When selecting and appointing a prime broker with respect to the Sub-Fund, the Manager and the Fund will exercise due skill, care and diligence before entering into an agreement and on an ongoing basis thereafter taking into account the full range and quality of their services, and is required to ensure that the prime brokers fulfil all of the following conditions:

- (a) It is subject to ongoing supervision by a public authority;
- (b) It is financially sound;

- (c) It has the necessary organisational structure and resources for performing the services which are to be provided by them to the Sub-Fund.

As part of this assessment the Fund and the Manager may also have regard to the legal status, domicile and minimum credit rating (where relevant) of the particular prime broker and shall also consider whether or not the Prime Broker is subject to prudential regulation.

## **RISK FACTORS**

### General Risks

The general risk factors set out under the "Risk Factors" section in the Prospectus apply to the Sub-Fund. More specific risk factors relevant to the investment objective of the Sub-Fund are set out below.

### Risks related to the Sub-Fund's investment in debt

Investment analyses and decisions may be required to be undertaken on an expedited basis to take advantage of investment opportunities. The Investment Manager may therefore not have the benefit of extensive due diligence that could adversely affect an investment, which may expose Shareholders to an increased risk of loss.

In conducting such due diligence, the Investment Manager will use publicly available information, information from consultants and investment bankers and information provided by the underlying issuer and its respective advisers. The Investment Manager may rely on such information but may not be able to verify the accuracy of any such information. Such level of due diligence may not, however, reveal all matters and issues, material or otherwise, relating to prospective investments.

The Sub-Fund may seek to purchase entire portfolios or substantial portions of portfolios from market participants in need of liquidity or suffering from adverse valuations. The Sub-Fund may be required to bid on such portfolios in a very short time frame and it may not be possible or practicable to perform normal due diligence on the portfolio. Such a portfolio may contain instruments or complex arrangements of multiple instruments that are difficult to understand or evaluate. Such a portfolio may suffer further deterioration after purchase by the Sub-Fund before it is possible to ameliorate such risk. It is, for example, possible that a court could determine that one or more of the terms governing the acquisition or operation of an asset is unenforceable, such as a loan prepayment provision or the provisions governing security interests in underlying assets. There is substantial risk that the Investment Manager will not be able to adequately evaluate particular risks or that market movements or other adverse developments will cause the Sub-Fund to incur substantial losses on transactions.

### Fluctuation of market values

The value of the investments made and intended to be made on behalf of the Sub-Fund will change from time to time according to a variety of factors, including the performance of the underlying borrowers. To the extent any positions are valued using financial markets inputs, movements and expected movements in interest rates, exchange rates, inflation and bond ratings and general market pricing of similar investments may impact the value of the investment. Such changes will impact the Sub-Fund, the value of its investments and the Net Asset Value of the Sub-Fund.

### Security may be inadequate

In the event of a borrower default, any security taken may not be sufficient to cover amounts due. Moreover, security interests may not be perfected for reasons including failure to make required filings, and so the Sub-Fund may rank behind other creditors. The enforcement of security can be difficult, time-consuming and expensive and borrowers may be able to resist or delay enforcement. In the event of insolvency of a borrower, the Sub-Fund could suffer limitations with respect to its ability to realise any collateral. Investments may be secured by mortgages, charges, pledges, liens or other security interests. Depending on the jurisdiction in which such security interests are created, enforcement of such security interests may be a complicated and difficult process. For example, enforcement of security interests in certain jurisdictions may require a court order and a sale of the secured property through public bidding or auction. In addition, some jurisdictions grant courts the

power to declare security interest arrangements to be void if they deem the security interest to be excessive.

In the event of a default on the investments, as limited or non-recourse loans, the Sub-Fund will likely only have recourse to the assets securing the loan. If the underlying security value is less than the loan amount, the Sub-Fund will suffer a loss. The value of security may decline during the term of an investment. Decreasing security value may hinder a borrower's ability to refinance a loan and mean that the borrower is unable to repay the Sub-Fund's investment at maturity.

The Sub-Fund may obtain individual or corporate guarantees from borrowers or their Affiliates. In cases where guarantees are not fully or partially secured, the Sub-Fund may rely on financial covenants from borrowers and guarantors which are designed to require the borrower or guarantor to maintain certain levels of creditworthiness. No assurance can be given that a borrower or guarantor will comply with its financial covenants or that sufficient assets will be available to pay amounts owed under loans and guarantees.

#### Defaulted Debt Instruments and Other Instruments of Distressed Companies

The Sub-Fund may invest in low grade or unrated debt instruments (classically referred to as "high yield" or "non-investment grade" debt) or investments in financial instruments or other debt obligations of distressed companies. Such investments involve substantial risks. For example, high yield debt is regarded as being predominantly speculative as to the issuer's ability to make payments of principal and interest. Issuers of high yield debt may be highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risks associated with investment exposure to such issuers generally are greater than is the case with higher rated debt instruments. In addition, the risk of loss due to default by the obligor is significantly greater for the holders of high yield debt because such debt may be unsecured and may be subordinated to other creditors of the obligor. Similar risks apply to other private debt instruments. Successful investing in distressed companies involves substantial time, effort and expertise, as compared to other types of investments. Information necessary to properly evaluate a distress situation may be difficult to obtain or be unavailable and the risks attendant to a restructuring or reorganisation may not necessarily be identifiable or susceptible to considered analysis at the time of investment.

#### Borrowers may default

The ability of the Sub-Fund to earn revenue is in large part dependent upon payments being made by borrowers in a timely and complete manner. General economic factors and conditions in the relevant jurisdictions of the borrowers may affect borrower willingness to comply with their payment obligations. Defaults may adversely affect the income received by the Sub-Fund and the value of the Sub Fund's assets.

#### Borrowers may be fraudulent

Fraud by potential borrowers could cause the Sub-Fund to suffer losses. A potential borrower could defraud the Sub-Fund by, for example, providing inaccurate reporting of financial information. Any material misstatement or omission may result in inaccurate valuations. The failure of a potential borrower to accurately report its financial position, compliance with loan covenants or eligibility for additional borrowings could result in the loss of some or the entire principal of a particular loan or loans.

#### Borrowers may prepay

The value of the Sub-Fund's assets may be affected by prepayment rates on loans. Prepayment rates are influenced by changes in interest rates and a variety of economic, geographic and other factors beyond the Sub-Fund's control. Therefore, the frequency at which prepayments (including voluntary prepayments by borrowers and liquidations due to defaults and insolvency) occur on the

Sub-Fund's investments can adversely impact the Sub-Fund and prepayment rates cannot be predicted with certainty, making it impossible to completely insulate the Sub-Fund from prepayment or other such risks. Early prepayments give rise to increased re-investment risk, as the Sub-Fund might realise excess cash earlier than expected; if prepayment rates increase, including, for example, when the prevailing level of interest rates falls, the Sub-Fund may be unable to re-invest cash in a new investment with an expected rate of return at least equal to that of the investment repaid.

#### Borrower's debt service capacity is unpredictable and may decrease

The Sub-Fund may make debt investments in borrowers that provide services on a "demand" basis, where the borrower's revenues depend on the level of use made of its assets. Therefore, to the extent that the level of use of the borrower's assets is less than expected, the borrower will have lower revenues than expected and its ability to service its debts will be impaired. The utilisation of a borrower's assets will be dependent upon many complex and potentially interlinked factors, outside the control of the Sub-Fund. These factors could include, but are not limited to macro-economic factors, local factors specific to the region in which the borrower operates, competition, changes in government policy (including taxation) that may affect demand for the borrower's assets, the skill with which the borrower operates the assets, and the pricing policies adopted by the borrower in respect of its assets. The ability of a borrower to repay a debt secured by an income-producing asset is likely to be dependent primarily upon the successful operation of that asset rather than upon the existing of independent income or other assets of the borrower. Any default by a borrower will have an adverse effect upon the income received by the Fund and the value of the Sub-Fund's assets.

#### Financing

Financing arrangements may contain provisions that expose the Sub-Fund to particular risks of loss. For example, any cross-default provisions could magnify the effect of an individual default or fluctuations in market value. If a cross-default provision were exercised, this could result in a substantial loss for the Sub-Fund.

The Sub-Fund may finance investments by borrowing under a facility (including, but not limited to, a bridging facility).

Financing arrangements may also contain financial covenants that could require it to maintain certain financial ratios. The Sub-Fund might also be required to reduce or suspend distributions. Such financial covenants would also limit the ability of the Investment Manager to adopt the financial structure (for example, by reducing levels of borrowing) which it would have adopted in the absence of such covenants.

Further, the leveraged capital structure of the Sub-Fund's investments (which may include debt investments) may increase the Sub-Fund's exposure to adverse economic factors such as rising interest rates or downturns in the economy. The Sub-Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all.

The lenders under any facility will be creditors of the Sub-Fund and will rank ahead of the Shareholders upon an insolvency of the Sub-Fund.

#### Lender liability

In certain jurisdictions borrowers may assert claims against lending institutions on the basis of various evolving legal theories, including equitable subordination (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that the institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty

owed to the borrower. The Sub-Fund, as a creditor, may be subject to allegations of lender liability. Furthermore, the Sub-Fund may be unable to control (directly or indirectly) the conduct of the lenders under a loan syndication agreement requiring less than a unanimous vote, yet the Sub-Fund may be subject to lender liability for such conduct.

### Mezzanine Investments

The Sub-Fund may invest in mezzanine loans. Structurally, mezzanine loans usually rank subordinate in priority of payment to senior debt, such as senior bank debt, and are often unsecured. However, mezzanine loans rank senior to common and preferred equity in a borrower's capital structure. Mezzanine debt is often used in leveraged buyout and real estate finance transactions. Typically, mezzanine loans have elements of both debt and equity instruments, offering the fixed returns in the form of interest payments associated with senior debt, while providing lenders an opportunity to participate in the capital appreciation of a borrower, if any, through an equity interest. This equity interest typically takes the form of warrants. Due to their higher risk profile and often less restrictive covenants as compared to senior loans, mezzanine loans generally earn a higher return than senior secured loans. The warrants associated with mezzanine loans are typically detachable, which allows lenders to receive repayment of their principal on an agreed amortisation schedule while retaining their equity interest in the borrower. Mezzanine loans may also include a "put" feature, which permits the holder to sell its equity interest back to the borrower at a price determined through an agreed-upon formula. Mezzanine investments may be issued with or without registration rights. Similar to other high yield securities, maturities of mezzanine investments are typically seven to ten years, but the expected average life is significantly shorter at three to five years. Mezzanine investments are usually unsecured and subordinate to other obligations of the issuer.

### Correlation risks

In portfolio credit-linked notes (like CDOs for instance) the models used to price the various credit-linked notes or tranches use "implied correlation of default" as a valuation input. Market perception of what is the right default pattern (highly correlated or lowly correlated) will affect prices of credit-linked notes or tranches accordingly.

### Investment in the People's Republic of China ("PRC")

#### *Political and social risk*

Investments in this geographic region are subject to restrictive local regulations that might be modified unilaterally. This risk may result from local government action (failure to comply with contractual obligations, expropriation decisions, change in macroeconomic policy, modification of allocated quotas), or from other geopolitical factors (social instability, terrorism, coups d'état, etc.). Shareholders should note that any change in PRC policies may impact on the markets and consequently on the performance of the Sub-Fund.

#### *Economic risk*

The government of the PRC plays a dominating role in the economy, growth rate and foreign exchange controls (see paragraph on this risk). The legal and regulatory framework for the financial markets and companies in the PRC is less developed than that of European standards.

#### *Legal and regulatory risk*

Legal and regulatory risk that may result in listing suspensions or withdrawals: China's legal system relies on recent Applicable Laws whose applicability and scope still remain poorly defined, particularly as regards exchange rates, taxation or market access. These regulations also permit the PRC authorities to exercise their discretionary powers in the interpretation of the regulations,

increasing uncertainty as regards their application. They can thus restrict investors' access to the market at any time, as well as that of Chinese companies. Investors must understand the risks associated with the political power exercised by the authorities and the impact that this may have on the Net Asset Value of the Sub-Fund.

The local market is particularly volatile and unstable, with a major risk of suspension of the listing of the index or of one of the securities making up the index, for example following intervention by the Chinese government or the authorities regulating market access. This type of event is liable to cause disruptions in subscriptions and redemptions of securities in the Sub-Fund and, if they persist, in the Net Asset Value itself.

## DEFINITIONS

In this Supplement the following words and phrases shall have the meanings indicated below. Words and phrases defined in the Prospectus have the same meaning in this Supplement unless otherwise stated herein.

“Base Currency”	Euro.
“Business Day”	any day on which banks are open for business in Dublin and such other place or places as the Directors may determine.
“Dealing Deadline”	in respect of a Subscription Day, 12 noon (Irish time) on the Business Day falling five (5) Business Days prior to the relevant Valuation Day and in respect of a Redemption Day, 12 noon (Irish time) on the last Business Day of the calendar month prior to the relevant Valuation Day.
“Initial Offer Price”	100 whole units of the currency in which the Class is denominated.
“Redemption Day”	the Business Day immediately following each Valuation Day, or such other day as the Directors, may determine as notified in advance to Shareholders and subject to there being at least one Redemption Day per calendar quarter.
“Redemption Price”	the Net Asset Value per Share of the relevant Class calculated in respect of the relevant Redemption Day.
“Share”	a Class I or Class B Share in the Sub-Fund.
“Sub-Fund”	Carmignac Credit Opportunities.
“Subscription Day”	the Business Day immediately following each Valuation Day or such other day as the Directors, may determine, as notified in advance to Shareholders and subject to there being at least one Subscription Day per calendar quarter.
“Subscription Price”	the Net Asset Value per Share of the relevant Class calculated in respect of the relevant Subscription Day.
“Valuation Day”	the last Business Day of each calendar month, or such other day as the Directors, may determine.
“Valuation Point”	10 p.m. (Irish time) on each Valuation Day or such other time as the Directors may determine and notify in advance to Shareholders, provided that there shall always be a Valuation Point on each Valuation Day.