

## Key Investor Information

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

### MFO Balanced Fund, a Sub-Fund of MFO Funds

(ISIN: CYF000000960 - Class A – EUR, CYF000000978 - Class B – EUR)

This fund is managed by MFO ASSET MANAGEMENT LTD

### Objectives and Investment Policy

#### Objectives

The fund aims to preserve capital and generate long-term moderate capital growth. The investment horizon of the fund is 5+ years. The Fund's investment strategy can be characterized as conservative.

#### Investment Policy

The Fund will invest in highly liquid assets for the medium to long term with emphasis on fixed income securities and money market instruments. The Fund's investment strategy will mainly be implemented through investments in other collective investment schemes (fund of funds) without ruling out direct investments.

The Fund will invest mainly (approximately 60% of its net assets) in fixed income securities. The Fund will invest predominantly in euro denominated investment grade government bonds. To a limited extent, the Fund may also invest in corporate bonds and high yield bonds.

The Fund will not directly invest in ABS, MBS and convertible bonds (or contingent convertible bonds), without ruling out minor exposures in the above-mentioned bond categories through investment in bond funds.

The Fund will also invest in high-quality euro denominated money market instruments, approximately 30% of its net assets.

To supplement its investing activities and depending on market conditions, the Fund may invest to a limited extent, approximately 10% of its net assets, in equity investments in an effort to enhance the Fund's performance.

The Fund may finally invest in alternative investments to diversify its sources of return, up to 5% of its net assets. Alternative investments include, but are not limited to, hedge funds, infrastructure, commodities, private equity and real estate. All alternative investments shall be conducted through investments in collective investment schemes.

Exposure in currencies other than the euro is allowed to a limited extent.

#### Benchmark

While exposures will be monitored and comparisons will be conducted, the fund will not at any time strictly adhere to a specific benchmark.

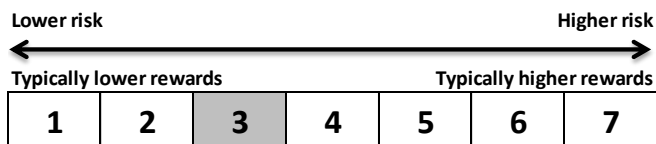
#### Dealing Frequency

You may redeem your investment upon demand. This fund deals daily.

#### Distribution Policy

The fund does not apply a distribution policy. Entire income and profits are to be reinvested in line with the strategy of the fund to achieve medium to long term capital growth.

### Risk and Reward Profile



#### The risk and reward indicator

The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk-free investment. The fund is classified in category 3 as it predominantly invests in bonds, whose price is relatively not volatile.

#### Other risks

**Market risk:** A negative change in market prices will affect the fund's income and the value of the investments it holds.

**Interest rate risk:** A rise in interest rates generally causes bond prices to fall.

**Credit risk:** The risk that an issuer of a security held in the fund does not meet its obligations to the fund.

**High yield bond risk:** High yield bonds (normally lower rated) generally carry greater market, credit and liquidity risks.

**Liquidity risk:** In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer

or suspend redemptions of its units. Additional liquidity risks arise for Sub-Funds investing in other collective investment undertakings, by possible liquidity restrictions or even suspension of redemptions that the manager of the underlying funds may apply.

**Counterparty risk:** Is the risk associated with a counterparty's ability to discharge its obligations in a financial transaction, such as payment, delivery, and settlement.

**Use of derivative financial instruments** entails higher investment risks that could have major impacts on and result in a drop in the value of the assets of a Sub-Fund.

**Downgrading Risk** refers to the risk of downgrade of the credit ratio of an issuer that would increase the credit risk and may negatively affect an instrument's value.

**High-yield Bond Risk** refers to the generally greater market, credit and liquidity risk of lower rated bonds.

**Management Risk** refers to the risk associated with ineffective, destructive or underperforming management by managers of underlying funds, which is detrimental to the interests of unitholders of a Sub-Fund.

**Over-Diversification** refers to the risk associated with fund of funds' portfolios, which may unintentionally collect a group of funds which duplicate its various positions or could represent sub-standard quality in relation to the rest of the market.

## Charges

One-off charges taken before or after you invest	
Entry charge	Class A Shares: 0%
	Class B Shares: 0%
Exit charge	Class A Shares: 0%
	Class B Shares: 0%

This is the maximum that might be taken out of your money before it is invested or before the proceeds of your investment are paid out

Charges taken from the fund over a year	
On going charges	Class A Shares 1,30% (including management fee of 0,70%)
	Class B Shares 1,55% (including management fee of 0.95%)

Charges taken from the fund under certain specific conditions	
Performance fee	No performance based fee

The charges you pay are used to pay the costs of running the fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

The ongoing charge may vary from year to year. It excludes portfolio transaction costs, except in case of an entry/exit charge paid by the fund when buying or selling units in another collective investment undertaking.

You can find more information about the charges on page 35 of the fund's prospectus, which is available at [www.mfoasset.com](http://www.mfoasset.com).

## Past Performance

There is insufficient data to provide a useful indication of past performance, as the fund does not yet have performance data for one complete calendar year.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

## Practical Information

**Depositary:** Eurobank Cyprus Ltd.

**Further Information:** You can get further information about this fund, including the prospectus, latest annual report, any subsequent half-yearly report, accounts and the latest price of shares from the fund's management company at 66, Akropoleos Avenue, 1<sup>st</sup> Floor, Acropolis Tower, 2012, Strovolos, Nicosia. They are available free of charge in English.

**Tax Legislation:** The fund is subject to the tax legislation of the Republic of Cyprus, which may have an impact on your personal tax position.

**Liability:** MFO Asset Management Ltd may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the fund's prospectus.

**Umbrella Fund:** This fund is an investment compartment of an umbrella fund, the name of which is at the top of this document. The prospectus and periodic reports are prepared for the entire umbrella fund. To protect investors, the assets and liabilities of each compartment are segregated by law from those of other compartments. Subject to conditions, you may apply to switch your investment into another share class within this fund or in another fund managed by MFO Asset Management Ltd. Please see the prospectus for more details.

**Reference Currency:** The reference currency of the fund is the euro (EUR).

This fund is authorized in Cyprus and regulated by the Cyprus Securities and Exchange Commission.

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This key investor information is accurate as at 27/12/2018