AHFM Defined Returns Fund

This Supplement dated 7 August, 2018 contains specific information in relation to the **AHFM Defined Returns Fund** (the "**Fund**"), a fund of GemCap Investment Funds (Ireland) plc (the "**Company**") which is an open-ended umbrella investment company with variable capital incorporated with limited liability and segregated liability between Funds.

This Supplement forms part of the Prospectus dated 4 October 2017 and should be read in the context of and together with the Prospectus including the general description of

- **the Company and its management and administration;**
- **its general management and fund charges;**
- **the taxation of the Company and of its Shareholders; and**
- **its risk warnings.**

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

The Directors of the Company, whose names appear under the section headed "**Management and Administration**" accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus (as complemented, modified or supplemented) is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Directors accept responsibility accordingly.

1. Classes:

Class A Accumulation Shares ("**Class A Shares**"), Class B Accumulation Shares ("**Class B Shares**"), Class B (Hedged) Accumulation Shares ("**Class B (Hedged) Shares)** and Class I Distributing Shares ("**Class I Shares**") of the Fund are being offered. Share Classes are denominated as follows:

Class A Shares in Great Britain Pounds
Class B Shares in Great Britain Pounds
Class B (Hedged) Shares in US Dollars
Class B (Hedged) Shares in Euro
Class I Shares in Great Britain Pounds

In relation to the unhedged Classes of the Fund which are not designated in the Base Currency, a currency conversion will take place on subscriptions, redemptions, switches and distributions at prevailing exchange rates. Accordingly, any unhedged Class of Shares that is not designated in the Base Currency of the Fund will have an exposure to possible adverse currency fluctuations and the Company will not use hedging techniques to protect against such currency risk in respect of such unhedged Classes. Investors in unhedged Classes should be aware that such unhedged Classes expressed in the Class currency will be subject to exchange rate risk in relation to the Base Currency.

However, as described in the section of the Prospectus entitled "Hedging Risk", the Company shall enter into certain currency related transactions in respect of classes designated "hedged" in order to mitigate the exchange rate risk between the Base Currency of the Fund and the currency in which hedged Shares are designated (where that designated currency is different to the Base Currency of the Fund). Where the Company seeks to hedge against currency fluctuations at Class level, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Company. However, over-hedged positions will not exceed 105% of the Net Asset Value of the Class and under-hedged positions shall not fall short of 95% of the portion of the Net Asset Value of the Class which is to be hedged against currency risk. Hedged positions will be kept under review to ensure that over-hedged or under-hedged positions do not exceed/fall short of the permitted levels outlined above and are not carried forward from month to month.

2. Dealing Days for Subscriptions and Redemptions:

Every Business Day meaning a day on which banks in Ireland and United Kingdom are open for normal banking business and in any other financial centre that the Directors may determine to be relevant for the operations of the Fund, and such additional Business Day or Business Days as the Directors may determine, and notify in advance to Shareholders.

3. Dealing Deadline and Valuation Point

10.30am Irish time on the Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Deadline is not later than the Valuation Point. The Valuation Point will be the close of business of the relevant market on the Dealing Day.

4. Base Currency:

The base currency of the Fund is Great Britain Pounds.

5. Dividends:

The Class A Shares, Class B Shares and Class B (Hedged) Shares are accumulating Classes and therefore, it is not currently intended for the Company to declare and distribute dividends to the Shareholders in each Class. Any income and earnings and gains on these Classes will be accumulated and reinvested on behalf of Shareholders.

The Class I Shares are intended to be a distributing Class and as such the Company may, at its discretion, declare dividends on the Class I Shares in the Fund quarterly as at May 4, August 4, November 4 and February 4 and/or at such other periodic intervals as shall be determined by the Company, and notified to Shareholders at that time. Such distributions made from the Class I Shares may be declared out of the capital of the Fund. Such distributions, when declared, will be paid by electronic transfer within two months thereafter.

6. Investment Objective and Policy:

6.1 Investment Objective

The investment objective of the Fund is to generate capital growth over the medium to longer term.

6.2 Investment Policy

The Fund intends to achieve its investment objective by investing primarily in equities and equity related securities or taking exposure (both long and short) to such equities and equity related securities indirectly through financial derivative instruments (exchange traded or over-the-counter) as outlined below.

The Fund may take long exposure (i) by investing directly or taking investment exposure via FDIs in a security or securities (i.e. equities) with the view that their value will rise, (ii) in instances where it may assist the Fund in achieving its investment policy (through providing the Fund with opportunities to make gains in negative or distressed market conditions and thus provide growth for the Fund in such markets) or (iii) by gaining exposure to investments via FDIs, with the view that their value will rise against a fall in the underlying reference asset – thus benefiting from the fall in the value of the underlying reference asset. Short exposure may be taken for hedging purposes in order to reduce the overall market exposure of the Fund. Any short exposure within the Fund may be up to 100% of the Net Asset Value however it is intended that the Fund will be managed to operate in normal market conditions within a range of 100% long exposure and 0% short exposure.

The equities and equity-related securities targeted will be of companies located worldwide and listed or traded on Recognised Exchanges and may include, in the case of direct investment in common stock, preferred stock and securities convertible into or exchangeable for such equities. Examples of equity related securities in which the Fund may invest are developed market indices such as the FTSE 100, S&P 500 and Eurostoxx 50. An example of a security that is convertible from developed market indices, such as the FTSE 100, S&P 500 or Eurostoxx 50, whereby the security is convertible into the issuer's underlying equity, is British Land Company plc.

The Fund is not subject to any industry sector constraints on target investments. The Fund is not subject to any market capitalisation constraints on target investments.

Financial derivative instruments in which the Fund may invest in or use for investment purposes include swaps, options, forwards, futures and contracts for difference. See "Use of Derivatives and Efficient Portfolio Management Techniques" below for a description of the financial derivative instruments.

- The Fund may also invest in government bonds issued by OECD governments and investment grade corporate bonds issued by companies located worldwide with fixed or floating interest rates (debt securities). Investment in fixed income securities, in developed markets, such as UK Gilts, US Treasury, and German Bunds, will be investment grade (i.e. at or above S&P rating BBB- or a rating sourced from another reputable rating agency, which is deemed equivalent by the Investment Manager).

- The Fund may also, if this is considered appropriate to the investment objective, invest on a short term basis in cash, cash equivalents and money market instruments (including cash deposits, commercial paper and certificates of deposit).

- In addition, the Fund may engage in transactions in financial derivative instruments for the purposes of efficient portfolio management and/ or to protect against exchange risks within the conditions and limits laid down by the Central Bank from time to time. The Investment Manager will look to ensure that the techniques and instruments used are economically appropriate in that they will be realised in a cost-effective way. Such transactions may include foreign exchange transactions which alter the currency characteristics of transferable securities held by the Fund. Such techniques and instruments (details of which are outlined below) include futures, options, swaps, forwards and repurchase and reverse repurchase agreements.

Share purchase rights and convertible securities will not be directly acquired but may be issued to the Fund pursuant to its investment in a particular security and, in such cases, may be retained for the purposes of efficient portfolio management and traded or exercised when considered appropriate.

Futures
Futures could be used to gain exposure to positions in a more efficient manner. For example a single stock future could be used to provide the Fund with exposure to a single security. Index futures could also be used to manage risk, for example to hedge the risk of a security or group of securities held within the underlying index or with a high correlation with the underlying index.

Options
An option contains the right to buy or sell a specific quantity of a specific asset at a fixed price at or before a specified future date. There are two forms of options: put or call options. Put options are contracts sold for a premium that give to the buyer the right, but not the obligation, to sell to the seller a specified quantity of a particular asset (or financial instrument) at a specified price. Call options are similar contracts sold for a premium that give the buyer the right, but not the obligation, to buy from the

seller a specified quantity of a particular asset (or financial instrument) at a specified price. Options may also be cash-settled. The Fund may use such instruments to hedge against market risk or to gain exposure to a relevant underlying equity or equity related security. Any option entered into by the Fund will be in accordance with the limits prescribed by the law.

Swaps
Exchange rate swaps may be used in order to protect the Fund against foreign exchange rate risks. Exchange rate swaps could be used by the Fund to protect assets held in foreign currencies from foreign exchange rate risk. Total Return Swaps, interest rate, currency and other swaps, could be used to enable the Fund to gain exposure to securities, currencies or indices.

A Total Return Swap could be used if it provided exposure to a security or index position in a more cost-efficient manner than a direct investment in that security or index position. In a swap, the gross returns to be exchanged or "swapped" between the parties are calculated with respect to a "notional amount", i.e. the return or increase in value of the index. Total Return Swap agreements may be used by the Fund to gain exposure to an index, whereby the Fund agrees to pay a stream of payments based on an agreed interest rate in exchange for payments representing the total economic performance, over the life of the swap, of the asset or assets underlying the swap, in this case, the economic performance of the index.

Forwards
Forward currency contracts could be used to hedge against currency risk that has resulted from assets held by the Fund that are not in the Base Currency. The Fund, may, for example, use forward currency contracts by selling forward a foreign currency against the Base Currency to protect the Fund from foreign exchange rate risk that has risen from holding assets in that currency.

Securities Financing Transactions
Subject to the conditions and limits set out in the Central Bank Rules and in accordance with the requirements of SFTR, the Fund may use repurchase agreements, reverse repurchase agreements and/or securities lending agreements for efficient portfolio management purposes only. Any type of assets that may be held by the Fund in accordance with its investment objective and policies may be subject to such Securities Financing Transactions. The Fund may also use Total Return Swaps (as detailed above) and apply these to certain types of assets held by the Fund as disclosed in the "Investment Policy" section above. The expected proportion of assets that will be subject to Securities Financing Transactions and Total Return Swaps is 0-20%, while the maximum proportion may be 100%. In any case, the most recent semi-annual and annual report of the Fund will express as an absolute amount and as a percentage of the Fund's assets the amount of Fund assets subject to Securities Financing Transactions and Total Return Swaps. Please refer to the section of the Prospectus entitled "Efficient Portfolio Management" for further details.

The use of financial derivative instruments and efficient portfolio management techniques for the purposes outlined above will expose the Fund to the risks disclosed under the section of the Prospectus entitled "**Risk Factors**".

The Fund may enter into over-the-counter ("**OTC**") financial derivative instruments with approved counterparts. The Investment Manager monitors counterparty exposure and where applicable, takes into consideration any collateral held by the fund in determining the Fund's exposure.

Where the Fund has entered into an OTC financial derivative instrument with a counterparty and the value of the financial derivative instrument is in favour of the Fund and the counterpart defaults on its obligation, there is a risk that the Fund will lose all or some of the value of that financial derivative instrument.

The Investment Manager monitors both counterparty and issuer risk to ensure that the Fund remains within the UCITS guidelines on issuer concentration and counterparty risk limits.

No investment will be made in another Fund of the Company.

The Fund is prohibited from investing more than 10 per cent of the Net Asset Value of the Fund in aggregate in other collective investment schemes.

6.3 Leverage

The Fund may utilise financial derivative instruments as described in the section headed "Investment Policy" above.

The Investment Manager employs an Absolute Value at Risk ("**VaR**") approach for the calculation of global exposure of the Fund whereby VaR shall not exceed 20% of the Net Asset Value of the Fund. The absolute VaR model is considered appropriate as the Fund does not define the investment target in relation to a benchmark.

In accordance with the requirements of the Central Bank, the VaR of the Fund's portfolio may not exceed 20% of the Net Asset Value of the Fund the confidence level shall not be less than 99% and the holding period shall not be less than 20 days. The historical observation period will typically be 250 Business Days or greater but a shorter observation period may be used in instances of recent significant price volatility.

It should be noted that these are the current VaR limits required by the Central Bank. In the event that the Central Bank changes these limits, the Fund will have the ability to avail of such new limits and they will be included in an updated Supplement which will be sent to investors.

VaR is a way of measuring the potential loss due to market risk with a given degree of confidence (i.e. probability) under normal market conditions. It is not an assurance that the Fund will experience a loss of any particular size and the Fund could be exposed to losses which are much greater than envisaged VaR, more so under abnormal market conditions. It should be noted that VaR does not explicitly measure leverage, and that VaR is a statistical risk measure and the actual loss of a particular transaction or to the Fund overall may materially exceed the loss indicated by the use of VaR.

There are limitations in using VaR as a statistical measure of risk because it does not directly limit the level of leverage in the Fund and only describes the risk of loss in prevailing market conditions and would not capture future significant changes in volatility.

The calculation of the level of leverage, based on the sum of the absolute value of notionals of the derivatives used, is produced and monitored in accordance with the requirements of the Central Bank. This figure does not take into account any netting and hedging arrangements that the Fund has in place at any time even though these netting and hedging arrangements are used for risk reduction purposes. It is therefore not a risk-adjusted method of measuring leverage, which means this figure is higher than it otherwise would be if such netting and hedging arrangements were taken into account. As these netting and hedging arrangements, if taken into account, may reduce the level of actual investment exposure, this calculation may not provide an accurate measure of the Fund's leverage position if calculated using a more market based approach. Using the sum of notionals approach, leverage is not expected to exceed 200%, however there may be times during unexpected market volatility where this figure may be exceeded.

The Company on behalf of the Fund has filed with the Central Bank its risk management process which enables it to accurately measure, monitor and manage the various risks associated with the use of financial derivative instruments. Any financial derivative instrument not included in the risk management process will not be utilised until such time as a revised submission has been provided to the Central Bank. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

6.4 Investor Profile

A typical investor in the Fund is an investor who wishes to allocate a portion of their total assets to an investment in a diversified portfolio of equities and equity related securities or taking exposure (both long and short) to such equities and equity related securities indirectly through financial derivative instruments (exchange traded or over-the-counter) that provide investment returns similar to those described above. It is suitable for investors who are seeking capital growth over a medium to long term horizon, but must be able to accept temporary capital losses due to the potentially volatile nature of the underlying assets. Further, in the event of significant deterioration in the value of the equities and equity related securities to which the financial derivative instruments are linked and/ or counterparty or issuer default, permanent loss of some or all of their investment.

7. Investment Manager for the Fund

The Investment Manager of the Fund is Atlantic House Fund Management LLP, registered office at One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ, United Kingdom authorised and regulated by the UK Financial Conduct Authority (registration number 586302). The Investment Manager is authorised and regulated by the UK Financial Conduct Authority to provide investment management activities to the Company. The key investment personnel have many years of experience in advising and managing structured products and equity derivatives.

The key personnel of the Investment Manager who are involved in the day to day investment management decisions of the Fund are:

Tom May
Mr May was Head of the European Securitised Equity Derivative and Secondary Market Trading teams at Citigroup between 2005 and 2008, Mr May was responsible for a team trading all securitised derivative products on both primary and secondary markets. Mr May was instrumental in establishing Citigroup as a leader in both primary market innovation and secondary market trading for the UK private placement market. Prior to this, he was part of the Structured Equity Derivatives Trading team at Citi, with specific responsibility for Constant Proportion Portfolio Insurance and Delta 1 Trading.

Dr Russ Bubley – Fund Manager
Dr Bubley has 14 years of experience in the City, and is an expert in complex financial products and mathematical modelling. He has personally structured and executed over £20 billion of deals, has a deep understanding of both financial and mathematical issues, and is able to communicate these clearly and simply to the layperson. He has a keen insight into investor psychology and experience creating innovative products to meet the needs of different types of investors from large corporations to individuals. Dr Bubley has been applying his financial services industry knowledge and experience to the problems of social impact investing, working with civil society organizations to help them to move forward their social investment strategies. Dr Bubley holds an award-winning PhD in computer science.

The Investment Manager makes investment decisions for the Fund and continuously reviews, supervises and administers the Fund's investment programme. The Manager supervises the Investment Manager and establishes policies that the Investment Manager must follow in its management activities.

Pursuant to the Investment Management Agreement, the Investment Manager has been appointed to provide investment management services to the Fund.

The Investment Management Agreement states that the appointment of the Investment Manager shall continue unless and until terminated by either part giving not less than 90 calendar days' notice. In certain circumstances set out in the Investment Management Agreement, either party may terminate the Investment Management Agreement upon the occurrence of certain events, such as the insolvency or liquidation of either party. The Investment Management Agreement contains certain indemnities in favour of the Investment Manager, which are restricted to exclude matters to the extent that they are attributable to the fraud, bad faith, negligence, wilful default or recklessness of the Investment Manager.

8. Issue of Shares:

The Initial Offer Period for the Class A Shares is ongoing and will close at 5.00pm (Irish time) on 3 April, 2018 unless such period is shortened or extended by the Directors, who may delegate the exercise of such discretion to any one Director, in accordance with the requirements of the Central Bank. The Shares will be offered at an initial offer price per Share of GBP1.00.

The Initial Offer Period for the Class B USD (Hedged) Shares will close at 5.00pm (Irish time) on 10 October, 2018 unless such period is shortened or extended by the Directors, who may delegate the exercise of such discretion to any one Director, in accordance with the requirements of the Central Bank. The Shares will be offered at an initial offer price per Share of USD1.00.

The Initial Offer Period for the Class B EUR (Hedged) Shares will close at 5.00pm (Irish time) on 4 January, 2019 unless such period is shortened or extended by the Directors, who may delegate the exercise of such discretion to any one Director, in accordance with the requirements of the Central Bank. The Shares will be offered at an initial offer price per Share of EUR1.00.

Class B Shares and Class I Shares are available on each Dealing Day at Net Asset Value per Share.

Applications for Shares must be received by the Dealing Deadline (as defined above) in the manner set out in the Prospectus. For further information, please see the section headed "Subscription for Shares" in this Prospectus.

All applications must be received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day. Subscription requests may be submitted by fax to the Administrator (in Ireland). Applications should be made on the Application Form (and supporting documentation relating to money laundering prevention checks) and the originals must be sent promptly to the Administrator. Applications received after the Dealing Deadline will be held over to the next Dealing Day. No interest will be paid on early subscriptions.

Unless otherwise specified, the minimum initial subscription is GBP1,000 for Class A Shares GBP5,000,000 for Class I Shares, GBP5,000,000 for Class B Shares and USD5,000,000 for Class B (Hedged) Shares or an equivalent amount in another currency. Additional subscriptions for Shares are set at a minimum of £1,000 for Class A Shares and no minimum for Class I Shares, Class B Shares or Class B (Hedged) Shares. However, minimum initial subscriptions or minimum additional subscriptions which do not meet these thresholds may be accepted by the Directors. The price at which Shares will be issued on any particular Dealing Day will be the Subscription Price per Share calculated in the manner described under the Prospectus section headed "Valuation and Prices". The Company may issue fractional shares, expressed as four decimal place fractions of a Share. Application monies representing smaller fractions of a Share will be retained by the Company.

9. Redemption of Shares

Shares in the Fund may be redeemed on every Dealing Day at the Net Asset Value per Share of the relevant Class subject to the procedures, terms and conditions set out in the Prospectus under the section heading "Redemption of Shares". All requests for the redemption of Shares must be received by the Dealing Deadline (as defined above) in the manner set out in the Prospectus.

Redemption monies will normally be paid within 5 Business Days of the relevant Dealing Day for redemptions.

Prior to redemption proceeds being paid, on any Dealing Day when there are net redemptions, an exit charge of up to 2.00% may be deducted from redemption proceeds before the remainder is paid to the Shareholder. The exit charge is an anti-dilution levy to cover dealing costs and to preserve the value of the underlying assets of the Fund. An exit charge is only likely to arise if more than 5.00% of the NAV of the Fund is redeemed on any singular Dealing Day. Shareholders will be notified if an exit charge is to be applied to their redemption on any Dealing Day and may be given the option to reduce or cancel their redemption request in order to avoid an exit charge being applied. Exit charges will be retained by the Fund.

10. Fees and Expenses

The following fees and expenses are payable out of the Fund. Details of how the fees and expenses are accrued and paid as well as details of other general management and fund charges are set out in the Prospectus under the heading "Charges and Expenses".

Net Total Operating Fees and Expenses

Management Fee

The Manager shall be entitled to receive out of the assets of the Fund a fee of 0.10% per annum of the Net Asset Value of the Fund payable monthly in arrears subject to a minimum annual fee of €75,000. The Manager will also be entitled to be reimbursed out of the assets of the Fund for all reasonable, vouched out-of-pocket expenses incurred by it on behalf of the Fund.

The Administrator's Fee (Fund Accounting, Financial Reporting and Transfer Agent Fees)

The Administrator is entitled to receive out of the assets of the Fund (with VAT thereon, if any) an annual fee of up to 0.0225% on a tiered basis of the Net Asset Value of the Fund which will be accrued and payable monthly in arrears, subject to a total of all of the minimum annual fees for the Fund of €32,250. The maximum annual fee for fund accounting activities is €100,000 and the maximum annual fee for shareholder services activities is €100,000.

The Administrator shall be reimbursed out of the assets of the Fund for all reasonable and vouched out-of-pocket expenses incurred by it.

Investment Manager Fees

The Investment Manager will be paid a fee from the Company monthly in arrears at the rate of 0.55% per annum of the Net Asset Value of Class I Shares and 1.3% per annum of the Net Asset Value of Class A Shares of the Fund on the Valuation Point.

The Investment Manager will be paid a fee from the Company monthly in arrears at the rate of 0.55% per annum of the Net Asset Value of Class B Shares and Class B (Hedged) Shares of the Fund on the Valuation Point.

Reasonable out-of-pocket expenses incurred by the Investment Manager in the performance of its duties will be reimbursed by the Company as may be approved from time to time by the Director.

Formation and Organisation Costs

The costs of forming the Fund, including the fees and expenses of legal advisers, product development fees and expenses, regulatory and listing fees and expenses and any other fees and expenses arising on the formation and launch of the Fund which are not expected to exceed £25,000 will be borne by the Fund and amortised over five years..

11. Risk Warnings:

Persons interested in purchasing Shares in the Fund should read the section headed "Risk Warnings" in the main body of this Prospectus.

The Fund will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

The value of investments and income from them can go down as well as up (this may partly be the result of exchange rate fluctuations in investments which have an exposure to foreign currencies) and investors may not get back the full amount invested. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Financial Derivatives, Techniques and Instruments Risks

The prices of derivative instruments, including futures, options and swap prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, amongst other things, interest rate fluctuations. The use of these techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the price movements of the derivatives and price movements of related instruments, (3) the fact that skills needed to use these instruments are different from those needed to select the securities owned by any of the Funds, (4) the possible absence of a liquid market for any particular instrument at any particular time; which may result in possible impediments to effective portfolio management or the ability to meet redemption. Each Fund may invest in certain derivative instruments, which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

The Fund may from time to time utilise both exchange traded and over the counter credit derivatives, such as collateralised debt obligations or credit default swaps as part of its investment policy and for hedging purposes. These instruments may be volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss that is high in proportion to the amount of the funds actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Furthermore, when used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged. Transactions in over the counter derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position.

Forward Trading Risk

The underlying investment funds in which a Fund may invest, may enter into forward contracts and options thereon. Forward contracts do not have standard terms and are not traded on exchanges. Each transaction is carried out by individual agreements, with banks and dealers acting as principals. Trading in forwards and "cash" trading are both largely unregulated; there is no limitation on daily price movements and speculative position limits are not applicable to the markets, which can be highly illiquid because the principals involved are not obliged to make markets in the currencies or commodities they trade. At times, participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market because of unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading, to the possible detriment of a Fund. Market illiquidity or disruption could result in major losses to a Fund. A Fund may be exposed to credit risks on the counterparties and to risks associated with settlement default. Such risks could result in substantial losses to a Fund.

Futures and Options Risk

The Investment Manager may engage in various portfolio strategies on behalf of each Fund through the use of futures and options. Due to the nature of futures, cash to meet margin monies will be held by a broker with whom each Fund has an open position. In the event of the insolvency or bankruptcy of the broker, there can be no guarantee that such monies will be returned to each Fund. On execution of an option, a Fund may pay a premium to a counterparty. In the event of the insolvency or bankruptcy of the counterparty, the option premium may be lost in addition to any unrealised gains where the contract is in the money.

Over-the-Counter Markets Risk

Where any Fund acquires securities on over-the-counter markets, there is no guarantee that a Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility

Lending of Securities

The Company may lend its securities to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. The Company continues to be entitled to payments of amounts equal to the interest, dividends or other distributions payable in respect of the loaned securities, which affords the Company an opportunity to earn interest on the amount of the loan and on the loaned securities' collateral. In connection with any such transaction, the Company will receive collateral that will be marked to market on a daily basis and maintained at all times in an amount equal or exceeding 100% of the current market value of the loaned securities at all times. However, the Company might experience loss if the institution with which the Company has engaged in a portfolio loan transaction breaches its agreement with the Company. This may occur if the counterparty were to default at a time when the value of securities lent increased. In this case it is possible that the collateral held by the Fund would not cover the value of securities lost

12. Listing

Class B Sterling Shares and Class I Sterling Shares of the Fund, issued and available for issue, are admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.