TEAM INTERNATIONAL EQUITY FUND

This Supplement dated 1 December, 2022 contains specific information in relation to the Team International Equity Fund (the **Fund**), a sub-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 November 2021 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

The following share classes of the Fund in the base currency of the Fund are being offered:

Class I Accumulation Shares and Class I Distribution Shares (the "Class I Shares")
Class R Accumulation Shares and Class R Distribution Shares (the "Class R Shares")
Class C Accumulation Shares and Class C Distribution Shares (the "Class C Shares").

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

The Dealing Deadline is midday 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 is the close of business of the relevant market on the Dealing Day.

4. Base Currency:

The base currency of the Fund is Great British Pounds Sterling.

5. Dividends:

For the Shares designated as Distribution Shares, dividends will, at the sole discretion of the Company, be paid biannually within five business days of the last business day in March and September (and/or at such other periodic intervals as shall be determined by the Company, and notified to Shareholders at that time).

Dividends may be paid out of net income together with the net realised and unrealised capital gains (net of realised and unrealised losses) of the Fund.

Shares designated as Accumulation Shares, are accumulating share classes and therefore it is not currently intended for the Company to declare and distribute dividends to the Shareholders in these share classes. Any income and earnings and gains on these share classes will be accumulated and reinvested on behalf of Shareholders.

6. Investment Objective and Policy:

6.1 Investment Objective

The investment objectives of the Fund is to achieve a long-term total return through investments in a portfolio of international equities.

6.2 Investment Policy

The Fund intends to achieve this objective by investing approximately 90% to 100% of its Net Asset Value in global equities, which may include preference shares (predominantly dividend paying) through a long-only, fully invested strategy. However, the Fund may, on an exceptional basis, reduce exposure to equity markets and raise cash levels to greater than 10% (but not exceeding 25%) of its Net Asset Value. The situations in which cash may be raised to levels greater than 10% include: (i) where the Investment Manager considers that there are not sufficient suitable investment opportunities; (ii) to protect the value of the Fund and maintain liquidity at times in falling or volatile markets; (iii) to facilitate the Fund's ability to meet redemption requests; and (iv) where the Fund has received subscriptions that are awaiting investment.

The Fund is considered to be actively managed in reference to MSCI World Index, total return, sterling (the "**Benchmark**") by virtue of the fact that it uses the Benchmark for performance comparison purposes. However the Benchmark is not used to define the portfolio composition of the Fund or as a performance target and the Fund may be wholly invested in securities which are not constituents of the Benchmark.

The equity securities in which the Fund may invest will typically be listed or traded on a Regulated Market. However, the Fund may invest up to 10% of its assets in securities that are not listed or traded on a Regulated Market.

The Fund's portfolio will generally comprise of between 25 and 35 equity securities of large-cap issuers. The Fund's aims to invest in publicly listed global equity securities of the top 5,000 issuers with the largest market capitalisation globally. Any investment that is being considered will also undertake an additional liquidity screening process which monitors average daily trade volumes to ensure the Investment Manager can enter, but more importantly, exit positions with minimal transaction slippage and associated costs to the Fund. The additional liquidity screening process also aims to assess the percentage of the overall market capitalisation of a company which is free float (i.e. the shares of the company which are available to the public for trading and not tied up by existing shareholders).

The Fund may invest up to 20% of its Net Asset Value in emerging markets (including China, Taiwan, South Korea and India).The Fund may invest in in China A Shares traded on the Shanghai Stock Exchange (the **SSE**) via the Shanghai-Hong Kong Stock Connect and/or the Shenzen Stock Exchange (the **SZSE**) via the Shenzhen-Hong Kong Stock Connect subject to any applicable regulatory limit.

The Fund may utilise financial derivative instruments for efficient portfolio management and/or hedging purposes only (within the conditions and limits laid down by the Central Bank from time to time), however will do so on a very selective basis. The Fund will primarily utilise FDI in the form of put options, to protect the capital value of the Fund. The Fund may also use currency forward contracts to hedge currency exposure back to the Fund's base currency. However under no circumstances would uncovered or speculative currency positions be taken. 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".

Options

Put options are contracts bought for a premium that give the buyer the right, but not the obligation to buy a specified quantity of a particular asset (or financial instrument) at a specified price. An example may arise where the Investment Manager feels the near-term prospects for equity market returns are very unfavourable. Liquidating a substantial portion of the portfolio to raise cash incurs costs to the Fund and carries uncertainty around redeploying the cash back into equity markets at an opportune time.

Buying put options, for example on an index or sector, gives the Investment Manager the ability to reflect the same view but with the benefit of limited liability, with the loss capped at the premium paid for the option(s). It also enables the Fund to remain close to fully invested in equities, thereby participating fully on the upside should the Investment Manager's short-term view prove to be incorrect. Consideration of the price paid is, of course, of paramount importance in any decision.

Currency Forward Contracts

A forward contract locks-in the price at which an asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date. Forward FX contracts may be used for the most part for hedging purposes to seek to reduce foreign exchange risk where the assets of the Fund are denominated in currencies other than the Base Currency but may also be used to take views on the direction of currency movements.

Investment Selection

In managing the Fund's portfolio, the Investment Manager seeks to identify global equity investments with the greatest potential for long-term growth, whilst taking into account associated risks. Growth trends are global in nature and are identified with respect to six long-term investment themes. The Investment Manager shall focus on the following areas when assessing such growth trends as part of its investment selection process: shifts in global economic powers, demographics, urbanisation, technology and connectivity, resource scarcity and environmental, social and governmental (ESG) considerations (as further outlined below).

The Investment Manager then follows with a structured and systematic, bottom-up process (i.e. a type of investment analysis that focusses on the attributes of the individual issuer rather than general economic or market factors affecting the sector or the broad economy) to select a diversified portfolio of particular Issuers. The assessment of the quality of management involves a number of factors, the two most important of which are identifying management (i) whose interests are aligned with investors and (ii) who have shown discipline in the past in managing their companies' cash-flows and balance sheets and who have been consistent in executing the stated strategy of the company.

The Investment Manager will conduct a risk assessment of a given issuer and will assess risks external to the company, such as ESG risks (i.e. the risk that the issuer may not adhere to the Investment Manager's ESG screening process), competitive and market risks. The Investment Manager will also assess risks internal to the company (generally identified by the Investment Manager based on publicly available information such as audited financial statements), such as risks involving strategy, operations, processes, systems and workforce. This is done to risk-adjust the expected investment return based on the different risk profile of each Issuer.

The Investment Manager will seek to invest in companies or issuers that it believes incorporates positive, sustainable ESG practices (including, but not limited to practices which promote environmental sustainability, good labour practices and human rights protection). When considering ESG factors, the Investment Manager will assess the 'ESG score' of a company, which will be obtained from external ESG data providers (such as Bloomberg Sustainalytics and Robeco SAM ESG). The ESG score considers factors such as how each company's management systems and policies are designed to mitigate material ESG risks (e.g. health and safety programmes and treatment of employees); the transparency of the company towards its investors in relation to material ESG issues (e.g. tax transparency); the company's ESG performance targets (e.g. targets on the reduction of hazardous waste); and the company's involvement in any ESG related controversies and its response to same.

Top-down analysis conducted by the Investment Manager then focuses on the relevant macro-economic considerations (such as such as interest rates, monetary and fiscal policy) and includes sectoral and geographical analysis (i.e. an assessment of countries, sectors, industries and companies which the Investment Manager believes will offer the greatest investment value and growth potential).

Management of Sustainability Risk

The management of Sustainability Risk forms part of the due diligence process implemented by the Investment Manager.

When assessing the Sustainability Risk associated with underlying investments, the Investment Manager is assessing the risk of an ESG Event. Sustainability Risks deemed relevant to this Fund include water crisis, extreme weather, food crisis and profound social instability.

Using both quantitative and qualitative processes, Sustainability Risk is identified, monitored and managed by the Investment Manager in the following manner:

(i) Prior to acquiring investments on behalf of a Fund, the Investment Manager uses ESG metrics of third party data providers ("**Data Providers**") such as Bloomberg in order to screen the relevant investment against Sustainability Risk and to identify whether it is vulnerable to such risk. This process incorporates applying both an exclusion policy (whereby potential investments are removed from the investment universe on the basis that they pose too great a Sustainability Risk to the Fund) and positive screening whereby those investments which have a low Sustainability Risk rating as well as strong financial performance are included in the investment universe.

(ii) During the life of the investment, Sustainability Risk is monitored through review of ESG data published by Bloomberg or selected Data Providers to determine whether the level of Sustainability Risk has changed since the initial assessment has been conducted. Where the Sustainability Risk associated with a particular investment has increased beyond the Sustainability Risk appetite for the relevant Fund, the Investment Manager will consider selling or reducing the Fund's exposure to the relevant investment, taking into account the best interests of the Shareholders of the Fund.

The Investment Manager has determined that the Sustainability Risk faced by the Fund is moderate.

Further information on the manner in which Sustainability Risks are integrated into the investment-decision making process by the Investment Manager is available on https://www.geminicapital.ie/team/.

Taxonomy Disclaimer

The Fund does not currently qualify as 'promoting' among other characteristics, environmental or social characteristics pursuant to Article 8(1) SFDR nor does the Fund have sustainable investment as its objective pursuant to Article 9(1) SFDR. Where this changes, Shareholders will be notified in advance and may be required to provide their approval of any such change. Given the foregoing, the following disclaimer shall apply as prescribed by Article 7 of Regulation (EU) 2020/852 (Taxonomy Regulation):

The investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities.

6.3 Investor Profile

A typical investor in the Fund is an investor who wishes to allocate a portion of their total investable assets to global equities, and who is seeking a portfolio which has a long term (5 years or more) time horizon.

7. Efficient Portfolio Management and Leverage

The Fund may utilise FDI for efficient portfolio management and/or hedging purposes as described in the section headed "Investment Policy" above. Further information on the efficient portfolio management techniques which the Company may utilize is disclosed under the section of the Prospectus entitled "Efficient Portfolio Management".

The Fund will measure global exposure using the commitment approach. As a consequence the leverage of the Fund, which incorporates any FDIs that may be held, is less than 100% of the Net Asset Value of the Fund.

The Company, on behalf of the Fund, has filed with the Central Bank a risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of FDI.

8. Investment Manager for the Fund

The Investment Manager of the Fund is Theta Enhanced Asset Management Limited, which is regulated by the Jersey Financial Services Commission and has a registered office at Royal Court Chambers, 10 Hill Street, St Helier, Jersey JE2 4UA.

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 dated 30 November, 2020 as may be amended and/or supplemented from time to time, between the Company, the Manager and the Investment Manager, the Investment Manager has been appointed by the Manager 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 party giving not less than 90 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 inability of either party to pay its debts or if either party shall go into liquidation.

The Investment Management Agreement provides that the Investment Manager may instruct the Manager to terminate any Sub-Investment Management Agreement in place subject to any notice period agreed in the relevant Sub-Investment Management Agreement. 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.

9. Issue of Shares:

The Initial Offer Period for the Class I Distribution Shares, Class R Accumulation Shares, Class R Distribution Shares and Class C Distribution Shares is ongoing and will close at 5.00pm (Irish time) on 30 May, 2023 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 One British Pound (Sterling). Following the close of the Initial Offer Period, Shares are available on each Dealing Day at the Net Asset Value per Share.

Class I Accumulation Shares and Class C Accumulation Shares in the Fund are available on each Dealing Day at Net Asset Value per Share.

All 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 section 4.1 “Application Procedure” and sub-sections 4.1.1 “Applications” and 4.1.2 “Settlement" in this Prospectus.

Unless otherwise specified, minimum initial and minimum additional subscriptions are as follows:-

Share Class	minimum initial subscription	minimum additional subscription
Class I Shares	£100,000*	£1,000*
Class R Shares	£10,000*	£250*
Class C Shares**	£100*	£100*

*or the equivalent amount in another currency.

**Class C Shares are only available for subscription by the Investment Manager and/or by investors who have a separate arrangement with the Investment Manager, as agreed on a case by case basis with the Investment Manager.

Minimum initial subscriptions or minimum additional subscriptions which do not meet the above 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 "Calculation of Net Asset Value". 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.

10. 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 entitled " How to Sell Shares in a Fund". 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 anti-dilution levy of up to 2.00% may be deducted from redemption proceeds before the remainder is paid to the Shareholder. The anti-dilution levy may be charged to cover dealing costs and to preserve the value of the underlying assets of the Fund. An anti-dilution levy is only likely to arise if more than 5.00% of the Net Asset Value of the Fund is redeemed on any singular Dealing Day, following a decision by the Board of the Company. Shareholders will be notified if an anti-dilution levy 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 anti-dilution levy being applied. Anti-dilution levies will be retained by the Fund.

11. 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 "Fees 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 per annum of 0.10% of the Net Asset Value of the Fund accrued daily and payable monthly in arrears subject to a minimum annual fee of €60,000. 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 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 up to 0.50% per annum of the Net Asset Value of Class I Shares on the Valuation Point. The Investment Manager will be paid a fee from the Company monthly in arrears at the rate of up to 0.75% per annum of the Net Asset Value of Class R Shares on the Valuation Point. The Investment Manager will not be paid a fee from the Company in respect of the Class C Shares. 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 €35,000 will be borne by the Fund and amortised over five years.

12. Selling Restrictions

Jersey

The Jersey Financial Services Commission (**JFSC**) has granted consent to the circulation in Jersey of an offer of Shares pursuant to Article 8(2) of the Control of Borrowing (Jersey) Order 1958, as amended. The JFSC is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that Law.

The Investment Manager has been registered by the JFSC as a fund services business and investment business provider under the Financial Services (Jersey) Law 1998. The JFSC is protected by the Financial Services (Jersey) Law 1998 against liability arising from the discharge of its functions under that law.

Guernsey

Shares may only be offered or sold in, or from within the Bailiwick of Guernsey either: (i) by persons licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended ("**POI Law**"); or (ii) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended, the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, as amended.

13. 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.

Pandemic Risk

In March 2020, the World Health Organisation declared COVID 19 a pandemic. While the full impact is not yet known, COVID 19 may result in continued market volatility and a period of economic decline globally. It may also have a significant adverse impact on the value of a Fund's investments and the ability of the Investment Manager to access markets or implement the Fund's investment policy in the manner originally contemplated. Government interventions or other limitations or bans introduced by regulatory authorities or exchanges and trading venues as temporary measures in light of significant market volatility may also negatively impact on the Investment Manager's ability to implement a Fund's investment policy. Funds' access to liquidity could also be impaired in circumstances where the need for liquidity to meet redemption requests may rise significantly. Services required for the operation of the Fund may in certain circumstances be interrupted as a result of the pandemic.

China and Hong Kong Risk

The government of the People's Republic of China (the **PRC / China**) exercises significant control over China's economy through the allocation of resources, by controlling payment of foreign currency-denominated obligations, by setting monetary policy and by providing preferential treatment to particular industries or companies. For over three decades, the PRC government has been reforming economic and market practices and providing a larger sphere for private ownership of property. While currently contributing to growth and prosperity, these reforms could be altered or discontinued at any time. Military conflicts, either in response to internal social unrest or conflicts with other countries, could disrupt economic development. Territorial border disputes persist between China and several of its neighbouring countries. While economic relations with Japan have deepened, the political relationship between the two countries has become more strained in recent years, which could weaken economic ties. Development of the PRC economy is also vulnerable to developments on the Korean peninsula. Should political tension increase or military actions be precipitated, it could adversely affect the economy and destabilise the region as a whole. There is also a greater risk involved in currency fluctuations, currency convertibility, interest rate fluctuations and higher rates of inflation. The PRC government also sometimes takes actions intended to increase or decrease the values of PRC stocks. The emergence of a domestic consumer class is still at an early stage, making China's economic health largely dependent on exports. China's growing trade surplus with the United States has increased the risk of trade disputes, which could potentially have adverse effects on China's management of its currency, as well as on some export-dependent sectors. Social cohesion in China is being tested by growing income inequality and larger scale environmental degradation. Social instability could threaten China's political system and economic growth, which could decrease the value of the Fund's investments.

PRC Political and Economic Risk

China has implemented a series of economic reform programs emphasising the utilisation of market forces in the development of the PRC economy and a high level of management autonomy since 1978. Although China's economy has experienced significant growth in the past 20 years, growth has been uneven both geographically and among various sectors of the economy. However, there can be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. The PRC government may from time to time adopt corrective measures to control inflation and restrain the rate of economic growth, which may also have an adverse impact on the capital growth and performance of the Fund. Further, political changes, social instability and adverse diplomatic developments in China could result in the imposition of additional government restrictions including the expropriation of assets, confiscatory taxes or nationalisation of some or all of the investments held by the underlying securities in which the Fund may invest. Changes in the PRC government's policies could negatively affect the value of investments held by the Fund and consequently the Net Asset Value of the Fund or a Class.

PRC Accounting and Reporting Risk

PRC companies are required to follow PRC accounting standards and practices, which only follow international accounting standards to a certain extent. However, the accounting, auditing and financial reporting standards and practices applicable to PRC companies may be less rigorous, and there may be significant differences between financial statements prepared in accordance with PRC accounting standards and practice and those prepared in accordance with international accounting standards. As the disclosure and regulatory standards in China are less stringent than in more developed markets, there might be substantially less publicly available information about issuers in China on which the Investment Manager can base investment decisions. Consequently, investors may not be provided the same degree of protection or information as would generally apply in developed countries and the Fund may be exposed to significant losses.

PRC Legal and Regulatory System Risk

The PRC legal system is a complex legal system comprising written statutes, regulations, circulars, administrative directives, internal guidelines and their interpretation by the Supreme People's Court. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce taxation and trade. However, experience in the implementation, interpretation and enforcement of the laws and regulations and of commercial contracts, undertakings and commitments entered into is limited.

Nationalisation and Expropriation Risk

The PRC government renounced various debt obligations and nationalised private assets without providing any form of compensation after the formation of the Chinese socialist state in 1949. The PRC government has recently adopted a more welcoming attitude towards foreign investment in China. However, there is no guarantee that the PRC government will not take similar actions in the future.

Hong Kong

Since Hong Kong reverted to Chinese sovereignty in 1997, it has been governed by the Basic Law, a "quasi-constitution." The Basic Law guarantees a high degree of autonomy in certain matters until 2047, while defense and foreign affairs are the responsibility of the central government in Beijing. If China were to exert its authority so as to alter the economic, political or legal structures or the existing social policy of Hong Kong, investor and business confidence in Hong Kong could be negatively affected, which in turn could negatively affect markets and business performance and have an adverse effect on a Fund's investments. There is uncertainty as to whether China will continue to respect the relative independence of Hong Kong and refrain from exerting a tighter grip on Hong Kong's political, economic and social concerns. The economy of Hong Kong may be significantly affected by increasing competition from the emerging economies of Asia, including that of China itself. In addition, the Hong Kong dollar trades within a fixed trading band rate to (or is "pegged" to) the USD. This fixed exchange rate has contributed to the growth and stability of the Hong Kong economy. However, some market participants have questioned the continued viability of the currency peg. It is uncertain what affect any discontinuance of the currency peg and the establishment of an alternative exchange rate system would have on capital markets generally and the Hong Kong economy.

Stock Connect Risk

In addition to the risks relating to China above, other risks applicable to investments by Fund using Stock Connect apply.

The Fund may invest in China A Shares through the Shanghai-Hong Kong Stock Connect program or Shenzhen-Hong Kong Stock Connect program (collectively, the **Stock Connect**) subject to any applicable regulatory limits. The Stock Connect programs allow foreign investors to trade certain SSE and SZSE (as relevant) listed China A Shares through their Hong Kong based brokers.

General Risk

The relevant regulations are untested and subject to change. There is no certainty as to how they will be applied which could adversely affect the Fund. The programs require use of new information technology systems which may be subject to operational risk due to its cross-border nature. If the relevant systems fail to function properly, trading in both Hong Kong, and Shanghai and/or Shenzhen markets through the respective program could be disrupted.

Quota Limitations

Stock Connect is subject to quota limitations. In particular, once the remaining balance of the daily quota drops to zero or is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Fund's ability to invest in China A Shares through the Stock Connect on a timely basis, and the Fund may not be able to effectively pursue its investment strategy.

Legal/Beneficial Ownership

Where securities are held in custody on a cross-border basis, there are specific legal/beneficial ownership risks linked to compulsory requirements of the local central securities depositaries, the Hong Kong Securities Clearing Company Limited (the **HKSCC**) and ChinaClear. As in other emerging and less developed markets, the legislative framework is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. In addition, HKSCC, as nominee holder, does not guarantee the title to Stock Connect securities held through it and is under no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners. Consequently, the courts may consider that any nominee or depositary as registered holder of the relevant Stock Connect securities would have full ownership thereof, and that those Stock Connect securities would form part of the pool of assets of such entity available for distribution to creditors of such entity and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently the Company and the Depositary cannot ensure that the Company's ownership of these securities or title thereto is assured. To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Company will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Company suffers losses resulting from the performance or insolvency of HKSCC. In the event ChinaClear defaults, HKSCC's liabilities under its market contracts with clearing participants will be limited to assisting clearing participants with claims. HKSCC will act in good faith to seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or the liquidation of ChinaClear. In this event, the Company may not fully recover its losses or its Stock Connect securities and the process of recovery could also be delayed.

Clearing and Settlement Risk

HKSCC and ChinaClear have established the clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. As the national central counterparty of the PRC securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure.

ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission. In the event of a ChinaClear default, HKSCC's liabilities in SSE Shares and SZSE Shares under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear, but it is not obliged to do so. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation process, if available. In that event, the Fund may suffer delay in the recovery process and/or may not fully recover its losses from ChinaClear.

Suspension Risk

Each of the Stock Exchange of Hong Kong Limited (**SEHK**), SSE and SZSE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is effected, the Fund's ability to access the PRC market via the Stock Connect will be adversely affected.

Differences in Trading Day

Stock Connect will only operate on days when both the Chinese and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Chinese market but the Fund cannot carry out any China A Shares trading via the Stock Connect. The Fund may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connect is not trading as a result.

Restrictions on Selling Imposed by Front-end Monitoring

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Share sell orders of its participants (*i.e.*, the stock brokers) to ensure there is no over-selling. If a Fund intends to sell certain China A Shares it holds, it must transfer those shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a Fund may not be able to dispose of its holdings of China A Shares in a timely manner.

Operational Risk

Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SSE, SZSE or SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The Fund's ability to access the China A Share market (and hence to pursue its investment strategy) may be adversely affected.

Regulatory Risk

The Stock Connect is a novel concept. The current regulations are untested and there is no certainty as to how they will be applied. Using the Stock Connect as a means of investment will result in trades being subject to additional restrictions to those usually traded directly on exchange, which may result in investments being subject to greater or more frequent rises and falls in value and the investments may be harder to liquidate. In addition, the current regulations are subject to change and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators/stock exchanges in China and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. The Fund may be adversely affected as a result of such changes.

Recalling of Eligible Stocks

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Funds, for example, if the Investment Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

No Protection by Investor Compensation Fund

Investment in SSE or SZSE shares via the Stock Connect is conducted through brokers, and is subject to the risks of default by such brokers' in their obligations. Investments of the Fund are not covered by the Hong Kong's Investor Compensation Fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in respect of SZSE shares or SSE shares via Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. Therefore the Fund is exposed to the risks of default of the broker(s) they engage in their trading in China A Shares through the Stock Connect. Investment in China A Shares via Stock Connect will also not be covered by the China Securities Investor Protection Fund.