Medalist Partners Total Return Fund

This Supplement dated 13 October 2023 contains specific information in relation to the **Medalist Partners Total Return 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 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.

Dividends in respect of Class I (Inc) Shares may be declared out of the capital of the Fund in order to preserve cash flow to Shareholders. In any such case, there is a greater risk that capital may be eroded, that the Fund's ability to sustain future capital growth may be diminished and distribution will be achieved in a manner that foregoes the potential for future capital growth of your investment. This cycle may continue until all capital is depleted. Distributions out of capital may have different tax consequences to distributions of income and the Directors recommend that investors seek their own tax advice in this regard. Dividends declared out of the capital of a Fund must be understood as a type of capital reimbursement.

An investment in the Medalist Partners Total Return Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

The Fund's Net Asset Value may have a high volatility due to its investment policy.

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**") and Class I (Inc) Distributing Shares ("**Class I (Inc) Shares**") of the Fund are being offered. Share Classes are denominated as follows:

Class A GBP Hedged
Class A GBP Unhedged
Class B GBP Hedged
Class B GBP Unhedged
Class C GBP Hedged
Class C GBP Unhedged
Class I (Inc) GBP Hedged
Class I (Inc) GBP Unhedged

Class A Euro Hedged
Class A Euro Unhedged
Class B Euro Hedged
Class B Euro Unhedged
Class C Euro Hedged
Class C Euro Unhedged
Class I (Inc) Euro Hedged
Class I (Inc) Euro Unhedged
Class A USD
Class B USD
Class C USD
Class I (Inc) USD

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 it is not the intention of the Company to 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.

Hedged Classes

As described in the section of the Prospectus entitled "Hedged Share Classes", 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.

Any financial instruments used to implement such strategies with respect to one or more Classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant Class(es) and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class.

Where a Class of Shares is designated as a hedged Class, that Class will be hedged against exchange rate fluctuation risks between the denominated currency of the Share Class and the Base Currency of the Fund.

Where the foreign currency exposure of hedged Classes are hedged against the Base Currency of the Fund, the Fund may, in accordance with the Central Bank requirements, aggregate the foreign exchange transactions entered into on behalf of such hedged Classes and apportion the gains/losses on and the costs of the relevant financial instruments pro rata to each such hedged Class.

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 reviewed daily 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.

To the extent that hedging is successful for a particular Class, the performance of the Class is likely to move in line with the performance of the underlying assets with the result that investors in that Class will not gain if the Class currency falls against the Base Currency It should be noted that the successful execution of a hedging strategy which mitigates this currency risk exactly cannot be assured.

The currency hedging strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the Fund. Investors' attention is drawn to the risk factor below entitled "**Share Currency Designation Risk**".

Where a Class is unhedged, a currency conversion will take place on subscriptions, redemptions, conversions and distributions. In such circumstances, the value of the Share expressed in the Class currency will be subject to exchange rate risk in relation to the Base Currency and/or in relation to the designated currencies of the underlying assets.

2. Dealing Days for Subscriptions and Redemptions:

Every Business Day meaning a day on which banks in Ireland, banks in the United Kingdom and the New York Stock Exchange, are open for normal 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.

Further information in respect of subscriptions and redemptions can be found in the section of the Prospectus entitled "The Shares". However, it should be noted that applications for Shares received after the relevant Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances, as determined and agreed by the Directors provided that such applications have been received before the close of business in the relevant market that closes first on that particular Dealing Day.

3. Dealing Deadline and Valuation Point

The Dealing Deadline is 11.30am 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 markets on the Dealing Day.

4. Base Currency:

The base currency of the Fund is United States Dollars.

5. Dividends:

The Class I (Inc) Shares and Class C Shares are intended to be distributing Shares and as such the Company may, at its discretion, declare dividends on the Class I (Inc) Shares and Class C Shares in the Fund on or about the last Business Day of each calendar quarter (i.e. the last Business Day of March, June, September and December) 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 (Inc) Shares and Class C 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.

The Class A Shares and Class B 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.

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 seeks to provide high risk-adjusted current income and capital appreciation. The Fund may invest directly in fixed income securities and/or gain exposure to fixed income securities through the use of FDI (which may include embedded derivatives) as outlined below. The Fund's investment in fixed income securities are expected to have a special focus on the mortgage sector. "Fixed income securities" include mortgage-backed securities ("MBS"), asset-backed securities, residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS"), loan participations (within the 10% limit as outlined below and which may be securitised or unsecuritised), collateralized loan obligations ("CLOs") and collateralized mortgage obligations ("CMOs"), which are securitised and freely transferable as well as corporate debt securities, U.S. and other government agency securities (such as US treasury bonds, UK gilts, and German bunds) and variable and floating rate bonds. These instruments may embed derivatives and/or leverage. For the avoidance of doubt, any such embedded derivatives will be the type of derivative in which the Fund can invest directly, as further outlined below in the section entitled Use of FDI, Leverage & Risk Management. The Fund may invest without limit in such fixed income securities that are unrated or whose rating has been withdrawn. The Fund may invest without limit in such fixed income securities that are rated below investment grade (*i.e.*, "high yield" or "junk" ratings). The Investment Manager considers a security to be below investment grade if it is rated below BBB (or comparable) by a nationally recognized credit rating organization including Standard & Poor's Ratings Services ("S&P") and Moody's Investors Service, Inc. ("Moody's"), or if unrated, determined by the Investment Manager, using best efforts and acting prudently, to be of comparable quality. MBS refers to a type of fixed income instrument that represents an interest in a pool of mortgages, including RMBS and CMBS, and includes securities issued by government sponsored entities (agency MBS) as well as securities issued by private entities (non-agency MBS). MBS both include fixed and variable rate securities with underlying fixed or variable rate mortgage loans, respectively.

The Fund is considered to be actively managed in reference to Bloomberg Barclays U.S. MBS Index (the "Benchmark") "), by virtue of the fact that it uses the Benchmark for performance comparison purposes. Certain of the Fund's securities may be components of and may have similar weightings to the Benchmark. However, the Fund may deviate materially from the Benchmark and the Investment Manager may use its discretion to invest in companies or sectors not included in the Benchmark.

The fixed income securities in which the Fund may invest will typically be US securities and will typically be listed or traded on a Recognised Exchange. However, the Fund may invest:

- up to 10% of its assets in securities that are not listed or traded on a Recognised Exchange;
- up to 10% of its assets in global (i.e. non-US) securities; and
- up to 10% of its assets in loan participations.

The Fund will not invest any of its Net Asset Value in collective investment schemes (including ETFs).

Whilst it is the intention that the Fund be fully invested as described above, the Fund may also invest in high-quality, short-term debt securities and Money Market Instruments to include but not limited to, fixed and/or floating rate short-term government/supranational bonds with a minimum credit rating of single A as rated by an internationally recognised credit rating agency and issued or backed by one or more EU Member States, the United States or other institutions permitted in accordance with Appendix 1 to the Prospectus, in circumstances where the Investment Manager considers it to be in the best interest of the Fund to do so for temporary defensive purposes.

The investment selection process includes a top down approach incorporating quantitative analysis of global economic expectations and interest rates as well as bottom-up quantitative cash flow analysis of fixed income securities. The Investment Manager's cash flow analyses evaluate a range of quantitative cash flow valuations across different interest rate and economic scenarios. The Investment Manager's credit analyses include a mortgage loan-level evaluation, utilizing both proprietary and third party systems to generate a range of cash

flow outcomes adjusted for potential voluntary and involuntary loan defaults and loan loss severities. This methodology incorporates a four step process in which the Investment Manager (i) divides the credit-sensitive MBS market into sectors and tracks their loss-adjusted yields ("LAY"), (ii) screens a large number of offerings based on LAY analysis, (iii) analyzes purchase candidates using the Investment Manager's proprietary loan-level loss model, and (iv) monitors default, severity, and prepayment performance versus expectations. The Fund's annual portfolio turnover rate will generally be 100% or greater.

Use of FDI, Leverage & Risk Management

The Fund may use FDI for investment purposes (as outlined in the section entitled Investment Policy), hedging purposes and efficient portfolio management, in accordance with its investment policy and subject to the CBI UCITS Regulations and to the conditions and limits laid down by the Central Bank from time to time.
The FDI which the Fund may use may be exchange-traded (on a Regulated Market) or over-the-counter. These FDI may include futures , contracts for difference, forwards (including FX forwards which may only be used for hedging purposes, as outlined below), swaps and options that provide exposure to fixed income securities of the type outlined in the Investment Policy section above. For efficient portfolio management purposes only, the Fund may use repurchase and reverse repurchase arrangements, subject to the conditions and limits set out in the CBI UCITS Regulations. A further detailed description of the relevant FDI (i.e. those outlined in this Supplement) and their commercial purpose is set out in the Prospectus under the heading "Efficient Portfolio Management". The Fund may only utilise FDI which are referred to in this Supplement and in the Company's risk management process.

The Investment Manager will not utilise FDI other than those listed above and below until such time as a revised risk management process has been prepared and submitted to the Central Bank in accordance with the Central Bank requirements and an update to this Supplement has been issued.

Futures
Futures will be used to gain exposure to positions in a more efficient manner. For example, a future would be used to provide the Fund with exposure to a fixed income security.

Contracts for Difference
A contract for difference is a type of derivative, similar to a forward that either pays out or requires payment of the change in value of an underlying security between the time the contract was taken out and the time it was closed. Contracts for differences may be used for liquidity and hedging purposes. The Fund may be the buyer or seller of a contract for difference.

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. The Fund may be the buyer or seller of an option. 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 fixed income 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. In addition, total return swaps may be used for hedging or efficient portfolio management where the Investment Manager believes it is efficient to do so in accordance with the investment policy of the Fund. A

total return swap is a derivative contract under which one counterparty transfers the total economic performance (including income from interests and fees, gains and losses from price movements, and credit losses) of a reference obligation to another counterparty. The reference obligation of a total return swap may be any security or other investment in which the Fund is permitted to invest in accordance with its investment objective and policies. The use of total return swaps may expose the Fund to the risks disclosed under the heading "Risks associated with Securities Financing Transactions" in "Risk Warnings" below.

FX 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.

Repurchase Agreements

A repurchase agreement is a transaction whereby the Fund may sell fixed income securities to a counterparty and simultaneously commit to repurchase the securities at an agreed upon date and price.

Reverse Repurchase Agreements

A reverse repurchase agreement is a transaction whereby the Fund may purchase fixed income securities from a counterparty and simultaneously commit to resell the securities to the counterparty at an agreed upon date and price.

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

ESG analysis and Sustainability Risks

The Investment Manager includes environmental, social, and governance analyses as a part of its credit and quantitative analyses that it performs in the determination of appropriate investments for the Fund. Relevant information is gathered from bond prospectuses, term sheets, rating agency evaluations, periodic loan remittance data from services, and annual reports and regular meetings with originators, sponsors, servicers, trustees, and underwriters. Environmental considerations include the location and concentration of homes securing each bond's underlying loans and the type of loan being provided. For example, loans clearly designated as Green by sponsors like Fannie Mae or Freddie Mac or for home improvement related to Green initiatives. This includes construction practices that result in homes with lower future maintenance and utilities costs for lower income homeowners. Social considerations include positive characteristics of the pools of underlying loans, for example the percentage of first time home buyers, lower income borrowers, and loans made to borrowers in underserved areas.

Conversely, negative characteristics such as the percentage of loans with teaser rates, balloon payments, or potentially predatory methods are also evaluated. Governance considerations include the practices of originators to ensure comprehensive borrower underwriting practices, and of servicers to provide ample information to bondholders and offer appropriate modification options to financially impaired borrowers. The Investment Manager believes that these characteristics may alternatively support either incremental credit risk or reduced credit risk, and it factors these risks into its risk adjusted performance scenario analyses and investment decisions. To the extent that investors have greater demand for ESG bonds with positive characteristics, or underwriting/servicing practices result in lower rates of loss, this may also result in incremental price performance over time.

The Investment Manager continues to assess ESG information as a part of its ongoing credit analysis, and this is factored into ongoing determinations to hold versus sell bonds held in the Fund. The Investment Manager has determined that the Sustainability Risk faced by the Fund is low.

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

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 Leverage and Securities Financing Transactions

The Fund may utilise financial derivative instruments or securities financing transactions including total return swaps, repurchase agreements and reverse repurchase agreements as described in the section headed "Securities Financing Transactions". above in accordance with the limits and conditions set down in the UCITS Regulations, Central Bank Requirements and Regulation EU 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as may be modified, amended, supplemented, consolidated or re-enacted from time to time ("**SFTR**").

The maximum proportion of the Fund's assets which can be subject to securities financing transactions and/or total return swaps is 100% of the Net Asset Value of the Fund.

However, the expected proportion of the Fund's assets which will be subject to securities financing transactions and/or total return swaps is between 50% and 100% of the Net Asset Value of the Fund's assets. The proportion of the Fund's assets which are subject to securities financing transactions and/or total return swaps at any given time will depend on prevailing market conditions and the value of the relevant investments. The amount of assets engaged in each type of securities financing transactions and total return swaps, expressed as an absolute amount and as a proportion of the Fund's assets, as well as other relevant information relating to the use of securities financing transactions and/or total return swaps shall be disclosed in the annual report and semi-annual report of the Company.

In order to manage the risks associated with the use of FDI, the Fund will calculate global exposure using the commitment approach. The commitment approach is calculated by converting the derivative position into the equivalent position in the underlying asset, based on the market value of the underlying asset or the market value of the contract. As the Fund uses the commitment approach it must ensure that its global exposure does not exceed its total Net Asset Value and the Fund may not therefore be leveraged in excess of 100% of its Net Asset Value. In addition, it is not anticipated that the Fund will enter into synthetic short positions.

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 fixed income securities with a special focus on the mortgage sector 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. Further, in the event of significant deterioration in the value of the mortgage back securities, or in the event of counterparty or issuer default, investors must be able to accept temporary or permanent loss of some or all of their investment.

7. Investment Manager for the Fund

The Investment Manager of the Fund is Medalist Partners, L.P. and is located at 777 Third Avenue, Suite 1402, New York, NY 10017. The Investment Manager has been appointed with full power and discretionary authority on behalf of the Fund. The Investment Manager is an independent investment management firm specializing in mortgage securities and other asset-backed investments. The Investment Manager offers investors access to multiple securitized debt-centric investment platforms, ranging from private absolute return to public index-based strategies and has been an SEC-registered investment advisor since 2018.

Pursuant to the investment management agreement dated 13 October 2023 (the "**Investment Management Agreement**"), as may be amended and/or supplemented from time to time, between the Investment Manager and the Manager, 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 negligence, bad faith, recklessness, wilful default or fraud of the Investment Manager.

8. Issue of Shares:

The Initial Offer Period for Class A GBP Unhedged, Class C GBP Unhedged, Class A Euro Hedged, Class A Euro Unhedged, Class B Euro Hedged, Class B Euro Unhedged, Class C Euro Hedged, Class C Euro Unhedged, Class I (Inc) Euro Unhedged, Class A USD and Class C USD is ongoing and will close at 5.00pm (Irish time) on 12 April 2024 unless such period is shortened or extended by the Directors, in accordance with the requirements of the Central Bank. The Shares will be offered at an initial offer price per Share of GBP100 for GPB Shares, EUR 100 for Euro Shares or USD100 for USD Shares. Following the close of the Initial Offer Period, Shares are available on each Dealing Day at Net Asset Value per Share.

All other Shares in the Fund are available on each Dealing Day at Net Asset Value per Share.

The Class I (Inc) and Class B Shares will be available to all investors subject to a minimum aggregate initial subscription of $20million USD between all Class I (Inc) and Class B Share Classes. The minimum initial subscription can be spread across all Class I (Inc) and Class B Shares Classes. This minimum initial subscription can be waived at the Manager's discretion.

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, the minimum initial subscription is GBP1,000 for Class A GPB Shares, EUR1,000 for Class A EUR Shares, USD1,000 for Class A USD Shares, GBP1,000 for Class C GBP Shares, EUR1,000 for Class C EUR Shares, USD1,000 for Class C USD Shares, GBP20,000,000 for Class I (Inc) GPB Shares, EUR20,000,000 for Class I (Inc) EUR Shares or USD20,000,000 for Class I (Inc) USD Shares and GBP20,000,000 for Class B GPB Shares, EUR20,000,000 for Class B EUR Shares or USD20,000,000 for Class B USD Shares or an equivalent amount in another currency. Additional subscriptions for Shares are set at a minimum of £1,000, EUR1,000 or $1,000 for Class A Shares and Class C Shares and no minimum for Class I (Inc) Shares or Class B Shares. However, minimum initial subscriptions or minimum additional subscriptions which do not meet these thresholds may be accepted by the Board. 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. Notwithstanding any provision of the Prospectus, fractions of shares in the Fund (whether issued, transferred or converted) shall be expressed as three 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 "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.

An Anti-Dilution Levy of up to 2% may be imposed by the Directors in the case of net redemptions on the value of the relevant redemption to reflect the impact of dealing costs relating to the disposal of assets and to preserve the value of the underlying assets of the Fund where the Directors consider such a provision to be in the best interests of 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 "Fees, 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 accrued daily and 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% 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 may also receive out of the assets of the Fund such additional charges as agreed at normal commercial rates. 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 accrued daily and payable monthly in arrears at the rate of 0.75% per annum of the Net Asset Value of Class A Shares and Class C Shares of the Fund.

The Investment Manager will be paid a fee from the Company accrued daily and payable monthly in arrears at the rate of 0.45% per annum of the Net Asset Value of Class I(Inc) Shares and Class B Shares of the Fund.

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 Directors.

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 Factors" 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.

Principal Investment Risks

Losing all or a portion of your money on your investment is a risk of investing in the Fund. The following risks could affect the value of your investment:

- **Market Risk.** The prices of the securities in which the Fund invests may decline for a number of reasons, including in response to economic developments and perceptions about the creditworthiness of individual issuers.
- **Management Risk.** The Fund is an actively managed portfolio. The Investment Manager's management practices and investment strategies might not work to produce the desired results.
- **Fixed-Income Securities Risk.** Fixed-income (debt) securities are generally subject to the following risks:
    - **Credit Risk.** The issuers of the debt securities held by the Fund may not be able to make interest or principal payments.

- **Extension Risk.** If interest rates rise, repayments of principal on certain fixed-income securities may occur at a slower-than-expected rate and, as a result, the expected maturity of such securities could lengthen which could cause their value to decline.
- **Interest Rate Risk.** Fixed income securities may decline in value because of changes in interest rates. It is likely there will be less governmental action in the near future to maintain low interest rates. The negative impact on fixed income securities from the resulting rate increases for that and other reasons could be swift and significant.
- **Prepayment Risk.** Issuers of securities held by the Fund may be able to prepay principal due on these securities, particularly during periods of declining interest rates. Securities subject to prepayment risk generally offer less potential for gains when interest rates decline, and may offer a greater potential for loss when interest rates rise. Prepayment risk is a significant risk of MBS.

- **Asset-Backed Securities Risk.** The Fund may invest in a variety of asset-backed securities which are subject to Interest Rate Risk, Credit Risk, Extension Risk and Prepayment Risk. Asset-backed securities may decline in value when defaults on the underlying assets occur and may exhibit additional volatility in periods of changing interest rates.

- **Risks Associated with Mortgage-Backed Securities.** These risks include Market Risk, Interest Rate Risk, Credit Risk and Prepayment Risk, as well as the risk that the structure of certain MBS may make their reaction to interest rates and other factors difficult to predict, which may cause their prices to be very volatile. Limited trading opportunities for certain MBS may make it more difficult to sell or buy a security at a favourable price or time. In particular, events related to the U.S. housing market in recent years have had a severe negative impact on the value of some MBS and resulted in an increased risk associated with investments in these securities.

- **Concentration Risk.** To the extent the Fund may concentrate its investments in a particular sector; the Fund's shares may be more volatile and fluctuate more than shares of a fund investing in a broader range of securities.

- **Residential Mortgage-Backed Securities Risks.** RMBS are subject to the risks generally associated with mortgage-backed securities. RMBS may not be backed by the full faith and credit of the U.S. Government and are subject to risk of default on the underlying mortgages. RMBS issued by non-government entities may offer higher yields than those issued by government entities, but also may be subject to greater volatility than government issues. Delinquencies and defaults by borrowers in payments on the underlying mortgages, and the related losses, are affected by general economic conditions, the borrower's equity in the mortgaged property and the borrower's financial circumstances. The risks associated with RMBS are greater for those in the Alt-A or sub-prime first lien mortgage sectors than those in the prime first lien mortgage sectors, but the risks exist for all RMBS.

- **Commercial Mortgage-Backed Securities Risks.** CMBS are subject to the risks generally associated with mortgage-backed securities. Agency CMBS may not be backed by the full faith and credit of the U.S. Government and are subject to risk of default on the underlying mortgages. CMBS issued by non-government entities may offer higher yields than those issued by government entities, but also may be subject to greater volatility than government issues. CMBS react differently to changes in interest rates than other bonds and the prices of CMBS may reflect adverse economic and market conditions. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of CMBS.

- **Privately Issued Mortgage-Related Securities Risk.** MBS issued or guaranteed by private issuers is also known as "non-agency MBS". Privately issued mortgage-backed securities generally offer a higher rate of interest (but greater credit risk) than securities issued by U.S. Government issuers, as there are no

direct or indirect governmental guarantees of payment. The degree of risks will depend significantly on the ability of borrowers to make payments on the underlying mortgages and the seniority of the security held by the Fund with respect to such payments. The market for privately-issued mortgage-backed securities is smaller and less liquid than the market for mortgage-backed securities issued by U.S. government issuers.

- **Sub-Prime Mortgage Risk.** The risk that an issuer of a sub-prime mortgage security will default on its payments of interest or principal on a security when due. These risks are more pronounced in the case of sub-prime mortgage instruments than more highly ranked securities. Because of this increased risk, these securities may also be less liquid and subject to more pronounced declines in value than more highly rated instruments in times of market stress.

- **Government-Sponsored Entities Risk.** Securities issued or guaranteed by government-sponsored entities, including Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA") and Federal Home Loan Mortgage Corporation ("FHLMC"), may not be guaranteed or insured by the U.S. Government and may only be supported by the credit of the issuing agency.

- **U.S. Government Securities Risk.** U.S. Government securities, which may be backed by the U.S. Department of the Treasury or the full faith and credit of the U.S., and may include U.S. Treasury bills, Treasury Inflation-Protected Securities, notes and bonds, are guaranteed only as to the timely payment of interest and principal when held to maturity. The market prices for such securities are not guaranteed and will fluctuate. Certain U.S. Government agency securities are backed by the right of the issuer to borrow from the U.S. Department of the Treasury, or are supported only by the credit of the issuing agency or instrumentality, and in some cases there may be some risk of default by the issuer.

- **Risks Associated with Real Estate.** The securities that the Fund owns are dependent on real estate prices. If real estate experiences a significant price decline, this could adversely affect the prices of the securities the Fund owns.

- **Rule 144A Securities Risk.** The market for Rule 144A securities typically is less active than the market for publicly-traded securities. Rule 144A securities carry the risk that the liquidity of these securities may become impaired, making it more difficult for the Fund to sell these securities.

- **High Yield Risk.** Fixed income securities that are rated below investment grade (*i.e.*, "junk bonds") are subject to additional risk factors due to the speculative nature of the securities, such as increased possibility of default liquidation of the security, and changes in value based on public perception of the issuer.

- **Counterparty Risk.** Counterparty risk arises upon entering into borrowing arrangements or derivative transactions and is the risk from the potential inability of counterparties to meet the terms of their contracts.

- **Loan Risk.** The Fund's ability to receive payments of principal and interest and other amounts in connection with loans will depend primarily on the financial condition of the borrower. The failure by the Fund to receive scheduled interest or principal payments on a loan because of a default, bankruptcy or any other reason would adversely affect the income of the Fund and would likely reduce the value of its assets. Even with loans secured by collateral, there is the risk that the value of the collateral may decline, may be insufficient to meet the obligations of the borrower, or be difficult to liquidate. In the event of a default, the Fund may have difficulty collecting on any collateral and would not have the ability to collect on any collateral for an uncollateralized loan. Further, the Fund's access to collateral, if any, may be limited by bankruptcy laws Loans trade in an over-the-counter market, and confirmation and settlement, which are effected through standardized procedures and documentation, may take significantly longer than seven days to complete. Extended trade settlement periods may, in unusual market conditions with a high

volume of shareholder redemptions, present a risk to shareholders regarding the Fund's ability to pay redemption proceeds within the allowable time periods stated in this Prospectus. If the Fund is in possession of material non-public information about a borrower as a result of its investment in such borrower's loan, the Fund may not be able to enter into a transaction with respect to a publicly-traded security of the borrower when it would otherwise be advantageous to do so.

- **Liquidity Risk.** Low or lack of trading volume may make it difficult to sell securities held by the Fund at quoted market prices.
- **Foreign Securities Risk.** The risks of investing in the securities of foreign issuers can include fluctuations in foreign currencies, foreign currency exchange controls, political and economic instability, differences in securities regulation and trading, and foreign taxation issues.
- **Portfolio Turnover Risk.** A high portfolio turnover rate (100% or more) has the potential to result in the realization and distribution to shareholders of higher capital gains, which may subject you to a higher tax liability. A high portfolio turnover rate also leads to higher transactions costs.
- **New Fund Risk.** The Fund is new with no operating history and there can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Board may determine to liquidate the Fund.

12. Listing

Application has been made for the Class A Sterling & Dollar shares, Class B Sterling & Dollar Shares, Class C Sterling and Class I (Inc) Sterling, Euro & Dollar Shares of the Fund, issued and available for issue, to be admitted to the Official List and to trading on the Regulated Market of Euronext Dublin.