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To all Investors & Advisors

GAA US\$ GLOBAL 'Q' FUND: REVISED INVESTMENT STRATEGY FROM 1 AUGUST 2015

GAA's Investment Management team has been working for the last 18 months on boosting the returns from the GAA US\$ Global 'Q' Fund. Whereas the volatility of the Fund was significantly reduced through revised asset allocation after the drawdowns experienced in 2011-12, so was the Fund's potential upside, so considerable effort has since gone into modifying the overall Fund strategy. After a period of back testing, it was decided to increase exposure to the types of assets that could be included in the underlying Fund portfolio, and bring it more in line with the original strategies employed some 10 years ago, rather than limit strategies to low volatile asset classes alone.

To that end, at the beginning of August 2015 the Fund diversified its holdings in order to offer potentially higher returns than had recently been achieved.

Today the Fund has a much higher projected return than before, and is now targeting a return of 12 - 15% per year via a blend of investments which include income bearing financial instruments, preference shares and debt instruments issued by banks, insurance groups, building societies and non-financial corporate debt. The Fund also now benefits from an underlying traded long/short portfolio of equities to complement its income generating portfolio as well as an algorithmically traded portfolio of futures contracts to offer non correlation to any equity and income positions that the Fund may hold.

Although targeted returns are now higher, this does however carry additional volatility with it. Unexpectedly, August turned into a "perfect storm" with both the underlying higher volatility strategies dramatically underperforming underlying income positions. This was tempered but not reversed by the low volatility strategy already employed. Historically the underlying futures strategy has enjoyed a very low correlation with the others (-12% vs the income strategy and +3% vs the traded equity strategy) whilst the equity and income strategies have enjoyed a correlation of around +30%.

Having reallocated at the beginning of the month, all asset classes - including bonds and commodities - proved to be extremely volatile throughout the month as a result of news driven largely by concerns about the Chinese economy.

The underlying futures strategy employed by the Fund has enjoyed a long term track record and improved performance is expected over the rest of the year. The underlying equity strategy is already beginning to recover, although no increased exposure to equity holdings is currently planned. The Fund's overall investment strategy's risk management has also been adjusted to eliminate the probability of a similar level of volatility recurring in the future.

The income strategy employed by the Fund has been fairly quiet of late. This is mainly due to a tougher credit market offsetting the rise in Gilts. So far this month markets appear to be recovering from the China crisis and firmer bond prices are being noted.

Additional higher frequency trading strategies are currently being considered for inclusion in the Fund's overall investment strategy which should have a positive performance impact for the rest of the year. This should also help to further reduce the Fund's volatility.

The outlook for the Fund's underlying strategy is very positive. August was a particularly bad month and the underlying P&I swings were considerable but were effectively dampened by the Fund's diversified portfolio.

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