

SUPPLEMENTARY PROSPECTUS

5 April 2017

**GAA US\$ GLOBAL 'Q' FUND**  
a Class Fund of  
**GAA INVESTMENT FUNDS LIMITED**  
A Bermuda Mutual Fund Company  
Incorporated with Limited Liability

Offer for Subscription of up to 500,000 Shares

Price Per Share: US\$100 during the Initial Offer Period and thereafter at the Net  
Asset Value per Share

Minimum Subscription: US\$25,000

MANAGER  
Global Asset Allocation Limited

CUSTODIAN  
Bermuda Commercial Bank Limited

ADMINISTRATOR  
Equinox Alternative Investment Services (Bermuda) Limited

ADMINISTRATOR'S DELEGATE AND REGISTRAR  
Equinox Alternative Investment Services (Asia) Pte. Ltd.

AUDITOR  
Arthur Bell Limited

This Supplementary Prospectus relates to an offering by GAA Investment Funds Limited (the "Company") of shares in the GAA US\$ Global 'Q' Fund, (the "Fund"), a Class Fund of the Company.

It is important to note that the information contained in this Supplementary Prospectus should be read in addition to the general information about the Company contained in the Company's prospectus ("the Prospectus") dated 5 April 2017. The information contained herein is relevant specifically to the Fund and in no way constitutes an offer for Shares independent of the Prospectus. Save as otherwise defined herein, the terms used in this Supplementary Prospectus are identical to those used in the Prospectus. The permission of the Bermuda Monetary Authority has been obtained for the issue of the Shares for public offer by the Company. Copies of the Prospectus and this Supplementary Prospectus have been delivered to the Registrar of Companies for filing pursuant to the Companies Act 1981 of Bermuda, as amended. Approvals or permissions received from the Bermuda Monetary Authority and the acceptance of the Prospectus and the Supplementary Prospectus do not constitute a guarantee by the Bermuda Monetary Authority or the Registrar of Companies as to the performance of the Fund or credit-worthiness of the Company, furthermore, in giving such approvals or permissions and in accepting the Prospectus and Supplementary Prospectus for filing, the Bermuda Monetary Authority and the Registrar of Companies shall not be liable and accept no responsibility for the performance or default of the Company or Fund or for the correctness of any opinions or statements expressed. Terms not defined herein shall have the meanings ascribed to them in the Prospectus.

## Summary

The Supplementary Prospectus should be read in conjunction with, and is qualified in its entirety by, the full text of the Prospectus, and the documents described therein, as applicable.

### THE CLASS FUND

The GAA US\$ Global 'Q' Fund.

### OFFERING

Shares of the Fund ('Shares') are available for subscription on the first Business Day of each calendar month (a "Subscription Day" for the purpose of this Supplementary Prospectus) at a price based on the Net Asset Value per Share as of the last Business Day of the preceding calendar month. The subscription price will be payable in full on application.

For the purposes of this Supplementary Prospectus, references to "Business Day" shall mean days on which the banks are open for business in Bermuda.

### INVESTMENT OBJECTIVE

The Fund is designed to offer investors an alternative to traditional investment management techniques with a view to securing long term capital growth in an environment designed to be risk adverse. The Fund seeks consistent absolute returns primarily by investing and trading in equities and equity related products of companies incorporated globally, while at the same time reducing exposure to downward movements in the market by actively managing risk. It aims to secure consistent and above average returns from a number of dynamic, forward looking models, including mathematical 'quant' models, which rely on the structured processing and interpretation of universal stock data and forecasting. At the same time, hedging techniques are used to limit both currency and global market fluctuations when and where possible.

### INVESTMENT STRATEGY

Central to the investment process are proprietary dynamic quantitative multi-factor models. These models incorporate various factors ranging from consensus earnings momentum, earning revisions, price momentum, price/earnings ratios, price to book ratios, price to cash ratios, dividend yields and many other factors. They have been designed to systematically identify short-term market inefficiencies, construct forecasts using statistical and mathematical techniques and exploit short-term predictability across a set of global liquid assets. By combining probabilistic return forecasts with appropriate transactional cost models, the strategies are designed to generate stock positions in order to maximise profitability and minimise risk.

The analysis of mispricing variables is used to detect episodes of short-term predictability and gives rise to the potential for mean-reversion, which can be traded profitably by carefully managing transaction costs and risk exposure. For this reason, the utilisation of a number of statistical arbitrage models simultaneously gives rise to potentially profitable long/short equity strategies which, when combined, are designed to provide approximate market neutral exposure.

The Fund may from time to time either directly, or via third party managed funds, use various hedging and other portfolio management techniques in order to enhance return or manage financial market risk. Such hedging techniques could include the purchase of MSCI Global Index short swaps to protect the Fund from global market drawdown as and when deemed appropriate.

For temporary defensive purposes or in order to earn a return on available cash balances pending investments or reinvestment, the Fund may invest in short-term debt securities of corporate or government issuers, and in other money-market instruments. The Fund may buy, or write options of any and all types. The Fund may deal in stock index futures, whether for hedging or to gain exposure to a particular market or sector. To the extent permitted by the regulatory authorities, it may engage in short selling, that is, the sale of securities it does not own in anticipation of a decline in the market price or to hedge a portfolio position. The Fund may engage in currency exchange transactions, including short positions, in the spot or forward markets.

## Fees and Charges

### MANAGEMENT FEE

The Company will be charged by the Manager, in respect of the Fund, a Management Fee of 1.75 per cent. per annum of the Net Asset Value before the performance fees referred to below calculated as at the Valuation Day and payable monthly in arrears to the Manager. For valuation purposes, the Management Fee will be accrued as at each Valuation Day.

The Fund may invest in other Class Funds of the Company or other Funds managed by the Manager, but will not be subject to any additional Management Fees as a result of such investments. That is, where the Fund invests in another Class Fund ('the Investee Class') of the Company, all Management Fees charged to the Investee Class in respect of investments attributable to the Fund will be reimbursed to the Fund.

### PERFORMANCE FEE

The Manager will be entitled to receive a performance fee of 10 per cent of the amount by which the Net Asset Value per Share appreciates multiplied by the number of shares in issue as at each Valuation Day of the relevant month. The appreciation of the Net Asset Value per Share is the difference between the highest Net Asset Value per Share as at the last Valuation Day in any preceding month after a charge to such Shares for any performance fee (or, if higher, the initial offering price) and the Net Asset Value per Share as at the last Valuation Day in the month in question. The performance fee will be payable monthly in arrears. For valuation purposes, the performance fee will be accrued as at each Valuation Day.

## **INITIAL CHARGES**

There is no initial subscription charge at the date of investment, however charges will be amortised over 60 months from the date of the investment in accordance with the calculation referred to under 'Redemption of Shares' below and each applicant will be allocated a number of shares calculated by dividing the money invested by the aggregate Offer Price per share.

## **PRELIMINARY EXPENSES**

Investors are referred to the 'Fees and Expenses' section of the standing prospectus for details of the treatment of any preliminary expenses associated with the offering of Shares in the Fund. Further detail is also available on request from the Manager.

# *Subscriptions & Redemptions*

## **SUBSCRIPTION FOR SHARES**

Shares are available for subscription on the first Business Day of each calendar month at a price based on the Net Asset Value per Share as of the last Business Day of the preceding calendar month.

Except by special "arrangement" with the Directors and with the consent of the Manager, the minimum subscription per investor is US\$25,000 and subscriptions are payable only in US dollars. In order to ensure that applications are processed on the next Dealing Day following the receipt of funds, investors' funds must be cleared in the Company's subscription account at least one Business Day prior to the relevant Subscription Day and any interest earned will be accrued for the benefit of the Fund, not the investor. The acceptance of subscriptions is subject to confirmation of the prior receipt of cleared funds credited to the Company's subscription account at the Registrar. The Directors reserve the right to reject subscriptions, in whole or part, at their absolute discretion.

Details of the subscription procedures are set forth under "SUBSCRIPTION INSTRUCTIONS" on page ii at the back of this document.

## **REDEMPTION OF SHARES**

Shares may generally be redeemed on any Dealing Day (normally the first Business Day in each month) at the redemption price then prevailing provided prior written notice has been given to and received by the Registrar by the 15th day of the month prior to the relevant Dealing Day. Requests received outside this time limit will be treated as requests for redemption on the next following redemption date. The Directors may, at their discretion, permit redemptions on other Business Days.

Where a redemption request would result in a shareholding being reduced below a net asset value of US\$15,000 the request will be deemed to be a request for redemption of the whole of such shareholding. The Manager may, at its discretion, waive this requirement.

A request for redemption, once submitted to the Registrar, may not be withdrawn except with the consent of the Registrar.

The net redemption proceeds will normally be remitted within 30 days after the redemption date without interest for the period from the redemption date to the payment date. However, the Directors reserve the right to withhold 10% of the net redemption proceeds for approximately 90 days until finalisation of the Net Asset Value per Share to which the redemption relates. Redemption payments will be made in US dollars and will be remitted either by wire transfer to an account designated by the Shareholder or by cheque posted at the Shareholder's risk (as specified by the Shareholder in his written redemption request). If Shares are held in certificated form, the redemption payment will not be remitted until the relevant certificate(s) have been lodged with the Registrar. A share certificate for the balance of the Shares (if any) held by a redeeming Shareholder will only be issued if requested.

The redemption price of each Share will be equal to the Net Asset Value as of the relevant dealing date or such other redemption dates as the Directors may approve from time to time, less the relevant Redemption Fee, if any. Net Asset Value determinations will be based on the market value of the Fund's assets as of the last Business Day preceding the relevant redemption date, after deducting all accrued debts and liabilities attributable to the Fund, including any contingencies for which reserves are determined to be required.

To compensate the Company for its initial expenditure on marketing and distribution costs, which will be paid to the Manager and then capitalised and amortised 60 months from the date of each individual subscription, there will be a redemption fee deducted from the Net Asset Value per Share ("Redemption Fee").

At any time in the first year from date of subscription	6.00% per Share
At any time in the second year from date of subscription	4.80% per Share
At any time in the third year from date of subscription	3.60% per Share
At any time in the fourth year from date of subscription	2.40% per Share
At any time in the fifth year from date of subscription	1.20% per Share
At any time in the sixth year from date of subscription and thereafter	Zero

Shareholders wishing to redeem Shares may do so by means of a simple written request form sent to the Registrar stating the number or value of Shares to be redeemed and the registration details, or by sending to the Registrar a completed redemption request form. Details of the redemption procedure may be obtained from the Registrar. If the Shares are held in certificated form, the relevant share certificate(s) must accompany the redemption request.

No Shares may be redeemed during any period when the determination of the Net Asset Value of the Shares is suspended in

the circumstances described under "Determination of Net Asset Value" on page 5 of the Prospectus.

Violation of applicable ownership and transfer restrictions, described herein, may result in compulsory redemption.

Where a Shareholder requests that redemption proceeds be paid (a) by telegraphic transfer to a bank account in Hong Kong or New York or (b) to a person other than the Shareholder, the Registrar or its delegates may require the signature of the Shareholder on the relevant redemption request to be independently verified to its satisfaction.

## *Additional Information*

The Directors confirm that as of the date of issue of this document (a) no dividends have been declared or paid out of the assets of the Fund, and (b) the Directors have not approved any financial statements relating to the Fund for laying before a general meeting of the Company

### AUDITORS PERMISSION

The Auditor has given and has not withdrawn its consent to the incorporation of its statement on page 7 of this Supplementary Prospectus in the form and context in which it is incorporated.

### MINIMUM AMOUNT

The minimum amount which, in the opinion of the Directors, must be raised by the issue of Shares pursuant to the Prospectus and this Supplementary Prospectus to provide for the matters referred to in Section 28 of the Companies Act 1981 of Bermuda is US\$2,000,000. Aggregate subscriptions of US\$2,000,000 were received during the initial offering of Shares.

## *Risk Factors*

Investment in the Fund involves certain risks and which can result in losses. Whilst it is the intention of the Manager to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. Price movements can fluctuate and it should be remembered that the Fund's Share price may go down as well as up.

The Fund may also hold positions in companies that are not listed on any recognised exchange; such investments should be deemed as illiquid. The Fund may invest in one or more individual managed accounts or third party funds in order to achieve its investment objectives.

Whilst it is not the policy for the Fund to borrow, it may borrow up to 25 per cent. of net assets typically on a short term basis to provide funds to meet redemptions. The use of borrowing creates special risks and may significantly increase the Fund's investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same time, will increase the Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the Net Asset Value of the Shares to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value of the Shares may decrease more rapidly than would otherwise be the case.

Having a wide spread of investments and issuers is considered an important aspect of the Fund. Initially there may be a limited spread of investments available for the Fund to invest in. The Manager is acutely aware of the need to expand the number of investments and issuers and will actively seek to broaden the spread at the earliest opportunity. The Fund is not subject to any single party limit and may have all or a high percentage of its assets invested in only a few securities. Such lack of diversification could result in either large gains or losses depending on the performance of one or a few companies in which the Fund may be invested. Accordingly, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund maintained a wide diversification among companies, securities or types of securities.

The Fund may invest in a wide range of financial instruments, including listed equities, swaps, equity derivatives, forwards, options, warrants, convertibles and debt securities. In addition to listed financial instruments, over the counter derivatives may be used as well as direct investment into third party managed funds investing in similar asset classes. Such managed funds may seek to utilise internal controlled leverage to hedge asset purchases against overall market drawdown. While the use of margin borrowing can substantially improve the return on invested capital, such use may also increase the adverse impact to which the portfolio of the Fund may be subject.

The Fund, or the managed funds in which it invests, may utilise a variety of financial instruments, such as options and stock index short swaps, for investment and risk management purposes. While investment in such financial instruments will be made to seek to reduce risk, such transactions may result in a worse overall performance for the Fund than if such hedging transactions had not been made. Moreover, the underlying Fund portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk, relating both to particular securities and counterparties.

The Fund, or the managed funds in which it invests, may invest in assets which have exposure to fluctuations in currency exchange rates and which invest in obligations denominated in currencies other than US dollars. The Fund may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions either directly or indirectly. The Fund, or the managed funds in which it invests, may invest in derivatives in order to realise enhanced investment returns. Derivatives include instruments and contracts the value of which is linked to one or more underlying securities, financial benchmarks or indices.

An investment in the Fund should be considered speculative, as there can be no assurance that the assessment of investment managers will prove accurate.

The investment return and principal value of an investment will fluctuate so that an investor's Shares, when redeemed, may be worth more or less than their original cost.

There will be no secondary market for the Shares, and consequently Shareholders may dispose of their Shares only by means of redemption. The risk of any decline in Net Asset Value during the period from the date of notice of redemption until the redemption date is borne by the Shareholders.