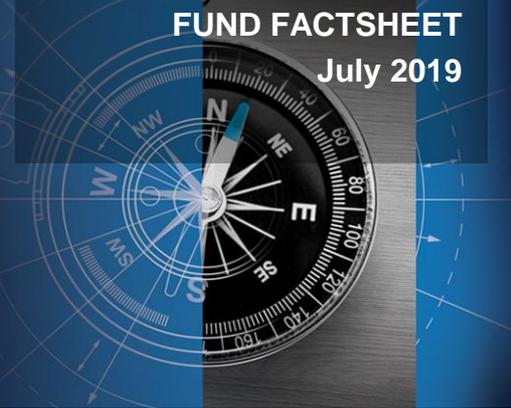


The Principal Asset Allocation (PAA) Fund is a UCITS (Undertakings for Collective Investment in Transferable Securities) mutual fund. It uses Principal Asset Allocation, a dynamic allocation methodology constructed using academic research to attempt to maximise risk-adjusted returns for investors. The Fund will invest across all six asset classes: cash, alternatives, equities, fixed income, commodities and property with a target return of Inflation Plus 5%, using the Bank of England as a base rate. The fund will maintain a target volatility adopting a cautious approach and limiting losses suffered during severe market downturns.



**Key Information**

Fund Structure:	<b>UCITS</b>
Share Type:	<b>Accumulation</b>
Fund Inception Date:	<b>19/12/2014</b>
Ticker:	<b>PAAAGBP</b>
Pricing Frequency:	<b>Daily</b>
AMC:	<b>0.65%</b>
Administrator:	<b>RBC Investor Services Ireland Ltd</b>
Custodian:	<b>RBC Investor Services Bank S.A Ltd</b>
Base Currency:	<b>GBP</b>
Currency Availability:	<b>GBP, EUR, USD,</b>
Asset Class:	<b>Mixed Asset</b>
Target Return:	<b>Libor GBP Plus 5%</b>
Risk Profile:	<b>Cautious/Balanced</b>

**Inv. Manager:** Mansard Capital Management Ltd

**Top 5 Allocations as at 31.07.2019**

US Equities :	<b>26.33%</b>
FX Strategy:	<b>17.20%</b>
Hedge Funds:	<b>14.31%</b>
European Equities :	<b>5.82%</b>
Cash :	<b>5.69%</b>

**Net Performance Summary to 31.07.2019**

(NAV as at 31.07.2019 – PAA A GBP - £92.76)

1 Month Return:	<b>-2.33%</b>
3 Month Return:	<b>-3.59%</b>
YTD Return:	<b>-3.01%</b>
12 Month Return:	<b>-6.00%</b>

Source: RBC Investor Services Ireland Ltd

**Key Features**

- The fund aims to outperform UK cash by a margin of 5% over any rolling 3 year period.
- The primary objective is to prevent capital loss over any rolling 12 month period.
- This is not a low equity balanced fund, but works well with equity bias managers, as our aim is to smooth out returns and reduce volatility.
- Investors with a medium term investment horizon (3-5yrs) who require capital stability and above inflation returns.



Source: FE Trustnet

**Fund Manager Commentary**

The Fund is positioned defensively with a focus on capital preservation in uncertain times. With changes in monetary policy, political uncertainty and valuations stretched we believe the fund is well positioned to offset long only funds in a client's overall portfolio. The macro backdrop is showing uncertainty with deflationary pressure facing global financial markets

Market volatility continued during the month of July, as the temporary truce between Presidents Donald Trump and Xi Jinping collapsed at month- end and trade tensions between the US and China further escalated. In addition, uncertainty around sustained global growth reduced demand for risk- on trades, resulting in emerging markets underperforming developed markets.

Central banks maintained their dovish tone, following ECB President Mario Draghi stating, during the ECB's latest press conference, that significant monetary policy stimulus remains essential and that the ECB will implement a QE stimulus program in the coming months. The Federal Reserve lowered interest rates for the first time in a decade. But the decision was somehow followed by a sharp market sell-off because Fed Chair Jerome Powel stated that the 0.25% rate cut was not the beginning of a rate cutting cycle, but merely a mid-cycle policy adjustment.

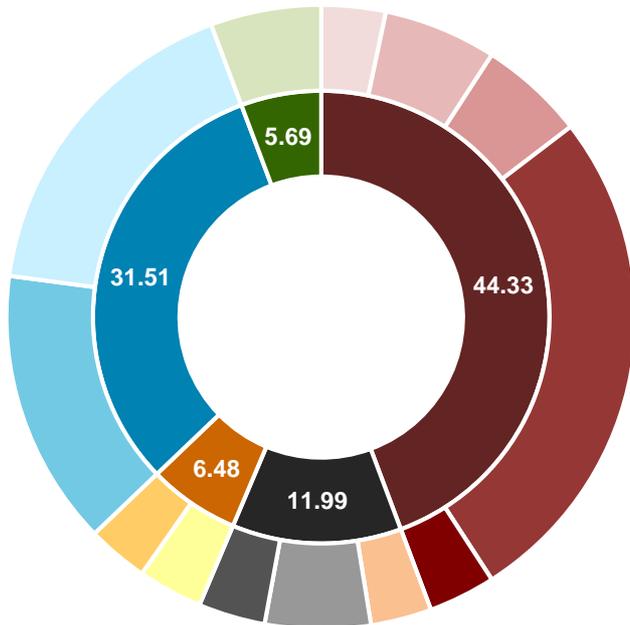
Despite the ongoing uncertainty regarding Brexit and the effects of the trade war between the US and its major trading partners, Eurozone economic data remained resilient, with unemployment falling, consumer confidence rising and an uptick in retail sales.

During July, Chinese markets ended the month lower, as risk aversion spiked towards the end of the month. Manufacturing PMI remained in contractionary territory and second quarter GDP growth was reported at 6.2%, its lowest level in 27 years. This, however, may prompt further stimulus measures from the Chinese government, potentially increasing demand for riskier assets.

Principal Asset Allocation have a number of strategies that change the kind of risk we take depending on the market conditions, we make long term asset allocation decision for when market normalise and come out of a long term quantitative easing process. In addition to diversifying geographic risks by investing around the world, we often use currencies as an additional source of return for our investors by leaving our currency exposures unhedged.

Key Performance Components

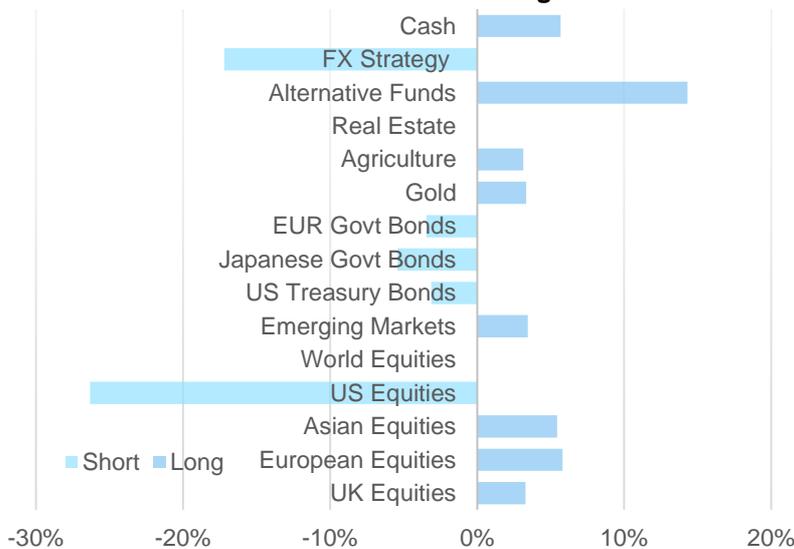
Weighted Average



Assets	%	Total
UK Equities	3.30%	
European Equities	5.82%	
Asian Equities	5.44%	
US Equities	26.33%	
Emerging Markets	3.45%	
		44.33%
US Treasury Bonds	3.13%	
Japanese Govt Bonds	5.42%	
EUR Govt bonds	3.44%	
		11.99%
Gold	3.33%	
Agriculture	3.15%	
		6.48%
Alternative Funds	14.31%	
FX Strategy	17.20%	
		31.51%
Cash	5.69%	
		5.69%

Source: RiskSystem

Long vs Short Allocation



PAA Top 10 Holdings

NASDAQ futures	11.22%
FX USD/GBP	10.06%
S&P 500 Index	9.89%
10-Year JP Government Bond	5.42%
Russell 2000 Index	5.23%
Euro Stoxx 50 Index	3.94%
FX CHF/USD	3.74%
Montlake Dunn WMA UCIT	3.69%
iShare MSCI EM ETF	3.45%
10 yr German Bund	3.44%

Source: RiskSystem

Risk and Reward Profile



Lower potential risk/rewards

Higher potential risk/rewards

The indicator above illustrates the position of this Fund on a standard risk/ reward category scale. This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean investment is "risk free". This indicator is not a measure of the risk that you may lose the amount you have invested. The Fund is categorised as a 4 because it is invested in large cap. stocks that have a strong franchise, stable earnings and a solid balance sheet.

The indicator opposite does not take account of the following risks of investing in the Fund:

**Global Economic & Market Conditions Risk**

**Market Risk:** The Fund may invest in securities in markets, which experience specific risks due to increased volatility, liquidity, political and economic stability.

**Settlement and Credit Risk:** Refers to the likelihood of the Fund losing money if an issuer is unable to meet its financial obligations or goes bankrupt.

**Valuation Risk :** Funds may invest some of their assets in unquoted securities or quoted securities for which there is no reliable price source available. Such investments will be valued at the probable realisation value as determined in accordance with the provisions set out in the section "Valuation and Prices" of the Fund's prospectus and supplement.

**Custodial Risk :** there may be a risk of a loss where the assets of the Fund are held in custody that could result from insolvency, negligence or fraudulent action of the custodian or sub-custodian

**Liquidity Risk:** At times, some shares or securities may trade infrequently which means it may be more difficult for the Fund to buy and sell them. A more detailed description of the risk factors applicable to the Fund is set out in the "Risk Warnings" section of the Fund's prospectus and supplement.

### Platform Availability

As a daily traded UCITS VI fund PAA is available on all platforms & all Pension Trustees (QROPS/SIPPS).

- Capital International Group
- Friends Provident International
- Gravitass Financial Inc
- Old Mutual International
- Cornhill Management
- Platform One
- Custodian Life
- Capital Platforms
- Investors Trust
- STM Group Plc
- Generali
- Hansard
- Moventum
- RL 360
- SEB

Share Class	Currency	Sedol Code	ISIN Code
Front End Loaded	PAA Fund A GBP	BMMV1N4	IE00BMMV1N47
Front End Loaded	PAA Fund B GBP	BMMV1R8	IE00BMMV1R84
Front End Loaded	PAA Fund B EUR	BMMV1T0	IE00BMMV1T09
Front End Loaded	PAA Fund B USD	BMMV1S9	IE00BMMV1S91

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