

March 2021

The Written Fund (A Covered Option Writing Fund)

RISK FACTORS

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Investment in the Fund carries with it a degree of risk including, but not limited to, the risks described in the "Risk Factors" section of the Prospectus.

Specifically, the Manager considers that the risk factors entitled "Derivatives and Techniques and Instruments Risk" and "Derivatives Trading Risk", which are described in the Prospectus, are relevant to an investment in the Fund noting option strategy employed by the Fund and the Fund's use of derivatives, as detailed within the 'Investment Policy and Strategy'.

In addition, the attention of investors is drawn to the following additional risk factors:

- **Equity Risk** - Investing in equity securities (which include common stock and preferred stock) and derivatives on such equity securities may offer a higher rate of return than those investing in debt securities or other types of investments. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines which are not specifically related to the particular company or issuer owing to adverse economic conditions, changes in interest rates or currency rates or general outlook for corporate entities and risks associated with individual companies or issuers. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might suddenly and substantially decrease in value as a result in changes in a company's financial position and overall market and economic conditions. The value of convertible equity securities may also be affected by prevailing interest rates, the credit quality of the issuer and any call provisions.
- **Market Risk and Change in Market Conditions** - The investments of the Fund are subject to risks inherent in all investments. The value of holdings may fall as well as rise, sometimes rapidly and unpredictably. The price of investments will fluctuate and can decline in value due to factors affecting financial markets generally or particular industries, sectors, companies, countries or geographies represented in the portfolio, thus reducing the value of a portfolio. The value of an investment may decline due to general market conditions which are not specifically related to the particular investment, such as real or perceived adverse economic conditions, changes in the general outlook of macro-economic fundamentals, changes in interest or currency rates or adverse investor sentiment generally. It may also decline due to factors which affect a particular region, sector or industry, such as labour shortages or increased production costs and competitive conditions. Some investments may be less liquid and/or more volatile than others and therefore may involve greater risk. The Fund's performance may be adversely affected by unfavourable markets and unstable economic conditions or other events, which may result in unanticipated losses that are beyond the control of the Fund. If there are any disruptions or failures in the financial markets or the failure of

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financial sector companies, the Fund's portfolio could decline sharply and severely in value or become valueless and the Sub-Investment Manager may not be able to avoid significant losses in that Fund. Investors may lose a substantial proportion or all of their investments.

Changes in the UK political environment - Changes in the UK political environment following the UK's decision by referendum to exit from the EU has led to and is likely to lead to further political, legal, tax and economic uncertainty. This has already and is likely to continue to impact general economic conditions in the UK. A UK exit could adversely affect the Sub-Investment Manager's ability to access markets, make investments, attract and retain employees or enter into agreements (on its own behalf or on behalf of the Fund) or continue to work with non-UK counterparties and service providers, all of which could result in increased costs to the Company and/or the Fund. It may also result in volatility in the Fund in instances where it has exposure to the UK financial markets or the UK currency. The decision by the UK to leave the EU may destabilise some or all of the other 27 members of the EU and/or the Eurozone which may also have a material adverse effect on the Company, its service providers and counterparties.

- **Counterparty Risk** - The Fund will have a credit risk on the counterparties with which it trades. In the event of the insolvency, bankruptcy or default of any such counterparty the Fund bears the risk that the counterparty may not settle a transaction in accordance with market practice due to credit or liquidity problems of the counterparty, or due to the insolvency, fraud or regulatory sanction of the counterparty, thus causing the Fund to suffer a loss. The Fund may have exposure to trading counterparties other than the Depository. The Sub-Investment Manager on account of the Fund may enter into transactions with financial institutions, such as brokerage firms, broker-dealers and banks. These financial institutions, being counterparty to the transactions, may also be issuers of other investments in which the Fund invests. The Fund's transactions involve counterparty credit risk and will expose the Fund to unanticipated losses to the extent that counterparties are unable or unwilling to fulfil their contractual obligations.

With respect to exchange traded derivatives and centrally cleared OTC derivatives, there is a risk of a potential default of the exchange, clearing house or the clearing broker. In certain circumstances, the Fund may encounter delays and difficulties with respect to court procedures in seeking recovery of the Fund's assets. While the Sub-Investment Manager may have contractual remedies upon any default pursuant to the agreements related to the transactions, such remedies could be inadequate, however, to the extent that the collateral or other assets available are insufficient. Deposits of securities or cash with a depository, bank or financial institution ("depository") will also carry counterparty risk as the depository may be unable to perform their obligations due to credit-related and other events like insolvency or default by them. In these circumstances, the Fund may be required to exit certain transactions, may encounter delays of some years, and may encounter difficulties with respect to court procedures in seeking recovery of the Fund's assets. These investment risks are not purported to be exhaustive and potential Shareholders should review the Prospectus and this Supplement carefully and consult with their professional advisers before making an application for Shares. There can be no assurance that the Fund will achieve its investment objective.

Options

There are many different types of options with different characteristics subject to the following conditions.

- **Writing options:** If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (when the options will be known as 'covered call options') the risk is reduced. The Fund will utilise covered options. If you do not own the underlying asset ('uncovered call options') the risk can be unlimited.

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- Buying options: Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges.

For more information please visit:

[The Written Fund](#) or
[Gate Capital Group](#).

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