

IF YOU ARE IN DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISORS

SUPPLEMENT

The Directors of the Company, whose names appear in the Prospectus under the section “DIRECTORY”, accept responsibility for the information contained in this document. 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 document is in accordance with the facts and does not omit anything likely to affect the import of such information.

GRANAHAN US SMID SELECT FUND

(A Fund of Granahan Funds plc, an open-ended investment company with variable capital constituted as an umbrella fund with segregated liability between its Funds)

Dated 20 January 2020

This Supplement contains specific information in relation to the Granahan US SMID Select Fund (the “Fund”) a sub-fund of Granahan Funds plc (the “Company”). It forms part of and must be read in the context of and together with the Prospectus of the Company dated 11 January 2019.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

INTRODUCTION

This Supplement comprises information relating to the Shares of Granahan US SMID Select Fund to be issued in accordance with the Prospectus and this Supplement.

The general details set out in the Prospectus apply to the Fund save where otherwise stated in this Supplement. To the extent that there is any inconsistency between this Supplement and the Prospectus this Supplement shall prevail.

Investors should read the section entitled ‘Risk Factors’ before investing in the Fund. An investment in the Fund should not constitute substantial proportion of an investment portfolio and may not be appropriate for all investors.

DEFINITIONS

In this Supplement, the following words and phrases shall have the meanings indicated below:-

“Index”	the Russell 2500™ Growth Index,, an index that measures the performance of the small and mid-capitalisation segment of the U.S. equity universe which currently has a weighted average market capitalization of US\$5.3 billion and which has the Bloomberg ticker RU25GRTR.
“Comparator Benchmark”	the Index which is used as a comparator for the performance of the Fund but which is not used to constrain portfolio composition.

Capitalised terms not otherwise defined herein have the meanings given to them in the Prospectus.

THE FUND

Investment Objective

The investment objective of the Fund is to seek capital appreciation through investment in small and mid-capitalisation, dynamic and emerging growth companies.

Investment Policies

The Fund invests primarily in equity securities of small and mid-capitalisation (“**SMID Cap**”) companies located in or whose businesses are closely associated with the United States.

All securities issued by SMID Cap companies in which the Fund will invest will be listed or traded on a Regulated Market and meet the conditions of a transferable security as defined in the UCITS Regulations.

The Investment Manager currently considers SMID Cap companies to be those companies with market capitalisations, at the time of purchase, within the range of the Index (the “**SMID**

Cap Range”). This range varies with market conditions and index balancing, but is currently between US\$3 million and US\$13.8 billion.

The Fund is not constrained by the Index and may invest up to one quarter of its assets in companies whose market capitalisation, at the time of purchase, falls outside the SMID Cap Range.

The Fund is typically invested across the sectors reflected in the Index.

Because the Investment Manager’s stock selections are determined by an analysis of each individual stock, the characteristics of the Fund may differ from the overall SMID Cap Range. The Fund will typically comprise a portfolio of 40-60 stocks. The analysis focuses on determining each security’s potential for appreciation or depreciation, typically including evaluation of the financial strengths and weaknesses, earnings outlook, corporate strategy, management ability and quality, and the company’s overall position relative to its peer group.

The Investment Manager seeks to diversify the Fund’s investment holdings to minimise risk and manage position size. The maximum investment in any one company will be 8% of the Fund’s net assets at the time of purchase and may, in accordance with the UCITS Rules, be up to 10% thereafter.

While it is the intention of the Investment Manager to remain fully invested at all times, the Fund may also retain a portion of its Net Asset Value in cash or cash equivalents (which shall include, but not limited to, short-term fixed income securities including Money Market Instruments), pending reinvestment, for temporary defensive purposes or for the use as collateral, arising from the Fund’s use of FDIs if this is considered appropriate to the investment objective.

The equity securities in which the Fund will invest may include ADRs and GDRs.

Investment Process

With an intermediate term perspective, the Investment Manager’s process focuses on identifying enterprise growth and the underlying intrinsic worth of a company.

The Investment Manager looks for companies that it believes are undervalued relative to their long-term growth prospects, and often finds these within the SMID Cap Range.

As part of its investment approach, the Investment Manager uses a fundamental, bottom up approach to source growth companies that possess large and/or unrecognized growth potential; companies that typically exhibit characteristics such as high levels of revenue and earnings growth, improving business fundamentals, strong competitive positioning, good or improving balance sheets, and proven management teams. Once companies are sourced, their business fundamentals and valuations are monitored on an ongoing basis by the Investment Manager. A position in a stock may be initiated by the Investment Manager when a company’s stock is priced at an attractive valuation relative to its fundamental outlook. Stocks may be trimmed/sold by the Investment Manager based on changes in company fundamentals, deterioration of risk/reward due to price appreciation, or because a superior investment has been identified for purchase. This leads to a portfolio with 40-60 names with strong growth potential.

Investment Manager

Granahan Investment Management, Inc. (“**GIM**”) has been appointed as the Investment Manager for the Company. GIM is an independent, 100% employee-owned firm founded in

1985 by investment professionals with a passion for small capitalization equity investing. Granahan Investment Management, Inc. since its founding, has remained committed to the smaller cap area of the market and has dedicated its investment expertise to serving institutional plan sponsors and family offices.

The firm has approximately US\$ 1.9 billion in assets under management with an investment team which totals seven professionals. The firm maintains its focused, dedicated and consistent approach to investing, highlighting an investment process that has been honed and proven for over 34 years.

The Fund is managed on a day to day basis by David Rose who is the Fund's portfolio manager. David Rose is a Senior Vice President, Senior Investment Officer and a Managing Director of GIM. Mr Rose joined GIM in 2015 with over 16 years industry experience, including as a portfolio manager for several highly ranked equity funds. Prior to joining GIM, most recently Mr Rose was a partner with Furey Research Partners ("**Furey Research**") in Boston, where he conducted small cap equity research for use by the firm's investment manager clients. Prior to his work at Furey Research, Mr Rose spent much of his career as a portfolio manager with American Century Investments in Kansas City, MO, before moving to Pyramis Global Advisors in Smithfield, Rhode Island to manage a new mid-cap fund. Mr. Rose received his MS in Finance from the University of Wisconsin at Madison, and his BS in Business Administration from Washington University in St. Louis, Missouri. He holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society Boston.

In addition to Mr Rose, the other investment professionals in GIM closely follow and analyse most of the companies in the Fund. In the absence of Mr Rose, these other GIM team members pick up coverage and manage the positions for the Fund.

Comparator Benchmark

The Fund uses the Comparator benchmark for performance comparison purposes only. The Fund is actively managed and is not constrained by any benchmark.

Use of FDI

This section is to be read in conjunction with the section "USE OF FINANCIAL DERIVATIVE INSTRUMENTS" in the Prospectus.

Subject to the Regulations and to the conditions and limits laid down by the Central Bank from time to time, the Fund may utilise FDI. The Fund intends to use forward foreign exchange contracts to hedge currency foreign exchange risks arising for hedged Share Classes of the Fund. The leveraged exposure of the Fund through the use of FDI will not exceed 100% of the Fund's Net Asset Value, as measured using the commitment approach.

Information on FDIs used for the Fund will be included in the Company's semi-annual and annual reports and accounts. The Company will also provide information to Shareholders on request on the Risk Management Process employed by the Investment Manager on the Fund's behalf, including details of the quantitative limits applied and information on the risk and yield characteristics of the main categories of investments held on behalf of the Fund.

Class Currency Hedging

The Fund may enter into certain transactions in order to hedge the currency exposure of a particular Class designated as a hedged Class against the Base Currency for the purposes of efficient portfolio management.

While not the intention, over-hedged or under-hedged positions may arise due to factors outside of the control of the Fund. The Fund may employ such techniques and instruments provided that the level of the currency exposure hedged does not exceed 105% of the Net Asset Value of a Class. Hedged positions will be kept under review to ensure that over-hedged positions do not exceed this level and that positions materially in excess of 100% of the Net Asset Value of a Class are not carried forward from month to month. Over-hedged positions will not be permitted to exceed 105% of the Net Asset Value of the Class. All over-hedged positions will be included in the calculation of the Fund's global exposure in accordance with the UCITS Rules. Otherwise, the Fund will not be leveraged as a result of the transactions entered into for the purposes of hedging. Additionally, under-hedged positions shall not fall short of 95% of the portion of net asset value of the Share Class which is to be hedged and under-hedged positions will be kept under review to ensure it is not carried forward from month to month.

While the Fund may attempt to hedge against currency exposure at a Class level, there can be no guarantee that the value of a Class will not be affected by fluctuations in the value of the Base Currency relative to the Class Currency (if different). Any costs related to such hedging shall be borne separately by the relevant Class. All gains/losses which may be made by any Class of the Fund as a result of such hedging transactions shall accrue to the relevant Class of Shares. Hedging transactions shall be clearly attributable to the relevant Class of Shares. Any currency exposure of a Class may not be combined with or offset against that of any other Class of the Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes. The use of Class hedging strategies may substantially limit holders of Shares in the relevant Class from benefiting if the Class Currency falls against the Base Currency and/or the currency in which the assets of the Fund are denominated.

In the case of Classes designated as unhedged Classes, a currency conversion will take place on subscription, redemption and conversion and any distributions at prevailing exchange rates. The value of a Class Currency denominated in a currency other than the Base Currency will be subject to share currency designation risk in relation to the Base Currency.

Forwards

The Fund may use currency forwards which are OTC agreements between two parties to buy or sell an asset at a specified price on a future date.

The risks attached to the use of FDI by the Investment Manager on behalf of the Fund are set out in the "INVESTMENT RISKS AND SPECIAL CONSIDERATIONS: FDI Risk" section of the Prospectus.

Base Currency

The Base Currency of the Fund is US Dollar.

Investment Restrictions and Risk Management

The general investment restrictions as set out in the "INVESTMENT RESTRICTIONS" section of the Prospectus shall apply. The Fund will only invest in assets that are permitted under the Regulations.

Profile of a Typical Investor and Target Market Identification

Investment in the Fund is suitable for investors seeking capital appreciation over a long-term investment horizon and who are willing to accept a medium to high level of volatility.

The Fund is categorised as a non-complex UCITS fund vehicle. This Fund is appropriate for all investors (retail, professional clients and eligible counterparties) with a basic knowledge of the capital markets who seek to achieve capital appreciation through investment in small and mid-capitalisation, dynamic and emerging growth companies over the long term (i.e., greater than five years) as a core or component of a portfolio of investments. Investors should be prepared to bear all losses (i.e., 100% of the original investment amount). The Fund may not be compatible for investors outside the target market or those that are not able to bear all losses with respect to their investment. The Fund is available through all distribution channels (e.g., investment advice, portfolio management, non-advised sales and pure execution services).

RISK FACTORS

Investment in the Fund carries with it a degree of risk including, but not limited to, the risks described in the “INVESTMENT RISKS AND SPECIAL CONSIDERATIONS” section of the Prospectus. The Investment Manager considers that the risk factors which are described in the Prospectus, are relevant to an investment in the Fund.

In particular, the attention of investors is drawn to the following risk factors: Small Capitalisation Company Risk; Equity Investments Risk; Issuer Concentration Risk; Liquidity Risk; and Dependence on Key Personnel.

These investment risks are not purported to be exhaustive and potential investors 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.

FEES AND EXPENSES

The Fund shall bear its attributable portion of the fees and operating expenses of the Company. The fees and operating expenses of the Company are set out in detail under the heading “Fees and Expenses” in the Prospectus.

Investment Management Fee and Expense Limitation

The Company will pay to the Investment Manager a maximum fee at an annual rate equal to the percentage of the Net Asset Value of the relevant Class of the Fund as set out in the Schedule to this Supplement (the “**Schedule**”). The investment management fee shall accrue and be calculated daily and shall be payable monthly in arrears. In addition, the Investment Manager shall be entitled to be reimbursed its reasonable vouched out-of-pocket expenses. The Fund shall bear pro rata its share of such out-of-pocket expenses.

The Investment Manager may also, from time to time and at its sole discretion, use part of its investment management fee to remunerate certain financial intermediaries and may pay reimbursements or rebates to certain institutional shareholders in circumstances where its fees are charged directly to such intermediaries and/or institutional shareholders and not to the Fund. The Investment Manager may pay trail or service fees out of its investment management fee to financial intermediaries who assist in the sales of Shares of the Fund and provide on-going services to the Shareholders.

In respect of certain Classes, the Investment Manager has committed to reimburse the Class expenses in order to keep the operating expenses of such Classes from exceeding an annual

rate of the daily Net Asset Value of the Class as set out in the Schedule (the “Expense Limitation”). The expenses subject to the Expense Limitation shall include the Depositary’s fee and Administrator’s fee as set out below but shall not include the investment management fee. The Investment Manager may revise or discontinue this arrangement at any time upon prior notification to Shareholders.

The Expense Limitation will have the effect of lowering the Fund’s overall expense ratio and increasing the yield or investment return to the Shareholders.

Depositary’s Fee

The Depositary shall be entitled to receive an annual fee, accrued on each Dealing Day and calculated and payable monthly in arrears, at an annual rate of up to 2.5 bps of the Net Asset Value of the Fund (plus VAT thereon, if any), subject to a monthly minimum of USD 1,167 (plus VAT, if any).

In addition, the Depositary shall also be entitled to receive, in respect of cash-flow monitoring and reconciliation, a monthly fee of USD 550 (plus VAT, if any).

The combined Depositary fees accrue and are calculated on each Dealing Day and are payable monthly in arrears.

The Depositary shall also be entitled to receive out of the assets of the Fund all agreed sub-custodian fees, transaction charges (which will be charged at normal commercial rates) together with reasonable out-of-pocket expenses (plus VAT thereon, if any) incurred by the Depositary in the performance of its duties under the Depositary Agreement.

Administrator’s Fee

The Administrator is entitled to receive out of the assets of the Fund an annual fee of up to 2.5 bps point of the Net Asset Value of the Fund which will be accrued and payable monthly in arrears, subject to a monthly minimum fee for the Fund of USD 2,530. 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.

Establishment Costs

The preliminary expenses incurred in the formation of the Fund are estimated to amount to USD 50,000 which will be discharged out of the assets of the Fund and will be amortised over the first five financial years of the Fund’s operation.

DIVIDENDS AND DISTRIBUTIONS

The Directors intend to declare a dividend in respect of the Shares which are identified as Distributing Classes. The Directors intend to declare a dividend quarterly in respect of the Distributing Classes in March, June, September and December.

In relation to each of the Accumulating Classes in the Fund, income and profits will be accumulated and reinvested in the Fund on behalf of the Shareholder.

SUBSCRIPTIONS

Issue of Shares

Full details on how to purchase Shares are set out in the “ADMINISTRATION OF THE COMPANY: Subscription Procedure” section of the Prospectus.

Details in relation to the Classes, Initial Offer Price, minimum initial investment, minimum subsequent investment, minimum holding and expense limitation are set out in the Schedule. The Directors may, in their absolute discretion, waive the minimum subscription or minimum holding requirements for the Classes.

Minimum Investment and Minimum Holding

Class A Shares

The Class A Shares are offered to retail investors outside of the United Kingdom. Class A Shares are, however, also available for non-advised execution only clients and discretionary sales in the United Kingdom.

Purchases of Class A Shares are not subject to a CDSC.

Class I Shares

Class I Shares have been more specifically designed for institutional investors that are able to meet the higher minimum investment and minimum holding requirements, as described in the Schedule.

If, as a result of a redemption, the holding of a Shareholder in Class I Shares falls below the minimum holding as set out in the Schedule below, such Shareholder may be deemed to have requested the switching of the balance of its holding into the Class A Shares of the same designated currency at the discretion of the Investment Manager.

Purchases of Class I Shares are not subject to a CDSC.

Initial Offer Period

In relation to all of the Share Classes the initial offer period shall begin at 09.00 am (Dublin time) on 21 January 2020 and close upon the earlier of: (i) the first investment by a Shareholder in such Class; or (ii) 4:00 pm (Dublin time) on 19 July 2020 (the “**Closing Date**”). The initial offer period may be shortened or lengthened at the discretion of the Directors and notified to the Central Bank.

Investors may apply to subscribe for Shares during the initial offer period at the Initial Offer Price for each Class as set out in the Schedule. During the initial offer period, signed original Application Forms, duly completed in accordance with the instructions contained in the Application Form must be submitted by the Closing Date.

Subscription monies should be paid to the account specified in the Application Form (or such other account specified by the Administrator) so as to be received in cleared funds by the

Closing Date. Any initial Application Form sent by facsimile must be confirmed promptly by receipt of an original Application Form and supporting anti-money laundering documentation.

Subscriptions Following the Initial Offer Period

Following the close of the initial offer period, all applications for Shares must be received by the Dealing Deadline in the manner set out in the “ADMINISTRATION OF THE COMPANY: Subscriptions Following the Initial Offer Period” and “Subscription Procedure” sections of the Prospectus.

REDEMPTIONS

How to Redeem 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 “ADMINISTRATION OF THE COMPANY: How to Redeem Shares” sections of the Prospectus.

SCHEDULE

Subscription and Fee Information

As of the date of this Supplement, the following Share Classes are available for subscription. Investors seeking to invest in any other Share Classes should contact the Investment Manager. Upon receipt of sufficient interest in a Share Class, the Share Class may be launched.

Class	Investment Management Fee	Initial Offer Price	Minimum Initial Investment	Minimum Subsequent Investment	Minimum Holding	Expense Limitation	CDSC
Class A USD Accumulating	0.90%	USD 100	USD 1,000	USD 100	USD 1,000	0.35%	N/A
Class A USD Distributing	0.90%	USD 100	USD 1,000	USD 100	USD 1,000	0.35%	N/A
Class A GBP Accumulating	0.90%	GBP 100	GBP 1,000	GBP 100	GBP 1,000	0.35%	N/A
Class A GBP Distributing	0.90%	GBP 100	GBP 1,000	GBP 100	GBP 1,000	0.35%	N/A
Class A EUR Accumulating	0.90%	EUR 100	EUR 1,000	EUR 100	EUR 1,000	0.35%	N/A
Class A EUR Distributing	0.90%	EUR 100	EUR 1,000	EUR 100	EUR 1,000	0.35%	N/A
Class I USD Accumulating	0.90%	USD 100	USD 10,000,000	USD 1,000	USD 10,000,000	0.00%	N/A
Class I USD Distributing	0.90%	USD 100	USD 10,000,000	USD 100,000	USD 10,000,000	0.00%	N/A
Class I GBP Accumulating	0.90%	GBP 100	GBP 10,000,000	GBP 100,000	GBP 10,000,000	0.00%	N/A
Class I GBP Distributing	0.90%	GBP 100	GBP 10,000,000	GBP 100,000	GBP 10,000,000	0.00%	N/A

Class I EUR Accumulating	0.90%	EUR 100	EUR 10,000,000	EUR 100,000	EUR 10,000,000	0.00%	N/A
Class I EUR Distributing	0.90%	EUR 100	EUR 10,000,000	EUR 100,000	EUR 10,000,000	0.00%	N/A

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