

WITH EFFECT FROM 7 MAY 2021, THE GRANAHAN US FOCUSED GROWTH FUND IS CLOSED FOR SUBSCRIPTION FROM NEW INVESTORS.

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 FOCUSED GROWTH 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 5 August 2021

This Supplement contains specific information in relation to the Granahan US Focused Growth 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 5 August 2021.

INTRODUCTION

This Supplement comprises information relating to the Shares of Granahan US Focused Growth 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 2000™ Growth Index, an index that measures the performance of the small capitalisation segment of the U.S. equity universe which currently has a weighted average market capitalization of US\$4.5 billion and which has the Bloomberg ticker R2000G.
“Target Benchmark”	the Index which is used as a target 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 a limited number of small, dynamic and sustainable growth companies and to outperform the Target Index.

Investment Policies

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

All securities issued by Small 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 Small Cap companies to be those companies with market capitalisations, at the time of purchase, within the range of the Target Index (the

“Small Cap Range”). This range varies with market conditions and index balancing, but is currently between US\$ 20 million and US\$20 billion.

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

The Fund is typically invested across a number of sectors reflecting the Investment Manager’s core competencies in technology services, internet, consumer, and business services.

As part of its investment philosophy, the Investment Manager uses a bottom-up approach to researching companies through its proprietary risk return methodology and employs a strict risk/reward discipline for selecting stocks and managing the Fund portfolio.

The Investment Manager invests in a limited number of companies which it considers to have sustainable growth characteristics which provide the greatest potential for superior long-term performance versus the Index. Such characteristics include a large, open-ended market opportunity, a strong competitive position and customer value proposition, a good balance sheet, strong cash flow and a management team which the Investment Manager believes has the vision and ability to execute. Often, companies with these characteristics are among the most dynamic and innovative companies in the economy and provide the opportunity for long-term growth. The Fund will typically comprise a portfolio of approximately 40 attractively priced stocks of exciting and innovative companies.

The Investment Manager uses a risk/reward and expected return ("**ER**") methodology developed by the portfolio manager for the focused growth strategy over 20 years of experience as a portfolio manager (as detailed below) and applies it in a disciplined fashion for the Fund. This ER methodology is a framework which incorporates a range of outcomes for multiple financial metrics across multiple time periods. The objective of the ER methodology is to account for both upside and downside scenarios for the company, and probability-weight each scenario to quantify the potential effect on the stocks of these sustainable growth companies. Each company within the Investment Manager's area of expertise that displays sustainable growth characteristics (as outlined above) is encompassed on a monitored list and has an ER model created specific to that company.

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.

The Fund will not invest in Underlying Collective Investment Schemes.

Investment Process

In managing the Fund, the Investment Manager seeks to invest in attractively valued companies with positive momentum and a stable business.

At company level, the Investment Manager employs fundamental input analysis, focusing on strong business positions, management, culture and balance sheets, to determine a range of possible outcomes and seek to identify companies believed to produce sustainable earnings growth over a multi-year horizon. Investment research for the Fund is concentrated on areas of the Investment Manager's core competencies - technology services, internet, consumer, and business services.

Purchase decisions are based on the Investment Manager's expectation of the potential reward relative to risk of each security based on the Investment Manager's proprietary expected return methodology. The Investment Manager uses qualitative inputs and conviction levels to determine the probability of success of a stock, with a heavy focus placed on downside risk.

Accordingly, the Fund chooses companies that enjoy larger, open-ended growth opportunities, sound business models based on sustainable competitive advantages, strong financials, and superior management teams. The Investment Manager combines company analysis with a rigorous ongoing valuation and portfolio construction discipline centred on expected return and risk/reward.

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\$ 4.5 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 Andrew L. Beja, portfolio manager. Mr Beja is an experienced portfolio manager with a demonstrated record of consistent long term success. Mr Beja joined the Investment Manager at the end of 2011 as a portfolio manager and has 31 years industry experience, primarily in the Small Cap and SMID Cap sector. SMID Cap companies are a blend of small capitalisation companies and smaller mid-capitalisation companies similar to those companies found in the Russell 2500 Growth Index, which currently has companies with market capitalisation up to US\$ 33 billion. Mr Beja holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the Boston Security Analysts Society. Mr. Beja graduated from the Miami University of Ohio with a BA in Economics & Political Science. In addition to Mr. Beja, the other investment professionals in Granahan Investment Management, Inc. closely follow and analyse most of the companies in the Fund. In the absence of Mr. Beja, these other Granahan Investment Management, Inc. team members pick up coverage and manage the positions for the Fund.

Target Benchmark

The Fund uses the Target Benchmark as a target for the performance of the Fund. 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.

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 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.

Performance Fee – Class P and Class P1 Shares (collectively “Class P Shares”)

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

“Hurdle”	the amount of capital subscribed during the initial offer period adjusted for any subsequent subscriptions, redemptions and dividends paid.
“Hurdle Rate”	the return of the Index;
“Outperformance”	the Net Asset Value of Class P and Class P1 Shares less the value of the Hurdle as adjusted by the Hurdle Rate (provided that the resulting number is positive); and
“Performance Period”	the first Business Day through to the last Business Day of the annual period which commences on 1 April and ends on 31 March.

The Performance Fee will be calculated in respect of each Performance Period. The Performance Fee will accrue on each Business Day and the accrual will be reflected in the Net Asset Value per Class P Share.

Entitlement to a Performance Fee will be calculated if the Outperformance of Class P Shares on the last Dealing Day of a Performance Period is positive. The Performance Fee will be equal to Outperformance multiplied by 15%.

The Performance Fee is payable on the last Dealing Day of each Performance Period, or if the Class is terminated before the end of a Performance Period, the Dealing Day on which the final redemption of Class P Shares takes place, or in the case of Shares redeemed during a Performance Period, the accrued Performance Fee in respect of those Shares will be payable within 14 calendar days of the date of redemption (each a "Payment Date"). Any amount of Performance Fee calculated with respect to redeemed Class P Shares during a Performance Period will be calculated according to the Net Asset Value of the redeemed Shares, and the Hurdle Rate as at the date of redemption (as opposed to at the end of the Performance Period in which the redemption takes place). It is therefore possible that, although the Net Asset Value is not in Outperformance for a full Performance Period, a Performance Fee may be earned by the Investment Manager in respect of Shares redeemed where the redemption took place when the Net Asset Value at redemption was higher than the Hurdle Rate.

Outperformance will be adjusted for any dividends paid by the Fund during the Performance Period.

In the event of an Outperformance on the last Dealing Day of a Performance Period, the value of the Hurdle for the next Performance Period will be reset on 1 April to the Net Asset Value of the Class P Shares on the last Dealing Day of the preceding Performance Period. If there is no Outperformance on the last Dealing Day of a Performance Period, the value of the Hurdle will not be reset for the next Performance Period and the underperformance of the Class P Shares in the preceding Performance Period, by reference to the Hurdle adjusted by the Hurdle Rate, will be clawed back (i.e. until under performance is made good) before a Performance Fee becomes due in a subsequent Performance Period. For the avoidance of doubt, any Performance Fee payable in relation to a given Performance Period will not be clawed back.

The Performance Fee is calculated based on the Net Asset Value of Class P Shares and no Shareholder level equalisation is undertaken. This may result in inequalities between Shareholders in relation to the payment of Performance Fees (with some Shareholders paying disproportionately higher performance fees in certain circumstances). Because there is no Shareholder level equalisation, this may also result in certain Shareholders having more of their capital at risk at any given time than other Shareholders. The methodology may, in certain circumstances, result in certain Shareholders being charged a Performance Fee in circumstances where the Net Asset Value per Share of their Shares has not increased over the relevant calculation period as a whole.

Calculation of the Hurdle for the Performance Period beginning at launch

The initial value of the Hurdle, upon the launch of the Class P Shares, will be the Net Asset Value of Class P Shares as at the close of the first Dealing Day of Class P Shares.

The Performance Fee is payable where there is an Outperformance during the Performance Period, although this may be due to market movements impacting on retained holdings in the Fund rather than specific actions undertaken by the Investment Manager.

Any change to the index relating to the Hurdle Rate will be disclosed in the periodic reports of the Fund.

For the purposes of the Performance Fee calculation, the Net Asset Value shall be calculated before the deduction of any accrual for Performance Fee for that Performance Period, other than Performance Fee accrued in relation to the Class in respect of redemptions during the Performance Period but not yet paid.

As the Performance Fee depends on the performance of the Net Asset Value per Share of Class P Shares, it is not possible to predict the amount of Performance Fee that will be payable and there is in effect, no maximum Performance Fee as it is impossible to quantify any outperformance in advance.

Investors may request additional information on the way in which the Performance Fee calculation works from the Company.

The Performance Fee will be calculated and accrued daily by the Administrator. The Depositary shall verify the calculation of each Performance Fee prior to payment. Where Performance Fees are payable in respect of the Class P Shares, these will be based on net realised and net unrealised gains and losses as at each Payment Date. As a result, Performance Fees may be paid on unrealised gains which may subsequently never be realised.

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

The Fund is currently closed for subscription from new investors.

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, 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

Class A Shares have been more specifically designed for 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 A Shares falls below US\$1,000,000, GBP1,000,000 or EUR1,000,000 respectively, such Shareholder may be deemed to have requested the switching of the balance of its holding into the Class F Shares of the same designated currency at the discretion of the Investment Manager.

The Investment Manager may in its discretion, waive the minimum amounts either generally or in relation to any specific subscription.

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.

Subscriptions

Existing Shareholders only may subscribe for additional Shares. All applications for additional 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 by existing Shareholders.

Class	Investment Management Fee	Minimum Initial Investment	Minimum Subsequent Investment	Minimum Holding	Expense Limitation	Performance Fee
Class A USD Accumulating	Up to 1%	USD 1,000,000	USD 100,000	USD 1,000,000	0.35%	N/A
Class A USD Distributing	Up to 1%	USD 1,000,000	USD 100,000	USD 1,000,000	0.35%	N/A
Class A GBP Accumulating	Up to 1%	GBP 1,000,000	GBP 100,000	GBP 1,000,000	0.35%	N/A
Class F EUR Accumulating	Up to 1.25%	EUR 2,500	EUR 1,000	EUR 2,500	0.35%	N/A
Class F GBP Accumulating	Up to 1.25%	GBP 2,500	GBP 1,000	GBP 2,500	0.35%	N/A
Class P USD Accumulating	Up to 0.40%	USD 50,000,000	USD 1,000	USD 50,000,000	0.25%	15%
Class P1 USD Accumulating	Up to 0.40%	USD 50,000,000	USD 1,000	USD 50,000,000	0.25%	15%
Class I USD Accumulating	0.95%	USD 10,000,000	N/A	USD 10,000,000	0.00%	N/A
Class I USD Distributing	0.95%	USD 10,000,000	N/A	USD 10,000,000	0.00%	N/A
Class I GBP Accumulating	0.95%	GBP 10,000,000	N/A	GBP 10,000,000	0.00%	N/A