
Merrion Investment Trust (the “Trust”)

An umbrella unit trust authorised pursuant to the Unit Trusts Act 1990

Merrion Ethical Fund (the “Sub-Fund”)

SUPPLEMENT TO PROSPECTUS

21 July 2016

The Merrion Ethical Fund is a Sub-Fund of the Merrion Investment Trust, an umbrella unit trust, in which different Sub-Funds may be created from time to time, with the prior approval of the Central Bank. Units are currently offered through this Supplement and each Addendum hereto.

A description of the Merrion Investment Trust which is established in Ireland and has been authorised as a Retail Investor Alternative Investment Fund under the Central Bank's AIFMD Rules, its management and administration, taxation and risk factors is contained in the Prospectus.

This Supplement relates to the Merrion Ethical Fund and forms part of the Prospectus. This Supplement must be read in the context of and together with the Prospectus and any Addendum hereto. In particular, investors should read the risk factors set out in the Prospectus.

The Directors of the Manager, whose names appear in the Prospectus, accept responsibility for the information contained in this Supplement. 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 Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless otherwise stated, all capitalised terms shall have the same meaning herein as in the Prospectus.

There are currently 20 other sub-funds of the Trust:

- Merrion Global Equity Fund
- Merrion Technology Fund
- Merrion Technology Fund Series II
- Merrion European Equity Fund
- Merrion Fixed Interest Fund
- Merrion Irish Equity Fund
- Merrion Cash Fund
- Merrion Managed Fund
- Merrion Long Dated Bond Fund
- Merrion US Equity Fund
- Merrion UK Equity Fund
- Merrion Eurozone Fund
- Merrion Japanese Equity Fund
- Merrion Emerging Market Equity Fund
- Merrion Ethical Global Equity Fund
- Merrion High Alpha Fund (RIAIF)
- Merrion Multi Asset 30 Fund
- Merrion Multi Asset 50 Fund
- Merrion Multi Asset 70 Fund
- Merrion Multi Asset 90 Fund

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DEFINITIONS

The following definitions apply throughout this Supplement unless the context requires otherwise:

“Base Currency”	means Euro;
“Business Day”	has the meaning ascribed to it in the Prospectus;
“Class”	means the Class A, Class B and Class C Units and any further classes of Units created in the Sub-Fund in the future, details of which will be set out in a separate Addendum for each class;
“EIRIS”	EIRIS Limited is a leading global provider of research into corporate environmental, social and governance performance;
“Ethical Investment”	means investing in assets which meet the ethical criteria set out at Appendix 1 hereto;
“Prospectus”	means the prospectus of the Trust dated 21 July 2016 and all relevant supplements and revisions thereto;
“Redemption Date”	means the every Business Day of each month;
“Sub-Fund”	means the Merrion Ethical Fund, a Sub-Fund of the Trust;
“Subscription Date”	means every Business Day of each month;
“Supplement”	means this supplement;
“Units”	means one undivided share in the assets of the Sub-Fund which may be designated as one or more Class;
“Valuation Date”	means every Business Day of each month; and
“Valuation Point”	means 9.00 p.m. (Dublin time) on the Valuation Date immediately preceding each Subscription Date and Redemption Date.

THE SUB-FUND

Introduction

This Supplement is issued in connection with the offer of the Units. Details of each Class available are set out in a separate Addendum for each Class. The Manager may create new Classes in the Sub-Fund from time to time, provided that the creation of any such new Class is notified in advance to the Central Bank. A separate pool of assets will not be maintained for each Class.

The Sub-Fund is denominated in Euro.

Investment Objective

The investment objective of the Sub-Fund is to maximise the rate of capital appreciation, subject to relevant prudential considerations with regard to the spread of risk and the credit quality of individual investments.

Investment Policy

The Sub-Fund will seek to achieve its investment objective by investing directly in a broad and diversified range of asset types with no specific focus on industry sector, geographic region, capitalisation level, issuer type or asset type that can be considered Ethical Investments. It is intended that the Manager may employ a variety of techniques and strategies in order to achieve the investment objective and potential investments will be evaluated on the basis of the Manager's own expertise and internal procedures. Without prejudice to the foregoing, the assets of the Sub-Fund will comprise Transferable Securities, including bonds and equities listed or traded on recognised markets exchange traded funds ("ETFs"), collective investment schemes and exposures to commodities. The Manager intends that the investments will be marketable and of a high quality.

Transferable Securities for these purposes has the meaning set out on page xi of the Prospectus.

Bonds/debt instruments

The bonds referred to above shall include, but are not limited to, fixed and floating bonds, government bills and bonds issued by governments of EU Member States or OECD member states, corporations, financial institutions and multi-governmental institutions such as the World Bank and the European Investment Bank but must be considered Ethical Investments. The bonds acquired may be of any maturity and there will be no limit on the maximum average maturity of the debt-securities held by the Sub-Fund. The Sub-Fund will invest in bonds that the Manager believes offer attractive yields and are undervalued relative to securities of similar credit quality and interest rate sensitivity. In making investment decisions the Manager may have regard to historical interest rate spread relationships, as well as broader economic and issuer scenario analyses.

Subject to the restrictions set out in the Prospectus, the Sub-Fund shall generally not have less than 20% of its Net Asset Value invested in bonds and/or cash. The credit rating of all bonds to be acquired by the sub-fund shall be BB- or higher (or equivalent rating) as applied by Moody's, Standard & Poor and/or Fitch.

Equity exposure

The equities to be acquired by the Sub-Fund will consist of shares issued by a range of companies operating in different geographical regions (including Europe, North America and Asia) and business sectors (including sectors such as financial, healthcare, consumer discretionary, consumer staples, energy, basic materials, telecommunications, utilities, technology, and industrials) but must be considered Ethical Investments. The companies will vary in size in terms of market capitalisation. The

Investment Manager will apply prudent diversification criteria to the stock holdings by holding a diverse portfolio that will be subject to change depending on market considerations. The Investment Manager will also adjust the overall level of liquidity of the Sub-Fund as economic circumstances dictate.

The Sub-Fund will be investing in a portfolio of diversified global Ethical Investments. The Manager will adjust the overall level of liquidity of the Sub-Fund as economic circumstances dictate.

Collective Investment Schemes

The exposure obtained through investment in collective investment schemes will be consistent with the overall investment strategy of the Sub-Fund. The Sub-Fund may invest up to 100% of its Net Asset Value in other investment funds. Furthermore, the Sub-Fund may invest over 30% of its Net Asset Value in another sub-fund of the Trust that can be considered Ethical Investments, subject always to the provisions of the AIF Rulebook. In particular, the Sub-Fund will not invest over 30% of its Net Asset Value in any other sub-fund of the Trust in circumstances where such other sub-fund has invested more than 30% of its NAV in other collective investment schemes. Further, if at any time any other sub-fund of the Trust holds Units representing more than 30% of the Units in issue of the Sub-Fund, the Sub-Fund shall not invest more than 30% of its NAV in any other collective investment scheme. The Sub-Fund may also invest up to 20% of its Net Asset Value in unregulated open-ended investment funds that are considered Ethical Investments and investors' attention is drawn to the section entitled "Risk Factors" set out in the Prospectus in this regard.

Any investment by the Sub-Fund in other investment funds is subject to the restrictions set out in the Prospectus, and, in particular, the sections entitled "General Rules" and "General Investment Restrictions".

Exchange Traded Funds

The Sub-Fund may invest in ETFs to provide exposure to commodities and Transferable Securities provided that the exposure obtained through such ETFs will be consistent with the overall investment strategy of the Sub-Fund. The value of a commodity-linked ETF typically is based upon the price movements of a commodity index, or some other readily measurable economic variable dependent upon changes in the value of commodities or the commodities markets. Any investment by the Sub-Fund in ETFs is subject to the restrictions set out in the Prospectus, and, in particular, the sections entitled "Exchange Traded Funds", "General Rules" and "General Investment Restrictions".

General Investments

The Sub-Fund may also invest up to 10% of its Net Asset Value in securities (whether bonds or equity) which are not traded in or dealt on a recognised market. The investments of the Sub-Fund will not be limited to any one industrial or geographical sector.

The Manager may use forward foreign exchange contracts, futures, options and swaps for efficient portfolio management of the Sub-Fund. Any techniques or instruments used for efficient portfolio management purposes are subject to the conditions and limits laid down in the AIF Rulebook and are set out in further detail in the Prospectus under the sections entitled "General Rules - Efficient Portfolio Management", "Exchange Traded Funds" and "Derivatives".

Investment Guidelines

The Sub-Fund is subject to the investment guidelines as set out in the Prospectus.

The investment guidelines for the Sub-Fund set out above and in the Prospectus apply at each Subscription Date. If one or more guidelines are exceeded for reasons beyond the control of the Sub-

Fund or as a result of the exercise of subscription rights, the Sub-Fund will adopt as a priority objective the remedying of that situation taking due account of the interests of investors.

Leverage and Borrowing Policy

The Sub-Fund will not utilise leverage directly at the level of its investments. However, the Sub-Fund may:

- (i) utilise derivatives, and in particular, forward foreign exchange contracts, futures, options and swaps, for efficient portfolio management purposes. Details of such derivatives are set out in the further detail in the section entitled "General Investments" above and in the Prospectus under the section entitled "Derivatives". It is not intended to leverage the portfolio of the Sub-Fund through such derivatives and so the value of the relevant position will not be greater than that which would be achieved through the direct investment in the corresponding underlying asset ;
- (ii) utilise forward foreign exchange contracts to hedge and/or gain foreign currency exposure. Details of forward foreign exchange contracts are set out in the further detail in the section entitled "General Investments" above and in the Prospectus under the section entitled "Derivatives". The use of such derivatives will result in leverage, provided always that such leverage will always be within the limits set out below; and
- (iii) borrow up to 5 % of its Net Asset Value for temporary purposes, which will be for the purpose of meeting frictional liquidity requirements and bridging timing differences between transactions.

As set out in further detail in the Prospectus under the section entitled "Efficient Portfolio Management", the Manager shall calculate global exposure pursuant to the commitment approach as permitted under the Central Bank's AIF Rulebook and will comply with the limits described therein. Furthermore, the maximum potential leverage of the Sub-Fund, shall not exceed (i) 100 per cent of the Net Asset Value of any Sub-Fund, as calculated pursuant to the commitment method and (ii) 200 per cent of the Net Asset Value of any Sub-Fund, as calculated pursuant to the gross method (i.e. the sum of the absolute values of all positions as set out in Article 7 of the Commission Delegated Regulation (EU) No 231/2013).

Certain Additional Risk Factors

Investors' attention is drawn to the risk factors set out in the Prospectus.

MANAGEMENT AND ADMINISTRATION

Details of the Manager, the Administrator and the Depositary are set out in the Prospectus.

OFFER, SUBSCRIPTIONS, TRANSFERS AND REDEMPTIONS

Class of Units

Units will be available for subscription in the manner set out in the Addendum to each applicable Class.

Subscriptions

The Units are available for general subscription.

Applications for each class of Unit will be considered only if made on the prescribed application form and accompanied by payment (made by bank transfer), and by evidence that the applicant is eligible to hold Units of the relevant Series.

Investors should complete the Application Form and send it by post, delivery or fax (with the original form and supporting documentation in relation to anti-money laundering checks to follow promptly by post) to the transfer agent set out in the relevant Addendum to be received no later than 4 pm (Dublin time) on the Business Day before the Subscription Date on which Units are to be issued.

Applications will be executed on the next Subscription Date after the Business Day upon which they are received at the Net Asset Value per Unit as at the Valuation Point applicable to that Subscription Date. Any applicable charges will be deducted from the payment and the balance will be invested in Units. Units will only be issued when the consideration monies or other property paid are vested in the Depositary to its satisfaction. Details of any subscription charges will be included in the relevant Addendum in respect of each Class.

Transfers

The procedure for transferring Units is set out in the Prospectus.

Redemptions

Units will be redeemable at the option of the Unitholder on each Redemption Date except in the circumstances described herein and in the Prospectus. An anti-dilution levy may be deducted from the redemption price as further discussed below. Units may be redeemed at the Net Asset Value per Unit at the Valuation Point applicable to the relevant Redemption Date on which the Units are to be redeemed. Requests for redemption may be made by post, delivery or fax (with the original to follow promptly by post) to the transfer agent set out in the relevant Addendum. Redemption requests will only be processed on receipt of faxed instructions (or other methods agreed by the Manager) where payment is made to a bank account on record. Redemption proceeds will be payable in the currency in which units are designated.

Redemption requests must be received by the transfer agent set out in the relevant addendum no later than 4pm (Dublin time) on the Business day before the Redemption Date on which Units are to be redeemed. Redemption requests not received by this time will be, subject, to the discretion of the Manager (such discretion will only be applied in exceptional cases and, in any event where the redemption request has been received before the relevant Valuation Point), held over and applied on the next following Redemption Date.

Settlement for redemptions will normally be made by telegraphic transfer or other form of bank transfer to the bank account of the Unitholder specified in the Application Form (at the Unitholders risk). The Fund will aim to pay the redemption proceeds within 3 Business Days following the Redemption Date provided the correct repurchase documentation, including all relevant anti-money laundering documentation has been received. No payments to third parties will be effected.

As set out in the Prospectus, the Manager also reserves the right, in certain situations, to compulsorily redeem all Units held by a Unitholder. Prior to any compulsory redemption of Units, the Manager will notify the Unitholders in writing.

In specie Redemptions

The Manager may, in their absolute discretion, determine that the payment of redemption proceeds shall be satisfied in whole or in part by the in specie transfer of assets of the relevant Sub-Fund having a value equal to the Net Asset Value of the Units to be redeemed. Such in specie transfers may only be made with the consent of the redeeming Unitholder, unless the redemption request represents 5% or more of the Net Asset Value of the Sub-Fund, in which case the consent of the redeeming Unitholder is not required but the Manager will, if requested by such Unitholder, sell the assets which have been allocated to satisfy the redemption request, with the costs of the sale of the assets being deducted from the redemption proceeds which are to be remitted to such Unitholder. The Manager and the Depositary must be satisfied that any such in specie redemption will not result in any material prejudice to existing Unitholders. The allocation of the assets of the Sub-Fund used to satisfy all in specie redemption requests are subject to the approval of the Depositary.

Conversion of Units

The procedure for converting Units is set out in the Prospectus.

Variation of Subscription, Redemption and Transfer Procedures

The Manager and the Administrator retain the right to vary the subscription, redemption and transfer procedures set out herein and the relevant Addendum provided that all Unitholders are notified of such variations. The Supplement, Prospectus and Addendum (as relevant) will be updated to provide for updated procedures.

Anti-Dilution Levy

The Sub-Fund may suffer a reduction in value as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of such investments. This is known as "dilution". To prevent this and to protect the interests of all Unitholders including potential Unitholders an anti-dilution levy may be charged, which will be for the benefit of the Sub-Fund.

In calculating the subscription price for Units, the Manager may, on any Subscription Date where there are net subscriptions, adjust the subscription price by applying an anti-dilution levy to cover dealing costs and to preserve the value of the underlying assets of the Sub-Fund. Furthermore, in calculating the redemption price for Units, the Manager may, on any Redemption Date where there are net redemptions, adjust the redemption price by deducting an anti-dilution levy to cover dealing costs and to preserve the value of the underlying assets of the Sub-Fund. Such anti-dilution levy will amount to a maximum value of 1% of the subscription or redemption amount, as applicable.

FEES AND EXPENSES

Details of the other fees and expenses are set out in the Prospectus.

Manager Fee

Details of the Manager fee are set out in the Addendum to each applicable Class.

Depositary, administration and transfer agency Fees

Under the provisions of the Administration Agreement, the Administrator is entitled to a fee for the provision of fund accounting and administrative services.

Under the provisions of the Trust Deed, the Depositary is entitled to a fee for the provision of depositary services

The total fee that shall be paid to both the Administrator and Depositary in respect of their services (other than transfer agency services – see below) shall, when combined, not exceed 0.40% per annum of the Net Asset Value of the Sub-Fund.

The fee payable for transfer agency services will not exceed 0.10% per annum of the Net Asset Value of the Sub-Fund. The identity of the relevant transfer agent for each Class is set out in the relevant Addendum.

Such fees may be charged to the assets of the Sub-Fund (or, as appropriate, to a particular Class) in such proportions as may be agreed between the Manager, the Administrator and the Depositary as appropriate. The fees will accrue daily and shall be payable monthly in arrears based on the Net Asset Value of the Sub-Fund (together with any applicable VAT).

The Administrator, Depositary and the Manager shall also be entitled to receive, out of the assets of the Sub-Fund, any properly vouched out-of-pocket expenses incurred in the performance of their duties. Furthermore, The Depositary is also entitled to be reimbursed out of the assets of the Sub-Fund for sub-custody and transaction charges, which are dependent on trading volumes and local market costs and which shall be charged at normal commercial rates.

GENERAL INFORMATION

Availability of Documents

Copies of the following documents are available free of charge at the registered office of the Manager:

- (i) the Trust Deed;
- (ii) the Prospectus;
- (iii) this Supplement;
- (iv) the Addendum relevant to the Class you wish to invest in;
- (v) the most recently published annual or interim report; and
- (vi) the material contracts referred to under 'Material Contracts' above and in the Prospectus.

Miscellaneous

As at the date hereof:

- (i) the Trust has no loan capital (including term loans) outstanding or created but unissued and any outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities;
- (ii) since the establishment of the Trust, it has not been engaged in any litigation or arbitration and no litigation or claim is known to the Manager to be pending or threatened against it which may have a significant effect on the Trust or its financial position;
- (iii) there are no existing or proposed service contracts with the Directors of the Manager; and
- (iv) subject to the foregoing paragraph, a Director of the Manager may vote in respect of any contract, appointment or arrangement in which he is interested and he shall be counted in the quorum present at the meeting.

Appendix 1

Ethical Criteria

The criteria used to determine which investment/companies to invest in may be broken into two groups. Firstly, the Sub-Fund will aim to have a bias towards investments/companies which make a positive contribution to society. Secondly, the Sub-Fund will aim to avoid investments/companies which are known to have a negative social or environmental effect.

The Manager will aim to invest in investments/companies with the following positive qualities:

- Conservation of natural resources
- Concern for environment
- Employee welfare
- Community involvement
- Equal opportunities
- Corporate governance

The Manager will aim to avoid investments/ companies with significant involvement in the following areas:

- Armaments - Any company which derives more than 10% of turnover from military sales.
- Gambling - Any company which derives more than 10% of turnover from operating any gambling activities.
- Anti-Life Products - Any company involved in the manufacture of anti-life products such as contraceptives, the morning after pill or abortifacients.
- Tobacco - Tobacco companies or cigarette manufacturers or any company which derives 10% or more of their turnover from tobacco sales.
- Pornography - Any company which derives over 10% of turnover from pornography.
- Damaging the Environment - Any company which has an inadequate environmental policy or has received a pollution conviction within three years.
- Nuclear Power - Any company which derives over 10% of turnover from supply of products or services to nuclear power plants.
- Stem Cell Research - Any company involved in embryonic research.
- Animal Testing for cosmetics - Any company which derives over 10% of turnover from cosmetic products and who are engaged in the testing of cosmetic finished products and ingredients on animals.
- Human Rights - Any company with an inadequate human rights policy in place or which is actively engaged with oppressive regimes.

Ethical Screening

The Manager conducts an ethical screening process on all proposed & current investments:

The first stage of the screening process is a simple exclusion process whereby the Manager excludes companies which are very obviously involved in activities that breach the Sub-Fund's ethical guidelines.

Having excluded investment/companies that obviously breach ethical guidelines, the next stage of screening is designed to identify unsuitable companies that may not obviously be engaged in unethical activities.

To do this the Manager runs a query on every company in the proposed portfolio with EIRIS (or equivalent provider), an independent ethical investment research subscription service. This query will verify whether the stock will breach the Sub-Fund's specific ethical criteria.

After having invested in a company, if we become aware that it is in breach of any of the ethical guidelines, we will disinvest as expeditiously and efficiently as possible.