

28 June 2024



To the Shareholders of: GAM Star Emerging Market Rates (the “Fund”), a sub-fund of GAM Star Fund Plc, an umbrella fund with segregated liability between sub-funds and authorised by the Central Bank of Ireland as a UCITS scheme.

Dear Shareholder,

### Increase of Leverage Limits

We are writing to advise you that the leverage limits in the Fund’s supplement are increasing. The current disclosure provides that the Fund “*envisages employing leverage of between 0% and 800% however it may exceed or fall below this target level at times*”.

However, in practice, the current levels are higher than the limit indicated in the Fund’s supplement. Therefore, it is proposed to increase the upper limit to 2,700%. As a result of this increase, the upper limits for exposures in long positions (currently 480%) and short positions (currently 320%) will increase to 1,620% and 1,080%, respectively.

There has not been any change in the way the Fund is managed, neither in terms of the investment approach, nor in terms of the instruments that are traded or in terms of the actual economic risk that is taken.

The increase in the expected leverage amount is due mainly to the higher notional amounts attributable to the following positions:

- the use of short-dated interest products e.g, March-2025 SOFR futures with a DV01 of USD1,000 (i.e. the risk for the Fund is USD1,000 for every one basis point (1bp) move in interest rates) have a notional amount of USD40,000,000 (i.e. 200% of Fund’s AUM) whereas in comparison a 10y UST future with a DV01 of USD1,000 has a notional amount of USD1,600,000;
- the closure of FX trades (i.e. an open FX trade being closed by entering into an offsetting FX trade) which results in the notional amounts of both the open FX trade and closing FX trade being taken into account; and

the use of yield curve steepening trades (i.e. long and short trades entered into when interest rate spreads between long and short dated bonds are expected to increase) and yield curve flattening trades (i.e. long and short trades entered into when interest rate spreads between long and short dated bonds are expected to decrease). For example a SOFR futures Mar-25 vs March-26 steepener (involving entering into a short SOFR future Mar-25 and a long SOFR future March-26), with a DV01 risk of USD1,000 on each leg (the risk for the Fund on each leg is USD1,000 for every one basis point (1bp) move in interest rates) would have a sum-of-notionals amount of USD80,000,000 i.e. 400% of the Fund’s AUM. However the economic risk of the yield curve steepener would be lower than that of the two individual positions. Indeed, the 95% monthly Value at Risk (“VaR”) for the individual legs is ~52-58bp, while the 95% monthly VaR for the steepener would be ~22bp.

**Effective Date**

Subject to the Central Bank's approval, it is proposed that the changes described herein will take effect on or around 29 July 2024.

If you have any questions or require further information, please do not hesitate to contact our Client Services team in Dublin by telephone on +353 (0) 1 609 3927 or by email at [info@gam.com](mailto:info@gam.com).

Yours faithfully,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end.

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**GAM Star Fund plc**