
Merrion Capital Specialist Investment Funds p.l.c.

(the “Company”)

An open-ended investment company with variable capital incorporated on 20 July 2007 in Ireland with registered number 443536 and established as an umbrella fund with segregated liability between sub-funds.

Merrion High Alpha Fund

(the “Fund”)

SUPPLEMENT TO PROSPECTUS

17 August 2010

This Supplement relates to the Merrion High Alpha Fund and forms part of the Prospectus for the Merrion Capital Specialist Investment Funds p.l.c. This Supplement must be read in the context of, and together with, the Prospectus. In particular, investors should read the risk factors set out in the Prospectus.

A redemption fee of up to 5% of the redemption price may, at the absolute discretion of the Directors, be charged in respect of a redemption of shares by an investor. It is expected that any redemption fee would only be charged in exceptional market circumstances.

The Company has been authorised by the Financial Regulator to market solely to qualifying investors. The authorisation of the Company by the Financial Regulator is not an endorsement or guarantee of the Company by the Financial Regulator nor is the Financial Regulator responsible for the contents of this Supplement. The Financial Regulator shall not be liable by virtue of its authorisation of the Company or by reason of its exercise of the functions conferred on it by legislation in relation to the Company for any default of the Company. In addition, the authorisation of the Company by the Financial Regulator shall not constitute a warranty by the Financial Regulator as to creditworthiness or financial standing of the various parties to the Company.

With the exception of investors who qualify as “Knowledgeable Employees” (as defined in the Prospectus), the minimum aggregate subscription amount is €250,000 and an investment in the Fund may only be made by an investor who is a natural person with a minimum net worth (which excludes main residence and household goods) in excess of €1,250,000 or an institution (being an entity other than a natural person):

1. which owns or invests on a discretionary basis at least €25,000,000 or its equivalent in other currencies; or
2. the beneficial owners of which are qualifying investors in their own right;

and who certifies in writing to the Company that such investor meets the minimum criteria and is aware of the risks involved in the proposed investment and of the fact that inherent in such investments is the potential to lose all of the sum invested.

The Company (of which the Fund forms part) is a qualifying investor scheme under the Financial Regulator’s current rules. Accordingly, the Company has been authorised by the Financial Regulator to market its shares solely to Qualifying Investors. Accordingly, while the Company is authorised by the Financial Regulator, the Financial Regulator has not set any limits or other restrictions on the investment objectives, the investment policies or on the degree of leverage which may be employed by the Company. The Fund must comply with the aim of spreading investment risk in accordance with section 253(2)(A) of Part XIII of the Act. Investment in the Fund should not constitute the sole or the main investment of an investor’s portfolio. An investment in the Shares in the Fund has the potential for above average risk and is therefore suitable only for Qualifying Investors who are in a position to take such risk.

Investors should note that since transferable securities may depreciate as well as appreciate in value, no assurance can be given by the Company or the Directors or any of the persons referred to in the Prospectus that the Company will attain its objectives. The price of Shares in the Fund, in addition to the income therefrom, may decrease as well as increase. Accordingly, an investment should only be made where the investor is or would be in a position to sustain any loss of such investment. The difference at any one time between the sale and repurchase price of the Shares in the Fund means that the investment should be regarded as medium to long term.

Prospective investors should be aware that investment in the Fund carries an above-average degree of risk and the price of Shares may go down as well as up. The Fund is only suitable for investment by investors who are aware of and understand the risks involved and are in a position to take such risks.

Shareholders should note that all or part of the management fee and expenses of a Fund may be charged to the capital of a Fund as set out herein Supplement. This may have the effect of lowering the capital value of a Shareholder's investment. Thus on redemptions of holdings Shareholders may not receive back the full amount invested.

Potential investors should consult, and must rely on, their own professional tax, legal and investment advisers as to matters concerning the Company and their investment in the Company.

The Directors of the Company, 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.

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Definitions

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

“Business Day”	means unless determined by the Directors and notified in advance to Shareholders, a day excluding Saturday or Sunday on which banks are normally open for business in Dublin;
“Closing Date”	means 10 August 2007;
“Dealing Day”	means the first Business Day of each calendar quarter, and such other Business Days as the Directors may in their absolute discretion determine and notify in advance to Shareholders;
“Distributor”	means such person or persons as may be appointed by the Company (and notified to the Financial Regulator) from time to time to distribute Shares in the Fund;
“Financial Regulator”	means the Irish Financial Services Regulatory Authority or any successor thereto;
“Fund”	means the Merrion High Alpha Fund;
“Initial Offer”	means the initial offer of Shares in the Fund which commenced at 9.30 am (Irish time) on 8 August 2007 and closed at 5.00 pm (Irish time) on the Closing Date;
“Investment Manager”	means Merrion Capital Investment Managers Limited;
“Minimum Holding”	means a minimum holding of €250,000 or such other amount as may be determined by the Directors;
“Minimum Redemption”	means €25,000 or such other lesser amount as may be determined by the Directors;
“Minimum Subscription”	means €250,000 or such other amount as the Directors may determine;
“Minimum Subsequent Subscription”	means €25,000 or such lesser amount as the Directors may determine;
“Performance Period”	means each 12 month period commencing on and including 1 January and ending on and including 31 December of each year provided that, in respect of the first performance period, it shall be the period running from and including the Business Day immediately following the Closing Date to and including 31 December 2007;

“Prospectus”	means the prospectus of the Company dated 7 October 2008 and all relevant supplements and revisions thereto;
“Redemption Dealing Deadline”	means 5.00 pm (Irish time) 30 days in advance of the relevant Dealing Day. If the day 30 days in advance of the relevant Dealing Day is not a Business Day the relevant deadline shall be 5pm (Irish time) on the immediately preceding Business Day or such other deadline as the Directors may determine in advance.
“Shares”	means the Shares of the Fund;
“Subscription Dealing Deadline”	means, in relation to subscriptions during the Initial Offer, 5.00 pm (Irish time) on the Closing Date and thereafter, 5.00 pm (Irish time) on the second to last Business Day preceding the relevant Dealing Day on which Shares are to be issued;
“Supplement”	means this supplement;
“Valuation Date”	means the Business Day immediately preceding each relevant Dealing Day and such other days as the Directors may in their absolute discretion determine, provided there shall be a Valuation Date for every Dealing Day; and
“Valuation Point”	means 11.00 pm (Dublin time) on each Valuation Date.

The Fund

This Supplement is issued in connection with the offer of the Merrion High Alpha Fund. The Directors of the Company may create new classes of Shares in the Fund from time to time, provided that the creation of any such new class of Shares is notified to and cleared in advance by the Financial Regulator. A separate pool of assets will not be maintained for each class of Shares.

The Base Currency of the Fund is euro.

Investment Objective

The Investment Objective of the Fund is to generate superior long term returns by investing directly or indirectly in an actively managed portfolio of global equities, cash, currency exposures and commodities. The Fund may have a long/short exposure, via derivatives (or otherwise), to indices of any of the foregoing asset classes.

Investment Policy

The Fund may invest directly or indirectly in equities, equity related securities, currency exposures, commodities (through the use of derivatives, futures, options and exchange traded funds (ETFs)) and/or collective investment schemes (including ETFs) with investment policies consistent with the Fund's overall investment strategy. The Fund may gain exposure to any of the foregoing asset classes via derivatives (including swaps, contracts for difference, futures, options and forwards). The Fund will invest in both listed and unlisted equities.

There are no prescribed geographical or sectoral restrictions applicable to the assets that may be acquired. Accordingly, the Fund may invest in equities or equity related securities of companies located in any part of the world and which operate in any industry/sector.

It is anticipated that the Fund may gain exposure to different asset classes by investing in exchange traded funds (ETFs) that are listed or traded on regulated markets. In no circumstances shall the Fund invest more than 40 per cent. of its NAV in any one unregulated collective investment scheme.

The Fund may also maintain a cash balance and invest in money market instruments and other fixed rate securities whether issued by corporate or sovereign entities (including, but not limited to, deposits or treasury bills, demand notes, promissory notes, commercial paper, negotiable certificates of deposit, floating rate notes or any transferable debt securities with a maturity of generally one year or less) without restriction should the Investment Manager determine that market conditions so warrant.

The Investment Manager will vary the proportion of the Fund invested in each of the foregoing asset classes according to its perception of their relative growth potential with a view to optimising the Fund's returns.

Information in relation to certain of the Fund's investments is set out below.

ETFs

Generally an ETF is a fund that tracks an index, but which can be traded like a stock. ETFs typically bundle together the securities that are in an index. As ETFs are traded on stock exchanges, they can be bought and sold at any time during the day (unlike most mutual funds). Their price will fluctuate from moment to moment, just like any other stock's price. ETFs are an efficient means of tracking an index as they have low operating and transaction costs associated with them.

Derivatives

The Fund may enter into derivative transactions including, but not limited to, forwards, futures, options and contracts for difference that are linked to the above mentioned securities. Such derivatives will be deployed where it is considered that their utilisation allows the Fund to obtain the required or desired economic exposure in a more efficient manner or at a lower transaction cost.

A contract for difference is a contract whereby one party agrees to pay to the counterparty the difference in price of a security between two points in time. A contract for difference may be used where this permits the Fund to achieve its investment objectives more efficiently and/or at a lower cost, for example, where a counterparty provides the Fund with exposure to the price movement of a security without the need for such security to be purchased and held in a custody account.

The Fund may also enter into stocklending, repurchase, reverse repurchase and any other techniques and instruments as the Investment Manager may consider appropriate.

Margin/Collateral

In order to secure its obligations in respect of any derivatives transactions referred to above (whether exchange-traded or OTC), the Fund may be required to post margin/ collateral with a broker or OTC counterparty, whereby such margin/ collateral will be transferred outside the Custodian's custody network.

In circumstances where the Fund is required to post margin or collateral to any counterparty in the manner contemplated above and the margin is held by the counterparty on a proprietary basis, rather than as sub-custodian to the Fund, the Company will ensure that any such counterparty (or their parent company) shall have a minimum credit rating of A2/P2 or better, as determined by Moody's Investors Service Limited or an equivalent investment grade rating as determined by an internationally recognised rating agency. Furthermore, no more than 40% of the Net Asset Value of the Fund may be held by any such broker or counterparty.

Investment Restrictions

The Company qualifies as a qualifying investor scheme for the purposes of the Notices. Accordingly, the Financial Regulator has not set any limits or other restrictions on the investment objectives, the investment policies or on the degree of leverage which may be employed by the Fund. However, under the Companies Acts, the Fund must manage its assets with the aim of spreading investment risk.

As indicated above, the Directors have not set any specific investment restrictions on the Fund, but will seek to obtain an appropriately diversified and balanced portfolio.

In any case, the Directors have determined that the Fund:

1. will not invest in real property, venture capital or take or seek to take legal or management control of the issuer of any of its underlying investments; and
2. will not acquire shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

Borrowing

It is not anticipated that the Fund will utilise any borrowing or leverage.

Dividend Policy

It is currently not intended that the Fund will pay dividends or otherwise make distributions to Shareholders.

Risk Factors

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

Shareholders should note that the management fees and expenses incurred by the Fund will as far as possible be deducted from the income of the Fund. If there is insufficient income, the balance will be charged to the capital of the Fund. This may have the effect of lowering the capital value of the Shareholder's investment.

Taxation

Any change in the Fund's tax status or in taxation legislation could affect the value of the investments held by the Fund and could affect the return to investors. Potential investors and Shareholders should note that the statements on taxation, which are set out herein are based on advice which has been received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of this Supplement and the Prospectus. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Fund will endure indefinitely. The attention of potential investors is drawn to the tax risk associated with investing in the Fund. See section headed "Taxation" on page 25 in the Prospectus.

Subscriptions

Shares may be subscribed for during the Initial Offer at a price of €100 (the "**Initial Offer Price**").

During the Initial Offer investors should complete the Application Form (available from the Administrator) and send it by post, delivery or fax (with the original form and supporting documentation in relation to money laundering checks to follow as soon as is possible) to the Administrator, to be received no later than the Subscription Dealing Deadline. Applicants must subscribe for at least the Minimum Subscription Amount and subscription monies (in cleared funds) must be received by the Administrator, for the account of the Fund, by no later than 5.00pm (Irish time), on the third Business Day after the relevant Dealing Day. If payment in full has not been received by the relevant times stipulated above, the application may be refused and the Shares allotted will be cancelled. The Directors, in consultation with the Administrator, may in their discretion accept late payment for Shares.

Following the relevant Closing Date, Shares will be available for subscription at the Net Asset Value on each Dealing Day. Applicants must subscribe the relevant Minimum Subscription (in the case of an applicant's first subscription into the Fund) or in the case of a Shareholder applying for further Shares, the Minimum Subsequent Subscription as set out herein.

Following the relevant Closing Date investors making an application for subscription should send the completed Application Form to be received by post, delivery or fax (with the original form and supporting documentation in relation to money laundering checks to follow as soon as is possible) by the Administrator no later than the Subscription Dealing Deadline. Subscription monies (in cleared funds) must be received by the Administrator, for the account of the Fund, by no later than 5.00pm (Irish time), on the third Business Day after the relevant Dealing Day. If payment in full has not been received by the relevant times stipulated above, the application may be refused and any Shares issued will be cancelled.

Applications not received or incorrectly completed applications received by the Administrator by the Subscription Dealing Deadline for the relevant Dealing Day shall be held over and applied on the next following Dealing Day or until such time as a properly completed Application Form is received by the Administrator on the date on which it is processed.

Subscription Fee

The Directors may in their absolute discretion charge a subscription fee, payable to the Investment Manager, of up to 4 per cent. of the aggregate investment amount subscribed. This fee may be paid in full or in part by the Investment Manager to introducing agents and intermediaries.

Redemptions

Shares will be redeemable at the option of the Shareholder on each Dealing Day except in the circumstances described herein and in the Prospectus. Following the relevant Closing Date, Shares may be redeemed at the Net Asset Value on each Dealing Day. Requests for redemption may be made by post, delivery or fax (with the original to follow as soon as is possible) to the Administrator so as to be received by no later than the Redemption Dealing Deadline for the relevant Dealing Day on which the Shares are to be redeemed. Shares will be redeemed at the Net Asset Value as calculated on the relevant Dealing Day.

Redemption requests not received by the relevant Redemption Dealing Deadline shall be held over and applied on the next following Dealing Day. Redemption requests for less than the Minimum Redemption will be refused. A request for a partial redemption of Shares will be refused, or the holding may be redeemed in its entirety, if, as a result of such partial redemption, the aggregate Net Asset Value of the Shares maintained by the Shareholder would be less than the Minimum Holding specified in the relevant section herein.

Settlement for redemptions will normally be made by telegraphic transfer to the bank account of the Shareholder specified in the Application Form (at the Shareholder's risk). Payment will normally be made within three Business Days, and in any event, within ten Business Days of the Dealing Day on which the redemption request has been processed. No payments to third parties will be effected. The applicant shall not without the written consent of the Company be entitled to withdraw a redemption request.

Redemption proceeds will not be remitted until the Administrator has received the original of the redemption request. In addition, if an original redemption request including payment details has not been received prior to the date on which the redemption proceeds are to be paid, payment will be delayed. No redemption payment may be made from that holding until the original Application Form has been received from the Shareholder and all documentation required by the Administrator including any documents in connection with anti-money laundering procedures have been received.

As set out in the Prospectus, the Directors also reserve the right to the compulsory redemption of all Shares of any class held by a Shareholder if the aggregate Net Asset Value of the Shares of that class held by the Shareholder is less than the Minimum Holding specified herein. Prior to any compulsory redemption of such class of Shares, the Administrator will notify the Shareholders in writing providing such Shareholder with at least thirty days notice to purchase additional Shares of such class to meet this minimum requirement.

Redemption Fee

A redemption fee of up to 5% of the redemption price may, at the absolute discretion of the Directors, be charged in respect of a redemption of shares by an investor. It is expected that any redemption fee would only be charged in exceptional market circumstances.

Conversion of Shares

A Shareholder shall have the right to convert all or any portion of his Shares in the Fund (the “**Original Fund**”) into Shares of another Fund (the “**New Fund**”) on such terms and subject to such conditions as determined by the Directors and set out from time to time in the Prospectus.

Subject to the receipt by the Administrator of a notice requesting such conversion, which shall include such information as may be specified from time to time by the Directors or their agent (a “**Conversion Notice**”) at least thirty days before the Dealing Day on which the conversion is to be effected, the conversion of the Shares comprised in the Conversion Notice shall be effected on the next following Dealing Day. Conversions will only be accepted where cleared funds and completed application forms have been received in respect of the original subscriptions.

Conversion of the Shares comprised in the Conversion Notice shall be effected on the relevant Dealing Day by the redemption of the Shares of the Original Fund and the allotment and issue of Shares of the New Fund in proportion to (or as nearly as possible in proportion to) the holding of the Shares of the Original Fund. Where the number of Shares of the New Fund to be issued is not a whole number, the Directors may, at their absolute discretion, issue fractions of Shares of the New Fund up to two decimal places and any excess shall be returned to the Shareholder seeking to convert the Shares of the Original Fund

The applicant shall not without the written consent of the Company be entitled to withdraw a Conversion Notice except in any circumstances in which he would be entitled to withdraw a request for a redemption of Shares.

On any conversion the Company shall be entitled to deduct an amount in respect of any duties and charges arising out of such conversion.

Investment Management and Distribution Fees

Investors’ attention is drawn to the Fees and Expenses Section in the Prospectus.

In respect of investment management services and distribution services provided to the Fund, the Company shall pay to the Investment Manager and any relevant Distributor an aggregate fee not exceeding 3% of Net Asset Value of the Fund.

Performance Fee

The Investment Manager is also entitled to a 20 per cent. performance related investment management fee (the “**Performance Fee**”). Such Performance Fee is payable to the extent that any increase in the NAV per Share during the relevant Performance Period (when expressed as a percentage) is higher than 7% (the “**Performance Target**”) provided that, with respect to the first Performance Period (or any other Performance Period that is less than 12 months in duration) the Performance Target shall be reduced pro rata to reflect the actual duration of the relevant Performance Period. The Performance Fee is accrued quarterly and payable at the end of the relevant Performance Period.

A Performance Fee will only be payable in circumstances where the NAV per Share (before application of the Performance Fee) on each anniversary of the Performance Period is higher than, in the case of the first Performance Period, the Initial Offer Price, and in respect of subsequent Performance Periods the highest NAV per Share (before Performance Fees) on the previous Performance Period or any anniversary thereof.

The calculation of the Performance Fee will be verified by the Custodian.

The Performance Fee calculation is computed by operating an equalisation accounting system which ensures that each Share is charged a Performance Fee which equates precisely with that Share’s performance. Details of how performance fee equalisation is determined are set out in the Prospectus.

Where incentive fees are payable by the Fund, these will be based on net realised and net unrealised gains and losses as at the end of each calculation period. As a result, incentive fees may be paid on unrealised gains which may never be realised.

Custodian and Administration Fees

Pursuant to the Administration Agreement and the Custodian Agreement, the Company will pay the Administrator and Custodian an aggregate fee of up to 0.12% per annum of the Net Asset Value of the Fund. The administration fee is subject to minimum annual fees of €1,600 for the first six months following the first issue of Shares in the Company, €2,000 for the next six months and €2,400 thereafter. The custody fee is subject to minimum annual fees of €400 for the first six months following the first issue of Shares in the Company, €500 for the next six months and €600 thereafter. The Administrator and the Custodian will reimburse the Company for any fees not earned if either Agreement terminates early.

Establishment Expenses

The expenses incurred in connection with the establishment of the Company are as set out in the section headed Fees and Expenses in the Prospectus and will be apportioned to the Initial Fund on the Closing Date. Any Funds of the Company which may be established at a later date may, at the absolute discretion of the Directors, be allocated such portion of the formation expenses of the Company as the Directors consider to be fair in the circumstances.