

# Granahan Funds plc (the "Company")

The Company is an open-ended umbrella investment company with variable capital and segregated liability between its sub-funds and is organised under the laws of Ireland as a public limited company pursuant to the Companies Act 2014, as amended. The Company is authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (together the "UCITS Regulations"). The Company was incorporated on October 3, 2013 under registration number 533587.

## ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the financial year ended December 31, 2017

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**Granahan US Focused Growth Fund (GUSFGAA)**  
**Annual Report – December 31, 2017**  
**Investment Manager Commentary**

**2017 – In Brief, A Good Year**

The year 2017 turned out to be generally very good for equities across the globe, and U.S. Small Cap stocks participated nicely. The Granahan Focused Growth strategy generated strong returns, appreciating 33.6%, outperforming the 22.2% rise in the Russell 2000 Growth benchmark. Focused Growth's performance benefitted from style (secular growth was in favor) and execution (stock selection was positive in every sector). Below we provide some thoughts and perspective on the outlook for 2018, including comments on “**Trump Trade Redux -- Déjà Vu All Over Again,**” followed by attribution for 2017.

Technology, Financials, Consumer and Producer Durables were all positive contributors to performance in 2017, due to strong stock selection and favorable weighting decisions. The portfolio's under-exposure to Energy, Materials and Utilities also boosted relative performance.

**2018: Two FAQ's – Portfolio Positioning and Thoughts on the Outlook**

After nine years of strong markets post the 2008 Global Financial Crisis, and following a stellar 2017, it is tempting to ask what the market has in store for equities in 2018 (FAQ #1). Understandable, but I urge you to resist the temptation, as, per Ray Dalio, Founder of Bridgewater Associates:

*“He who lives by the crystal ball will eat shattered glass”*

As it relates to the market, if one could consistently get predicting the market right (i.e., "the crystal ball"), there would be no need for company analysis, stock analysis, or even asset allocation. One would simply go long levered derivatives most likely to benefit from the outlook implied by the crystal ball. However, for better or worse, I've not found anyone with a crystal ball that consistently works well, let alone one that is perfect. If Ray Dalio, arguably the most successful macro investor ever, eschews crystal balls, that's enough for me to “just say no” to the temptation to look for one.

**Trump Trade Redux – Déjà Vu All Over Again**  
**A.K.A., “But What about Tax Reform?”**

FAQ #2: “O.K.,” you may say, “I hear you already on crystal balls. But what about Tax Reform? Shouldn't we rotate out of growth stocks and into stocks of companies that will benefit from Tax Reform?”

Short Answer: No.

Longer Answer: The final few weeks of 2017 were, in many respects, a repeat of what occurred in the stock market in Q4 2016 in the wake of the election of Donald Trump. Investors rotated into stocks that could benefit from lower corporate and individual taxes, higher interest rates, less regulation, and more infrastructure spending. Throughout most of 2017, these same stocks lagged but then gained new life as the prospects of tax reform grew more likely. With the passage of tax reform, investors are trying to gauge how to value stocks of companies that are enjoying a boost from the bill (from lower corporate taxes, accelerated depreciation, and a likely jolt of consumer spending), but for whom long-term growth prospects remain challenged (think, for example, stocks of coal mining companies such as Arch Coal (ARCH)). This repricing may well persist into 2018 and provide a temporary growers' bottom lines and stock prices. However, investors will inevitably re-focus on companies' prospects to deliver growth that sustains beyond 2018, which is critical to stock performance, as investor expectations for future growth is a significant driver of stock valuations.

Part of the reason that I have little faith that rotating from sector-to-sector or from asset class-to-asset class can generate reliably attractive returns, is that such efforts require not just one decision, but several. Say for example, one is feeling “nervous” about the market and wishes to conservatize. Perhaps it would be smart to sell out of long-only equities and rotate into market-neutral long-short hedge funds. This involves 4 decisions in the first phase: 1) What asset class to sell? (say long-only equities); 2) When? (now); 3) What asset class to buy? (say long-short equities); 4) When? (now). Assuming the above works out (or not), and one believes that over time long-only strategies will substantially outperform long-short, then the critical next series of decisions involves when to reverse the trade.

**Granahan US Focused Growth Fund (GUSFGAA)**  
**Annual Report – December 31, 2017**  
**Investment Manager Commentary (continued)**

Over the course of say 15 or 20 years, a long-term investor, such as an endowment or foundation, may be faced with 3-4 cycles of these decisions. Market timing is difficult, especially given human nature. Many investors conservatized portfolios after the market dropped in the Global Financial Crisis, and then were faced with the challenging decision of when to de-conservatize their portfolios. As I've noted in several previous letters, illustrative of such risks is Warren Buffett's famous \$1 million bet with a basket of hedge funds. Recall this 10-year wager started on 12/31/07—almost ideal timing for the hedge funds since it came shortly before the market collapsed a few months later. And yet, with the final results now in, Buffett's S&P Index Fund's 7.1% compound annual return *more than tripled* the 2.2% returned by the basket of hedge funds.

We've yet to find the perfect crystal ball, and without one, market timing/rotation is at best very challenging. Luckily, we operate with a philosophy and in an asset class where generating attractive returns can be achieved nonetheless. We focus on companies with solid balance sheets, strong customer value propositions, and open-ended growth opportunities. Should these companies grow 15%, 20%, 25% per annum over the next 3-7 years as we expect, they will undoubtedly capture a greater share of the economy (which observers hope will grow 2%-3% per annum). We believe coupling this focus on secular growth companies (aka "Desert Island" companies) with our strict valuation discipline centered on risk/reward and probability-weighted expected returns, is a durable way to generate strong investment results. Thus, while you shouldn't expect us to unveil economic prognostications or asset allocation recommendations, you can expect us to remain diligently dedicated to executing the philosophy and process that is the hallmark of the Granahan Focused Growth investment strategy.

In closing, on behalf of the entire team at Granahan Investment Management, I'd like to thank you for entrusting us with the management of your capital and wish you a prosperous, enjoyable, fulfilling, and peaceful 2018.

Sincerely,

Andrew L. Beja, CFA  
dbeja@granahan.com  
(781) 902-1409

**Granahan US Small Cap Discoveries Fund (GUSDFUA)**  
**Annual Report – December 31, 2017**  
**Investment Manager Commentary**

$$H=R-E$$

***(Happiness = Reality – Expectations)***  
*Secret formula to life ... and investing*

The simple formula above is something we have referred to many times to steady our hand when considering investment opportunities.

If you take a moment and run a few real world examples through the formula, its simplicity is apparent. For example – you are expecting socks for your birthday and you are surprised with a trip to a warm resort in the dead of winter. The reality of the trip beats the expectation of the socks, and you are very happy.

Investing work this way as well. When investors are expecting \$1.00 in earnings and the company reports \$2.00, reality is better than expectations and the stock rises.

Going into 2017, expectations were very low. They were low for a Trump presidency, for the US and world economies, and low for world stability and safety.

The beautiful thing about the  $H=R-E$  formula is that, in the absolute, it does not matter what reality is if expectations are low enough.

The reality of the Trump presidency to date, the state of the world economies and geopolitical issues only had to exceed the low expectations. They did. And, the equity markets were very good. And some were confused by this strength.

Looking forward, even with the recently passed tax legislation, expectations for the Trump presidency remain low. And, it is only very recently that observers are acknowledging the better-than-expected economies. No guarantees, but this bodes well for the  $H=R-E$  formula in 2018.

Importantly for our clients, no matter the macro picture, the changes and opportunities being enabled by innovation continue to provide good opportunities for the Discoveries portfolio.

### **Performance**

Since its inception date of June 30, 2017 the GIM Small Cap US Discoveries UCITS strategy was up 16.3% versus its Russell 2000 Growth Index benchmark which was up 11.1%. While outcomes are certainly relevant, the most important measure to us is whether or not we are following a repeatable process that can exploit the opportunities continually presented to us in small cap stocks. The philosophy and process of Small Cap Discoveries revolve around the opportunity for superior stock selection in the small and microcap universe, where there is the potential to differentiate oneself by capturing big winners and avoiding big losers. A key part of avoiding big losers is owning good businesses that are unlikely to turn into pumpkins, and critical to that is matching facts to the narratives in the marketplace. An integral part of portfolio construction is our use of LifeCycles to diversify the portfolio across different performance drivers.

**Granahan US Small Cap Discoveries Fund (GUSDFUA)**  
**Annual Report – December 31, 2017**  
**Investment Manager Commentary (continued)**

**LIFECYCLES**

The LifeCycle tool assists us to diversify the portfolio across innovative emerging growth companies, as well as high quality companies that may be temporarily affected by negative investor sentiment. Typical weights are 25% each in Core Growth and Pioneers and 50% in Special Situations. Special Situations are more prevalent in the smaller cap spectrum of the market, because lack of critical mass often precludes them from the consistency in financial results that core growth investors prefer.

<b>LifeCycle Weightings</b>	<b>12/31/2017</b>	<b>8/07/2017</b>
Pioneer ( <i>earlier stage companies, creating new markets</i> )	28%	33%
Core Growth ( <i>recurring revenues, visibility on earnings, solid record of strong earnings growth</i> )	27%	27%
Special Situations ( <i>companies with prosaic record, internal or external factor that will accelerate earnings growth</i> )	42%	39%
Cash	4%	1%

The opportunities that we uncovered over the course of 2017 were heavily weighted to the Pioneer category, which, along with strong performance in that area, led us to take some profit in Pioneers. Typically the weights are a derivative of where we are finding opportunities.

**Performance Discussion**

One way we measure our success in process is by looking at the contribution to our performance from big winners, and the detraction to performance from big losers. The way we measure whether we are buying good businesses is by looking at the contribution from stocks that get bought out (a proxy for an attractive asset).

We normally expect our performance to be driven by a few top performing stocks while our losses in the bottom 15% to be contained, with the remaining stocks in the portfolio more neutral to performance. This was the case with respect to the top and bottom performers; however, in 2017, security selection throughout the portfolio, specifically in Healthcare, coupled with five buyouts, helped drive performance of the overall portfolio.

We had 5 buyouts this past year, suggesting that we are buying good businesses. Over the last 5 years we have had 3-4 buyouts a year, with the exception of 2015, when we had none.

**Granahan US Small Cap Discoveries Fund (GUSDFUA)**  
**Annual Report – December 31, 2017**  
**Investment Manager Commentary (continued)**

*Where do we go from here?*

2017 was a good year for investors and for our clients invested in the Small Cap Discoveries strategy. Our process, when executed, works. We continue to focus on execution of the process, avoid complacency, and we continue to seek investment opportunities.

In past letters we have discussed the advantages and benefits of investing in smaller U.S. publicly-traded companies. This is a great time to be involved in the biotech industry because it is primed for productivity with the technology advances over the last 10 years. Our newly found energy independence, while it created plunging oil prices and pain for some industries, will be a positive over the long run, bringing manufacturing back to the U.S. and providing more cash for the consumer and more optionality in geopolitical actions. Lower tax rates will also bring capital and jobs back to the U.S. The internet and cloud provide opportunities for new business models in consumer, B2B, security and reliability of the internet. More may change in the next 10 years than we saw in the last 20, and change always creates opportunity.

Expectations have risen in many areas but remain muted in others. Just as investors have low expectations for the Trump Presidency, and muted expectations for the world economies and world stability, they are also cautious on the markets. This can create a mismatch between potential reality and expectations. Even within a sector like biotech, which has performed well, there are areas that are in great favor with investors and areas that are not, creating opportunities to exploit. There are such opportunities in many sectors.

The Small Cap Discoveries strategy provides the investor with a portfolio of some of the most innovative and exciting companies in the small and micro-cap market, and the GIM investment process works to ensure that the stocks of these companies are owned at the right time for our investors.

Thank you for your confidence.

Gary C. Hatton, CFA  
Chief Investment Officer  
Portfolio Manager

Disclosure:

*The information provided in this commentary should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.*

## **DIRECTORS' REPORT**

### **For the financial year ended December 31, 2017**

The directors of the Company (the "Directors") present their annual report for the financial year ended December 31, 2017.

#### **Directors' Responsibilities Statement in respect of the Financial Statements**

The Directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014, as amended and the applicable regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with U.S. Generally Accepted Accounting Principles ("US GAAP") ("relevant financial reporting framework").

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014, as amended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable to ensure that the financial statements and directors' report comply with the Companies Act 2014, as amended and with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2015 (as amended) and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Date of Incorporation**

The Company was incorporated on October 3, 2013 and was authorized as an Undertaking for Collective Investment in Transferable Securities ("UCITS") by the Central Bank of Ireland on December 5, 2013.

The Company is an umbrella investment company with segregated liability between sub-funds and variable capital. As at December 31, 2017 the Company has two operating sub-funds in existence: Granahan US Focused Growth Fund was launched on April 11, 2014 and Granahan US Small Cap Discoveries Fund was launched on June 30, 2017.

#### **Principal Activities and future developments**

The Company intends to provide investors with a choice of Funds offering an array of investment objectives. Granahan US Focused Growth Fund and Granahan US Small Cap Discoveries Fund aim to achieve their investment objectives while spreading investment risks through investment in transferable securities or liquid financial assets or collective investment schemes or other permitted investments in accordance with the Regulations.

#### **Review of Development of the Business and Future Developments**

A detailed review of the business and potential future development is included in the Investment Manager's Reports, from page 1 to page 5.

**DIRECTORS' REPORT - continued**  
**For the financial year ended December 31, 2017**

**Statement of Audit Information**

The Directors confirm that during the financial year end 31 December 2017:

- a) So far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and
- b) The Directors have taken all steps that ought to have been taken by the Directors in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Significant Events During the financial year**

On 20 March 2017 the investment manager announced that it had ended its 31 year relationship as sub-advisor for Vanguard. This reduced the investment manager's Assets Under Management at this date from \$3.0bn to \$1.1bn. The Investment Manager remains committed to the Fund and does not anticipate any impact to the service level received by the Fund, or its other clients, as a result of this development.

Granahan US Small Cap Discoveries Fund launched on June 30, 2017.

**Significant events after the financial year end**

There were no significant events after the financial year end.

**Connected Parties**

In accordance with the requirements of Central Bank (Supervision and Enforcement) Act 2013, Regulation 41 S.I. No. 420 ("Transactions involving Connected Persons"), the Directors confirm that there are arrangements in place, evidenced by written procedures, to ensure that any transactions carried out with the Company by its investment manager, investment adviser, depository and/or associated or group companies of these ("Connected Parties") are carried out as if negotiated at arm's length and are in the best interests of the shareholders (the "Shareholders"). The Directors are satisfied that the transactions with Connected Parties during the financial year were carried out as if negotiated at arm's length and in the best interests of the Shareholders.

**Directors Compliance Statement**

The Directors acknowledge that they are responsible for securing the company's compliance with the relevant obligations as set out in section 225 of the Companies Act 2014, as amended which includes drawing up a compliance policy statement that sets out the company's policies respecting compliance by the company with its relevant obligations, putting in place appropriate arrangements or structures that are designed to secure material compliance with the company's relevant obligations and conducting an annual review during the financial year of any arrangements or structures referred to that have been put into place.

**Corporate Governance Code**

The Board adopted the voluntary Irish Funds Corporate Governance Code for Collective Investment Schemes and Management Companies (the "Code") on October 3, 2013 (the date of incorporation). The Board has reviewed and assessed the measures included in the Code and considers its corporate governance practices and procedures since its adoption of the Code as consistent therewith.

**Business Review**

A comprehensive overview of the Company's trading activities is detailed in the Investment Manager's Report.

**Risk management objectives and policies**

Investment in the Company carries with it a degree of risk including, but not limited to, the risks referred to in note 9 of these audited financial statements.

**Dividends**

No dividends were announced or paid by the Company during the financial year ended December 31, 2017.

**DIRECTORS' REPORT - continued**  
**For the financial year ended December 31, 2017**

**Key Performance Indicator**

The financial position at and for the financial year ended December 31, 2017 is shown in the Statement of Assets and Liabilities and Statement of Operations on pages 20 to 25. Performance statistics for 2017 are detailed on pages 29 to 30.

The total Net Asset Value of the Company increased from \$28,206,650 to \$30,686,663 during the financial year. The Directors believe that these are key indicators of the performance of the Company. A detailed review of the business and future developments is included in the Investment Manager's Reports from page 3 to 5.

**Directors**

The names of the persons who were Directors during the financial year ended December 31, 2017 are listed in the Directory on pages 53 to 54. All Directors are non-executive Directors.

**Directors' and Company Secretary's interests**

Directors' and Company Secretary's interests in the share capital of the Company are disclosed in note 11.

None of the Directors, secretary or their families or nominees held any redeemable shares as at 31 December 2017 or as at 31 December 2016.

**Audit Committee**

The Directors have decided not to establish an audit committee pursuant to section 167(2)(b) of the Companies Act, 2014, as amended.

This has been decided on the basis of the following:

- a) the nature, scale and complexity of the Company's business range of services and activities undertaken in the course of that business;
- b) the resources available to the Company and the resources and expertise of the various third parties engaged to support the Company and carry out certain functions on its behalf; and
- c) the procedures in place for the review, approval and circulation of the audited financial accounts and statements which are appropriate for a self-managed investment company pursuant to the UCITS Regulations.

**Accounting Records**

To ensure that adequate accounting records are kept in accordance with Section 281 to 285 of the Companies Act 2014, as amended, the Directors have employed RBC Investor Services Ireland Limited as administrator. The books of account are maintained at the offices of the Administrator at 4th Floor, One George's Quay Plaza, George's Quay, Dublin 2, Ireland.

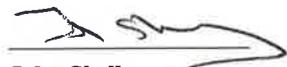
**Independent Auditors**

In accordance with Section 383(2) of the Companies Act 2014, as amended, Deloitte, Chartered Accountants and Statutory Audit Firm have been appointed as Independent Auditor, and have signified their willingness to continue in office.

**Signed on behalf of the Board**



**Vincent Dodd**  
**Director**  
**March 21, 2018**



**John Skelly**  
**Director**  
**March 21, 2018**



**Report of the Depositary to the Shareholders  
For the year ended 31 December 2017**

As required by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) ("the Regulations") and solely within the context of our oversight duties as depositary, we are pleased to present our report as follows.

In our opinion, Granahan Funds plc (the "Company") has been managed for the year ended 31 December 2017:

- (i) In accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association and the Regulations; and
- (ii) Otherwise in accordance with the provisions of the Memorandum & Articles of Association and the Regulations.



**RBC INVESTOR SERVICES BANK S.A.  
DUBLIN BRANCH**

**Date: 12 March 2018**

**GRANAHAN FUNDS PLC**

**GRANAHAN US FOCUSED GROWTH FUND  
SCHEDULE OF INVESTMENTS  
December 31, 2017**

(expressed in USD) Description	Quantity	Currency	Fair Value	% net assets
<b>A) TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>				
<b>1) LISTED SECURITIES : SHARES</b>				
CANADA				
IMAX Corp	35,770	USD	828,075	3.25
			<u>828,075</u>	<u>3.25</u>
GREAT BRITAIN				
Mimecast Ltd	26,300	USD	754,020	2.96
			<u>754,020</u>	<u>2.96</u>
ISRAEL				
Kornit Digital Ltd	50,843	USD	821,114	3.22
SodaStream International Ltd	12,070	USD	849,004	3.33
Wix.com Ltd	5,980	USD	344,149	1.35
			<u>2,014,267</u>	<u>7.90</u>
UNITED STATES (U.S.A.)				
2U Inc	24,668	USD	1,591,333	6.25
Acxiom Corp	28,260	USD	778,846	3.06
Amber Road Inc	74,228	USD	544,834	2.14
Appian Corp	1,650	USD	51,942	0.20
Axon Enterprise Inc	14,600	USD	386,900	1.52
Box Inc	22,550	USD	476,256	1.87
Bright Horizons Family Solutions Inc	5,131	USD	482,314	1.89
Carbonite Inc	19,425	USD	487,568	1.91
Chegg Inc	31,800	USD	518,976	2.04
Chuy's Holdings Inc	27,400	USD	768,570	3.02
CoStar Group Inc	5,940	USD	1,763,883	6.92
Ebix Inc	7,647	USD	606,025	2.38
Echo Global Logistics Inc	21,270	USD	595,560	2.34
Everbridge Inc	11,320	USD	336,430	1.32
Evolent Health Inc	45,050	USD	554,115	2.18
Freshpet Inc	19,420	USD	368,009	1.44
Grand Canyon Education Inc	7,697	USD	689,112	2.71

The accompanying notes are an integral part of these financial statements.

**GRANAHAH FUNDS PLC**

**GRANAHAH US FOCUSED GROWTH FUND  
SCHEDULE OF INVESTMENTS - continued  
December 31, 2017**

(expressed in USD) Description	Quantity	Currency	Fair Value	% net assets
<b>A) TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING (continued)</b>				
<b>1) LISTED SECURITIES : SHARES (continued)</b>				
UNITED STATES (U.S.A.) (continued)				
HubSpot Inc	6,884	USD	608,546	2.39
Impinj Inc	10,830	USD	244,000	0.96
InnerWorkings Inc	66,829	USD	670,295	2.63
LendingTree Inc	750	USD	255,338	1.00
Liquidity Services Inc	20,860	USD	101,171	0.40
LivePerson Inc	133,400	USD	1,534,100	6.02
Match Group Inc	5,230	USD	163,751	0.64
MINDBODY Inc	13,450	USD	409,553	1.61
OSI Systems Inc	11,455	USD	737,473	2.89
Paycom Software Inc	6,985	USD	561,105	2.20
Paylocity Holding Corp	8,103	USD	382,137	1.50
PDF Solutions Inc	15,464	USD	242,785	0.95
SPS Commerce Inc	7,141	USD	346,981	1.36
Strayer Education Inc	10,600	USD	949,548	3.73
Teladoc Inc	28,265	USD	985,035	3.87
Trade Desk Inc	9,050	USD	413,857	1.62
Ultimate Software Group Inc	3,540	USD	772,534	3.03
Upland Software Inc	9,420	USD	204,037	0.80
Virtusa Corp	15,060	USD	663,845	2.61
Zendesk Inc	6,741	USD	228,115	0.90
			<u>21,474,879</u>	<u>84.30</u>
<b>TOTAL LISTED SECURITIES : SHARES</b>			<b><u>25,071,241</u></b>	<b><u>98.41</u></b>
<b><u>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</u></b>			<b><u>25,071,241</u></b>	<b><u>98.41</u></b>
<b>TOTAL INVESTMENTS</b>			<b>25,071,241</b>	<b>98.41</b>
<b>OTHER ASSETS</b>			<b>1,086,185</b>	<b>4.26</b>
<b>OTHER LIABILITIES</b>			<b>(680,273)</b>	<b>(2.67)</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES</b>			<b><u>25,477,153</u></b>	<b><u>100.00</u></b>

The accompanying notes are an integral part of these financial statements.

**GRANAHAN FUNDS PLC**

**GRANAHAN US FOCUSED GROWTH FUND  
SCHEDULE OF INVESTMENTS - continued  
December 31, 2017**

At December 31, 2017 sector diversification of the Fund was as follows:

	<b>%net of Net Assets</b>	<b>Value</b>
<b>Common stock</b>		
Business Houses	2.14	\$ 544,834
Consumer Goods	3.33	849,004
Electronic Semiconductor	6.32	1,611,158
Food and Distilleries	1.44	368,009
Graphic Art and Publishing	5.85	1,491,409
Healthcare Education & Social Services	11.67	2,971,012
Holding and Finance Companies	5.52	1,406,045
Internet Software	48.10	12,250,824
Leisure	0.64	163,751
News Transmission	5.12	1,304,331
Other Services	8.28	2,110,864
<b>TOTAL INVESTMENTS</b>	<b>98.41</b>	<b>25,071,241</b>
Other Assets and Cash in Excess of Liabilities	1.59	405,912
<b>TOTAL NET ASSETS</b>	<b>100.00</b>	<b>\$ 25,477,153</b>

<b>Analysis of Total Assets</b>	<b>% of Total Assets</b>
Transferable Securities Admitted To An Official Stock Exchange or traded on a regulated market	95.85
Current Assets	4.15
<b>TOTAL</b>	<b>100.00</b>

**GRANAHAN FUNDS PLC**

**GRANAHAN US SMALL CAP DISCOVERIES FUND  
SCHEDULE OF INVESTMENTS - continued  
December 31, 2017**

(expressed in USD) Description	Quantity	Currency	Fair Value	% net assets
<b>A) TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>				
<b>1) LISTED SECURITIES : SHARES</b>				
<b>BELGIUM</b>				
Ablynx NV	2,250	USD	56,227	1.09
			<u>56,227</u>	<u>1.09</u>
<b>CAYMAN ISLANDS</b>				
Atlas Financial Holdings Inc	5,000	USD	102,750	1.99
			<u>102,750</u>	<u>1.99</u>
<b>GREAT BRITAIN</b>				
Oxford Immunotec Global PLC	6,200	USD	86,614	1.67
			<u>86,614</u>	<u>1.67</u>
<b>ISRAEL</b>				
Kornit Digital Ltd	3,700	USD	59,754	1.15
SodaStream International Ltd	2,050	USD	144,197	2.79
			<u>203,951</u>	<u>3.94</u>
<b>NETHERLANDS</b>				
Argenx SE	1,000	USD	63,140	1.22
			<u>63,140</u>	<u>1.22</u>
<b>SWITZERLAND</b>				
CRISPR Therapeutics AG	1,700	USD	39,915	0.77
			<u>39,915</u>	<u>0.77</u>
<b>UNITED STATES (U.S.A.)</b>				
Acceleron Pharma Inc	2,330	USD	98,885	1.91
Aerohive Networks Inc	11,050	USD	64,422	1.24
Akcea Therapeutics Inc	2,120	USD	36,802	0.71
Albany International Corp	1,400	USD	86,030	1.66
AngioDynamics Inc	7,050	USD	117,242	2.27

The accompanying notes are an integral part of these financial statements.

**GRANAHAN FUNDS PLC**

**GRANAHAN US SMALL CAP DISCOVERIES FUND**

**SCHEDULE OF INVESTMENTS - continued**

**December 31, 2017**

(expressed in USD) Description	Quantity	Currency	Fair Value	% net assets
<b>A) TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>				
<b>(continued)</b>				
<b>1) LISTED SECURITIES : SHARES (continued)</b>				
AVEO Pharmaceuticals Inc	8,600	USD	23,994	0.46
Axon Enterprise Inc	4,550	USD	120,575	2.33
Brooks Automation Inc	5,190	USD	123,782	2.39
Calavo Growers Inc	1,120	USD	94,528	1.83
Cancer Genetics Inc	15,400	USD	28,490	0.55
Cardiovascular Systems Inc	3,050	USD	72,255	1.40
Care.com Inc	3,600	USD	64,944	1.25
CEVA Inc	1,050	USD	48,458	0.94
Computer Task Group Inc	8,800	USD	44,880	0.87
CONMED Corp	1,250	USD	63,713	1.23
CytomX Therapeutics Inc	1,100	USD	23,220	0.45
DMC Global Inc	4,730	USD	118,487	2.29
Douglas Dynamics Inc	3,900	USD	147,420	2.85
Echo Global Logistics Inc	5,850	USD	163,800	3.17
Editas Medicine Inc	1,250	USD	38,413	0.74
Enanta Pharmaceuticals Inc	980	USD	57,506	1.11
Enservco Corp	80,000	USD	51,512	1.00
Ensign Group Inc	5,220	USD	115,884	2.24
Exact Sciences Corp	850	USD	44,659	0.86
Extreme Networks Inc	5,400	USD	67,608	1.31
Fulgent Genetics Inc	12,600	USD	55,188	1.07
GSV Capital Corp	3,510	USD	19,129	0.37
Harvard Bioscience Inc	14,800	USD	48,840	0.94
Heritage Insurance Holdings Inc	4,600	USD	82,892	1.60
HTG Molecular Diagnostics Inc	27,600	USD	56,028	1.08
Intellia Therapeutics Inc	1,550	USD	29,791	0.58
Invacare Corp	7,650	USD	128,903	2.49
Jounce Therapeutics Inc	1,450	USD	18,487	0.36
Kaman Corp	2,000	USD	117,680	2.27
Kindred Biosciences Inc	7,450	USD	70,403	1.36
Kinsale Capital Group Inc	1,770	USD	79,650	1.54
Lawson Products Inc	4,950	USD	122,513	2.37
MacroGenics Inc	2,500	USD	47,500	0.92
Modine Manufacturing Co	3,650	USD	73,730	1.41
Nektar Therapeutics	1,625	USD	97,045	1.88
NeoGenomics Inc	11,850	USD	104,991	2.03
Pacific Premier Bancorp Inc	1,250	USD	50,000	0.97
Pacira Pharmaceuticals Inc	1,200	USD	54,780	1.06
Power Integrations Inc	850	USD	62,518	1.21

The accompanying notes are an integral part of these financial statements.

**GRANAHAN FUNDS PLC**

**GRANAHAN US SMALL CAP DISCOVERIES FUND  
SCHEDULE OF INVESTMENTS – continued  
December 31, 2017**

(expressed in USD) Description	Quantity	Currency	Fair Value	% net assets
<b>A) TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING (continued)</b>				
<b>1) LISTED SECURITIES : SHARES (continued)</b>				
PROS Holdings Inc	1,900	USD	50,255	0.97
Qualys Inc	950	USD	56,383	1.09
Rapid7 Inc	2,300	USD	42,918	0.83
RBC Bearings Inc	650	USD	82,160	1.59
Rudolph Technologies Inc	2,250	USD	53,775	1.04
Rush Enterprises Inc	2,200	USD	111,782	2.16
Safeguard Scientifics Inc	4,210	USD	47,152	0.91
Sangamo Therapeutics Inc	1,850	USD	30,340	0.59
Sotherly Hotels Inc	9,114	USD	58,785	1.14
STAG Industrial Inc	3,150	USD	86,090	1.65
Super Micro Computer Inc	1,150	USD	24,064	0.46
Tactile Systems Technology Inc	750	USD	21,734	0.42
Tennant Co	1,650	USD	119,873	2.32
Titan Machinery Inc	9,500	USD	201,115	3.89
Tocagen Inc	2,050	USD	21,012	0.40
Verastem Inc	6,300	USD	19,340	0.37
Vital Therapies Inc	9,150	USD	54,443	1.05
Viveve Medical Inc	6,750	USD	33,548	0.65
			<u>4,352,346</u>	<u>84.10</u>
<b>TOTAL LISTED SECURITIES : SHARES</b>			<u>4,904,943</u>	<u>94.78</u>
<b><u>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</u></b>			<u>4,904,943</u>	<u>94.78</u>
<b>TOTAL INVESTMENTS</b>			<b>4,904,943</b>	<b>94.78</b>
<b>OTHER ASSETS</b>			<b>310,171</b>	<b>5.99</b>
<b>OTHER LIABILITIES</b>			<b>(39,798)</b>	<b>(0.77)</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES</b>			<u><b>5,175,316</b></u>	<u><b>100.00</b></u>

The accompanying notes are an integral part of these financial statements.

**GRANAHAH FUNDS PLC**

**GRANAHAH US SMALL CAP DISCOVERIES FUND  
SCHEDULE OF INVESTMENTS - continued  
December 31, 2017**

At December 31, 2017 sector diversification of the Fund was as follows:

	<b>%net of Net Assets</b>	<b>Value</b>
<b>Common stock</b>		
Aerospace Technology	2.27	\$ 117,680
Agriculture and Fishing	1.83	94,528
Automobile Industry	3.57	185,512
Banks and Financial Institutions	3.00	154,991
Biotechnology	12.15	629,251
Business Houses	3.89	201,115
Consumer Goods	2.79	144,197
Electronic Semiconductor	7.43	384,714
Electronics and Electrical Equipment	1.59	82,006
Forest Products and Paper Industry	1.66	86,030
Graphic Art and Publishing	1.15	59,754
Healthcare Education and Social Services	4.40	227,805
Holding and Finance Companies	4.93	255,026
Insurance	1.54	79,650
Internet Software	6.87	355,133
Mechanics Machinery	8.57	443,033
Office Equipment Computers	2.55	132,030
Petrol	1.00	51,512
Pharmaceuticals and Cosmetics	17.95	928,681
Real Estate Companies	2.79	144,875
Transportation	2.85	147,420
<b>TOTAL INVESTMENTS</b>	<b>94.78</b>	<b>4,904,943</b>
Other Assets and Cash in Excess of Liabilities	5.22	270,373
<b>TOTAL NET ASSETS</b>	<b>100.00</b>	<b>\$ 5,175,316</b>
<hr/>		
<b>Analysis of Total Assets</b>		<b>% of Total Assets</b>
Transferable Securities Admitted To An Official Stock Exchange or traded on a regulated market		94.05
Current Assets		5.95
<b>TOTAL</b>		<b>100.00</b>

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GRANAHAN FUNDS PLC

### Report on the audit of the financial statements

#### Opinion on the financial statements of Granahan Funds plc ("the company")

In our opinion the company's financial statements present fairly, in all material respects, the financial position of the Company as of financial year end 31 December 2017, and the results of its operations and changes in net assets for the financial year then ended, in accordance with the relevant financial reporting framework and the applicable Regulations and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Assets and Liabilities;
- the Statement of Operations;
- the Statement of Changes in Net Assets;
- the Schedule of Investments;
- the Financial Highlights and
- the related notes 1 to 21, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and accounting principles generally accepted in the United States of America ("US GAAP") ("the relevant financial reporting framework").

The applicable regulations that have been applied in their preparation is the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2015 (as amended) ("the applicable Regulations").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GRANAHAN FUNDS PLC**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GRANAHAN FUNDS PLC

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the company's shareholders, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on other legal and regulatory requirements

#### Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The Statement of Assets and Liabilities and the Statement of Operations are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

#### Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Michael Hartwell  
For and on behalf of Deloitte  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 21/3/2018

**GRANAHAN FUNDS PLC**

**STATEMENT OF ASSETS AND LIABILITIES**  
As of December 31, 2017

	<b>Granahan US Focused Growth Fund December 31, 2017</b>	<b>Granahan US Focused Growth Fund December 31, 2016</b>
<b>Assets</b>		
Investments, at identified cost	\$20,807,078	\$25,470,758
Investments in securities, at fair value (See note 9)	\$25,071,241	\$27,608,763
Cash and cash equivalents (See note 10)	285,481	539,533
Dividends and interest receivable	393	1,156
Prepaid expenses and other assets	15,472	-
Receivable from Investment manager (See note 5)	784,839	401,805
<b>Total assets</b>	<b>26,157,426</b>	<b>28,551,257</b>
<b>Liabilities</b>		
Payable to Investment Manager (See note 5)	611,892	364,254
Directors fees payable	11,844	11,995
Auditor fees payable	13,234	14,010
Other accrued expenses	43,303	32,575
<b>Total liabilities</b>	<b>680,273</b>	<b>422,834</b>
<b>Net assets</b>	<b>\$25,477,153</b>	<b>\$28,128,423</b>
<b>Net assets consist of</b>		
Paid in capital	\$17,906,542	\$27,765,317
Undistributed net investment loss	(1,465,423)	(1,219,910)
Accumulated net realized gain/(loss) on investments and foreign currency related transactions	4,645,501	(661,735)
Net unrealized appreciation on investments and foreign currency related transactions	4,390,533	2,244,751
<b>Net assets</b>	<b>\$25,477,153</b>	<b>\$28,128,423</b>
<b>Adjustment due to write off of formation costs (See note 17, 18)</b>	<b>\$32,268</b>	<b>\$78,227</b>
<b>Total net assets for shareholding dealing</b>	<b>\$25,509,421</b>	<b>\$28,206,650</b>
<b>Class A USD Accumulating</b>		
Shares issued (See note 3)	161,945.15	239,243.27
Net asset value per share	\$157.52	\$117.90

\*Launched on June 30, 2017.

The accompanying notes are an integral part of these financial statements.

**GRANAHAN FUNDS PLC**

**STATEMENT OF ASSETS AND LIABILITIES – continued**  
**As of December 31, 2017**

	<b>Granahan US Small Cap Discoveries Fund*</b>
	<b>December 31, 2017</b>
<b>Assets</b>	
Investments, at identified cost	\$4,415,675
Investments in securities, at fair value (See note 9)	\$4,904,943
Cash and cash equivalents (See note 10)	149,054
Dividends and interest receivable	1,864
Prepaid expenses and other assets	2,166
Receivable from Investment manager (See note 5)	157,087
<b>Total assets</b>	<b>5,215,114</b>
<b>Liabilities</b>	
Payable to Investment Manager (See note 5)	14,257
Directors fees payable	1,401
Auditor fees payable	1,671
Other accrued expenses	22,469
<b>Total liabilities</b>	<b>39,798</b>
<b>Net assets</b>	<b>\$5,175,316</b>
<b>Net assets consist of</b>	
Paid in capital	\$4,538,795
Undistributed net investment loss	(21,265)
Accumulated net realized gain on investments and foreign currency related transactions	160,069
Net unrealized appreciation on investments and foreign currency related transactions	497,717
<b>Net assets</b>	<b>\$5,175,316</b>
<b>Adjustment due to write off of formation costs (See note 17, 18)</b>	<b>\$6,200</b>
<b>Adjustment of expense limitation fees</b>	<b>\$(4,274)</b>
<b>Total net assets for shareholding dealing</b>	<b>\$5,177,242</b>
<b>Class F USD Accumulating</b>	
Shares issued (See note 3)	445,315.93
Net asset value per share	\$11.63

\*Launched on June 30, 2017.

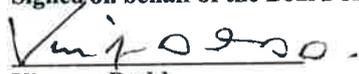
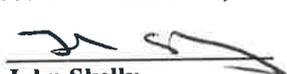
The accompanying notes are an integral part of these financial statements.

GRANAHAN FUNDS PLC

**STATEMENT OF ASSETS AND LIABILITIES – continued**  
**As of December 31, 2017**

	<b>Total</b> <b>December 31, 2017</b>	<b>Total</b> <b>December 31, 2016</b>
<b>Assets</b>		
Investments, at identified cost	\$25,222,753	\$25,470,758
Investments in securities, at fair value (See note 9)	\$29,976,184	\$27,608,763
Cash and cash equivalents (See note 10)	434,535	539,533
Dividends and interest receivable	2,257	1,156
Prepaid expenses and other assets	17,638	-
Receivable from Investment manager (See note 5)	941,926	401,805
<b>Total assets</b>	<b>31,372,540</b>	<b>28,551,257</b>
<b>Liabilities</b>		
Payable to Investment Manager (See note 5)	626,149	364,254
Directors fees payable	13,245	11,995
Auditor fees payable	14,905	14,010
Other accrued expenses	65,772	32,575
<b>Total liabilities</b>	<b>720,071</b>	<b>422,834</b>
<b>Net assets</b>	<b>\$30,652,469</b>	<b>\$28,128,423</b>
 <b>Net assets consist of</b>		
Paid in capital	\$22,445,337	\$27,765,317
Undistributed net investment loss	(1,486,688)	(1,219,910)
Accumulated net realized gain/(loss) on investments and foreign currency related transactions	4,805,570	(661,735)
Net unrealized appreciation on investments and foreign currency related transactions	4,888,250	2,244,751
<b>Net assets</b>	<b>\$30,652,469</b>	<b>\$28,128,423</b>
<b>Adjustment due to write off of formation costs (See note 17, 18)</b>	<b>\$38,468</b>	<b>\$78,227</b>
<b>Adjustment of expense limitation fees</b>	<b>\$(4,274)</b>	<b>-</b>
<b>Total net assets for shareholding dealing</b>	<b>\$30,686,663</b>	<b>\$28,206,650</b>

Signed on behalf of the Board of Directors on March 21, 2018:

 Vincent Dodd Director	 John Skelly Director
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The accompanying notes are an integral part of these financial statements.

**GRANAHAN FUNDS PLC**

**STATEMENT OF OPERATIONS**  
**For the financial year ended December 31, 2017**

	<b>Granahan US Focused Growth Fund</b>	<b>Granahan US Focused Growth Fund</b>
	<b>Financial year ended</b>	<b>Financial year ended</b>
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Investment income</b>		
Dividends	\$21,635	\$21,910
Dividend withholding tax	(6,491)	(6,573)
Other income	67,885	9,561
<b>Total investment income</b>	<b>83,029</b>	<b>24,898</b>
<b>Expenses (See note 5)</b>		
Investment Manager fees	247,638	295,322
Administration fees	79,570	88,900
Audit fees	18,720	16,995
Depositary fees	68,169	59,992
Directors' fees	52,574	46,923
Legal fees	110,360	96,189
Transaction costs (See note 7)	40,783	71,196
Other expenses (See note 8)	93,762	100,088
<b>Total expenses</b>	<b>711,576</b>	<b>775,605</b>
Expense reimbursement from Investment Manager (See note 5)	(383,034)	(333,188)
Net expenses	328,542	442,417
<b>Net investment loss</b>	<b>(245,513)</b>	<b>(417,519)</b>
<b>Realized and unrealized gain/(loss) on investments</b>		
Net realized gain/(loss) on:		
Investments	5,307,711	(139,098)
Foreign currency related transactions	(475)	(808)
Net change in unrealized appreciation on:		
Investments	2,145,782	3,354,883
<b>Net realized and unrealized gain on investments</b>	<b>7,453,018</b>	<b>3,214,977</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$7,207,505</b>	<b>\$2,797,458</b>

For the financial year ended December 31, 2017, there are no other gains or losses other than those included in the Statement of Operations. All income arises from continuing operations.

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF OPERATIONS – continued**  
**For the financial year ended December 31, 2017**

	<b>Granahan US Small Cap Discoveries Fund*</b> <b>Financial year ended December 31, 2017</b>
<b>Investment income</b>	
Dividends	\$11,116
Dividend withholding tax	(3,335)
Other income	4,128
<b>Total investment income</b>	<b>11,909</b>
<b>Expenses (See note 5)</b>	
Investment Manager fees	14,257
Administration fees	30,366
Audit fees	1,671
Depository fees	31,242
Directors' fees	4,280
Legal fees	29,558
Transaction costs (See note 7)	9,625
Other expenses (See note 8)	69,262
<b>Total expenses</b>	<b>190,261</b>
Expense reimbursement from Investment Manager (See note 5)	(157,087)
Net expenses	33,174
<b>Net investment loss</b>	<b>(21,265)</b>
<b>Realized and unrealized gain on investments</b>	
Net realized gain on:	
Investments	160,054
Foreign currency related transactions	15
Net change in unrealized appreciation on:	
Investments	497,717
<b>Net realized and unrealized gain on investments</b>	<b>657,786</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$636,521</b>

\*Launched on June 30, 2017.

For the financial year ended December 31, 2017, there are no other gains or losses other than those included in the Statement of Operations. All income arises from continuing operations.

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF OPERATIONS – continued**  
**For the financial year ended December 31, 2017**

	<b>Total</b>	<b>Total</b>
	<b>Financial year ended</b>	<b>Financial year ended</b>
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Investment income</b>		
Dividends	\$32,751	\$21,910
Dividend withholding tax	(9,826)	(6,573)
Other income	72,013	9,561
<b>Total investment income</b>	<b>94,938</b>	<b>24,898</b>
<b>Expenses (See note 5)</b>		
Investment Manager fees	261,895	295,322
Administration fees	109,936	88,900
Audit fees	20,391	16,995
Depositary fees	99,411	59,992
Directors' fees	56,854	46,923
Legal fees	139,918	96,189
Transaction costs (See note 7)	50,408	71,196
Other expenses (See note 8)	163,024	100,088
<b>Total expenses</b>	<b>901,837</b>	<b>775,605</b>
Expense reimbursement from Investment Manager (See note 5)	(540,121)	(333,188)
Net expenses	361,716	442,417
<b>Net investment loss</b>	<b>(266,778)</b>	<b>(417,519)</b>
<b>Realized and unrealized gain/(loss) on investments</b>		
Net realized gain/(loss) on:		
Investments	5,467,765	(139,098)
Foreign currency related transactions	(460)	(808)
Net change in unrealized appreciation on:		
Investments	2,643,499	3,354,883
<b>Net realized and unrealized gain on investments</b>	<b>8,110,804</b>	<b>3,214,977</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$7,844,026</b>	<b>\$2,797,458</b>

For the financial year ended December 31, 2017, there are no other gains or losses other than those included in the Statement of Operations. All income arises from continuing operations.

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS**  
**For the financial year ended December 31, 2017**

	Granahan US Focused Growth Fund Financial year ended December 31, 2017	Granahan US Focused Growth Fund Financial year ended December 31, 2016
<b>Operations</b>		
Net investment loss	\$ (245,513)	\$ (417,519)
Net realized gain/(loss) on investments and foreign currency related transactions	5,307,236	(139,906)
Net change in unrealized appreciation on investments and foreign currency transactions	2,145,782	3,354,883
<b>Net increase in net assets resulting from operations</b>	<b>7,207,505</b>	<b>2,797,458</b>
<b>Capital Share Transactions (See note 3)</b>		
Proceeds from shares sold		
Class A USD Accumulating	2,966,900	10,315,979
Class A USD Distributing	231,410	-
Cost of shares redeemed		
Class A USD Accumulating	(12,809,778)	(22,753,288)
Class A USD Distributing	(247,307)	-
<b>Net decrease in net assets from capital share</b>	<b>\$(9,858,775)</b>	<b>\$(12,437,309)</b>
<b>Distributions to Shareholders</b>		
Class A USD Accumulating	-	-
Class A USD Distributing	-	-
Total distributions	-	-
<b>Total decrease in net assets</b>	<b>\$ (2,651,270)</b>	<b>\$ (9,639,851)</b>
<b>Net assets Beginning of financial year</b>	<b>\$ 28,128,423</b>	<b>\$ 37,768,274</b>
<b>Net assets End of financial year</b>	<b>\$ 25,477,153</b>	<b>\$ 28,128,423</b>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS – continued**  
**For the financial year ended December 31, 2017**

	<b>Granahan US Small Cap Discoveries Fund*</b> <b>Financial year ended December 31, 2017</b>
<b>Operations</b>	
Net investment loss	\$ (21,265)
Net realized loss on investments and foreign currency related transactions	160,069
Net change in unrealized appreciation on investments and foreign currency transactions	<u>497,717</u>
<b>Net increase in net assets resulting from operations</b>	<b><u>636,521</u></b>
<b>Capital Share Transactions (See note 3)</b>	
Proceeds from shares sold	
Class F USD Accumulating	4,703,005
Cost of shares redeemed	
Class F USD Accumulating	<u>(164,210)</u>
<b>Net increase in net assets from capital share</b>	<b><u>\$ 4,538,795</u></b>
<b>Distributions to Shareholders</b>	
Class F USD Accumulating	<u>-</u>
Total distributions	<u>-</u>
<b>Total increase in net assets</b>	<b><u>\$ 5,175,316</u></b>
<b>Net assets Beginning of financial year</b>	<u>-</u>
<b>Net assets End of financial year</b>	<b><u>\$ 5,175,316</u></b>

\*Launched on June 30, 2017.

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS – continued**  
**For the financial year ended December 31, 2017**

	Total Financial year ended December 31, 2017	Total Financial year ended December 31, 2016
<b>Operations</b>		
Net investment loss	\$ (266,778)	\$ (417,519)
Net realized gain/(loss) on investments and foreign currency related transactions	5,467,305	(139,906)
Net change in unrealized appreciation on investments and foreign currency transactions	2,643,499	3,354,883
<b>Net increase in net assets resulting from operations</b>	<b>7,844,026</b>	<b>2,797,458</b>
<b>Capital Share Transactions (See note 3)</b>		
Proceeds from shares sold		
Class A USD Accumulating	2,966,900	10,315,979
Class A USD Distributing	231,410	-
Class F USD Accumulating	4,703,005	-
Cost of shares redeemed		
Class A USD Accumulating	(12,809,778)	(22,753,288)
Class A USD Distributing	(247,307)	-
Class F USD Accumulating	(164,210)	-
<b>Net decrease in net assets from capital share</b>	<b>\$ (5,319,980)</b>	<b>\$ (12,437,309)</b>
<b>Distributions to Shareholders</b>		
Class A USD Accumulating	-	-
Class A USD Distributing	-	-
Class F USD Accumulating	-	-
Total distributions	-	-
<b>Total increase/(decrease) in net assets</b>	<b>\$ 2,524,046</b>	<b>\$ (9,639,851)</b>
<b>Net assets Beginning of financial year</b>	<b>\$ 28,128,423</b>	<b>\$ 37,768,274</b>
<b>Net assets End of financial year</b>	<b>\$ 30,652,469</b>	<b>\$ 28,128,423</b>

The accompanying notes are an integral part of these financial statements.

**FINANCIAL HIGHLIGHTS**

**For a share outstanding throughout the financial year ended December 31, 2017 and comparatives  
for the financial year ended 31 December 2016:**

**Granahan US Focused Growth Fund**

<b>Class A USD Accumulating</b>	<b>December 2017</b>	<b>December 2016</b>
<b>Net Asset Value – Beginning of Financial Year</b>	\$117.90	\$101.74
<b>Income from Investment Operations</b>		
Net investment loss	(1.38)	(1.19)
Net realized and unrealized gain on investments	41.00	17.35
Total from investment operations	<u>\$39.62</u>	<u>\$16.16</u>
<b>Net Asset Value – End of Financial Year</b>	<u>\$157.52</u>	<u>\$117.90</u>
<b>Total Return</b>	33.60%	15.88%
<b>Ratios and Supplemental Data</b>		
Net assets, end of financial year (thousands)	\$25,477	\$28,128
Ratio of expenses to average net assets: <sup>(1)</sup>		
After expense reimbursement	1.35%	1.25%
Before expense reimbursement	2.90%	2.38%
Ratio of net investment income to average net assets: <sup>(1)</sup>		
After expense reimbursement	(0.83)%	(1.17)%
Before expense reimbursement	(2.38)%	(2.30)%

<b>Class A USD Distributing</b>	<b>December 2017</b>
<b>Net Asset Value – Beginning of Financial Year</b>	\$100.00
<b>Income from Investment Operations</b>	
Net investment loss	(0.44)
Net realized and unrealized loss on investments	(99.56)
Total from investment operations	<u>\$ (100.00)</u>
<b>Net Asset Value – End of Financial Year</b>	<u>-</u>
<b>Total Return</b>	
<b>Ratios and Supplemental Data</b>	
Net assets, end of financial year (thousands)	\$25,477
Ratio of expenses to average net assets: <sup>(1)</sup>	
After expense reimbursement	1.35%
Before expense reimbursement	2.94%
Ratio of net investment income to average net assets: <sup>(1)</sup>	
After expense reimbursement	(1.06)%
Before expense reimbursement	(2.65)%

The accompanying notes are an integral part of these financial statements.

**FINANCIAL HIGHLIGHTS**

**For a share outstanding throughout the financial year ended December 31, 2017 and comparatives  
for the financial year ended 31 December 2016:**

**Granahan US Small Cap Discoveries Fund\***

Class F USD Accumulating	<u>December 2017</u>
<b>Net Asset Value – Beginning of Financial Year</b>	\$10.00
<b>Income from Investment Operations</b>	
Net investment loss	(0.01)
Net realized and unrealized gain on investments	1.64
Total from investment operations	<u>1.63</u>
<b>Net Asset Value – End of Financial Year</b>	<u>\$11.63</u>
<b>Total Return</b>	16.30%
<b>Ratios and Supplemental Data</b>	
Net assets, end of financial year (thousands)	\$5,175
Ratio of expenses to average net assets: <sup>(1)</sup>	
After expense reimbursement	1.62%
Before expense reimbursement	9.29%
Ratio of net investment income to average net assets: <sup>(1)</sup>	
After expense reimbursement	(1.04)%
Before expense reimbursement	(8.71)%

\*Launched on June 30, 2017.

(1) Annualized.

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended December 31, 2017**

**1. Organization**

The Company is an open-ended umbrella investment company with variable capital and segregated liability between its sub-funds and is organised under the laws of Ireland as a public limited company pursuant to the Companies Act 2014, as amended. The Company is authorised by the Central Bank of Ireland pursuant to the UCITS Regulations.

The Company was incorporated on October 3, 2013 under registration number 533587.

The Directors have established two sub-funds (the “Funds”):

- Granahan US Focused Growth Fund
- Granahan US Small Cap Discoveries Fund

Granahan US Focused Growth Fund commenced operations on April 11, 2014 and Granahan US Small Cap Discoveries Fund commenced operations on June 30, 2017.

The investment objective of Granahan US Focused Growth Fund is to seek capital appreciation through investment in a limited number of small, dynamic and sustainable growth companies and to outperform the Russell 2000 Growth Index.

The investment objective of Granahan US Small Cap Discoveries Fund is to seek capital appreciation through investment in small, dynamic and emerging growth companies.

A portfolio of assets is maintained for each sub-fund and invests in accordance with its investment objectives and policies.

**2. Significant Accounting Policies**

The following is a summary of significant accounting policies consistently followed by the Company in the preparation of its financial statements. These policies are in conformity with (“US GAAP”).

- a) Valuation of Securities – Securities that are primarily traded on a national or foreign securities exchange are valued at the last traded price (or if no last traded price is available the latest mid-market price) on the exchange on which they are primarily traded on the day of valuation. Any securities or other assets for which market quotations are not readily available are valued at such value as shall be certified with care and good faith as the probable realisation value by a competent person, appointed for such purpose by the Directors in consultation with the Investment Manager and approved by the Depositary. The values for foreign securities are reported in local currency and converted to US Dollar using currency exchange rates at the time of valuation. Exchange rates are provided daily by recognized independent pricing agents.
- b) Distributions to Shareholders – For all accumulating classes of shares, the Directors intend to accumulate and to automatically reinvest all earnings, dividends and other distributions of whatever kind pursuant to the investment objectives and policies of the relevant fund for the benefit of Shareholders in the relevant fund. The Directors intend to declare a dividend in respect of the distributing classes. Any change to the distribution policy of a fund will be notified in advance to Shareholders and will be noted in an addendum or a revision to the Prospectus.
- c) Basis of preparation – The accompanying financial statements have been prepared in conformity with US GAAP. The accompanying financial statements have been prepared under a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**2. Significant Accounting Policies (continued)**

- d) Use of Estimates – The preparation of the financial statements in conformity with US GAAP requires Directors to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Directors believe that the estimates utilized in preparing its financial statements are reasonable and prudent; however, actual results could differ from these estimates.
- e) Guarantees and Indemnification – In the normal course of business, the Company enters into contracts with service providers that contain general indemnification clauses. The Company’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. Based on experience, however, the Company expects the risk of loss to be remote.
- f) Other – Investment and Shareholder transactions are recorded on trade date. The Company determines the gain or loss realized from the investment transactions by comparing the original cost of the security sold with the net sales proceeds on a high cost basis. Within the Funds, dividend income is recognized on the ex-dividend date or as soon as information is available and interest income is recognized on an accrual basis.
- g) Functional and Presentation Currency – Items included in the financials statements are measured using the currency of the primary economic environment in which it operates (the “Functional Currency”). The Company’s Functional and presentation currency is US Dollar.
- h) Foreign Exchange Contracts – Transactions during the financial year denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the financial year end date. The results of operations due to fluctuations in foreign exchange rates on investments from gains or losses arising from the sales or changes in values of the portfolio securities are reported separately. Net realized gains (losses) and net change in unrealized gains (losses) on foreign currency related transactions arise for sales of foreign currencies and currency gains or losses between trade date or ex-date and settlement date on security or dividend transactions.
- i) Transaction Costs – Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. Only transaction costs which are separately identifiable are disclosed. These include transaction costs paid to depositaries and sub-custodians, identifiable brokerage charges and commissions. These requirements are disclosed in note 7.
- j) Expenses - are recognised in the statement of operations on an accruals basis.
- k) Income - Dividend income is recorded gross of any non-reclaimable withholding taxes suffered on an ex-date. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount basis.

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**2. Significant Accounting Policies (continued)**

1) Recent Accounting Pronouncements

A number of new standards, amendments to standards and interpretations in issue are not yet effective, and have not been applied in preparing these financial statements. None of these are currently expected to have a material effect on the financial statements of the Company except the following set out below:

In November 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-18, Statement of Cash Flows (Topic 230) - Restricted Cash. The new guidance is intended to change the presentation of restricted cash on the statement of cash flows. The new standard affects all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The new guidance is effective for fiscal years beginning after 15 December 2018, including interim periods within those years. Early adoption is permitted. The standard is not expected to have any material effect on the financial statements of the Company.

In December 2016, the FASB issued ASU No. 2016-19, *Technical Corrections and Improvements*. The new guidance includes an amendment to *Topic 820, Fair Value Measurement*, which clarifies the difference between a valuation approach and a valuation technique when applying the guidance in that Topic. The amendment also requires an entity to disclose when there has been a change in either or both a valuation approach and/or a valuation technique. The transition guidance for the amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted. The standard is not expected to have any material effect on the financial statements of the Company.

- m) Recognition/Derecognition – The Company recognises financial assets or financial liabilities at fair value through profit or loss on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they originated. Financial instruments are measured initially at fair value (transaction price) on trade date with transaction costs recognised immediately in the Statement of Comprehensive Income directly. In cases where a financial asset or financial liability is not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability are recognised in the Statement of Comprehensive Income. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost. Financial liabilities arising from the redeemable shares issued by each Fund are carried at the redemption amount representing the investors’ right to a residual interest in each Fund’s assets.
- n) Realized gains and losses - The Company records investment transactions on a trade date basis, matching the cost of investments for the purpose of calculating realized gains and losses on an average cost basis. The Company records an unrealized gain or loss to the extent of the difference between the cost and the fair value of the position at any particular point in time. The Company records a realized gain or loss when the position is sold or closed. Realized gains and losses and the movement in unrealized gains and losses are recorded in the Statement of Operations within "Net realized and unrealized gain/ (loss) on investments".

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**2. Significant Accounting Policies (continued)**

- o) Uncertain tax positions - Accounting Standards Codification 740, Accounting for Uncertainty in Income Taxes ("ASC 740") clarifies the accounting for uncertainty in income taxes recognised in the Company's financial statements. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 requires that the Company determines whether it is more likely than not that a tax position will be sustained upon examination including resolution of any related appeals or litigation processes based on the technical merit position. In evaluating whether a tax position has met the more likely than not recognition threshold, the Company should presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information.

A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognise in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realised upon settlement

**3. Share Capital**

The authorised share capital of the Company at the date of prospectus (the "Prospectus") is 500,000,000,000 Shares of no par value and 300,002 redeemable Non-Participating Shares of €1.00 each. Non-Participating Shares do not entitle the holders thereof to any dividend. On a winding up, the Non-Participating Shares entitle the holders thereof to receive the amount paid up thereon but do not otherwise entitle them to participate in the assets of the Company. The Non-Participating Shares are held on behalf of the Granahan Investment Management LLC ("Investment Manager") and in trust for the benefit of Investment Manager.

The Company intends to provide investors with a choice of funds offering different investment objectives. The Funds aim to achieve their investment objectives while spreading investment risks through investment in transferable securities or liquid financial assets or collective investment schemes or other permitted investments in accordance with the Regulations.

The Company may compulsorily redeem all of the Shares of the Company if the Net Asset Value of the Company is less than US\$ 30,000,000 or compulsorily redeem all of the Shares of a Fund if the Net Asset Value of that Fund is less than US\$ 30,000,000.

The Company has the right at any time compulsorily to redeem or transfer Shares if in the reasonable belief of the Directors such Shares are acquired or held directly or beneficially by: (i) any person in breach of the law or requirements of any country or governmental authority by virtue of which such person is not qualified to hold Shares including without limitation any exchange control regulations; (ii) by any person who holds less than the minimum holding for the relevant Class (if any) or who does not supply any information or declaration required under the Constitution or the Application Form; (iii) where the continued ownership of such Shares by the Shareholder is deemed to be harmful or injurious to the business or reputation of the Company or a Fund; or (iv) by any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstance appearing to the Directors to be relevant) which in the opinion of the Directors might result in the Company or Fund or the Shareholders as a whole or of any Fund or Class incurring any liability to taxation or suffering legal, pecuniary, regulatory or material administrative disadvantage which the Company or Fund or the Shareholders as a whole or of any Class might not otherwise have incurred or suffered.

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**3. Share Capital**

Share transactions for the financial year ended December 31, 2017 and the financial year ended December 31, 2016 were as follows:

	<b>Granahan US Focused Growth Fund</b>	<b>Granahan US Focused Growth Fund</b>
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Class A USD Accumulating</b>		
Opening number of shares	239,243.27	372,264.33
Shares sold	21,748.45	91,328.18
Shares redeemed	(99,046.57)	(224,349.24)
Closing number of shares	161,945.15	239,243.27
<b>Class A USD Distributing</b>		
Opening number of shares	-	-
Shares sold	2,314.10	-
Shares redeemed	(2,314.10)	-
Closing number of shares	-	-
		<b>Granahan US Small Cap Discoveries Fund*</b>
		<b>December 31, 2017</b>
<b>Class F USD Accumulating</b>		
Opening number of shares		-
Shares sold		460,315.93
Shares redeemed		(15,000.00)
Closing number of shares		445,315.93

\*Launched on June 30, 2017.

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

#### **4. Taxation**

The Company intends to conduct its affairs so that it is resident in Ireland for tax purposes. On the basis that the Company is Irish tax resident, the Company qualifies as an ‘investment undertaking’, as defined in Section 739B (1) of the Taxes Acts and, consequently, is exempt from Irish corporation tax on its income and gains.

However, tax can arise on the happening of a “chargeable event” in the Company. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation or transfer of Shares or appropriation or cancellation of Shares of a Shareholder by the Company for the purposes of meeting the amount of the tax payable on a gain arising on a transfer of an entitlement to a Share. It also includes “Eighth Anniversary Events” regardless of whether the Shares have been encashed, redeemed, cancelled or transferred.

No tax will arise on the Company in respect of chargeable events in respect of a Shareholder who is neither Irish resident nor Irish ordinarily resident at the time of the chargeable event provided that a Relevant Declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is not or is no longer materially correct, or provided a written notice of approval from the Revenue Commissioners of Ireland (the “Revenue Commissioners”) to the effect that a Relevant Declaration is deemed to be in place has been provided to the Company and not withdrawn. In the absence of a Relevant Declaration, or a written notice of approval from the Revenue Commissioners, there is a presumption that the investor is Irish resident or Irish ordinarily resident.

A chargeable event does not include:

1. an exchange by a Shareholder, effected by way of an arm’s length bargain of Shares in the Company for other Shares in the Company;
2. any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners;
3. a transfer by a Shareholder of the entitlement to a Share where the transfer is between spouses and former spouses, subject to certain conditions;
4. an exchange of Shares arising on a qualifying amalgamation or reconstruction of the Company with another investment undertaking (within the meaning of Section 739H or Section 739HA of the Taxes Act);
5. any transaction in relation to, or in respect of, relevant Shares in an investment undertaking which transaction only arises by virtue of a change of court funds manager for that undertaking.

If the Company becomes liable to account for tax where a chargeable event occurs, the Company shall be required to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax and/or where applicable, to appropriate or cancel such number of Shares held by the Shareholder or the beneficial owner of the Shares as are required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of a chargeable event if no such deduction, appropriation or cancellation has been made.

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017****5. Fees and Expenses****Investment Manager fees**

The Company has appointed the Investment Manager as the discretionary investment manager for the Company pursuant to an investment management agreement. The Investment Manager is a registered investment adviser regulated by the Securities and Exchange Commission (“SEC”).

Under the investment management agreement, the Company will pay to the Investment Manager a maximum fee at an annual rate equal to the percentage of the average daily net asset value of the relevant class of each sub-fund as set out in the supplement to the Prospectus with the exception of Class X shares which are set out in a separate agreement. 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 Investment Manager earned fees of \$261,895 for the financial year ended December 31, 2017 (December 31, 2016: \$295,322). Investment Manager fees payable as at December 31, 2017, amounted to \$626,149 (December 31, 2016: \$364,254).

For the financial year ended December 31, 2017 the expense reimbursement from the Investment Manager back to the Granahan Growth US funds in relation to the operating expense limitation of 1.35% of the annual net asset value of the funds amounted to \$383,034 (December 31, 2016: \$333,188), and the related receivable amounted to \$784,839 (December 31, 2016: \$401,805).

For the financial year ended December 31, 2017 the expense reimbursement from the Investment Manager back to the Granahan US Small Cap Discoveries funds in relation to the operating expense limitation of 0.85% of the annual net asset value of the funds amounted to \$157,087 (December 31, 2016: \$Nil), and the related receivable amounted to \$157,087 (December 31, 2016: \$Nil).

**Administration fees**

RBC Investor Services Ireland Limited (the “Administrator”) serves as the Company’s administrator. The Administrator is entitled to receive out of the assets of the Fund an annual fee of up to 1.6 bps point of the Net Asset Value of the Fund which will be accrued and payable monthly in arrears, subject to a total of the minimum annual fees for the Fund of USD 80,000. 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.

**Depository fees**

RBC Investor Services Bank S.A., Dublin Branch serves as the Company’s depository (the “Depository”). The Depository shall be entitled to receive an annual oversight fee, accrued on each Dealing Day and calculated and payable monthly in arrears, at an annual rate of up to 3.25 bps of the Net Asset Value of the Fund (plus VAT thereon, if any).

The Depository is also entitled to receive out of the assets of the Fund, a safekeeping fee accrued daily and payable monthly in arrears at a rate, depending on the custody markets, ranging from 0.25 bps up to 175 bps on the net asset value of the Fund.

The overall Depository fees are subject to a total of the minimum annual fees for the Fund of USD 55,000 (plus VAT, if any). These fees accrue and are calculated on each Dealing Day and payable monthly in arrears.

The Depository shall also be entitled to be reimbursed for the fees paid by the Depository to any sub-custodian and agreed upon transactions charges (which in all cases shall be charged at normal commercial rates) and other out-of-pocket expenses (plus VAT thereon, if any).

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**5. Fees and Expenses (continued)**

**Director fees**

The Articles of Association provide that the Directors shall be entitled to a fee by way of remuneration for their services at a rate to be determined from time to time by the Directors. Directors affiliated with the Investment Manager are not entitled to a fee. The aggregate amount of Directors’ remuneration in any one year shall not exceed €100,000 without the approval of the Directors. All Directors will be entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties.

The Directors earned fees of \$56,854 for the financial year ended December 31, 2017 (December 31, 2016: \$46,923). Directors fees payable as at December 31, 2017 amounted to \$13,245 (December 31, 2016: \$11,995).

MKO Partners Limited assists the Company with payroll compliance services.

Remuneration charged by the Company’s audit firm for the year was as follows:

	<b>Granahan US Focused Growth Fund December 31, 2017</b>	<b>Granahan US Focused Growth Fund December 31, 2016</b>
- Audit of statutory financial statements	\$ 20,391	\$ 16,995
- Other assurance services	-	-
- Tax advisory services	-	-
- Other non-audit services	-	-
	<b>\$ 20,391</b>	<b>\$ 16,995</b>

**6. Efficient Portfolio Management**

The Company does not currently use Financial Derivative Instruments (“FDIs”) for efficient portfolio management or for investment purposes. The Company may, however, in conjunction with its investment in transferable securities, liquid financial assets, collective investment schemes or other permitted investments in accordance with the Regulations, indirectly acquire warrants and rights which are issued to such permitted investments.

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**7. Transaction Costs**

Transaction costs on the purchase and sale of investments are expensed through the Statement of Operations as incurred. The total amount for the financial year ended December 31, 2017 and December 31, 2016 are shown below;

	<b>Granahan US Focused Growth Fund</b>	<b>Granahan US Focused Growth Fund</b>	<b>Granahan US Small Cap Discoveries Fund*</b>
	<b>December 31, 2017</b>	<b>December 31, 2016</b>	<b>December 31, 2017</b>
Total transaction costs on purchases	\$19,624	\$29,353	\$8,449
Total transaction costs on sales	21,159	41,843	1,176
<b>Total Transactions costs</b>	<b>\$40,783</b>	<b>\$71,196</b>	<b>\$9,625</b>

	<b>Total</b>	<b>Total</b>
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Total transaction costs on purchases	\$28,073	\$29,353
Total transaction costs on sales	22,335	41,843
<b>Total Transactions costs</b>	<b>\$50,408</b>	<b>\$71,196</b>

\*Launched on June 30, 2017.

**8. Other expenses and expense reimbursement**

The Company pays the general costs and expenses incurred in its operation. Other expenses paid during the financial year as per the Statement of Operations are shown below;

	<b>Granahan US Focused Growth Fund</b>	<b>Granahan US Focused Growth Fund</b>
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Consulting Fees	\$39,541	\$25,821
Correspondence / Secretarial Fee	18,899	21,726
Miscellaneous Expenses	13,451	38,927
Investment compliance fee	12,965	12,965
Tax fees / Stock fees	2,516	-
Registration fee	4,241	649
FATCA Fees	2,013	-
Stock Exch.Maintenance Fee	131	-
Bank Interest	5	-
<b>Other Expenses</b>	<b>\$93,762</b>	<b>\$100,088</b>

An expense reimbursement was paid to the Company during the financial year from the Investment Manager.

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**8. Other expenses and expense reimbursement**

	<b>Granahan US Small Cap Discoveries Fund*</b>
	<b>December 31, 2017</b>
Formation expenses	\$56,221
Consulting Fees	4,740
Correspondence / Secretarial Fee	1,420
Miscellaneous fees	1,207
Investment compliance fee	4,273
Tax fees / Stock fees	418
Registration fee	649
FATCA Fees	334
<b>Other Expenses</b>	<b>\$69,262</b>

\*Launched on June 30, 2017.

**9. Financial Instruments and Associated Risks**

The securities and instruments in which the Company invests are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur.

The Company's activities expose it to a variety of financial risks: liquidity and credit risk. The Investment Manager seeks to minimize these risks through diversification of the investment portfolio in accordance with the specific investment policies and restrictions set out in the Prospectus and Supplement for each sub-fund. The nature and extent of the financial instruments outstanding at the Statement of Assets and Liabilities date and the risk management policies employed by the Company are discussed below.

**Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The main liquidity risk to the Company arises from the redemption requests of investors. The Company's Shareholders may redeem their Shares on each dealing day for cash equal to a proportionate share of the sub-fund's net asset value and it is therefore potentially exposed to the liquidity risk of meeting the daily redemptions by its Shareholders. In order for the Company to meet these requests, the Company may need to dispose of the underlying assets at an inopportune time.

To help manage this risk, if the number of Shares to be redeemed on any dealing day equals 10% or more of the total number of Shares of the sub-fund in issue on that day the Directors or their delegate may at their discretion refuse to redeem any Shares in excess of 10% of the total number of Shares in issue. If the Directors so refuse, the requests for redemption on such dealing day shall be reduced pro-rata and Shares which are not redeemed by reason of such refusal shall be treated as if a request for redemption had been made in respect of each subsequent dealing day until all Shares to which the original request related have been redeemed.

The sub-fund's listed securities are considered readily realizable, as they are quoted on reputable stock exchanges. In accordance with the sub-fund's policy, the Investment Manager monitors the liquidity position on a daily basis.

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**9. Financial Instruments and Associated Risks (continued)**

**Liquidity Risk (continued)**

The tables below show the analysis for the sub-fund’s financial liabilities by relevant maturity groupings based on the remaining financial year to the contractual maturity date.

**Granahan US Focused Growth Fund**

<b>December 31, 2017</b>	<b>Less than 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>More than 1 year</b>	<b>Total</b>
Payable to Investment Manager	\$611,892	-	-	-	\$611,892
Directors fees payable	11,844	-	-	-	11,844
Auditor fees payable	13,234	-	-	-	13,234
Other accrued expenses and other liabilities	43,303	-	-	-	43,303
<b>Total</b>	<b>\$680,273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$680,273</b>

<b>December 31, 2016</b>	<b>Less than 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>More than 1 year</b>	<b>Total</b>
Payable to Investment Manager	\$364,254	-	-	-	\$364,254
Directors fees payable	11,995	-	-	-	11,995
Auditor fees payable	14,010	-	-	-	14,010
Other accrued expenses and other liabilities	32,575	-	-	-	32,575
<b>Total</b>	<b>\$422,834</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$422,834</b>

**Granahan US Small Cap Discoveries Fund\***

<b>December 31, 2017</b>	<b>Less than 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>More than 1 year</b>	<b>Total</b>
Payable to Investment Manager	\$14,257	-	-	-	\$14,257
Directors fees payable	1,401	-	-	-	1,401
Auditor fees payable	1,671	-	-	-	1,671
Other accrued expenses and other liabilities	22,469	-	-	-	22,469
<b>Total</b>	<b>\$39,798</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$39,798</b>

\*Launched on June 30, 2017.

**Credit Risk**

Credit risk is the risk that the Company may incur a loss if other parties fail to perform their obligations under the financial instruments which comprise the sub-fund’s investment portfolio. The Company assumes credit risk on parties with whom it trades and it will also bear the risk of settlement default. The Company has a credit risk exposure in relation to its transactions with counterparties such as brokers, banks and other financial intermediaries.

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**9. Financial Instruments and Associated Risks (continued)**

**Credit Risk (continued)**

As at December 31, 2017, substantially all of the assets of the Company including investments and cash at bank as noted in the Statement of Assets and Liabilities are held in custody with the Depository. The Company monitors its risk by monitoring the credit quality and financial positions of the Depository. Depending on the requirements of the jurisdictions in which the investments of the Funds are issued, the Depository may use the services of one or more sub-custodians. As at December 31, 2017, the Depository, has a long-term credit rating of AA- with S&P (December 31, 2016: AA-).

The total credit risk for the Funds arising from recognized financial instruments is limited to the value of the Fund’s investments shown on the Statements of Assets and Liabilities on page 20 to 22.

**Fair Value of Financial Instruments**

ASC 820 establishes a three-tier fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1 – quoted prices in active markets for identical securities.

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, prepayment speeds, etc.).

Level 3 – significant unobservable inputs (including the Company’s own assumptions in determining the fair value of investments).

The following is a summary of the inputs used as of December 31, 2017 and December 31, 2016 in valuing the Sub-Fund’s assets/ (liabilities) carried at fair value:

**Granahan US Focused Growth Fund**

<b>December 31, 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments</b>				
<b>- Shares</b>	\$25,071,241	-	-	\$25,071,241
<b>Total</b>	<b>\$25,071,241</b>	<b>-</b>	<b>-</b>	<b>\$25,071,241</b>
<hr/>				
<b>December 31, 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments</b>				
<b>- Shares</b>	\$27,608,763	-	-	\$27,608,763
<b>Total</b>	<b>\$27,608,763</b>	<b>-</b>	<b>-</b>	<b>\$27,608,763</b>

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**9. Financial Instruments and Associated Risks (continued)**

**Fair Value of Financial Instruments (continued)**

**Granahan US Small Cap Discoveries Fund\***

<b>December 31, 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments</b>				
<b>- Shares</b>	\$4,904,943	-	-	\$4,904,943
<b>Total</b>	<b>\$4,904,943</b>	<b>-</b>	<b>-</b>	<b>\$4,904,943</b>

\*Launched on June 30, 2017.

The Funds invest in listed transferable securities whose values are based on quoted prices in active markets. Consequently, these investments are categorized as level 1.

There were no transfers between levels during the financial year ended December 31, 2017.

**Global Exposure**

Per the UCITS Regulations, and as part of the risk management and reporting requirements, the Funds must be monitored and measured in accordance with the regulatory requirements. In accordance with the regulatory requirements, global exposure can be calculated in two ways, either Commitment Approach or Value at Risk ("VaR").

The Commitment approach is used by the Funds to calculate global exposure. This approach converts the Funds financial derivative positions into an equivalent position of the underlying asset based on the market value of the underlying asset. The Funds held no financial derivative positions at any point during the financial year.

**10. Cash and cash equivalents**

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The cash held on current account with the Depository at December 31, 2017 represented 1.42% (December 31, 2016: 1.92%) of the net asset value of the Fund.

**11. Related Parties**

The Directors are all non-executive Directors. Jane M. White is co-founder and President and CEO of Granahan Investment Management, Inc. as well as a Managing Director. Brian S. Granahan is Chief Operating Officer, and since 2004 has served as Granahan Investment Management, Inc's Chief Compliance Officer and Director of Information Systems. Gary Hatton is co-founder and Chief Investment Officer of Granahan Investment Management, Inc., and is a Managing Director. Vincent Dodd is the Chairman and is an Independent Director. The Directors who are employees of the Investment Manager are not entitled to any remuneration for their services, as disclosed in note 5, for the life of the Company. Directors' remuneration for the financial year ended December 31, 2017 amounted to \$52,574 (December 31, 2016: \$46,923).

**NOTES TO THE FINANCIAL STATEMENTS – continued  
For the financial year ended December 31, 2017**

**11. Related Parties (continued)**

Mr. John Skelly is a Director of the Company and also an employee of Carne Global Financial Services Limited, which provides designated person and money laundering reporting officer services to the Company.

No other Directors or any connected person, had any interest in the Shares of the Company, nor have been granted any options in respect of Shares of the Company.

The Investment Manager and Carne Global Financial Services Limited are deemed to be related parties of the Company. During the financial year ended December 31, 2017, investment manager fees of \$261,895 (December 31, 2016: \$295,322), were charged to the Company. During the financial year ended December 31, 2017, fees of \$46,514 (December 31, 2016: \$31,092) were paid to Carne Global Financial Services Limited by the Company.

**12. Statement of Net Assets for the Financial Year**

**Granahan US Focused Growth Fund**

	<b>December 31, 2017</b>	
	<b>Net Assets at class level</b>	<b>NAV per share</b>
Class A USD Accumulating	\$25,477,153	\$157.52

	<b>December 31, 2016</b>	
	<b>Net Assets at class level</b>	<b>NAV per share</b>
Class A USD Accumulating	\$28,128,423	\$117.90

	<b>December 31, 2015</b>	
	<b>Net Assets at class level</b>	<b>NAV per share</b>
Class A USD Accumulating	\$37,768,274	\$101.74

**Granahan US Small Cap Discoveries Fund\***

	<b>December 31, 2017</b>	
	<b>Net Assets at class level</b>	<b>NAV per share</b>
Class F USD Accumulating	\$5,171,042	\$11.63

\*Launched on June 30, 2017.

**13. Contingent Liabilities**

The Directors are not aware of any material contingent liabilities as at December 31, 2017.

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**14. Soft Commissions**

For the financial year ended December 31, 2017, the Investment Manager received soft commissions from brokers/dealers in consideration for trade execution services for investments of the Fund. These soft commissions were in the form of goods and services such as subscriptions to research services which are of demonstrable benefits to the Shareholders. Examples of these services include: Factset Research Systems, a market data, news and analysis tool for equities research; Bloomberg, market data, news and analysis; William O'Neil, analytical research and tools; Insider Score, analysis of trading activity by insiders; Mackey, tools managing proprietary research. During 2017, commissions paid by the Fund for soft goods and services approximated 32% of total fund trading commissions.

**15. Significant Investors**

For the Granahan US Focused Growth Fund, there are two significant investors who hold 53% & 15% respectively of the total Shares as at December 31, 2017 (December 31, 2016: 42% & 35% respectively).

For the Granahan US Small Cap Discoveries Fund, there are two significant investors who hold 34% & 27% respectively of the total Shares as at December 31, 2017 (December 31, 2016: Nil).

**16. Significant Events During the financial year**

On March 20, 2017 the investment manager announced that it had ended its 31 year relationship as sub-advisor for Vanguard. This reduced the investment manager's Assets under Management at this date from \$3.0bn to \$1.1bn. The Investment Manager remains committed to the Funds and does not anticipate any impact to the service level received by the Funds, or its other clients, as a result of this development.

Granahan US Small Cap Discoveries Fund launched on June 30, 2017.

**17. Write off of Formation Costs**

As per the requirements required under US GAAP, Formation Costs of \$38,468 (December 31, 2016: \$78,227) have been written off and recognised on the Statement of Assets and Liabilities.

**18. NAV Reconciliation**

The net assets value in the financial statements as at 31 December 2017 differs from that included in the published valuations as at 31 December 2017. The difference is due to the difference in methodology in accounting for organisation costs as prescribed by US GAAP, and the methodology indicated in the most recent Prospectus. This does not have any effect on the published or dealing Net Asset Values of any of the Funds.

	<b>Granahan US Focused Growth Fund December 31, 2017</b>	<b>Granahan US Focused Growth Fund December 31, 2016</b>
Total Net Assets for financial statement purposes	\$25,477,153	\$28,128,423
Adjustment for unarmortised organisation costs	32,268	78,227
Adjustment of CAP fees	-	-
<b>Total Net Assets for shareholder dealing</b>	<b>\$25,509,421</b>	<b>\$28,206,650</b>

**NOTES TO THE FINANCIAL STATEMENTS – continued**  
**For the financial year ended December 31, 2017**

**18. NAV Reconciliation (continued)**

	<b>Granahan US Small Cap* Discoveries Fund</b>
	<b>December 31, 2017</b>
Total Net Assets for financial statement purposes	\$5,175,316
Adjustment for unarmortised organisation costs	6,200
Adjustment of CAP fees	(4,274)
Total Net Assets for shareholder dealing	<b>\$5,177,242</b>

\* Launched on June 30, 2017

**19. Subsequent Events**

There were no subsequent events that occurred after December 31, 2017.

**20. Changes to Prospectus**

The Prospectus of the Company and the Supplements of the Funds were updated and noted by the Central Bank of Ireland on June 9, 2017.

**21. Approval of Financial Statements**

The financial statements were approved by the Directors on March 21, 2018.

**GRANAHAN FUNDS PLC**

**SCHEDULE OF MATERIAL PORTFOLIO CHANGES (UNAUDITED)  
For the financial year ended December 31, 2017**

**GRANAHAN US FOCUSED GROWTH FUND**

<b>Purchases</b>		
<b>Security</b>	<b>Quantity</b>	<b>Cost (in \$)</b>
Strayer Education Inc	11,450	1,031,366
Teladoc Inc	28,265	944,594
Kornit Digital Ltd	55,893	900,642
Mimecast Ltd	29,000	770,052
Axiom Corp	28,260	716,151
Chuy's Holdings Inc	28,450	637,356
2U Inc	13,170	614,212
Box Inc	28,190	612,057
InnerWorkings Inc	54,550	564,888
LivePerson Inc	63,450	553,095
Evolent Health Inc	45,050	534,389
Trivago NV	37,550	498,747
Chegg Inc	38,450	488,948
Carbonite Inc	19,425	467,391
Trade Desk Inc	9,050	448,951
CoStar Group Inc	2,200	444,485
OSI Systems Inc	6,420	425,338
Ultimate Software Group Inc	2,150	421,748
Echo Global Logistics Inc	21,270	410,027
Impinj Inc	10,210	364,580
Paylocity Holding Corp	9,453	360,793
Laureate Education Inc	25,300	354,200
Ebix Inc	5,950	351,221
Match Group Inc	14,900	343,858
Veeva Systems Inc	7,850	340,816
Twilio Inc	11,000	336,156
Amber Road Inc	44,330	333,454
Everbridge Inc	11,320	292,751
HubSpot Inc	4,220	289,114
PDF Solutions Inc	14,600	284,369
Axon Enterprise Inc	11,300	284,154
SodaStream International Ltd	4,710	265,095
LendingTree Inc	2,200	232,433
Upland Software Inc	9,420	223,636
IMAX Corp	8,400	217,211

**GRANAHAN FUNDS PLC**

**SCHEDULE OF MATERIAL PORTFOLIO CHANGES (UNAUDITED)  
For the financial year ended December 31, 2017**

**GRANAHAN US FOCUSED GROWTH FUND (CONTINUED)**

**Sales**

<b>Security</b>	<b>Quantity</b>	<b>Proceeds (in \$)</b>
Affiliated Managers Group Inc	12,704	2,106,860
Impinj Inc	52,920	1,830,318
Wix.com Ltd	29,150	1,713,514
LendingTree Inc	9,800	1,709,901
Shopify Inc	19,230	1,571,103
Veeva Systems Inc	22,350	1,264,327
2U Inc	25,160	1,128,237
SPS Commerce Inc	18,550	1,091,608
Ultimate Software Group Inc	4,750	955,009
OSI Systems Inc	12,490	953,778
CoStar Group Inc	3,500	849,577
MINDBODY Inc	29,650	829,049
Virtusa Corp	24,930	789,988
IMAX Corp	26,530	704,763
Bright Horizons Family Solutions Inc	7,600	576,548
Instructure Inc	18,680	561,298
Trivago NV	37,550	543,082
Customers Bancorp Inc	16,910	505,592
LivePerson Inc	63,000	503,656
Cognex Corp	5,860	472,123
MarketAxess Holdings Inc	2,500	453,879
Buffalo Wild Wings Inc	3,122	438,286
PDF Solutions Inc	23,006	428,656
Brooks Automation Inc	19,670	422,244
Paycom Software Inc	8,250	391,035
Monotype Imaging Holdings Inc	17,200	389,895
Advisory Board Co	11,574	375,621
Laureate Education Inc	25,300	359,576
Zendesk Inc	13,200	335,709
Grand Canyon Education Inc	3,760	315,269
Match Group Inc	9,670	288,859

**GRANAHAAN FUNDS PLC**

**SCHEDULE OF MATERIAL PORTFOLIO CHANGES (UNAUDITED)  
For the financial year ended December 31, 2017**

**GRANAHAAN US SMALL CAP DISCOVERIES FUND\***

<b>Purchases</b>		
<b>Security</b>	<b>Quantity</b>	<b>Cost (in \$)</b>
Titan Machinery Inc	9,500	161,338
Invacare Corp	10,200	144,498
Brooks Automation Inc	5,800	132,918
Douglas Dynamics Inc	3,900	131,800
AngioDynamics Inc	7,050	121,409
SodaStream International Ltd	2,050	117,810
Tennant Co	1,650	117,534
Lawson Products Inc	4,950	116,568
Ensign Group Inc	5,220	114,846
Rush Enterprises Inc	2,850	113,709
Axon Enterprise Inc	4,550	109,743
NeoGenomics Inc	11,850	106,006
Echo Global Logistics Inc	5,850	105,884
Kaman Corp	2,000	103,167
Nektar Therapeutics	4,800	102,375
Atlas Financial Holdings Inc	5,000	99,579
Oxford Immunotec Global PLC	6,200	98,380
Albany International Corp	1,750	97,500
Cardiovascular Systems Inc	3,100	96,349
Modine Manufacturing Co	4,950	93,342
STAG Industrial Inc	3,150	86,642
Spectranetics Corp	2,150	82,614
Safeguard Scientifics Inc	6,800	82,261
Exact Sciences Corp	2,100	78,292
Calavo Growers Inc	1,120	78,250
Enanta Pharmaceuticals Inc	1,980	78,216
DMC Global Inc	4,730	78,063
Sangamo Therapeutics Inc	8,250	77,596
Accelaron Pharma Inc	2,330	76,788
Heritage Insurance Holdings Inc	4,600	75,815
Power Integrations Inc	1,000	73,298
Fulgent Genetics Inc	12,600	72,483
RBC Bearings Inc	650	69,760
Supernus Pharmaceuticals Inc	1,600	69,460
Sotherly Hotels Inc	10,400	69,250
Kinsale Capital Group Inc	1,770	67,772
Kornit Digital Ltd	3,700	66,042
Qualys Inc	1,500	64,803
CONMED Corp	1,250	63,725

\*Launched on June 30, 2017.

**SCHEDULE OF MATERIAL PORTFOLIO CHANGES (UNAUDITED)  
For the financial year ended December 31, 2017**

**GRANAHAN US SMALL CAP DISCOVERIES FUND\* (continued)**

**Purchases (continued)**

<b>Security</b>	<b>Quantity</b>	<b>Cost (in \$)</b>
Kindred Biosciences Inc	7,450	62,267
Cancer Genetics Inc	16,400	61,358
Rudolph Technologies Inc	2,550	59,131
Pacira Pharmaceuticals Inc	1,200	56,507
HTG Molecular Diagnostics Inc	27,600	56,335
Care.com Inc	3,600	55,994
Extreme Networks Inc	5,400	55,376
Intellia Therapeutics Inc	3,050	55,260
Aerohive Networks Inc	11,050	54,269

\*Launched on June 30, 2017.

**SCHEDULE OF MATERIAL PORTFOLIO CHANGES (UNAUDITED)  
For the financial year ended December 31, 2017**

**GRANAHAN US SMALL CAP DISCOVERIES FUND\* (continued)**

**Sales**

<b>Security</b>	<b>Quantity</b>	<b>Proceeds (in \$)</b>
Sangamo Therapeutics Inc	6,400	83,327
Spectranetics Corp	2,150	82,775
Nektar Therapeutics	3,175	82,342
Exact Sciences Corp	1,250	72,593
Supernus Pharmaceuticals Inc	1,600	63,118
Akcea Therapeutics Inc	2,450	58,039
Manitex International Inc	5,450	49,235
Quaker Chemical Corp	300	45,423
Enanta Pharmaceuticals Inc	1,000	45,303
Gigamon Inc	1,100	42,320
NN Inc	1,600	41,537
Intellia Therapeutics Inc	1,500	40,508
Safeguard Scientifics Inc	2,590	35,675
Editas Medicine Inc	1,450	35,221
Invacare Corp	2,550	34,660
Perficient Inc	1,700	31,776
Qualys Inc	550	28,655
Rush Enterprises Inc	650	27,136
Tactile Systems Technology Inc	800	25,162
Modine Manufacturing Co	1,300	24,861
CRISPR Therapeutics AG	1,250	23,270
Brooks Automation Inc	610	18,573
Albany International Corp	350	17,802
Power Integrations Inc	150	11,106
PDF Solutions Inc	700	10,973

\*Launched on June 30, 2017.

**APPENDIX – UCITS V REMUNERATION DISCLOSURE (UNAUDITED)  
For the financial year ended December 31, 2017**

The directors of the Company who are also employees of Granahan Investment Management do not receive any remuneration in respect of their services as directors of the Company. The Company has identified the directors, the designated persons and the money laundering reporting officer as its “Identified Staff” for the purposes of the ESMA Guidelines (as defined below). The aggregate fixed remuneration in respect of the services provided by the Identified Staff is €85,000 in respect of 3 individuals and is set at a level determined by the Board as a whole and is not performance related. None of the Identified Staff are currently in receipt of variable remuneration in respect of their services to the Company. Accordingly, the detailed provisions of Article 14b of Directive 2009/65/EC and the related ESMA Guidelines on sound remuneration policies under the UCITS Directive and the AIFMD (ESMA/2016/411) (the “ESMA Guidelines”) in relation to variable remuneration are not applicable to the Company. None of the Identified Staff are currently in receipt of a pension from the Company. The Company has determined that the fixed remuneration payable to the Identified Staff is (a) consistent with sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile or Constitution of the Company and (b) in line with the business strategy, objectives, values and interests of the Company and the investors in the Company. The nature of the Identified Staffs’ remuneration, being fixed and not including any variable component and being determined by the Board as a whole, ensures that the Company appropriately manages any conflicts of interest in respect of remuneration. There have been no material changes made to the Company’s remuneration practices and procedures during the financial year.

**DIRECTORY**

**DIRECTORS**

Jane M. White\* (U.S. Resident)  
Brian S. Granahan\* (U.S. Resident)  
Gary Hatton\* (U.S. Resident)  
Vincent Dodd\*^ (Irish Resident)  
John Skelly\*# (Irish Resident)

\* Non-executive Directors

^ Independent Director

# Independent of Investment Manager

**REGISTERED OFFICE**

4th Floor,  
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Dublin 2  
Ireland

**INVESTMENT MANAGER  
AND PROMOTER**

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U.S.A

**INDEPENDENT AUDITOR**

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Chartered Accountants & Statutory Audit Firm  
Deloitte House  
Earlsfort Terrace  
Dublin 2 D02 A428  
Ireland

**LEGAL COUNSEL**

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3 George's Dock  
IFSC  
Dublin D01 X5X0  
Ireland

**COMPANY SECRETARY**

Dechert Secretarial Limited  
3 George's Dock  
International Financial Services Centre  
Dublin D01 X5X0  
Ireland

**DIRECTORY - continued**

**DEPOSITARY**

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George's Quay  
Dublin 2  
Ireland

**ADMINISTRATOR, REGISTRAR  
AND TRANSFER AGENT**

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**CONSULTANT**

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