

First Quadrant Macro FX Fund

Supplement to the Prospectus

This Supplement contains information in relation to the First Quadrant Macro FX Fund (the "**Fund**"), a sub-fund of AMG Funds plc (the "**Company**") an umbrella type open-ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**").

This Supplement forms part of, may not be distributed unless accompanied by the prospectus of the Company dated 21 July 2017 (the "Prospectus") (other than to prior recipients of the Prospectus), and must be read in conjunction with, the Prospectus.

AMG Funds plc

An umbrella fund with segregated liability between the sub-funds

Promoter

Affiliated Managers Group Limited

Dated 21 July 2017

IMPORTANT INFORMATION

THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

Suitability of Investment

It is the intention of the Company to invest principally on behalf of the Fund in financial derivative instruments for investment purposes. You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

Responsibility

The Directors (whose names appear under the heading "Management of the Company - Directors of the Company" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information.

General

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

Distribution of this Supplement and Selling Restrictions

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus (other than to prior recipients of the Prospectus). The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement. If you wish to apply for the opportunity to purchase any Shares, it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

DEFINITIONS

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

Approved Counterparty shall be understood to mean 'Eligible Counterparty' as defined in the Prospectus, and more specifically for the purposes of this Supplement, JP Morgan Chase Bank N.A., Deutsche Bank A.G. or Citibank N.A.

Disruption Events means, a Market Disruption Event or a Force Majeure Event.

Distribution Agreement means the distribution agreement dated 27 September 2010 between the Company, the Investment Manager and the Distributor as amended, supplemented or otherwise modified from time to time in accordance with the Central Bank Rules.

Distributor means First Quadrant, L.P. or any successor thereto duly appointed in accordance with the Central Bank Rules as the distributor of the Fund.

Force Majeure Event means an event or circumstance (including, without limitation, a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstance) that is beyond the reasonable control of the Investment Manager and that the Investment Manager (in its sole and absolute discretion) determines that it affects the Fund Assets.

Investment Management Agreement means the investment management agreement dated 27 September 2010 between the Company and the Investment Manager as amended, supplemented or otherwise modified from time to time in accordance with the Central Bank Rules;

Investment Management Fee means the investment management fee detailed as such in the section headed "Fees and Expenses";

Investment Manager means, First Quadrant, L.P. or any successor thereto duly appointed in accordance with the Central Bank Rules as the investment manager to the Fund;

Market Disruption Event means the occurrence or existence of one or more of the following events, which occur in relation to any Fund Asset:

- (i) it is not possible to obtain a price or value (or an element of such price or value) of any Fund Asset or any component of the Fund Asset according to the rules or normal accepted procedures for the determination of such price or value (whether due to the non-publication of such price or value or otherwise);
- (ii) the calculation of the price or value of any Fund Asset or any component of the Fund Asset is, at the relevant time, in the opinion of the Investment Manager, impractical or impossible to make;
- (iii) there is a (A) reduction in liquidity in or (B) a materially increased cost of maintaining, establishing or unwinding any position with respect to any Fund Asset or any component of the Fund Asset in the determination of the Investment Manager;
- (iv) any suspension of or limitation is imposed on trading on any exchanges, quotation systems or over-the-counter market where any Fund Asset or any component of the Fund Asset is traded; and/or there exists an event or circumstance that prevents or materially limits transactions in any Fund Asset or any component of the Fund Asset. For the purpose of this definition, a limitation on the hours and number of days of trading

will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, provided however that where a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Investment Manager, constitute a Market Disruption Event;

- (v) where the Fund Asset or any component of the Fund Asset is not traded on any exchange, quotation system or other similar system, the Investment Manager is unable to obtain (a) from dealers in the Fund Asset or any component of the Fund Assets firm quotations in respect thereof or (b) a subscription or a redemption price of any Fund Asset or any component of the Fund Asset according to the rules or normal accepted procedures for such Fund Asset;
- (vi) the occurrence of any event that generally makes it impossible or impractical to convert any currency which was, immediately prior to the occurrence of such event, a foreign exchange currency, as determined by the Investment Manager;
- (vii) the occurrence of any event that generally makes it impossible or impractical to convert the currency of the country of issue and/or country of payment of any Fund Asset or any component of the Fund Asset into the Base Currency through customary legal channels, as determined by the Investment Manager;
- (viii) the occurrence of any event that generally makes it impossible or impractical to deliver or transfer (a) the currency from accounts inside the country of issue and/or country of payment of any Fund Asset or any component of the Fund Asset to accounts outside such country of issue and/or country of payment or (b) the currency of the country of issue and/or country of payment of any Fund Asset or any component of the Fund Asset between accounts inside such country of issue and/or country of payment, or to a party that is a non-resident of the country of issue and/or country of payment, as determined by the Investment Manager; and/or
- (ix) a general moratorium is declared in respect of banking activities in London, Dublin, New York, or TARGET.

Tax means any applicable tax, levy, charge or duty which may be imposed by any governmental or regulatory body.

TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND

Investment Objective

The investment objective of the Fund is to provide Shareholders with positive absolute return over a typical market cycle (e.g. rolling 3 year periods).

There is no assurance that the Fund will achieve its investment objective and results may vary over time.

Investment Policy

The Fund will seek to provide absolute return by identifying and exploiting investment opportunities across currency markets while controlling overall portfolio risk using a predictive risk model to forecast forward looking risk expectations to construct portfolio positions to achieve the desired level of risk. The Investment Manager will utilise a diverse set of factors to determine the relative attractiveness of individual currencies and actively take long and short positions in these currencies to achieve the Fund's investment objective. The Investment Manager will utilize historic market data to determine current level of asset volatility and correlation to construct a portfolio with an acceptable level of overall risk and diversification. The Fund will target a level of risk of around 10%.

The Fund will only invest in currencies which meet the Investment Manager's investment governance criteria which means currencies that are tightly priced (e.g., low bid and ask spread and low transaction costs), liquid (e.g., low market impact when trading and transparent valuation), contain similar currency characteristics (e.g. common sensitivities that drive supply and demand) and constitute an independent currency (e.g. not pegged or otherwise managed to another currency). The following are those currencies which currently meet the Investment Manager's governance criteria: Australian Dollar, British Pound, Canadian Dollar, Euro, Japanese Yen, New Zealand Dollar, Norwegian Kroner, Singaporean Dollar, Swedish Krona, Swiss Franc and United States Dollar. These developed market currencies share similar supply and demand characteristics (for example, sensitivity to changes in interest rates, economic growth, exchange rates, etc.) that allow them to be evaluated by a consistent investment process that is outlined below.

The Investment Manager believes that global currency pricing anomalies exist and that they are driven by a range of factors. The creation or existence of market anomalies is the reason for the divergence in the long term currency valuation of a single currency against a basket of global currencies. The Investment Manager seeks to identify these market anomalies which typically fall into a broad range of categories such as: macro-economic factors (e.g. estimates of the relative value of different currencies), prospective portfolio investment flow factors (e.g. forecasts of currency flows in foreign markets by external market participants), and behavioural bias factors (such as changes in investor appetite for certain currency following changes in currency market risk). The Fund's strategy is to seek uncorrelated sources of return over multiple time horizons, by investing in currency markets based on an uncommon set of insights about currency market anomalies as described above. The Investment Manager manages the assets of the Fund through active allocation and portfolio diversification implemented through the use of proprietary quantitative modelling techniques that consider the investment governance criteria described above in determining the portfolio's construction.

The Fund intends to enter into currency spot transactions as well as currency forward transactions, currency futures and/or options on currencies with Approved Counterparties on an over-the-counter ("**OTC**") basis or listed or traded on the exchanges and markets set out in Appendix I of the Prospectus ("**Appendix I**"). The Fund will invest in currency futures, currency forwards, currency options and/or currency swaps as further detailed in the "Use of FDI

Contracts" sub-section below. The Fund will hold long or short positions (e.g. the Fund may go long in Euro against an equal short in USD) in individual currency instruments in order to take advantage of relative opportunities in the currency markets at any given moment in time. The sum of the nominal values of all long positions balance against the sum of the nominal values of all short positions to create an aggregate position in the Fund that has approximately zero net nominal value. Short positions may only be entered into synthetically. The Investment Manager expects that the Net Asset Value of the Fund will have medium to high volatility through investments in FDI.

The net exposure of the Fund, being the cumulative long/short positions, will typically be maintained at 0% of NAV.

The Fund may also invest up to but not exceeding 10% of its Net Asset Value in other collective investment schemes which have a currency investment focus ("CIS"). The CIS may be authorised pursuant to the UCITS Regulations or may be non-UCITS CIS which shall be domiciled in a member state of the EEA, the US, Jersey, Guernsey or the Isle of Man (in accordance with the provisions of the Central Bank Rules). The maximum annual management fees that will be charged by the CIS are estimated to be 2% of the Fund's net asset value together with any performance based incentive fee.

Cash will be held on deposit with credit institutions as prescribed in the Central Bank Rules. The Fund may also invest, for ancillary liquidity purposes in Money Market Instruments and/or government bonds. The Investment Manager is of the opinion that investment in such products will safeguard the Fund's cash holdings and will generate a cash-like return. The Money Market Instruments will include, but are not limited to, deposits with credit institutions, short term commercial paper, securities issued or guaranteed by any OECD government, its agencies or instrumentalities or by any supra-national entity and shall be in accordance with the Central Bank Rules. The Money Market Instruments and governments bonds (which may be either fixed or floating) shall be rated investment grade or above by internationally recognised rating agencies such as Standard & Poor or Moody's.

The Fund may utilise repurchase agreements for efficient portfolio management purposes subject to the conditions and limits set out in the Central Bank Rules and the requirements of SFTR.

Financial Derivatives and Securities Financing Transactions

Currency Swaps

Currency swaps are agreements between two parties to exchange future payments in one currency for payments in another currency. Currency swaps must include an exchange of principal at maturity or at the inception of the contract. The Fund may enter into currency swaps for investment purposes, to mitigate exchange rate risk, to hedge existing long positions in a particular currency and to hedge the currency of denomination of the assets of the Fund to the Base Currency of the Fund; or to a particular class of the Fund.

Currency Forwards

In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date. Forward contracts may be cash settled between the parties. The Fund's use of forward foreign exchange contracts may include, but is not limited to, altering the currency exposure of securities held, hedging against exchange risks, increasing exposure to a currency, and shifting exposure to currency fluctuations from one currency to another.

Currency Futures

Currency futures are contracts to buy or sell a standard quantity of currency at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Currency

futures contracts allow the Fund to take advantage of rising or falling markets or gain exposure to the underlying currency. Since these contracts are marked-to-market daily, the Fund can, by closing out their position, exit from their obligation to buy or sell the underlying prior to the contract's delivery date.

Currency Options

Currency options are Options that convey the right (but not the obligation) to buy or sell a specified amount of foreign currency at a specified price within a specified period of time. The Fund's use of currency options may include, but is not limited to, investment purposes (e.g., to gain market exposure) and to hedge against moves in the foreign exchange market.

ISDA Master Agreement

The Company on behalf of the Fund shall enter into an ISDA Master Agreement (ISDA) with Approved Counterparties in order to invest in currency futures, currency forwards, currency options, currency swaps to gain exposure to currencies. Under the terms of an ISDA, the Company on behalf of the Fund may be required to provide Collateral to an Approved Counterparty to cover the Fund's exposure to the relevant Approved Counterparty. In addition where the Approved Counterparty is required to provide the Fund with Collateral, it must be in the form permitted by the Central Bank. An ISDA may be terminated on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a tax event).

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "Investment Objectives and Policies" and under "Investment Restrictions".

Risk Management

The Company on behalf of the Fund has filed with the Central Bank a risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the Fund's use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

Profile of a Typical Investor

The Fund is suitable for investors seeking capital growth who are prepared to accept a level of risk of around 10%. Risk is defined as the annualized standard deviation of monthly returns. Typical investors are expected to be informed investors who understand and are willing to accept capital and income risk. Investors should have a medium to long term investment horizon as the Fund's objective is expected to be met over a market cycle of 3 to 5-years.

Subscription Price and Repurchase Price

The Subscription Price and Repurchase Price at which a Share will be subscribed for or repurchased on a Dealing Day, as the case may be, is the Net Asset Value per Share on the relevant Dealing Day, as adjusted in accordance with any applicable fees as described under "Fees and Expenses" section and in accordance with the provisions of this section.

The Net Asset Value per Share will differ on each Dealing Day: (a) as the value of the Fund Assets will increase or decrease over time; (b) as the fees and expenses in relation to the Fund will accrue over time; (c) due to dealing charges, taxes and other similar costs and spreads from buying and selling prices of the Fund Assets.

Accordingly, you should note that the Net Asset Value per Share at any time may be less than the original value of your investment and you should be prepared to sustain a loss on your investment.

Disruption Events

Upon the occurrence of a Disruption Event (and without limitation to the Director's general powers, as further described in the Prospectus):

- (i) the Directors may make adjustments to determine the value of the underlying assets and the Net Asset Value may therefore be affected by such adjustment;
- (ii) the Directors may temporarily suspend the calculation of the Net Asset Value and any subscription, repurchase and exchange of Shares in accordance with the provisions of the Prospectus under the heading "Suspension of Calculation of Net Asset Value";
- (iii) The Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.

Efficient Portfolio Management and Securities Financing Transactions

The Fund may, for efficient portfolio management purposes, enter into one or more repurchase transactions and/or reverse repurchase transactions (which are types of Securities Financing Transactions) (each a "**Repo Transaction**"), at all times in compliance with the Central Bank Rules and the requirements of SFTR. Any type of assets that may be held by the Fund in accordance with its investment objective and policies may be subject to such Securities Financing Transactions.

In a Repo Transaction the Fund would purchase securities from the relevant counterparty (the "**Repo Counterparty**") for an agreed purchase price and the Repo Counterparty would agree to repurchase equivalent securities from the Fund at a repurchase date and repurchase price agreed between them. Any Repo Counterparty must be a financial institution with a minimum credit rating for long-term debt of "**A2**", or equivalent.

Such Repo Transactions shall be regarded as efficient portfolio management techniques ("**Efficient Portfolio Management Techniques**") as further detailed in the sub-section entitled 'Efficient Portfolio Management Techniques' below.

The securities purchased by the Fund under a Repo Transaction will be highly liquid and well-rated securities and be of a kind that will help the Fund mitigate against counterparty risk, in accordance with the Central Bank Rules.

Each and any Repo Transaction entered into by the Fund will be marked to market daily and, if the market value of the securities purchased by the Fund is ever less than the initial purchase price paid by the Fund to initially purchase the securities under the Repo Transaction, then additional equivalent securities will be delivered to the Fund so that the current market value of the securities held by the Fund will, on a daily basis, at least match such purchase price.

By entering into any Repo Transaction, the Fund is not taking any economic exposure to the performance of the relevant securities.

The Fund shall not engage in Securities Financing Transactions or total return swaps and this section will be updated in accordance with the Central Bank Rules and the disclosure requirements of SFTR in advance of any change in this regard.

Efficient Portfolio Management Techniques

As stated in the 'Investment Policy' section above, the Fund may employ Efficient Portfolio Management Techniques. Efficient Portfolio Management Techniques may only be effected in

accordance with normal market practice. All assets received in the context of Efficient Portfolio Management Techniques should be considered as collateral and should comply with the criteria set out below in relation to collateral. All the revenues arising from Efficient Portfolio Management Techniques employed shall be returned to the Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees, which are all fully transparent and shall not include hidden revenue, shall include fees and expenses payable to Approved Counterparties and Repo Counterparties engaged by the Company, in respect of the Fund from time to time. Such fees and expenses of any Approved Counterparties and Repo Counterparties engaged by the Company in respect of the Fund, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the Company or the Fund. Details of Fund revenues arising and attendant direct and indirect operational costs and fees as well as the identity of any specific Approved Counterparties and Repo Counterparties engaged by the Company in respect of the Fund from time to time shall be included in the Company's semi-annual and annual reports. From time to time, the Fund may engage Approved Counterparties and Repo Counterparties that are related parties to the Investment Manager and/or the Depositary, or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the Company. Please refer to the section entitled "Conflicts of Interest" in the Prospectus for further details on the conditions applicable to any such related party transactions.

Collateral Policy

In the context of techniques which are used for efficient portfolio management and/or the use of derivative instruments for hedging or investment purposes, collateral may be received from a counterparty for the benefit of the Fund or posted to a counterparty by or on behalf of the Fund. Any receipt or posting of collateral by the Fund will be conducted in accordance with the Central Bank Rules and the terms of the Company's collateral policy in respect of the Fund as outlined in the Prospectus.

The Fund will require receipt of the necessary level of collateral so as to ensure counterparty exposure limits are not breached.

Currency Hedging of Different Classes

The Fund intends to enter into Futures and/or forwards on currencies to seek to hedge against declines in the values of non-Euro denominated Classes of the Fund, as a result of changes in currency exchange rates against the Base Currency of the Fund, which is the Euro.

All hedging transactions will be clearly attributable to a specific Class and therefore, currency exposures of different Classes shall not be combined or offset and currency exposures of assets of the Fund shall not be allocated to separate Classes. Hedging will be carried out in accordance with the "Hedged Classes" section of the Prospectus.

The Company may incur transaction costs in respect of entering into any currency hedging. Any costs and gains/losses of the hedging transactions will accrue solely to the relevant Class.

Investment Restrictions

Investors in particular must note that the general investment restrictions set out under the heading "Funds – Investment Restrictions" in the Prospectus apply to the Fund.

Limited Recourse

A Shareholder will solely be entitled to look to the Fund Assets in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

Borrowings

In accordance with the general provisions set out in the Prospectus under the heading "Funds - Borrowing and Lending Powers", the Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis.

Leverage

The Fund may utilise FDI as referred to in the section headed "Investment Policy" above.

As the Fund will engage in FDI, to the extent that the commitment approach does not adequately capture the global exposure of the portfolio, the Investment Manager has advised the Directors that it considers that the absolute Value at Risk ("VaR") methodology is an appropriate methodology to calculate the Fund's global exposure and market risk, taking into account the investment objectives and policies of the Fund and the complexity of the FDI used.

The Fund will be leveraged as a result of its use of FDI and may therefore generate a notional exposure above 100% of the Net Asset Value of the Fund when utilizing the absolute VaR methodology to measure global exposure. VaR is the advanced risk measurement methodology used to assess the Fund's market risk. This leverage effect entails greater risk for investors.

The Fund will use the absolute VaR model whereby VaR shall not exceed 20% of the Net Asset Value of the Fund. The absolute VaR model is considered appropriate as the Fund does not define the investment target in relation to a benchmark.

When calculating the VaR daily the Investment Manager will take into account the following quantitative standards:

- The equivalent one-tailed confidence level will be 99%
- The equivalent holding period should be 20 days
- The historical observation period will not be less than 1 year, however a shorter observation period may be used if justified, (for example, as a result of significant recent changes in price volatility)

Investors should be aware that VaR is a way of measuring the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. The Fund could however be exposed to losses which are much greater than envisaged by VaR, more so under abnormal market conditions. It should be noted that VaR does not explicitly measure leverage; rather, VaR is a statistical risk measure and the actual loss of a particular transaction or to the Fund overall may materially exceed the loss indicated by the use of VaR. There are limitations in using VaR as a statistical measure of risk because it does not directly limit the level of leverage in the Fund and only describes the risk of loss in prevailing market conditions and would not capture future significant changes in volatility.

The level of leverage (calculated as an absolute sum of the notional exposure of FDI being utilised by the Fund) is expected to be within the range of 800-1500%. However, at certain times of the year, the leverage will be higher (up to 5300%) reflecting the roll from one maturing currency forward into a new contract. The expected level of leverage range is calculated based on the sum of the absolute value of notionals of the derivatives used, in accordance with the Central Bank Rules. This figure does not take into account any netting and hedging arrangements that the Fund has in place at any time even though these netting and hedging arrangements are used for risk reduction purposes and is therefore not a risk-adjusted method of measuring leverage which means this figure is higher than it otherwise would be if such netting and hedging arrangements were taken into account. Investors should note that the leverage level calculation methodology adds together currency positions which may otherwise be considered to off-set each other, in whole or in part, and consequently reflects a level higher than might generally be expected. These netting and hedging arrangements, if taken into account, may reduce the level of leverage.

The level of leverage calculated using the commitment approach is expected to be within the range of 800-1500% but it is possible that leverage may exceed this range, for example during periods of low market volatility. The commitment approach is used as a supplementary leverage calculation methodology. The level of leverage calculated using the commitment approach is lower than that calculated using the sum of the notional exposure of FDI being utilised by the Fund because the level calculated using the commitment approach does take into account any netting and hedging arrangements. Leverage may exceed 800-1500% during periods of low market volatility. The reason for this is that when market volatility is low, the Investment Manager needs to add currency positions to the portfolio in order to achieve the Fund's risk target of 10%. When market volatility is high, the Investment Manager will decrease the number of currency positions.

While leverage presents opportunities for increasing the Fund's return to Shareholders, leverage also has the potential to increase losses should the return on the derivative be negative. Due to the utilisation of leverage, a Shareholder could lose part or all its investment, however the Shareholder cannot be liable for more than the total amount subscribed for shares in the Fund.

The Company on behalf of the Fund has filed with the Central Bank its risk management process which enables it to accurately measure, monitor and manage the various risks associated with the use of FDI. Any FDI not included in the risk management process will not be utilised until such time as a revised submission has been provided to the Central Bank. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

Dividend Policy

The Fund does not pay dividends and it is expected that all income and gains will be reinvested.

Listing

The Ordinary A EUR has been admitted to the Official List and traded on the Main Securities Market of the Irish Stock Exchange. Application has been made for all remaining Classes to be admitted to the Official List and traded on the Main Securities Market of the Irish Stock Exchange. The Ordinary A EUR Class was listed on 12 November 2014.

Neither the admission of the Classes of the Fund to the Official List and trading on the Main Securities Market nor the approval of the listing particulars pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of service providers to or any other party connected with the Company, the adequacy of information contained in the listing particulars or the suitability of the Company for investment purposes.

Application has been made to the Irish Stock Exchange Plc for the Ordinary B USD, Ordinary J1 EUR, Ordinary J1 USD, Ordinary J1 GBP, the Ordinary J2 EUR, Ordinary J2 USD and Ordinary J2 GBP Shares of the Fund to be admitted to the official list and to trading on the Main Securities Market of the Irish Stock Exchange. This supplement together with the Prospectus of the Company, including all information required to be disclosed by the Irish Stock Exchange rules, comprise listing particulars for the purpose of such application. The directors do not anticipate that an active secondary market will develop in the Shares of the Fund.

The directors confirm that there has been no significant change in the financial or trading position of the Fund since 30 June 2016.

General Information Relating to the Fund

Type	Open-ended
Base Currency	EUR
Business Day	A day (other than a Saturday or a Sunday) on which (i) commercial banks and foreign exchange markets are open and settle payments (including dealings in foreign exchange and foreign currency deposits) in Dublin and London; (ii) each Clearing System is open for business; and (iii) The Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system is open.
Dealing Day	Every Business Day.
Dealing Deadline	12:00 pm (Dublin time) one Business Day prior to the relevant Dealing Day
Initial Offer Period	<p>The Initial Offer Period for Ordinary A EUR, Ordinary A USD and Ordinary A SEK shares has now closed and these Classes are continuously open for subscription.</p> <p>The Initial Offer Period for Ordinary A CHF, Ordinary B EUR, Ordinary B USD, Ordinary B CHF, Ordinary B SEK, Ordinary C EUR, Ordinary C USD, Ordinary C CHF, Ordinary C SEK, Ordinary J1 EUR, Ordinary J1 USD, Ordinary J1 GBP, Ordinary J2 EUR, Ordinary J2 USD and Ordinary J2 GBP shares will open at 9:00 am on 24 July 2017 and will close at 5:00pm on 23 January 2018.</p>
Minimum Fund Size	EUR 5 million (or currency equivalent).
Valuation Point	12:00 pm (London time) on the relevant Dealing Day by reference to which the Net Asset Value per Share of the Fund is determined.
Settlement Date*	In respect of Subscriptions, three Settlement Business Days after the relevant Dealing Day and in respect of Redemptions, three Settlement Business Day after the relevant Dealing Day, or such other number of Settlement Business Days as the Directors, in their discretion, may determine, from time to time, provided that, in the case of Redemptions, this date shall be no more than ten Business Days after the relevant Dealing Day.
Settlement Business Day	Any day which is both a Business Day and a business day in the jurisdiction of settlement.

***The relevant Settlement Date in the case of a repurchase of Shares refers to the date when the Company makes the relevant payments (if any) to the holder of Shares whose name appears in the register of Shares of the Company (the "Registered Shareholders") such as a nominee. The Registered Shareholders will make such payments to their underlying investors in due course. Accordingly, an investor who has his or her Shares held through a Registered Shareholder may receive the relevant payments after the dates specified in this Supplement.**

Description of the Shares

Class	Initial Issue Price	Minimum Initial Investment Amount	Minimum Additional Investment Amount	Minimum Redemption Amount	Hurdle Rate

Ordinary A EUR	€ 100	€1,000,000	N/A	N/A	3 month EURIBOR
Ordinary A USD *	USD100	USD1,000,000	N/A	N/A	3 month USD LIBOR
Ordinary A CHF *	Fr 100	Fr 1,000,000	N/A	N/A	3 month CHF LIBOR
Ordinary A SEK *	kr 100	kr 1,000,000	N/A	N/A	3 month SEK T-Bill
Ordinary B EUR	€100	€1,000,000	N/A	N/A	3 month EURIBOR
Ordinary B USD *	USD100	USD1,000,000	N/A	N/A	3 month USD LIBOR
Ordinary B CHF *	Fr 100	Fr 1,000,000	N/A	N/A	3 month CHF LIBOR
Ordinary B SEK *	kr 100	kr 1,000,000	N/A	N/A	3 month SEK T-Bill
Ordinary C EUR	€100	€1,000,000	N/A	N/A	3 month EURIBOR
Ordinary C USD *	USD100	USD1,000,000	N/A	N/A	3 month USD LIBOR
Ordinary C CHF *	Fr 100	Fr 1,000,000	N/A	N/A	3 month CHF LIBOR
Ordinary C SEK *	kr 100	kr 1,000,000	N/A	N/A	3 month SEK T-Bill
Ordinary J1 EUR	€100	N/A	N/A	N/A	3 month EURIBOR
Ordinary J1 USD *	USD100	N/A	N/A	N/A	3 month USD LIBOR
Ordinary J1 GBP *	£100	N/A	N/A	N/A	3 month UK T-Bill
Ordinary J2 EUR	€100	N/A	N/A	N/A	3 month EURIBOR
Ordinary J2 USD *	USD100	N/A	N/A	N/A	3 month USD LIBOR
Ordinary J2 GBP *	£100	N/A	N/A	N/A	3 month UK T-Bill

** The Fund may (but is not obliged to) enter into certain currency related transactions (through the use of FDI as disclosed above in the section entitled "Currency Hedging – at Class Level and Asset Class Level") in order to hedge the currency exposure of the Classes denominated in a*

currency other than the Base Currency, as described under the heading “Currency Hedged Classes” in the Prospectus.

All Classes shall be open for public participation. Ordinary J1 EUR, Ordinary J1 USD, Ordinary J1 GBP, Ordinary J2 EUR, Ordinary J2 USD and Ordinary J2 GBP shares shall only be made available for subscription to such entities or persons as the Investment Manager may determine from time to time and notify to the Administrator and the Depositary.

Fees and Expenses

The following fees will be incurred on each Share by Shareholders (which accordingly will not be incurred by the Company on behalf of the Fund and will not affect the Net Asset Value of the Fund):

Exchange Charge	No charge
Preliminary Charge	No charge
Repurchase Charge	No charge

The following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the Fund.

Class	Investment Management Fee	Performance Fee*	Depositary's Fee**	Administrator's Fee***
Ordinary A EUR	1%	10%	0.03%	0.08%
Ordinary A USD	1%	10%	0.03%	0.08%
Ordinary A CHF	1%	10%	0.03%	0.08%
Ordinary A SEK	1%	10%	0.03%	0.08%
Ordinary B EUR	0.50%	20%	0.03%	0.08%
Ordinary B USD	0.50%	20%	0.03%	0.08%
Ordinary B CHF	0.50%	20%	0.03%	0.08%
Ordinary B SEK	0.50%	20%	0.03%	0.08%
Ordinary C EUR	0%	0%	0.03%	0.08%
Ordinary C USD	0%	0%	0.03%	0.08%

Ordinary C CHF	0%	0%	0.03%	0.08%
Ordinary C SEK	0%	0%	0.03%	0.08%
Ordinary J1 EUR	1%	10%	0.03%	0.08%
Ordinary J1 USD	1%	10%	0.03%	0.08%
Ordinary J1 GBP	1%	10%	0.03%	0.08%
Ordinary J2 EUR	0.5%	20%	0.03%	0.08%
Ordinary J2 USD	0.5%	20%	0.03%	0.08%
Ordinary J2 GBP	0.5%	20%	0.03%	0.08%

*Performance Fee	<p>The Investment Manager is also entitled to receive a performance fee (the "Performance Fee") equal to the appreciation in value in excess of 3 month EURIBOR in respect of Ordinary A EUR shares, Ordinary B EUR shares, Ordinary J1 EUR shares and Ordinary J2 EUR shares, 3 month USD LIBOR in respect of Ordinary A USD shares, Ordinary B USD shares, Ordinary J1 USD shares and Ordinary J2 USD shares 3 month CHF LIBOR in respect of Ordinary A CHF shares and Ordinary B CHF shares, 3 month SEK T-Bill in respect of Ordinary A SEK shares and Ordinary B SEK shares and 3 month UK T-Bill in respect of Ordinary J1 GBP shares and Ordinary J2 GBP shares (each a "Class") (the "Hurdle Rate").</p> <p>The Investment Manager shall be entitled to a Performance Fee equal to 10% in respect of Ordinary A EUR, Ordinary A USD, Ordinary A CHF, Ordinary A SEK, Ordinary J1 EUR, Ordinary J1 USD and Ordinary J1 GBP and 20% in respect of Ordinary B EUR, Ordinary B USD, Ordinary B CHF, Ordinary B SEK, Ordinary J2 EUR, Ordinary J2 USD and Ordinary J2 GBP of the amount by which each Class out performs the Hurdle Rate.</p> <p>The Performance Fee will be calculated quarterly on the rate of return (net of the Investment Manager's fees) of each Class, and will be payable quarterly in arrears (on 31 March, 30 June, 30 September & 31 December of each year), or upon repurchase, if earlier. The Initial Offer Price multiplied by the number of shares issued is taken as the starting point for the calculations. The first calculation period will be the period commencing on the Business Day which immediately follows the closing of the Initial Offer Period in respect of the relevant Class and ending on the next calendar quarter end. Any underperformance by the Fund relative to the Hurdle Rate during a calculation period (which shall be a calendar quarter, closing on the last Business Day each quarter) (the "Calculation Period") shall be clawed back before any subsequent Performance Fee becomes payable. The Performance Fee with respect</p>
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	<p>to any redemptions of Shares during the Calculation Period will crystallise and become payable within 14 days of the redemption date. The Performance Fee will be calculated by the Administrator and verified by the Depositary.</p> <p>The Performance Fee for each Calculation Period shall be payable on the amount, if any, by which the Net Asset Value before Performance Fee accrual (but net of any realised Performance Fee on redemptions) of the relevant Class of Shares exceeds the Hurdle Rate Adjusted Net Asset Value of the relevant Class of Shares on the last Business Day of the Calculation Period. The Performance Fee is based on net realised and net unrealised gains and losses as at the end of each Calculation Period and as a result, it may be paid on unrealised gains which may subsequently never be realised.</p> <p>“Hurdle Rate Adjusted Net Asset Value” means in respect of the first Calculation Period for the Fund the Initial Offer Price of the relevant Class multiplied by the number of Shares of the Class issued during the Initial Offer Period, increased on each Dealing Day by the value of any subscriptions or decreased pro rata by the value of any redemptions which have taken place since the Initial Offer Period, adjusted by the relevant Hurdle Rate over the course of the Calculation Period.</p> <p>For each subsequent Calculation Period for the Fund the “Hurdle Rate Adjusted Net Asset Value” means either</p> <ul style="list-style-type: none"> (i) where a Performance Fee was payable in respect of the prior Calculation Period, the Net Asset Value of the Class of Shares as at the end of the last Calculation Period, increased on each Dealing Day by the value of any subscriptions or decreased pro rata by the value of any redemptions which have taken place since the beginning of such Calculation Period, adjusted by the relevant Hurdle Rate over the course of the Calculation Period; or (ii) where no Performance Fee was payable in respect of the prior Calculation Period, the Hurdle Rate Adjusted Net Asset Value of the Class of Shares at end of the prior Calculation Period at which the last Performance Fee was paid, increased on each Dealing Day by the value of any subscriptions or decreased pro rata by the value of any redemptions which have taken place since the beginning of such Calculation Period, adjusted by the relevant Hurdle Rate over the course of the Calculation Period. <p>For the avoidance of doubt, where the relevant Class has underperformed, (i.e. its Net Asset Value at the end of a Calculation Period is below the Hurdle Rate Adjusted Net Asset Value, no Performance Fee will be payable until the underperformance is clawed back.</p>
<p>**Depositary's Fee</p>	<p>The fees set out in the table above shall be subject to a minimum monthly fee of USD3,000. The fees shall be payable on each Dealing Day and be payable monthly in arrears. In addition, the Depositary or its affiliate is entitled to be reimbursed the reasonable safekeeping fees and transaction charges of sub-custodians appointed by it which shall be charged at normal commercial rates.</p>
<p>***Administrator's Fee</p>	<p>The administration fees set out in the table above shall be subject to a minimum monthly fee of USD10,000 per month. In addition the Administrator shall be entitled to receive transaction, processing and/or</p>

	account maintenance fees which shall be charged at normal commercial rates and shall be payable out of the assets of the Fund.
Other fees and expenses	<p>Please refer to the 'Other Administrative Expenses' sub-section of the 'Fees and Expenses' section of the Prospectus for further details.</p> <p>Set up costs of the Fund shall be paid out of the assets of the Fund and are not expected to exceed €30,000. The set up costs are amortised over the first five years of the operation of the Fund. The fees and expenses of the Fund (including the Management Fee) accrue daily and are payable monthly in arrears and be calculated with reference to the daily Net Asset Value of the Fund.</p>

This section under the heading "Fees and Expenses" should be read in conjunction with the section headed "Fees and Expenses" in the Prospectus.

OTHER INFORMATION

Investment Manager and Distributor

First Quadrant, L.P., a Delaware limited partnership, serves as the investment manager and distributor of the Fund. The Investment Manager is located at 800 E. Colorado Boulevard, Suite 900, Pasadena, California, 91101. The Investment Manager has managed, subadvised and promoted CIS and similar fund structures for institutional and retail investors in the United States and other jurisdictions in Europe, Asia, Australia, and North America since 1999. The type of investment strategies employed in these structures broadly include global asset allocation using stock and bond futures, active currency management, and long and short global equities.

Material Contracts

The Investment Management Agreement dated 27 September 2010 between the Company and the Investment Manager. The Investment Management Agreement provides that the appointment of the Investment Manager will continue unless and until terminated by either party giving to the other not less than 90 days' written notice although in certain circumstances the Investment Management Agreement may be terminated forthwith by notice in writing by either party to the other. The Investment Management Agreement contains certain indemnities payable out of the assets of the relevant Fund in favour of the Investment Manager which are restricted to exclude matters resulting from the fraud, wilful default or negligence of the Investment Manager in the performance or non-performance of its obligations and duties.

The Investment Management Agreement contains limited recourse provisions under which the recourse against the Company or the Investment Manager in respect of any claims arising under or in relation to the Investment Management Agreement is expressed to be limited to the Fund established in respect of the Shares to which such claims relate, and the Investment Manager will have no recourse to any other assets of the Company. If following the realisation of the relevant Fund and the application of such realisation proceeds in payment of all claims of the Investment Manager relating to the relevant Fund and all other liabilities (if any) of the Company ranking pari passu with or senior to such claims which have recourse to the relevant Fund(s) (for these purposes the "Relevant Date"), such claims are not paid in full, (a) the amount outstanding in respect of such claims will be automatically extinguished, (b) the Investment Manager will have no further right of payment in respect thereof and (c) the Investment Manager will not be able to petition for the winding-up of the Company as a consequence of any such shortfall; provided that (a) and (b) above shall not apply to any assets of the relevant Fund that may be subsequently held or recouped by the relevant Fund between the Relevant Date and date of termination of the relevant Fund in accordance with the Central Bank Rules.

The **Distribution Agreement** dated 27 September 2010 between the Company, the Investment Manager and the Distributor. The Distribution Agreement provides that the appointment of the Distributor will continue unless and until terminated by any party giving to the other parties not less than 90 days' written notice although in certain circumstances the Distribution Agreement may be terminated forthwith by notice in writing by any party to the other parties; the Distribution Agreement contains certain indemnities payable out of the assets of the relevant Fund in favour of the Distributor which are restricted to exclude matters resulting from the bad faith, fraud, wilful default or negligence of the Distributor in the performance or non-performance of its obligations and duties.

The Distribution Agreement contains limited recourse provisions under which the recourse against the Company or the Distributor in respect of any claims arising under or in relation to the Distribution Agreement is expressed to be limited to the Fund established in respect of the Shares to which such claims relate, and the Distributor will have no recourse to any other assets of the Company. If following the realisation of the relevant Fund and the application of such realisation proceeds in payment of all claims of the Distributor relating to the relevant Fund and all other liabilities (if any) of the Company ranking *pari passu* with or senior to such claims which have recourse to the relevant Fund(s) (for these purposes the "Relevant Date"), such claims are not paid in full, (a) the amount outstanding in respect of such claims will be automatically extinguished, (b) the Distributor will have no further right of payment in respect thereof and (c) the Distributor will not be able to petition for the winding-up of the Company as a consequence of any such shortfall; provided that (a) and (b) above shall not apply to any assets of the relevant Fund that may be subsequently held or recouped by the relevant Fund between the Relevant Date and date of termination of the relevant Fund in accordance with the Central Bank Rules.

Risk Factors

Certain risks relating to the Shares are set out under the heading "Risk Factors" in the Prospectus. In addition, Shareholders should note that:

- (a) The Fund's exposure is linked to the performance of the Fund Assets. The Fund is therefore exposed to general market movements and global economic trends which are occasionally partially affected by irrational factors. Such factors may lead to a more significant and longer lasting decline in prices affecting the entire market.
- (b) This Fund is not capital protected nor is it guaranteed. In certain market conditions, the Fund may be faced with losses. Such market conditions could mean that investors could, in certain circumstances, face minimal or no returns, or may even suffer a loss, on such investments.
- (c) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (d) With respect to currency hedging of share classes that are denominated in a different base currency, hedging against a decline in the value of the Fund's positions does not eliminate fluctuations in the values of the positions of the relevant Class or prevent losses if the values of such positions decline as a result of movements in currency exchange rates, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the value of the Fund's positions. Such hedging transactions also limit the opportunity for gain if the value of the Fund's positions should increase. It may not be possible for the Fund to hedge against a change or event at a price sufficient to protect its assets from the decline in value of the positions of the relevant Class anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all, or the

Investment Manager may choose not to hedge all or any of the Fund's exposure or may choose to execute the hedge for only certain Classes.

Risks Associated With Reliance on the Investment Manager

The management of the investments of the Fund will be vested exclusively with the Investment Manager. Persons should not invest in the Fund unless they are willing to entrust all aspects of the management of the Fund and its investments to the complete discretion of the Investment Manager. Here are some of the risks an investor should consider:

Conflicts of Interest

Decisions made by the Investment Manager will be subject to a number of inherent conflicts of interests. Before investing, prospective investors should review "Potential Conflicts of Interest" sub-section in the "Risk Factors" section of the Prospectus.

Investment Selection

The success of the Fund's investment strategy will depend on the management, skill and acumen of the Investment Manager. Investors will have no opportunity to select or evaluate in advance any of the Fund's investments or strategies.

No Input into Fund Affairs

Except for the voting rights attaching to only the Voting Shares, investors will have no right to take part in the conduct, management, operation or control of the Fund or the Fund's business.

Valuations of Fund Investments

The Fund's investments will be valued in accordance with the terms of the Memorandum and Articles of Association for purposes of calculating, among other things, the Net Asset Value of the Fund and, thereby, fees of the Investment Manager, Administrator and Depositary. The value assigned to an investment at a certain time in accordance with the Fund's valuation procedures may differ from the value that the Fund is ultimately able to realize. In such a case, any fees paid will not be subject to reversal.

Risks Associated with the Fund's Investment Strategy

Concentration of Investments

The Investment Management Agreement imposes no limits on the concentration of the Fund's investments in particular countries, regions, securities, industries, or sectors and at times (subject to the investment restrictions) the Fund expects to hold a relatively small number of securities positions, each representing a relatively large portion of the Fund's capital. Losses incurred in those positions could have a material adverse effect on the Fund's overall financial condition. The Fund's investment portfolio (because of size, investment strategy and other considerations) may be confined to the securities of relatively few countries, regions, issuers or industries.

Counterparty Risk

Some of the markets in which the Fund may effect transactions are "over-the-counter" or "interdealer" markets. This exposes the Fund to the risk that counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from concentrating any or all of its transactions with one counterparty. The ability of the Fund to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Regardless of the measures the Fund may implement to reduce counterparty risk there can be no assurance that a counterparty will not default on its obligations or that the Fund will not sustain losses on the transactions as a result.

Currency Risks and Currency Market Risks

The Fund's investment policy requires that the Fund is exposed to global currency markets. Currency markets occasionally display high volatility and a capacity for large price fluctuations over short time periods.

The Fund is denominated in EUR and Shares will be issued and redeemed in EUR, USD, CHF and SEK. Certain assets will, however, be invested in investments that are denominated in currencies other than EUR, USD, CHF and SEK and the profit and loss of the Fund may be in currencies other than EUR, USD, CHF and SEK. Accordingly, the value of those assets and any profits or losses may be affected favourably or unfavourably by fluctuations in currency rates.

In addition, Investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. dollar or euros and such other currencies.

Derivative Securities

The Fund may invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain. These investments are all subject to additional risks that can result in the loss of all or part of an investment. In particular, derivatives may be subjected to heightened interest rate and credit risk volatility, sensitivity to world and local market price and demand, and general economic factors and activity. Derivatives have very high leverage imbedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which the Fund may effect derivative transactions are over-the-counter or inter-dealer markets. The participants in such markets are typically subject to credit evaluation and regulatory oversight as are members of an exchange-based market. This exposes the Fund to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract.

The Fund will be exposed to the credit risk associated with placing its cash, margin and securities with counterparties to derivative contracts to be held as collateral. These assets are exposed to loss in the event of the insolvency of the derivative counterparty.

Forward Currency Contracts

A forward currency contract involves an obligation to purchase or sell a specific currency at a specified future date, which may be any fixed number of days from the contract date agreed upon by the parties, at a price set at the time the contract is entered into. The Fund may enter into forward currency contracts to purchase or sell foreign currencies for a fixed amount of U.S. dollars or another foreign currency. The Fund also may use forward currency contracts for "cross-hedging."

The cost to the Fund of engaging in forward currency contracts varies with factors such as the currency involved, the length of the contract period and the market conditions then prevailing. Because forward currency contracts are usually entered into on a principal basis, no fees or commissions are involved although there is a mark-up or spread. When the Fund enters into a forward currency contract, it relies on the counterparty to make or take delivery of the underlying currency at the maturity of the contract. Failure by the counterparty to do so would result in the loss of any expected benefit of the transaction.

As is the case with Futures, holders and writers of forward currency contracts can enter into offsetting closing transactions, similar to closing transactions on Futures, by selling or

purchasing, respectively, an instrument identical to the instrument held or written. Secondary markets generally do not exist for forward currency contracts, with the result that closing transactions generally can be made for forward currency contracts only by negotiating directly with the counterparty. Thus, there can be no assurance that the Fund will in fact be able to close out a forward currency contract at a favourable price prior to maturity. In addition, in the event of insolvency of the counterparty, the Fund might be unable to close out a forward currency contract at any time prior to maturity. In either event, the Fund would continue to be subject to market risk with respect to the position, and would continue to be required to maintain a position in securities denominated in the foreign currency or to maintain cash or securities in a segregated account.

The precise matching of forward currency contracts amounts and the value of the securities involved generally will not be possible because the value of such securities, measured in the foreign currency, will change after the foreign currency contract has been established. Thus, the Fund might need to purchase or sell foreign currencies in the spot (cash) market to the extent such foreign currencies are not covered by forward contracts. The projection of short-term currency market movements is extremely difficult, and the successful execution of a short-term hedging strategy is highly uncertain.

Futures Contracts and Options on Futures

The Investment Manager may permit the Fund to invest in Futures and Options on Futures. Investments in Futures may subject the Fund to certain special significant risks as described below:

- (1) *Speculative and Volatile.* Futures prices are highly volatile. Price movements of Futures are influenced by, among other things, changing supply and demand relationships; government trade, fiscal, monetary and exchange programs and policies; national and international political and economic events; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation in certain markets, particularly in currencies and gold. Such intervention is often intended to influence price directly. None of these factors can be controlled by the Investment Manager and no assurances can be given that advice will result in profitable trades for the Fund or that the Fund will not incur substantial losses.
- (2) *Highly Leveraged.* The low margin deposits normally required in Futures trading permit an extremely high degree of leverage; margin requirements for Futures trading being in some cases as little as 2% of the face value of the contracts traded. For example, if at the time of sale 10% of the price of the Futures is deposited as margin, a 10% decrease in the price of the Futures would, if the contract was then closed out, result in a total loss of the margin deposit before any deduction for the trading commission. A decrease of more than 10% would result in a loss of more than the total margin deposit. Accordingly, a relatively small price movement in a Future may result in immediate and substantial loss to the Fund. Like other leveraged investments, any trade may result in losses in excess of the amount invested, but these potential losses, even if they occur, would not mean investors would lose more than the amount invested.
- (3) *Illiquidity.* United States commodity exchanges impose "daily limits" on the amount by which the price of most Futures traded on such exchanges may vary during a single day. Daily limits prevent trades from being executed during a given trading day at a price above or below the daily limit. Once the price of a Futures has moved to the limit price, it may be difficult, costly or impossible to liquidate a position. Such limits could prevent the Investment Manager from promptly liquidating unfavourable positions and restrict its ability to exercise or offset commodity options held in the Fund's account. In addition, even if Futures prices have not moved the daily limit, the Investment Manager may be unable to execute trades at favourable prices if the liquidity the market is not adequate. Daily limits have been applicable to bond futures for some time and have recently been imposed on stock index futures (although none exist on actual stocks) as a result of the market turbulence of October 1987. It is also possible for an exchange or the CFTC to suspend trading in a particular contract (as, in fact, occurred in the case of stock index

futures on October 20, 1987), order immediate settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only.

General Investment and Market Risks

There can be no guarantee of the success of the Investment Manager's investment strategy and the Fund's activities may be significantly and adversely affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

Moreover, some of the Fund's investments may have limited liquidity. In addition, the Fund may invest in a limited number of securities, and as a consequence, the aggregate returns realized by the Investors may be substantially adversely affected by the unfavourable performance of a small number of such investments. If the Investment Manager elects to concentrate the Fund's investments in a particular industry or issuer, the Fund's portfolio will then become more susceptible to fluctuations in value resulting from adverse economic conditions affecting that particular industry or issuer.

Fixed income risk

Should assets of the Fund not required for obtaining exposure to the currency markets be invested in short term fixed income investments, the Fund will be exposed to interest rate market risks, credit market risks and liquidity market risks, which can affect its value.

Model and data risk

The Investment Manager relies on proprietary quantitative models to construct the Fund's portfolio, value investments and manage risk. These models rely in turn on information and data supplied by third parties. Should the models or data used prove to be incorrect or incomplete, any decisions made in reliance thereon expose the Fund to potential risk.

Market Disruption and Geopolitical Risk

Geopolitical and other events may disrupt securities markets and adversely affect global economies and markets. Those events, as well as other changes in foreign and domestic economic and political conditions, could adversely affect the value of the Fund's investments.

Availability of and Ability to Acquire Suitable Investments

While the Investment Manager believes that many attractive investments of the type in which the Fund may invest are currently available and can be identified, there can be no assurance that such investments will be available when the Fund commences investment operations, or that available investments will meet the Fund's investment criteria. Furthermore, the Fund may be unable to find a sufficient number of attractive investment opportunities to meet its investment objective.

Changing Conditions Could Cause the Fund to Suffer Losses

There are innumerable external factors that could impact the Fund including changes in economic conditions (such as interest rates and inflation rates), industry conditions, governmental regulation, competition, technological developments, political and diplomatic events and trends, the outbreak of war or terrorist acts, changes in tax laws and other factors. The Investment Manager cannot control any of these conditions.

High Brokerage and Other Transactional Expenses

The Fund's activities may at times involve a high level of trading (including significant short-term trades) resulting in very high portfolio turnover that may generate substantial transaction costs.

These costs will be borne by the Fund regardless of its profitability. The expenses of the Fund may be greater than the total fees charged in other comparable investment vehicles.

Repurchase Arrangements

The Fund may enter into repurchase arrangements for the purposes of efficient portfolio management. Accordingly, the Fund will bear a risk of loss in the event that the other party to the transaction defaults on its obligation and the Fund is delayed or prevented from exercising its rights to dispose of the underlying securities. The Fund will, in particular, be subject to the risk of a possible decline in the value of the underlying securities during the period in which the Fund seeks to assert its right to them, the risk of incurring expenses associated with asserting those rights and the risk of losing all or a part of the income from the agreement.

Risks associated with the Structure and Operation of the Fund

Effect of Substantial Redemptions

Substantial redemptions within a short period of time could require the Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and/or disrupting the Investment Manager's investment strategy.

Fund Deficits

The expenses of the Fund may exceed its income, thereby requiring that the difference be paid out of the Fund's capital, reducing the Fund's investments and potential for profitability.

No Distributions – Tax Liability

The Fund does not intend to make distributions to the investors, but intends instead to reinvest substantially all net proceeds from the sale of assets, including the cost bases and all income and gain. Cash that might otherwise be available for distribution will also be reduced by payment of the Fund's obligations, payment of the Fund's expenses and establishment of appropriate reserves. As a result, if the Fund is profitable, investors in all likelihood will be credited with the Fund's net income, and will incur the resulting income tax liability (to the extent they are subject to income tax), even though Investors do not receive any Fund distributions. An investor may obtain cash from the Fund only by redeeming Shares.

No Independent Counsel

No independent legal counsel has been retained to represent the interests of the investors. Neither the Memorandum and Articles of Association of the Company nor the Investment Management Agreement has been reviewed by any attorney on behalf of the investors. Each prospective investor is therefore urged to consult its own counsel as to the terms and provisions of the Shares and with regard to all other related documents. Legal counsel to the Investment Manager does not represent the Fund or any other service providers acting in respect of the Fund other than the Investment Manager.

Reserve for Contingent Liabilities

Under certain circumstances, the Board of Directors on the recommendation of the Investment Manager may find it necessary upon redemption by an investor to set up a reserve for contingent liabilities and withhold a certain portion of the redemption proceeds. This could happen, for example, if the Fund were involved in litigation or subject to an audit by the United States Internal Revenue Service.

Payment of Redemptions in Securities or Financial Instruments

The Board of Directors has the discretion to deliver amounts redeemed in kind in securities, or other financial instruments, rather than cash, or partially in securities, or other financial instruments, and partially in cash, subject to the conditions as set out in the Prospectus.

Resignation of the Investment Manager

The success of the Fund will depend on the ability of the Investment Manager to develop and implement investment strategies to achieve the Fund's investment objective. The Fund's investment performance could be materially affected if the Investment Manager were to cease to be involved in the active management of the Fund's investment portfolio. If the Investment Management Agreement is terminated (by either the Investment Manager or the Fund) or if the Investment Manager withdraws, dissolves or becomes insolvent, the Fund will be dissolved upon the adoption of a special resolution by the Shareholders requiring the Fund to be wound up voluntarily.

Suspension of Redemptions and Distributions

The Board of Directors, on the recommendation of the Investment Manager, may suspend the right of any investor to redeem its Shares in the Fund if, in the Board of Director's judgment, such a suspension would be in the best interest of the Fund.

Tax Risks

The tax aspects of an investment in the Fund are complicated and each prospective investor should have them reviewed by professional advisors familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. The Fund is not intended and should not be expected to provide any tax shelter.

Investors should also refer to the Prospectus for additional disclosure of risks.

Miscellaneous

The Company has two other Funds established as at the date of this Supplement, namely First Quadrant Global Risk-Balanced Fund, Times Square European Small Cap Fund and GW&K Global Small Cap Fund.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptance or acceptance credits, hire purchase or finance lease commitments, guarantee or other liabilities which are material in nature.