The directors of Walnut AIF Umbrella ICAV (the "Directors") listed in the Prospectus dated 30 November 2018 (the "Prospectus") in the "Directory" section, 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 is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

SINGULARITY FUND

(A Sub-Fund of Walnut AIF Umbrella ICAV, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the Irish Collective Asset-management Vehicles Act 2015 and the AIFMD Regulations)

Supplement to the Prospectus

30 November 2018

This Supplement forms part of, and must be read in conjunction with the Prospectus in relation to Walnut AIF Umbrella ICAV (the "ICAV") and contains information relating to the Singularity Fund which is a separate portfolio of the ICAV. To the extent that there is any inconsistency between this Supplement and the rest of the Prospectus, this Supplement will prevail. Words and terms defined in the Prospectus have the same meaning in this Supplement unless otherwise stated herein.

DEFINITIONS

Words and terms defined in the Prospectus have the same meaning in this Supplement unless otherwise stated herein.

"**Business Day**" means each day on which commercial banks are open for business in Dublin (and/or such other day or days as the Directors may from time to time determine and notify in advance to Shareholders);

"**Dealing Day**" means each Business Day;

"**Initial Offer Period**" means the period beginning on the Business Day immediately following the date of this Supplement and ending at 1:00 pm (Irish time) on 14 December 2018 or such earlier or later date as the Directors (or their delegate) may determine;

"**Redemption Dealing Deadline**" means 1:00 pm (Irish time) on the fifth Business Day preceding the relevant Dealing Day;

"**Subscription Dealing Deadline**" means 1:00 pm (Irish time) on the fifth Business Day preceding the relevant Dealing Day;

"**Subscription Settlement Deadline**" means 1:00 pm (Irish time) on the third Business Day preceding the relevant Dealing Day;

"**Sub-Fund**" means the Singularity Fund; and

"**Valuation Point**" means 24:00 (UTC) at the end of each Valuation Day.

INTRODUCTION

The ICAV

The ICAV is an Irish collective asset-management vehicle with segregated liability between sub-funds incorporated in Ireland and constituted as an umbrella fund, insofar as the share capital of the ICAV will be divided into different Series with each Series representing a portfolio of assets which will comprise a separate Sub-Fund. The names of the sub-funds in the ICAV are disclosed in the Prospectus.

The Sub-Fund

The Singularity Fund is an open ended sub-fund of the ICAV. The Base Currency of the Sub-Fund is euro. As of the date of this Supplement, four Classes of Shares are available for subscription, as set out in the section entitled "Subscriptions".

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

The investment objective of the Sub-Fund is to maximize risk-adjusted return and provide diversification using trading algorithms.

Investment Policy

The AIFM seeks to identify and act upon short-term market fluctuations using the AIFM's proprietary systematic model:

- **Machine Learning**: The model detects current market movements and adjusts its behaviour accordingly. The model learns from previous trades (both successful and unsuccessful) and continuously analyses how a gain or loss could be better predicted in future.
- **Short Term**: The model seeks to identify short-term market fluctuations. As a result, active trading is designed to be conducted during exchange opening hours.
- **Systematic**: The model is entirely systematic and does not rely on any manual or discretionary input.
- **Long / Short**: The model identifies both upward and downward price fluctuations and as such positions may be either long or short.
- **Analytical Techniques**: The model's analytical techniques include a combination of mean reversion and momentum signals.
- **Risk Constraints**: The model incorporates certain hard-coded, non-flexible investment and risk restrictions (described below).

The investment policy is implemented through investment in futures and exchange traded funds ("ETFs"). Such futures will be traded on organised exchanges in various parts of the world, principally in OECD countries within Europe, North America and Asia. The underlyings of such futures are interest rates, foreign exchange, shares, bonds, indices (such as stock indices and commodities indices) and commodities. The Sub-Fund may also invest directly in equity securities and currency spot transactions. The equities will be single stock (whether common or preferred), listed or traded on organized exchanges globally (which may include emerging market countries) and issued by companies across all market capitalizations and industrial sectors. The ETFs, which may be regulated or unregulated, will themselves invest in similar futures or equities as the Sub-Fund.

The Sub-Fund may invest its remaining net assets (ie, those not invested as described above) as follows:

- **Cash Management**: The Sub-Fund may invest in fixed income securities and money market instruments issued by government issuers which are listed, traded or dealt in on organised exchanges. The Sub-Fund may also invest in money market funds and ETFs. The fixed income securities and money market instruments in which the Sub-Fund may invest shall include (but not be limited to) treasury bills, fixed and floating rate bonds and zero coupon bonds that will be of investment grade or above, as determined by the AIFM. In addition, the Sub-Fund may invest in cash deposits and near cash instruments. Cash deposits shall include standard deposits such as bank certificates of deposit and bank deposits with credit institutions. An investment in such fixed income securities, money market instruments, cash deposits, near cash instruments, and money market funds will be for cash management purposes only. Investment in ETFs may be for investment purposes, as described above, or cash management purposes, as described in this paragraph;

- **Hedging**: The Sub-Fund may invest in forward currency exchange contracts to hedge against the risk of adverse currency movements, including in particular as between the hedged Classes and the Base Currency.

Investment for cash management and hedging purposes is determined by the AIFM in its own discretion; the model described above does not determine cash management or hedging trades.

Investment restrictions

The AIFM's model incorporates a wide range of non-flexible rules. These include maximum allocation amounts per instrument, per direction and per trading signal. In addition, each position incorporates a stop loss mechanism. Finally, the model as a whole operates a stop loss mechanism which limits daily losses to 2.5% of the Sub-Fund's Net Asset Value.

The Sub-Fund will not invest in total return swaps, repurchase agreements or stock-lending transactions. The Sub-Fund will not invest more than 50% of its Net Asset Value in any one ETF.

Leverage

The Sub-Fund's investment in futures will be inherently leveraged. In addition, the Sub-Fund also may borrow for cash management purposes, including in anticipation of additional subscriptions and funding redemptions. The Sub-Fund will bear all of the costs and expenses incurred in connection therewith, including any interest expense charged on funds borrowed or otherwise accessed.

Pursuant to its regulatory obligations the AIFM is required to set a maximum level of leverage. For the purposes of this disclosure, leverage is any method by which the Sub-Fund's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in derivative positions, or by any other means. Leverage is expressed as the ratio between the Sub-Fund's exposure and its Net Asset Value, using two required methodologies for calculating such exposure: the gross methodology and the commitment methodology. Using these methodologies, leverage will not exceed the ratio of 6:1 using the commitment methodology and 5:1 using the gross methodology.

SUBSCRIPTIONS AND REDEMPTIONS

Subscriptions

Applicants may submit a subscription application form, as described in the Prospectus, at any time during the Initial Offering Period. Thereafter, subscription application forms must be received by the Subscription Dealing Deadline. Subscription monies should be sent to the bank account specified in the subscription agreement and must be received before the Subscription Settlement Deadline.

The following Shares will be available for subscription:

Class	Class A	Class B	Employee Class	Seed Class
Class Currency	Euro	US Dollar	Euro	Euro
Initial Offer Price	€1,000	€1,000*	€1,000	€1,000
Minimum Initial Subscription	€250,000	€250,000*	Nil	€250,000
Minimum Additional Subscription	€250,000	€250,000*	Nil	€250,000
Minimum Holding	250 Shares	250 Shares	Nil	250 Shares
Minimum Redemption Amount	Nil	Nil	Nil	Nil
Hedged	No	Yes	No	No

** Or the Class Currency equivalent*

Prospective investors should note that it is currently intended that:

- the offering of Employee Class Shares will be limited to certain investors who are employees of the AIFM; and
- the offering of Seed Class Shares will be offered only until the Net Asset Value of the Sub-Fund reaches €20 million.

Such Shares generally will not be available to other investors either by subscription or exchange, provided that the Directors may determine, at their discretion, to make them more widely available.

Investors are obliged to provide their subscription monies by the Subscription Settlement Deadline, which is before the Dealing Day, and such subscription monies will be retained and used by the Sub-Fund. Such investors will be creditors of the Sub-Fund with respect to the subscription monies until Shares are issued to them as at the Dealing Day and will not benefit from any shareholder rights until such time as Shares are issued.

Redemptions

Shareholders may redeem their Shares in the Sub-Fund on any Dealing Day by submitting a redemption request, as described in the Prospectus, before the relevant Redemption Dealing Deadline.

Redemption proceeds will generally be paid within three (3) Business Days of the Dealing Day and in any event within ten (10) Business Days of the Dealing Day, save that payment may be delayed in the circumstances described in the Prospectus.

FEES AND EXPENSES

The following fees and expenses apply in respect of the Sub-Fund. This section should be read in conjunction with the section entitled "Fees and Expenses" in the Prospectus.

AIFM fees

For its management services in respect of the Sub-Fund, the AIFM will be entitled to an annual investment management fee ("Investment Management Fee") payable by each Class, equal to the rate of the Net Asset Value of the Class as set forth below:

Class A	Up to 2%
Class B	Up to 2%
Employee Class	Nil
Seed Class	Up to 1%

The Investment Management Fee will be accrued daily and payable monthly in arrears.

Performance Fees

A performance fee may be awarded by the Sub-Fund to the AIFM as set out below.

A performance fee will only be awarded with respect to a Class when the Net Asset Value of the relevant Class for the Performance Evaluation Period exceeds its Prior High Net Asset Value. The "Performance Evaluation Period" is one calendar quarter except in the quarter of the closure of the initial offer period of the relevant Class, in which case it will be the period from the closure of the initial offer period to the end of that calendar quarter.

Where a performance fee can be awarded with respect to a given Performance Evaluation Period, it will occur on the first Dealing Day of the following Performance Evaluation Period and will be equal to the percentage set forth below of the amount by which the Net Asset Value (gross of accrued but unpaid performance fee) of a Class exceeds its Prior High Net Asset Value.

Class A	Up to 20%
Class B	Up to 20%
Employee Class	Nil
Seed Class	Up to 10%

In respect of the initial Performance Evaluation Period for a Class, the "Prior High Net Asset Value" is the initial offer price for Shares of that Class, multiplied by the number of Shares of such Class issued at the end of the initial offer period, adjusted by subscriptions and/or redemptions of Shares which have taken place subsequent to such date.

In respect of each subsequent Performance Evaluation Period, the "Prior High Net Asset Value" of a given Class is either:

(a) where a performance fee was awarded in respect of the prior Performance Evaluation Period, the Net Asset Value per Share of the relevant Class at the end of that prior Performance Evaluation Period multiplied by the number of Shares of such Class in issue at the end of such prior Performance Evaluation Period, adjusted by subscriptions and/or redemptions of Shares which have taken place subsequent to such date; or

(b) where no performance fee was awarded in respect of the prior Performance Evaluation Period, the Net Asset Value per Share of the relevant Class at the end of a Performance Evaluation Period for which a performance fee was awarded multiplied by the number of Shares of such Class in issue at the end of such prior Performance Evaluation Period (or the Prior High Net Asset Value for the initial Performance Evaluation Period if no performance fee has yet been awarded), adjusted by any subscriptions and/or redemptions of Shares which have taken place subsequent to such date.

Where Shares are redeemed during a Performance Evaluation Period, any performance fee accrued with respect to such Shares will crystallise as if the Performance Evaluation Period ended on the date of such redemption and be awarded to the Investment Manager.

The performance fee will be calculated and accrued on each Valuation Day and this calculation will be verified by the Depositary.

TER

The TER payable by each Class will be up to 0.30% of the Net Asset Value of the Class.

Preliminary Charge / Redemption Charge

The Directors may, in their absolute discretion, charge a Preliminary Charge, payable to introducing agents and intermediaries (which may include the AIFM), of up to 5% of the gross cash amount subscribed.

The Directors may, in their absolute discretion, charge a Redemption Charge of up to 3% of the amount redeemed.

Establishment costs

The establishment costs of the Sub-Fund were borne by or on behalf of the AIFM.

Other fees

The other fees and expenses of the ICAV and the Sub-Fund are set out in the "Fees and Expenses" section of the Prospectus. Fees and expenses incurred with respect to a given Class(es) will be allocated to that Class / those Classes.

DIVIDEND POLICY

The Board retains the right to declare distributions in respect of the Share Classes of the Sub-Fund in their sole discretion. In the event that the Directors determine to declare distributions in respect of these share classes, Shareholders will be notified in advance of any such change in the distributions policy (including the date by which distributions will be paid and the method by which distributions will be paid) and full details will be disclosed in an updated Supplement.

In the event distributions are paid in the future, any distributions paid on a Share of the Sub-Fund that has not been claimed within six years of its declaration shall be forfeited and shall be paid for the benefit of the Sub-Fund. No interest shall be paid on any distributions.

RISK FACTORS

Investors should refer to the "*Investment Restrictions*" and "*Risk Factors*" sections of the Prospectus, including in particular the risks regarding investment in foreign exchange spots and bonds. In addition, investors should refer to the additional risk factors disclosed below.

This investment is only suitable for those investors who are in a financial position to assume the significant risks involved in investing in the Sub-Fund, including without limitation the risks involved with investment in futures. The value of the Shares in the Sub-Fund may go up or down.

Futures Risks

The Sub-Fund will utilise exchange-traded futures as part of its investment policy. These instruments can expose investors to a high risk of loss.

Volatility

A principal risk in investing in the futures markets is the volatility of prices. Prices may fluctuate rapidly and over wide ranges because of unforeseeable events or changes in market conditions, including but not limited to, changes in the relationship between supply and demand; fiscal and monetary policies, governmental interventions; exchange rate controls; economic or political events; or changes in interest rates. None of these factors can be controlled by the AIFM.

Leverage

The low initial margin deposits normally required to establish a position in derivative instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited.

Illiquidity

It may not always be possible to execute a buy or sell order at the desired price, or to close out an open position, in the markets due to illiquidity. Such illiquidity may be caused by intrinsic market conditions (for example, a lack of demand) or it may be the result of extrinsic factors like the imposition of daily price fluctuation limits (which set a floor and ceiling on the price at which a futures contract or option on a futures contract may be executed). During a single trading day no trades may be executed at prices beyond the "daily limit." Once the price of a futures contract for a particular underlying has increased or decreased by an amount equal to the daily limit, no one may either take positions in the underlying or liquidate such positions unless they are willing to effect trades at or within the limit. In respect of futures contracts, the price of the futures contracts may be different to the price of the cash instruments underlying the futures contracts.

Taking Delivery

Execution of a futures contract always anticipates making or accepting delivery. In rare cases, the AIFM may determine to accept or to make delivery (provided that physical delivery of precious metals and commodities will never be taken) or market conditions may be such that an open position cannot be liquidated to avoid delivery. In the event of delivery, it may be necessary for the Sub-Fund to borrow funds at rates above the market rate for short-term loans.

Margin Risk

Generally, most leveraged transactions, such as futures, will require the use of a portion of the Sub-Fund's assets, as applicable, for margin or settlement payments or other purposes. For example, the Sub-Fund may from time to time be required to make margin, settlement or other payments in connection with the use of futures. As a result, the AIFM may liquidate Sub-Fund assets sooner than it otherwise would have and/or maintain a greater portion of its assets in cash and other liquid securities than it otherwise would have, which portion may be substantial, in order to have available cash to meet current or future margin calls, settlement or other payments, or for other purposes. Moreover, due to market volatility and changing market circumstances, the AIFM may not be able to accurately predict future margin requirements, which may result in the Sub-Fund holding excess or insufficient cash and liquid securities for such purposes. Where the Sub-Fund does not have cash or assets available for such purposes, it may be unable to comply with its contractual obligations, including without limitation, failing to meet margin calls or settlement or other payment obligations. If the Sub-Fund defaults on any of its contractual obligations, it and its Shareholders may be materially adversely affected. Although the Sub-Fund may enter into a financial derivative instrument in respect of a specific Class, for example for hedging purposes in respect of certain hedged Classes, any adverse effect described above in respect of such financial derivative instrument transaction may affect the Sub-Fund and its Shareholders as a whole, including holders of Classes in respect of which the financial derivative instrument was not entered.

Trading on exchanges

The Sub-Fund will trade futures on exchanges located anywhere. The Sub-Fund is also subject to the risk of the failure of the exchanges on which its positions trade or of their clearinghouses or clearing firms. Moreover, some exchanges are "principals' markets" in which performance is solely the individual member's responsibility and not that of an exchange or its clearinghouse, if any. In the case of trading on such exchanges, the Sub-Fund will be subject to the risk of the inability of, or refusal by, a counterparty to perform with respect to contracts.

Risks relating to the underlyings

Commodity Markets Risk

The commodity markets generally are subject to greater risks than other markets. It is a feature of commodities generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of commodities can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments. Commodities are often produced in emerging market countries and these countries are more exposed to the risk of swift political change and economic downturns. In some cases, far-reaching political changes may result in constitutional and social tensions, instability and reaction against market reforms. There can be no assurance that future political changes will not adversely affect the economic conditions of an emerging marketing country. Political or economic instability may affect investor confidence, which could adversely impact the Net Asset Value of the Sub-Fund.

Interest Rates Risk

The Sub-Fund may invest in futures with interest rates as underlying asset. A change of interest rates may result in a change in the marked-to-market value of such instrument. For example, in the case the Sub-Fund enters in a long position on futures with interest rates as the underlying, an increase in such interest rates may result in a decrease in the marked-to-market value of such futures. The factors influencing interest rates include, amongst other things, monetary policy, fiscal policy and inflation. For example, in relation to monetary policy, the central bank can influence interest rates by expanding or contracting the monetary base, which consists of currency in circulation and banks' reserves on deposit at the central bank, through open market operations. In relation to fiscal policy, if the government funds a budget deficit with the issuance of government bonds, this can drive up interest rates across the market. On the contrary, if there is a budget surplus, the government may buy back the government bonds which can push down the interest rates. Furthermore, if there is a build-up of inflationary pressure in an economy, the central bank will increase interest rates to control inflation.

Fixed income securities

The value of a future based on fixed income securities will change in response to fluctuations in interest rates and currency exchange rates which can be caused by a wide variety of market factors, including central bank monetary policy, inflation levels and changes in general economic conditions. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed income securities (and futures based on them) generally can be expected to rise and vice versa.

Equity securities

The Sub-Fund may take long and short futures positions in equity securities. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer’s securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or a decrease in consumer confidence, that are unrelated to the issuer itself or its industry. Stock which the Sub-Fund has sold short via a future may be favourably impacted (to the detriment of the Sub-Fund) by the same factors (e.g., decreased competition or costs or a decrease in interest rates). These factors and others can cause significant fluctuations in the prices of the futures in which the Sub-Fund invests and can result in significant losses.

Currency risks

Currency exchange rates may fluctuate significantly over short periods of time causing, along with other factors, a Sub-Fund's Net Asset Value to fluctuate as well. Currency exchange rates generally are determined by the forces of supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or anticipated changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates also can be affected unpredictably by intervention or failure to intervene by governments or central banks or by currency controls or political developments throughout the world. To the extent that a substantial portion of a Sub-Fund's total assets is exposed to the currencies of particular countries, the Sub-Fund will be more susceptible to the risk of adverse economic and political developments within those countries.

Investments by the Sub-Fund in currencies of emerging market countries (also known as "exotics") involve certain considerations not typically associated with investing in currencies of developed countries. These include: (i) more frequent currency devaluations and other currency exchange rate fluctuations; (ii) political uncertainty and instability; (iii) more substantial government involvement in the economy; (iv) higher rates of inflation; (v) less government supervision and regulation of the financial markets and participants in those markets; (vi) controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for more established currencies; (vii) greater price volatility, substantially less liquidity and significantly smaller market capitalization of financial markets; (viii) the risk of nationalization or expropriation of assets or confiscatory taxation; (ix) the difference in, or lack of, auditing and financial reporting standards, which may result in unavailability of material information about issuers; and (x) the risk that it may be more difficult to obtain and/or enforce a judgment in a court in an emerging market country.

Risks relating to direct investment

To the extent the Sub-Fund invests directly in equity securities and currency transactions, the risks described above for equity securities and currencies as assets underlying futures would also apply to them as the direct investments.

Risks relating to the AIFM's model

Model Risk

The profitability of the Sub-Fund depends almost entirely on the AIFM and the success of its investment model. The use of models cannot guarantee that the Sub-Fund will achieve its objective. As market dynamics shift over time, a previously highly successful model may (notwithstanding dynamic machine learning) become outdated and it is possible that the AIFM will not recognise that fact before substantial losses are incurred. There is no assurance that the investment strategy based on the model output could be timely, accurately and fully executed.

Use of Hedging

The AIFM's model may hedge some or all of the Sub-Fund's positions by taking offsetting long or short positions. While hedging is intended to protect against adverse price movements, it also has the effect of lowering a trade's profit potential. In addition, all hedging involves costs, including the purchase price of the instruments used for the hedge and related transaction expenses, which will be paid by the Sub-Fund. These costs may, on occasion, outweigh the benefits to be derived from the hedge.

The greater the similarity between the instrument being hedged and the instrument providing the hedge, the more successful the hedge is likely to be. However, a variety of factors may prevent the model from seeking or securing a sufficiently accurate correlation between a hedging instrument and the Sub-Fund's position. In addition, the AIFM's model may choose not to hedge, to hedge only a portion of a position or to implement a hedge only when warranted by specific market indicators.

Model Implementation Risks

While the AIFM strives to mitigate the likelihood of material implementation errors, it is impossible to completely eliminate the risk of error in the implementation of the computer models that guide its quantitative investment processes. Risks associated with model implementation include the following:

- The model may not operate as designed due to coding shortcomings, the quality of inputs or other similar modeling challenges.

- Although the AIFM has back-up facilities, it is possible that computing or communication technology may be disrupted, making it difficult or impossible for the AIFM to run its models.

- The AIFM utilizes a large amount of internal and externally supplied data in its investment models. Although the AIFM routinely checks this data for errors, it is possible that its checks will not identify unanticipated all data inaccuracies. Additionally, certain data items may become unavailable at any time, for reasons outside of its control, potentially reducing the efficacy of its models.

Risks Related to Crowding

There is significant competition among investment managers that employ model-based strategies and it is possible that the AIFM's model may come to resemble those used by other managers. This increases the risk that, in the event of a market disruption that adversely affects predictive models, investment losses may be amplified by rapid reductions in liquidity or repricing due to simultaneous trading by multiple model-based managers.

Deleveraging

The AIFM's may deleverage or terminate trading at any time in order to eliminate any risk of the maximum acceptable loss being exceeded. Termination or deleveraging of the Sub-Fund's trading after losses involves a potential significant opportunity cost. Furthermore, the Sub-Fund could, as a result of losses, be prevented from continuing to trade during what would otherwise have been highly profitable periods, and consequently substantially underperform an otherwise identical portfolio not subject to such risk control policy. Deleveraging the Sub-Fund's trading correspondingly reduces its profit potential.

Short sales

The Sub-Fund will engage in short selling. Short selling allows the investor to profit from declines in securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Securities regulators may ban, via temporary measures, any legal or natural person from entering into transactions which might constitute or increase a net short position on derivative instruments ("Short-Selling Ban"). The purpose of such action is to closely monitor the functioning of those markets. Short-Selling Bans may directly or indirectly impact the performance of the Sub-Fund, as implementation of its investment objective by alternative methods may reveal to be economically less efficient . These restrictions and reporting requirements may prevent a Sub-Fund from successfully implementing its investment strategies, including, without limitation, as part of any long / short strategy or in connection with hedging its investments, and to achieving its investment objective. In addition, reporting requirements relating to short selling may provide transparency to a Sub-Fund's competitors as to its short positions, thereby having a detrimental impact on the Sub-Fund's returns.

Currency hedging transactions

The Sub-Fund may engage in a variety of currency transactions for hedging purposes, including spot or forward contracts which are not guaranteed by an exchange or clearing house. A default on such a contract would deprive the Sub-Fund of unrealised profits, transaction costs and the hedging benefits of the contract or force the Sub-Fund to cover its purchase or sale commitments, if any, at the current market price.

The Sub-Fund may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Sub-Fund at one rate, while offering a lesser rate of exchange should the Sub-Fund sell to the dealer.

Spot and forward contracts which are not traded on exchanges are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks and other dealers with whom the Sub-Fund may maintain accounts may require the Sub-Fund to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. The Sub-Fund's counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which the AIFM would otherwise recommend, to the possible detriment of the Sub-Fund. In addition, disruptions can occur in any market traded by the Sub-Fund due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to the Sub-Fund

Class Hedging

The AIFM may seek to hedge all or any portion of the foreign currency exposure of Shares designated in a currency other than the Base Currency through foreign exchange hedging. There can be no assurance that foreign exchange hedging will be effective. For example, foreign exchange hedging may not fully protect investors from a decline in the value of the Base Currency against the relevant Class currency because, among other reasons, the valuations of the underlying assets of the Sub-Fund used in connection with foreign exchange hedging could be materially different from the actual value of such assets at the time the foreign exchange hedging is implemented, or because a substantial portion of the assets of the Sub-Fund may lack a readily ascertainable market value. Moreover, while holding Shares of a hedged Class should protect investors from a decline in the value of the Base Currency against the relevant Class currency, investors in a hedged Class will not generally benefit when the Base Currency appreciates against the relevant Class currency. The value of Shares of any hedged Class will be exposed to fluctuations reflecting the profits and losses on, and the costs of, the foreign exchange hedging.