

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

LSV ADVISORS, LLC

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This brochure provides information about the qualifications and business practices of LSV Advisors, LLC ("LSV"). If you have any questions about the contents of this brochure, please contact us at (212) 378-3700 or daniel.altman@lsvfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about LSV also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2

MATERIAL CHANGES

LSV is required to identify and discuss any material changes made to its Brochure since the last annual update. This Brochure is LSV's first amendment to its Form ADV Part 2A submitted to the SEC pursuant to amendments made to certain rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and the form formerly known as Form ADV Part II. LSV previously provided to its clients a Form ADV Part II, dated October 2010 (the "Old Part II"), which was used as a basis for certain disclosure provided in this Brochure. Differences between the Old Part II and this Brochure are generally attributable to the new disclosure rules and the new form, and not to any material changes in the qualifications or business practices of LSV.

MSF Advisors, L.P., a new affiliated investment manager, was formed and several of LSV's affiliated investment managers became the manager of a total of three new funds, as further described in Item 4. In addition, as described in Item 1, the address of LSV's principal office has changed. Clients and prospective clients should review the Brochure carefully.

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ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

LSV is a limited liability company formed in the state of Delaware in November 2005 and commenced operations in November 2005. David G. Tisch is the managing member of LSV. LSV registered as an investment adviser with the SEC in September of 2010. LGK Advisors, L.P. ("**LGK**"), is a limited partnership formed in the State of Delaware and commenced operations in July 2010. LGK is an affiliate of LSV that has the same ownership structure as LSV and is also registered with the SEC as an investment adviser. LSV's clients are pooled investment vehicles that acquire shares in other hedge funds.

David G. Tisch, is the principal owner, through vehicles that he controls, of LSV, LGK and their affiliated management companies DJT Advisors, L.P., GIL Advisors, L.P., MSF Advisors, L.P. and DTS Advisors, L.P. and has ultimate responsibility for the management, operations and the investment decisions made by these entities.

B. Description of Advisory Services.

1. Advisory Services.

LSV serves as the management company with discretionary trading authority to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis (each, a "**Fund**" and collectively, the "**Funds**"). The Funds include: LSV Low Volatility, L.P. (a Delaware limited partnership), LSV Low Volatility, Ltd. (a Cayman Islands exempted company), LSV Masters, L.P. (a Delaware limited partnership), LSV Masters International, Ltd. (a Cayman Islands exempted company) and LSV Masters Alpha International, Ltd. (a Cayman Islands exempted company).

LGK serves as investment advisor with discretionary trading authority providing discretionary advisory services to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis. These include: LSV Special Opportunities, L.P. (a Delaware limited partnership), LSV Special Opportunities Fund III, Ltd. (a Cayman Islands exempted company), LSV Advantage International II, L.P. (a Delaware limited partnership), LSV Advantage International II, Ltd. (a Cayman Islands exempted company) and LSV Advantage International II, L.P. (a Delaware limited partnership). An affiliate of LSV serves as the general partner of LSV Special Opportunities Fund, L.P. and LSV Advantage International, II, L.P. In addition, DJT Advisors, L.P. an affiliated management company of LSV serves as the investment manager of LSV Advantage International, Ltd. and LSV International IV, Ltd. (each, a Cayman Islands exempted company), GIL Advisors, L.P. an affiliated management company of LSV serves as the investment manager of LSV Special Opportunities Fund, Ltd. (a Cayman Islands exempted company), MSF Advisors, L.P. an affiliated management company of LGK, serves as the investment manager of LSV Multi-Strategy Master Fund, L.P. (a Cayman Islands partnership) and LSV Multi-Strategy Offshore Fund, Ltd. (a Cayman Islands exempted company) and DTS Advisors, L.P. an affiliated management company of LSV serves as the investment manager LSV Advantage International III, LLC (a Delaware limited liability company).

The interests in the U.S.-domiciled Funds are offered on a private placement basis, pursuant to an exemption from registration requirements of Section 5 of the Securities Act of 1933, as amended (the "Securities Act"), to persons who are "accredited investors" as defined in Regulation D under the Securities Act, "qualified clients" as defined under the Investment Advisers Act, as amended (the "Advisers Act"), and/or "qualified purchasers" as defined under the Investment Company Act, and subject to certain other conditions, which are set forth in the offering documents of the respective Funds.

The shares in the Funds domiciled outside the United States are offered on a private placement basis to persons who are not "U.S. persons" as defined under Regulation S of the Securities Act, and U.S. tax-exempt persons to persons who are "accredited investors" as defined in Regulation D under the Securities Act, and/or "qualified clients" as defined under the Investment Advisers Act, and subject to certain other conditions, which are set forth in the offering documents of the respective Funds.

As used herein, the term "client" generally refers to each Fund.

This Brochure generally includes information about LSV and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to specific clients or affiliates only.

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act, and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

2. Investment Strategies and Types of Investments.

Please refer to Item 8.A. below.

C. Availability of Customized Services for Individual Clients.

LSV's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

D. Wrap Fee Programs.

LSV does not participate in Wrap Fee programs.

E. Assets Under Management.

As of January 1, 2012, LSV and its affiliates, together with LGK, managed \$965.3 million including undrawn capital commitments to the funds. LSV directly managed approximately \$39.0 million as of January 1, 2012.

ITEM 5

FEES AND COMPENSATION

A. Advisory Fees and Compensation.

The fees applicable to each Fund are set forth in detail in each Fund's offering documents. The following is a brief summary of such fees.

LSV charges an asset based fee and a performance based fee (the "Management Fee"). The Management Fee for each Fund is calculated and paid quarterly and ranges from 1.25% to 1.5% per annum. The performance based fee for each Fund ranges from between 5% to 10% of appreciation in net asset value, over a "high water-mark" (the "Performance Fee"). LSV and/or its affiliates may waive or reduce the Management Fee or Performance Fee (by rebate or otherwise) with respect to any investor, including, without limitation, its affiliates and/or employees.

B. Payment of Fees.

Fees and compensation paid to LSV or its affiliates by the Funds are generally deducted from the assets of such clients. Management Fees are generally deducted on a quarterly basis and Performance Fees are generally deducted on an annual basis.

C. Additional Fees and Expenses.

There are no other fees payable to LSV.

Unless noted otherwise, the following is a comprehensive list of expenses that may be charged by LSV to one or more (but not necessarily all) of the Funds. Therefore, a Fund may bear some or all of the following expenses: administration expenses, customary directors' fees, auditor's fees, on-going costs and expenses associated with the Funds' and administration and operation, including, but are not limited to, expenses relating to the cost of purchasing investments (e.g., due diligence expenses, brokerage commissions and trading costs), investment-related expenses, including but not limited to legal fees (whether or not such investments are consummated), government fees, research expenses, research-related service providers, research-related publications, communications, research-related travel expenses, Fund administration, fees and expenses related to custodial and bank services, expenses relating to the offer and sale of shares or interests, legal and other out-of-pocket fees and expenses payable to third parties in connection with the creation of new share classes and negotiation of arrangements with investors therein and all tax, accounting (and audit) and legal fees.

D. Prepayment of Fees.

Certain clients of LSV pay asset based fees quarterly, in advance of such quarter. To the extent that LSV no longer serves as investment manager with respect to a particular investor, such investor's performance based fee would be rebated to such investor on a pro rata basis, based upon the number of days during which LSV served as investment manager.

E. Additional Compensation and Conflicts of Interest.

LSV does not accept other compensation from its clients.

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PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

LSV and its affiliates accept performance-based fees from every client. As a result, LSV and its affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients. In the allocation of investment opportunities, performance-based compensation arrangements may also create an incentive to favor accounts from which any adviser may receive greater performance-based compensation over accounts from which an adviser may receive less performance-based compensation. LSV has adopted allocation policies to ensure that all clients are treated fairly and LSV will endeavor to treat each client in a fair and equitable manner.

By investing in underlying investments indirectly through LSV's clients, an investor bears an asset-based management fee and performance-based fee at the shareholder level, in addition to any asset-based and performance-based fees and allocations at the underlying fund level. Thus, an investor may be subject to higher operating expenses than if he or she invested in another fund without multiple fee and expense levels. Each underlying hedge fund manager will receive any incentive-based allocations or fees to which it is entitled irrespective of the performance of the other underlying funds and the funds managed by LSV generally. As a result, an underlying hedge fund manager with positive performance may receive compensation from an LSV client, as an investor in an underlying fund, and indirectly from investors in LSV's clients, even if the funds managed by LSV have overall negative returns. The performance-based compensation received by an underlying manager also may create an incentive for that manager to make investments that are riskier or more speculative than those that it might have made in the absence of the performance-based fee. That compensation may be based on calculations of realized and unrealized gains made by that underlying manager without independent oversight.

LSV's performance fee arrangements may create an incentive for LSV to engage in investment strategies and to make investments that are more speculative and riskier than would be the case in the absence of such performance fee.

Investment vehicles managed by LSV purchase certain illiquid assets, such as shares or interests in side pockets or liquidating share classes in private investment vehicles, at a discount to their reported net asset values. To the extent that the reported net asset values of such illiquid assets are not determined in accordance with U.S. GAAP fair value accounting, the investment vehicles will re-value these assets according to the LSV's valuation procedures, which require that assets be valued at fair value. Such re-valuations are likely to occur shortly after the purchase of the illiquid assets. This re-valuation process will initially cause net asset value to increase based on the write-up of the acquisition cost of these illiquid assets to their third-party reported net asset values. LSV will be entitled to receive a performance fee on the increase of net asset value due to the re-valuations of such illiquid assets. However, the performance fee will be placed in an escrow account and be subject to a clawback.

ITEM 7
TYPES OF CLIENTS

LSV provides investment advisory services to Funds, as described above, whose investment programs primarily involve investing in private investment funds (the "Portfolio Funds"). The private investment funds managed by LSV generally require a minimum \$1,000,000 initial investment.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The descriptions set forth in this Brochure of specific advisory services that LSV offers to clients, and investment strategies pursued and investments made by LSV on behalf of its clients, should not be understood to limit in any way LSV's investment activities. LSV may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that LSV considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies LSV pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved. References herein to LSV include investments made by LSV's clients where appropriate.

LSV's investment committee is led by David Tisch, LSV's Chief Operating Officer, and also includes Saul Diamond, LSV's President and Aaron Shapiro, LSV's Director of Research (the "Investment Committee"). The Investment Committee generally meets on an ongoing basis to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

A. Methods of Analysis and Investment Strategies.

The Funds seek to provide shareholders with: selection of investment managers (the "Portfolio Managers") who, in the judgment of the Investment Manager, are highly skilled investors; allocation of capital among Portfolio Managers (through investments in investment vehicles) who have complementary investment styles and strategies; access to Portfolio Managers (through investments in investment vehicles) who are often closed to new and existing investors; and access to Portfolio Managers (through investments in Investment Vehicles) who have large minimum investments or other restrictions which might make them unavailable to many investors or less appealing than investing through the terms granted to the Fund.

The Funds aim to achieve their investment objectives through the investment in multiple investment vehicles (including hedge funds and managed accounts) (collectively, the "Investment Vehicles") with varying investment strategies and varying geographic investment focus. The Funds place great importance on understanding what has enabled an Investment Vehicle to perform well in the past and whether the business model in place for each of the Investment Vehicles would suggest continued superior performance. On behalf of its clients, LSV may acquire side pockets, liquidating share classes or other interests in publicly traded or privately held investment vehicles, such as hedge funds, funds of funds, private equity funds, venture capital funds and other investment vehicles which hold illiquid assets, securities, financial instruments or physical assets.

LSV relies on its experience in hedge funds and its relationships with industry contacts and the Portfolio Managers to identify prospective investments for the Fund. The Investment Manager will select each Portfolio Manager on the basis of various criteria including the following (i) the Portfolio Manager should, in the opinion of the Investment Manager, possess superior skill in securities analysis and portfolio management; (ii) the Portfolio Manager should have a superior performance track record and, in the opinion of the

Investment Manager, have not significantly changed the business model that produced such performance; and (iii) the Portfolio Manager should be highly reputable, well organized and have proper infrastructure.

LSV generally invests with Portfolio Managers using various investment strategies including:

Event Driven: This strategy is defined as ‘special situations’ investing designed to capture price movement generated by a significant pending corporate event such as a merger, corporate restructuring, liquidation, bankruptcy or reorganization. There are two subcategories in event-driven: risk (merger) arbitrage and distressed/high yield securities.

Risk Arbitrage: An investment strategy that simultaneously invests long and short in companies involved in a merger or acquisition. Typically, the strategy calls for being long the stock of the company being acquired and short the stock of the acquirer. This hedges out market risk and isolates exposure to the outcome of the transaction. This strategy can also include investments in equity restructurings such spin-offs or stub trades.

Distressed Investing: An investment strategy that typically invests long and short in the securities of companies undergoing bankruptcy or reorganization. The focus of this strategy tends to be on companies that are undergoing financial rather than operational distress. This strategy can also involve investing in post-bankruptcy stub equities as well as loan origination.

Global Macro: An investment strategy with a top-down, opportunistic approach based on shifts in global economies. The strategy involves speculation on changes in countries’ economic policies and shifts in currency and interest rates via derivatives and the use of leverage. Typically, the portfolios tend to be highly concentrated in a small number of investment themes.

Long/Short Equity: An investment strategy that involves equity-oriented investing on both the long and short sides of the market. Portfolio Managers of these funds opportunistically vary the gross and net long and short exposures with the result that there is generally more market exposure than found in equity market neutral strategies. There is typically some degree of market timing involved in the strategy that drives the long and short exposures, derived from either top-down themes or bottom-up stock selection criteria. This strategy is often coupled with a specific focus, such as a particular region, industry, sector or market capitalization range.

Relative Value Arbitrage: This strategy aims to take advantage of the relative pricing discrepancies between instruments including equities, debt, options and futures. The Portfolio Managers of the funds may use mathematical or technical analysis ("Statistical Arbitrage") or fundamental analysis ("Fundamental Equity Arbitrage") to determine unequal valuations. Securities may be mispriced relative to the underlying security, related securities, groups of securities or the overall market. Many funds in this category use leverage and seek opportunities globally. Arbitrage strategies can include dividend arbitrage, pairs trading, capital structure arbitrage, options arbitrage and yield curve trading.

Emerging Market: This strategy involves equity or fixed income investing in emerging markets around the world. Because many emerging markets do not allow short

selling, nor offer viable futures or other derivative products with which to hedge, emerging market investing often employs a long-only strategy.

European/Pacific Rim Equities: This strategy involves equity-oriented investing on both the long and short sides of the market. The objective is not to be market neutral. Portfolio Managers have the ability to shift from value to growth, from small to medium to large capitalization stocks and from a net long position to a net short position. Portfolio Managers may use futures and options to hedge. The focus is regional and includes only funds that have a minimum portfolio allocation of 90% to the countries of Western Europe, including the U.K. or, in the case of Pacific Rim Equities, 100% of the portfolio in that region.

Special Situation Investments: From time to time, a portion of a Fund's assets may consist of one or more frozen or otherwise illiquid investments that the Investment Manager determines, in its sole discretion, to be subject to regulatory, contractual or legal restrictions on disposition (each such investment is referred to herein as a "Special Situation Investment").

B. Material, Significant, or Unusual Risks Relating to Investment Strategies.

Risks of Securities Activities

All securities investing and trading activities risk the loss of capital. Although LSV will attempt to moderate these risks, no assurance can be given that LSV's investment activities will be successful or that its clients will not suffer losses. To the extent that the portfolio of LSV's clients are concentrated in securities of a single issuer or issuers in a single industry, the risk of any investment decision made by LSV is increased. Following below are some of the more significant risks that LSV believes are associated with LSV's style of investing, although it is possible that LSV will make an investment that is not described below. For a more detailed list of risk factors applicable to a particular Fund, please refer to such Fund's offering memorandum.

Limited Information Regarding Portfolio Managers and Investment Vehicles

Although LSV will receive information from each underlying investment vehicle regarding its investment performance and investment strategy, LSV may have little or no means of independently verifying this information. In general, LSV will not have access to detailed information regarding the underlying portfolios and operations of the underlying investment vehicles, and will rely in large part on the limited information provided to it by the underlying investment vehicle's portfolio managers. An underlying investment vehicle may use investment strategies that are not fully disclosed to LSV and that may involve risks under some market conditions that are not anticipated by LSV. There is risk that underlying investment vehicle's portfolio managers may knowingly or otherwise withhold or misrepresent information regarding fraudulent or other activities that could have a negative impact on the performance of an underlying investment vehicle. These activities, therefore, could occur without the knowledge of LSV, and could have a materially negative impact on performance.

Loss of Capital

Even if one or more of LSV's investments is successful, there can be no assurance that the shareholders will receive distributions from a fund in an amount equal to their investment in such fund. All investments involve a risk of a complete loss of capital. LSV's risk management approach seeks to isolate and mitigate, not eliminate, risk, and there may be

certain risks that LSV determines should not or cannot be hedged against. An investment in is speculative and involves considerations and risk factors that prospective investors should consider.

Competition; Availability of Investments

The markets in which LSV invests are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that LSV will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities. Competitive investment activity by other firms and institutions will reduce LSV's opportunity for profit by generally increasing price pressure on desired assets, reducing mispricings in the market as well as the margins available on those mispricings that can still be identified.

No Current Income

LSV's investment policies should be considered speculative, as there can be no assurance that LSV's assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that the strategy will likely not pay dividends, an investment with LSV is not suitable for investors seeking current income for financial or tax planning purposes, nor should any distributions discussed herein be considered suitable for investors seeking current income for financial or tax planning.

Restricted and Illiquid Investments

LSV intends to invest in illiquid assets and securities, which are generally not publicly traded. LSV may not be able to readily dispose of non-publicly traded financial instruments and, in some cases, may be contractually prohibited from disposing of such financial instruments for a specified period of time. Restricted securities are securities that may not be sold to the public without an effective registration statement under the Securities Act of 1933 as amended (the "Securities Act") or that may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. LSV does not place any restriction on the purchase of restricted or illiquid securities by its clients. Investments made in illiquid securities by LSV may make it more difficult to calculate Net Asset Value.

Redemptions from Investment Vehicles; Re-Allocation of Investments

In addition to the risks associated with "Limited Liquidity" as described above, LSV's clients may have limited rights pursuant to which it may redeem, transfer or otherwise liquidate its investments in underlying investment vehicles. Under the terms of the governing documents of the underlying investment vehicles, the ability of LSV's clients to redeem any amount invested therein may be subject to certain restrictions and conditions, including restrictions on the redemption of shares for an initial period, restrictions on the amount of redemptions and the frequency with which redemptions can be made, and investment minimums which must be maintained. Additionally, the underlying investment vehicles typically reserve the right to reduce ("gate") or suspend redemptions and to satisfy redemptions by making distributions in-kind, under certain circumstances. The ability of LSV to distribute proceeds from realized investments to its clients may be adversely affected by the imposition of "gates" or suspensions by an underlying investment vehicle or by the decision by an underlying investment vehicle to satisfy redemptions in kind.

Events in the world financial markets, such as those that occurred in September and October 2008, may materially adversely affect the underlying investment vehicles, potentially limiting LSV's clients' ability to fully exercise their redemption rights with regard to underlying investment vehicles due to "gates", suspensions and distributions in kind. Additionally, in some cases underlying investment vehicles may also suspend the determination of the net asset value of all or a portion of their portfolios. The absence of such valuations will make it more difficult for LSV to accurately value its portfolios.

Multiple Levels of Fees and Expenses

Although in many cases investor access to the underlying investment vehicles may be limited or unavailable, an investor that meets the conditions imposed by an underlying investment vehicle may be able to invest directly with the underlying investment vehicles. By investing in underlying investment vehicles indirectly through the LSV's clients, the investor bears an asset-based management fee and performance-based fee, in addition to any asset-based and performance-based fees and allocations at the underlying investment vehicle level. Moreover, an investor bears a proportionate share of the fees and expenses of LSV's investment vehicles (including operating costs, distribution expenses, brokerage transaction expenses, and administrative fees) and, indirectly, similar expenses of the underlying investment vehicles. Thus, an investor may be subject to higher operating expenses than if he or she invested in another fund without multiple fee and expense levels. Each underlying portfolio manager will receive any incentive-based allocations or fees to which it is entitled irrespective of the performance of the other underlying portfolio managers and the LSV pooled investment vehicle generally. As a result, an underlying portfolio manager with positive performance may receive compensation from LSV's clients, as an investor in an underlying investment vehicle, and indirectly from its shareholders, even if the LSV's pooled investment vehicle's overall returns are negative.

Duplicative Transaction Costs

Investment decisions of the underlying investment vehicles are made by their portfolio managers independently of each other so that, at any particular time, one underlying investment vehicle may be purchasing shares of an issuer whose shares are being sold at the same time by another underlying investment vehicle. Transactions of this sort could result in directly or indirectly incurring certain transaction costs without accomplishing any net investment result.

In-Kind Distributions

Distributions from the LSV's investment vehicles will be generally in cash. In addition, a distribution in respect of a compulsory redemption may be made in cash or in kind, or in a combination thereof. For the purpose of determining the value to be ascribed to any assets used for an in-kind distribution, the value ascribed to such assets shall be the value of such assets on the relevant redemption date. Such proceeds may be distributed directly or indirectly through a distribution of, without limitation, interests in one or more special purpose vehicles holding assets owned by an LSV pooled investment vehicle or participations therein. To the extent interests in one or more special purpose vehicles holding participation interests in the assets of an LSV pooled investment vehicle are distributed, such distribution may continue to be at risk of the LSV pooled investment vehicle's business until all such assets are sold.

Restrictions on Liquidity

The ability of investors to receive distribution proceeds may be adversely affected to varying degrees by such restrictions on liquidity implemented by investment vehicles in which a client is invested. Without limitation, in the event a client is unable to obtain liquidity from the investment vehicles in which it is invested, the client may suspend payments of distributions.

Valuation of Investment Vehicles

Market prices are not readily available for most underlying investment vehicles in which the LSV invests. LSV's valuation procedures provide that the value of its pooled investment vehicles' investments underlying investment vehicles ordinarily will be the value determined for each underlying investment vehicles in accordance with the underlying investment vehicles valuation policies and provided to LSV. Although LSV will review the valuation procedures used by the underlying investment vehicles, LSV will have little or no means of independently verifying valuations provided by such underlying investment vehicles.

Control over Portfolio Managers

LSV will invest in underlying investment vehicles that LSV believes will generally, and in the aggregate, be managed in a manner consistent with the LSV's investment objective and strategy. There can be no assurances that an underlying investment vehicles not controlled by LSV will manage its investment vehicles in such a manner.

General Economic and Market Conditions

The success of LSV's activities may be 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 security prices and liquidity of LSV's investments. Unexpected volatility or liquidity could impair LSV's profitability or result in its suffering losses.

Recent Developments in Global Credit Markets

Recently, declines in the market value of asset-backed securities, especially securities backed by subprime mortgages, have been concomitant with significant market events. Increasing credit and valuation problems in the subprime mortgage market have generated extreme volatility and illiquidity in the markets for securities directly or indirectly exposed to subprime mortgage loans. This volatility and illiquidity has extended to the global credit and equity markets generally, and, in particular, to the high-yield bond and loan markets, exacerbated by, among other things, growing uncertainty regarding the extent of the problems in the mortgage industry and the degree of exposure of financial institutions and others, decreased risk tolerance by investors and significantly tightened availability of credit. The duration and ultimate effect of current market conditions cannot be predicted, nor is it known whether or the degree to which such conditions may worsen. However, the continuation of current market conditions, uncertainty or further deterioration could result in further declines in the market values of potential Fund investments or declines in the market values of subsequently purchased investments. Such declines could lead to diminished investment opportunities for LSV, prevent LSV from successfully executing its investment strategies or require LSV's clients to dispose of investments at a loss while such adverse market conditions prevail.

Highly Volatile Markets

The prices of securities and commodities contracts and all derivative instruments, including futures and options, can be highly volatile. Price movements of forward, futures and other derivative contracts in which LSV's clients' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options. Intervention often is intended directly to influence prices and may, together with other factors, cause all such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. LSV's clients also are subject to the risk of the failure of any exchanges on which its positions trade or of their clearinghouses.

General Risks of Investing in Financial Instruments

Any investment in financial instruments carries certain market risks. An investment in LSV's clients is highly speculative and involves a high degree of risk due to the nature of LSV's investments and the investment strategies and trading strategies to be employed. An investment in LSV's clients should not in itself be considered a balanced investment program. Investors should be able to withstand the loss of their entire investment.

All investments in financial instruments risk the loss of capital. No guarantee or representation is made that LSV's investment program will be successful. The investment program will involve, without limitation, risks associated with possible limited diversification, leverage, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in LSV's activities. Certain investment techniques of LSV can, in certain circumstances, magnify the impact of adverse market moves to which LSV may be subject. In addition, LSV's investment in financial instruments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where LSV may invest its assets.

LSV's method of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Risks of Real Estate Investments

Any interest in real property, including ownership in vehicles that hold real estate assets, is subject to the risks generally incident to the ownership of real property. Real estate historically has experienced significant fluctuations and cycles in value and local market conditions, which may result in reductions in the value of real property interests. The marketability and value of LSV's clients' investments will depend on many factors beyond the control of LSV, including changes in general or local economic conditions in various markets; changes in supply of, or demand for, competing properties in an area; changes in interest rates; the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; unavailability of mortgage funds that may render the sale of a property difficult; the financial condition of tenants, buyers and sellers of properties; changes in real estate tax rates and other operating

expenses; the imposition of rent controls; energy, supply shortages, various uninsured or uninsurable risks and acts of God, natural disasters and uninsurable losses. In addition, LSV's clients may incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property.

Real Estate Investments Are Not As Liquid As Certain Other Types of Assets

Real estate investments are not as liquid as other types of investments and this lack of liquidity may tend to limit LSV's ability to react promptly to changes in economic or other conditions. In addition, significant expenditures associated with real estate investments, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the investments. LSV may need to comply with certain legal, tax and other requirements prior to liquidating such investments.

Forward Trading

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by LSV due to unusually high trading volume, political intervention or other factors.

Repurchase and Reverse Repurchase Agreements

LSV may enter into repurchase and reverse repurchase agreements. When LSV enters into a repurchase agreement, LSV "sells" securities issued by the U.S. or a non-U.S. government, or agencies thereof, to a broker-dealer or financial institution, and agree to repurchase such securities for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, LSV "buys" securities issued by the U.S. or a non-U.S. government, or agencies thereof, from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by LSV, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by LSV involves certain risks including that the seller under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities. Disposing of the security in such cases may involve costs to LSV.

Short Selling

Short selling involves selling securities which are not owned by the short seller, and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the seller to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which LSV engages in short sales will depend upon LSV's investment strategy and opportunities. 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 to LSV's clients of buying those securities to cover the short

position. There can be no assurance that LSV's clients will be able to maintain the ability to borrow securities sold short. In such cases, LSV's clients can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Global Investments

LSV may invest a portion of its clients' portfolios in financial instruments of issuers located outside the United States. In addition to business uncertainties, such investments may be affected by political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such non-U.S. issuers.

LSV may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the financial instruments may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by LSV from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by LSV will reduce their net income or return from such investments.

Emerging Markets

The risks associated with investing in non-U.S. securities may be greater with respect to those issued by companies located in emerging industrialized or less developed countries. Risks particularly relevant to emerging markets may include higher dependence on exports and the corresponding importance of international trade, greater risk of inflation, greater controls on foreign investment and limitations on repatriation of invested capital, increased likelihood of governmental involvement in and control over the economies, governmental decisions to cease support of economic reform programs or to impose centrally planned economies, and less developed corporate laws regarding fiduciary duties of officers and directors and protection of investors.

Merger and Other Arbitrage

LSV may engage in merger and other arbitrage. LSV may invest in securities of companies that LSV believes may be the subject of an acquisition. When LSV determines that it is probable that a transaction will be consummated, LSV may purchase securities at prices often only slightly below the anticipated value to be paid or exchanged for such securities in the merger, exchange offer or cash tender offer (and substantially above the price at which such securities traded immediately prior to the announcement of the merger, exchange offer or cash tender offer). If the proposed merger, exchange offer or cash tender offer appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security to be tendered or exchanged will usually decline sharply, resulting in a loss to LSV's clients. In addition, where a security to be issued in a merger or exchange offer has been sold

short in the expectation that the short position will be covered by delivery of such security when issued, failure of the merger or exchange offer to be consummated may force LSV to cover its short position in the market at higher price than its short sale, with a resulting loss.

In addition, LSV may determine that the offer price for a security that is the subject of a tender offer is likely to be increased, either by the original bidder or by another party. In those circumstances, LSV may purchase securities above the offer price, thereby exposing LSV to an even greater degree of risk.

When LSV determines that it is probable that a transaction will not be consummated, LSV may sell the securities of the target company short, at times significantly below the announced price for the securities in the transaction. If the transaction (or another transaction, such as a defensive merger or a friendly tender offer) is consummated at the announced price or a higher price, LSV may be forced to cover the short position in the market at a higher price than the short sale price, with a resulting loss.

The consummation of mergers, exchange offers and cash tender offers can be prevented or delayed by a variety of factors. Offers for tender or exchange offers customarily reserve the right to cancel such offers in a variety of circumstances, including an insufficient response from shareholders of the target company. Even if the defensive activities of a target company or the actions of regulatory authorities fail to defeat an acquisition, they may result in significant delays, during which LSV's clients' capital will be committed to the transaction and interest charges may be incurred on funds borrowed to finance its arbitrage activities in connection with the transaction.

Exchange offers or cash tender offers are often made for less than all of the outstanding securities of an issuer, with the provision that, if a greater number is tendered, securities will be accepted on a pro rata basis. Thus, after the completion of a tender offer, and at a time when the market price of the securities has declined below its cost, LSV may have returned to it, and be forced to sell at a loss, a portion of the securities it had previously tendered.

In most forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (for example, for failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to LSV of the security in respect of which such distribution was made.

In arbitrage transactions, certain events including corporate restructurings, corporate actions or unexpected announcements by management may have an adverse effect.

In certain transactions, LSV's clients may not be hedged against market fluctuations or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

Leverage

Some or all of the Investment Vehicles may make margin purchases of securities and, in connection with these purchases, borrow money from brokers and banks for investment purposes. This practice, which is known as "leverage," is speculative and involves certain risks. LSV does not currently anticipate that LSV will engage directly in transactions

involving leverage to a significant extent. LSV's clients may, however, borrow money for cash management purposes or for other temporary purposes.

Concentration of Investments

There can be no assurance that the selection of investments will result in an effective diversification of investments. LSV may, at times, cause LSV's clients to concentrate its market position (and even more so, its profit potential) in a limited number of investments. To the extent LSV has concentrated its position, the overall adverse impact on LSV of adverse movements in the value of the position will be considerably greater than if LSV's clients were not permitted to concentrate its market position to such an extent. In addition, with respect to investments in Investment Vehicles, different Portfolio Managers acting separately may each acquire significant positions in the same investments, resulting in an inadvertent concentration by LSV in such investments. Concentrations of investments may subject LSV's clients' portfolio to more rapid changes in value than would be the case if LSV was more widely diversified.

Valuation

LSV's clients will hold certain financial instruments that will not have readily assessable market values. In such instances LSV will determine the fair value of such financial instruments in good faith based on various factors. The valuation of certain illiquid financial instruments is inherently subjective and subject to increased risk that the information utilized to value the financial instrument or to create the price models may be inaccurate or subject to other error. Inaccurate valuations may, among other things, prevent LSV from effectively managing its investment portfolios and risks, may result in LSV exceeding certain investment guidelines and may affect the diversification and risk management of LSV's clients' portfolios. The value of LSV's portfolio may also be affected by changes in accounting standards, policies or practices.

Purchasing Initial Public Offerings

LSV may purchase securities of companies in initial public offerings or shortly after those offerings are complete. Special risks associated with these securities may include a limited number of shares available for trading, lack of a trading history, lack of investor knowledge of the issuer, and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for LSV to buy or sell significant amounts of shares without an unfavorable effect on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or near-term prospects of achieving revenues or operating income.

C. Risks Associated With Particular Types of Securities.

Equity Securities

LSV's clients may hold long and short positions in common stocks, preferred stocks and convertible securities of U.S. and non-U.S. issuers. LSV's clients also may invest in depositary receipts or shares relating to non-U.S. securities. Equity securities fluctuate in value, often based on factors unrelated to fundamental economic condition of the issuer of the securities, including general economic and market conditions, and these fluctuations can be

pronounced. LSV's clients may purchase securities in all available securities trading markets and may invest in equity securities without restriction as to market capitalization, such as those issued by smaller capitalization companies, including micro cap companies.

Bonds and Other Fixed Income Securities

LSV may invest in bonds and other fixed income securities, both U.S. and non-U.S., and may take short positions in these securities. LSV will invest in these securities when they offer opportunities for capital appreciation (or capital depreciation in the case of short positions) and may also invest in these securities for temporary defensive purposes and to maintain liquidity. Fixed income securities include, among other securities: bonds, notes and debentures issued by U.S. and non-U.S. corporations; U.S. Government securities or debt securities issued or guaranteed by a non-U.S. government; municipal securities; and mortgage-backed and asset backed securities. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

LSV may invest in both investment grade debt securities and non-investment grade debt securities (commonly referred to as junk bonds). Non-investment grade debt securities in the lowest rating categories may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade debt securities to make principal and interest payments than issuers of higher grade debt securities. An economic downturn affecting an issuer of non-investment grade debt securities may result in an increased incidence of default. In addition, the market for lower grade debt securities may be thinner and less active than for higher grade debt securities.

Debt Securities Generally

LSV expects to invest in private and government debt securities and instruments. LSV's clients may invest in debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

Bank Loans

LSV's investment program may include investments in bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of LSV to directly enforce its rights with respect to participations. In analyzing each bank loan, LSV compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by LSV's clients.

As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high yield debt market.

Distressed Securities

Certain of the companies in whose securities LSV's clients may invest may be in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization or liquidation. These characteristics of these companies can cause their securities to be particularly risky, although they also may offer the potential for high returns. These companies' securities may be considered speculative, and the ability of the companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within the companies. LSV's investment in any instrument is subject to no minimum credit standard and a significant portion of the obligations and stock in which LSV's clients may invest may be less than investment grade, which may result in LSV's clients experiencing greater risks than it would if investing in higher rated instruments.

Asset-Backed Securities

Through the use of trusts and special purpose corporations, various types of assets, primarily automobile and credit card receivables, are securitized in pass through structures. LSV may invest either directly or indirectly, through collateralized debt obligations, in these and other types of asset-backed securities ("ABS") that may be developed in the future.

ABS presents certain risks that are not presented by mortgage-backed securities ("MBS"). Primarily, these securities do not have the benefit of the same security interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS is of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. As with MBS, ABS are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement

techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

Derivatives

LSV's clients may invest in, or enter into, derivatives or derivatives transactions ("derivatives"). Derivatives are financial instruments that derive their performance, at least in part, from the performance of an underlying asset, index or interest rate. Derivatives entered into by LSV's clients can be volatile and involve various types and degrees of risk, depending upon the characteristics of a particular derivative and the portfolio of LSV's clients as a whole. Derivatives permit LSV to increase or decrease the level of risk of an investment portfolio, or change the character of the risk to which an investment portfolio is exposed in much the same way as the manager can increase or decrease the level of risk, or change the character of the risk, of an investment portfolio by making investments in specific securities. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential effect on performance of LSV's clients. LSV's use of derivatives may include total return swaps, forwards, options and futures designed to replicate the performance of LSV or to adjust market or risk exposure.

If LSV's clients invests in derivatives at inopportune times or incorrectly judges market conditions, the investments may lower the return of LSV's clients or result in a loss. LSV also could experience losses if derivatives are poorly correlated with its other investments, or if LSV is unable to liquidate the position because of an illiquid secondary market. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

Exchange Traded Funds

LSV may invest in exchange traded funds ("ETFs"), which are shares of publicly-traded unit investment trusts, open-end funds, or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. In addition, LSV's clients may bear, along with other shareholders of an ETF, its pro rata portion of the ETF's expenses, including management fees.

Index or Index Options

LSV's clients may also purchase and sell indices as well as call and put options on indices, whether or not stock indices listed on securities exchanges or traded in the over-the-counter market. An index or index option fluctuates with changes in the market values of the stocks included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular instrument, whether LSV will realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the instrument market generally or, in

the case of certain indices, in an industry or market segment, rather than movements in the price of particular instruments.

Options and Futures

LSV may utilize options and futures contracts and so-called "synthetic" options or other derivatives written by broker-dealers or other permissible financial intermediaries. Options transactions may be effected on securities exchanges or in the over-the-counter market. When options are purchased over-the-counter, LSV's clients' portfolio bears the risk that the counterparty that wrote the option will be unable or unwilling to perform its obligations under the option contract. Options may also be illiquid and, in such cases, LSV may have difficulty closing out its position. Over-the-counter options also may include options on baskets of specific securities.

LSV's clients may purchase call and put options on specific securities, and may write and sell covered or uncovered call and put options for hedging purposes in pursuing the investment objectives of LSV's clients. A put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying security at a stated exercise price, typically at any time prior to the expiration of the option. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security at a stated exercise price, typically at any time prior to the expiration of the option. A covered call option is a call option with respect to which the seller of the option owns the underlying security. The sale of such an option exposes the seller during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or to possible continued holding of a security that might otherwise have been sold to protect against depreciation in the market price of the security. A covered put option is a put option with respect to which cash or liquid securities have been placed in a segregated account on the books of or with a custodian to fulfill the obligation undertaken. The sale of such an option exposes the seller during the term of the option to a decline in price of the underlying security while depriving the seller of the opportunity to invest the segregated assets.

LSV may close out a position when writing options by purchasing an option on the same security with the same exercise price and expiration date as the option that it has previously written on the security. In such a case, LSV's clients will realize a profit or loss if the amount paid to purchase an option is less or more than the amount received from the sale of the option.

LSV may enter into futures contracts in U.S. markets or on exchanges located outside the United States. Non-U.S. markets may offer advantages such as trading opportunities or arbitrage possibilities not available in the United States. Non-U.S. markets, however, may have greater risk potential than U.S. markets. For example, some non-U.S. exchanges are principal markets so that no common clearing facility exists and an investor may look only to the broker for performance of the contract. In addition, any profits realized could be eliminated by adverse changes in the exchange rate, or LSV could incur losses as a result of those changes. Transactions on non-U.S. exchanges may include both commodities that are traded on U.S. exchanges and those that are not. Unlike trading on U.S. commodity exchanges, trading on non-U.S. commodity exchanges is not regulated by the CFTC. Such non-U.S. commodity exchanges may offer different or diminished protections to LSV's clients.

Engaging in transactions in futures contracts involves risk of loss to LSV that could adversely affect the value of LSV's clients' net assets. No assurance can be given that a liquid market will exist for any particular futures contract at any particular time. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading may be suspended for specified periods during the trading day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, preventing prompt liquidation of futures positions and potentially subjecting LSV's clients to substantial losses. Successful use of futures also is subject to LSV's ability to predict correctly movements in the direction of the relevant market, and, to the extent the transaction is entered into for hedging purposes, to determine the appropriate correlation between the transaction being hedged and the price movements of the futures contract.

Positions of the SEC and its staff may require LSV's clients to segregate permissible liquid assets in connection with their options and commodities transactions in an amount generally equal to the value of the underlying option or commodity. The segregation of these assets will have the effect of limiting LSV's ability otherwise to invest those assets.

Foreign Currency Transactions

LSV may engage in foreign currency transactions for a variety of purposes, including to "lock in" the U.S. dollar price of the security between trade and settlement date, the value of a security LSV has agreed to buy or sell, or to hedge the U.S. dollar value of securities LSV already owns. LSV may also engage in foreign currency transactions for non-hedging purposes to generate returns.

ITEM 9
DISCIPLINARY INFORMATION

LSV and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's or prospective client's evaluation of the company or its personnel.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

None of LSV, any of its affiliates nor any management persons of such entities are registered as broker-dealers or have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status.

None of LSV, any of its affiliates nor any management persons of such entities are registered as a as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants.

LSV and its affiliates as described in Item 4.B serve as investment managers and/or general partners to the Funds described in Item 4.B and other private funds and accounts.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

LSV does not recommend or select other investment advisers for its clients.

ITEM 11
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS
AND PERSONAL TRADING

A. Code of Ethics

LSV strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, LSV has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of clients, including clients' investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times. The Code also places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to LSV on a periodic basis, and requires that employees preclear certain types of personal securities transactions.

Investors may request a copy of the Code by contacting LSV at the address or telephone number listed on the first page of this document.

LSV also maintains Insider Trading policies and procedures (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. LSV's personnel are required to certify to their compliance with the Code, and the Insider Trading Policies, on a periodic basis.

LSV's Insider Trading Policies prohibit LSV and its personnel from trading for clients or themselves, or recommend trading, in securities of a company while in possession of material, non-public information ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it. By reason of its various activities, LSV may have access to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. LSV has designed and implemented policies and procedures reasonably designed to shield its investment professionals in most cases from access to Inside Information so that investment decisions may be made on the basis of public information only. Among other things, such policies seek to control and monitor the flow of Inside Information to and within LSV, as well as prevent trading based on Inside Information. Accordingly, LSV may not have access to Inside Information that other market participants or counterparties are eligible to receive.

Notwithstanding such policies and procedures, there may be certain cases where LSV either may receive Inside Information due to its various activities on behalf of itself or clients or may be restricted in acting for clients, resulting in limited liquidity or using such information for the benefit of certain clients in specific securities. LSV seeks to minimize those cases whenever possible, consistent with applicable law and our Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

B. Securities That You or a Related Person Has a Material Financial Interest.

1. Cross Trades

LSV may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes or to reduce transaction costs that may arise in an open market transaction. If LSV decides to engage in a Cross Trade, LSV will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

LSV generally executes Cross Trades with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a Cross Trade between two clients may occur as an "internal cross", where LSV instructs the custodian for the clients to book the transaction at the price determined in accordance with LSV's valuation policy. If LSV effects an internal cross, LSV will not receive any fee in connection with the completion of the transaction.

2. Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by LSV or its personnel, LSV will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such a client and approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by LSV (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

C. Investing in Securities That You or a Related Person Recommends to Clients.

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to LSV on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. LSV, its affiliates and its employees are not allowed to invest in the same securities as the Funds.

LSV's partners, officers and employees may from time to time make personal investments in securities or instruments in which LSV may invest clients' assets. LSV's personnel may buy, sell, or hold securities or other instruments for their own accounts while entering into different investment decisions for clients. In addition, LSV's personnel may also invest in clients and are not required to invest in either or both. It is expected that, if such investments are made, the size of these investments will change over time. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that LSV and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

LSV has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular

monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

D. Conflicts of Interest Created by Contemporaneous Trading.

LSV and each of its principal decision makers presently directly or indirectly, direct, sponsor or manage pooled investment vehicles or accounts, (the "Accounts"). LSV and each of its principal decision makers may have financial or other incentives to favor certain of such Accounts over another. LSV shall, under normal conditions, allocate investment opportunities between the Accounts on a fair and equitable basis, subject to applicable law and client guidelines. The terms applicable to an Account may differ from those applicable to other Accounts, including, without limitation, with respect to fees and greater informational rights. LSV will make its own decisions for each Account, which decisions may differ from time to time from those recommended by analysts of the LSV for its other advisory clients. LSV and its principal decision makers may be incentivized to accept additional capital contributions and capital commitments in certain Accounts, in which case the amount of any investment opportunity that may otherwise have been allocable to another Account may be decreased.

LSV believes that it will continue to have sufficient staff personnel and resources to perform all of its duties with respect to each Account, however, because some of the officers of LSV may have duties in connection with other Accounts and other matters, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among the Accounts.

LSV may sell or recommend the sale of a particular investment for certain Accounts, including accounts in which it has an interest, and it or others may buy or recommend the purchase of such investment for other Accounts, including those in which it has an interest, and, thus, transactions in particular Accounts may not be consistent with transactions in other Accounts or with LSV's investment recommendations. When there is a limited supply of investments, LSV will use its reasonable efforts to allocate or rotate investment opportunities fairly and equitably over time taking into account such factors as the relative amounts of capital available for new investments, tax consequences and the respective investment programs and portfolio positions of the Fund and other accounts and clients, among all of its accounts and clients.

LSV allocates certain consultant and regulatory expenses pro rata only among the Accounts which have agreed to bear such expenses, notwithstanding that some or all of the benefit (or cause) of such expenses may be enjoyed by other funds and business endeavours.

ITEM 12

BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

As noted previously, LSV has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. LSV's authority is limited by its own internal policies and procedures and each Fund's investment guidelines. LSV expects to use broker-dealers only in limited circumstances (for instance, to hedge the portfolios with options and forwards in currency transactions). Where applicable, when LSV selects an appropriate broker-dealer to effect a client trade, LSV seeks to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to LSV, brokerage and research services provided to LSV (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

1. Research and Other Soft Dollar Benefits.

In limited circumstances as described above, LSV may pay a broker-dealer commission for effecting transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. LSV will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 and subject to prevailing guidance provided by the SEC regarding Section 28(e). LSV believes it is important to its investment decision-making processes to have access to independent research. If LSV receives "soft dollar" benefits from a broker-dealer in the future for effecting transactions, it will use such products and services to service all clients and LSV will not seek to allocate soft dollars benefits based on the client that paid for them.

Notwithstanding the foregoing, LSV has not entered into any soft dollar arrangements.

2. Brokerage for Client Referrals.

LSV does not consider client referrals in selecting or recommending broker-dealers.

3. Directed Brokerage.

LSV does not engage in directed brokerage practices.

B. Order Aggregation.

Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for LSV generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. LSV is not required to aggregate client trades, however, it will generally do so, subject to best execution. When aggregating orders, LSV must treat all clients in a fair and equitable manner.

If LSV determines that the purchase or sale of a security is appropriate with regard to multiple clients, LSV may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each client's participation in the order (or allocation in the event of a partial fill) as determined by LSV. In the event of a partial fill, allocations may be modified on a basis that LSV deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by LSV. As a result, certain trades in the same security for one client (including a client in which LSV and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

ITEM 13

REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

LSV performs various daily, weekly, monthly, quarterly and periodic reviews of the Accounts' portfolios. Such reviews are conducted by the members of LSV's Investment Committee, portfolio managers and research associates.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

All client accounts are reviewed on an ongoing basis. In addition, a review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients.

LSV strives to issue clients tax reports and audited financial statements concerning their respective accounts within 180 days of the end of the applicable account's fiscal year.

Investors in the Funds receive monthly information documenting the performance of the relevant Fund, although LSV may provide certain investors in the Funds with information on a more frequent and detailed basis if agreed to by LSV. While all investors generally receive similar information, to the extent an investor receives additional information (that other investors have not received), which is in addition to information provided in a Fund's regular reports to investors, such information may provide such investor with greater insight into the Fund's activities. This may enhance such investor's ability to make investment decisions with respect to the Fund and possibly affect such investor's decision to request a redemption from the Fund.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients.

Not applicable.

B. Compensation to Non-Supervised Persons for Client Referrals.

LSV may retain one or more placement agent(s) to solicit investors. Such placement agent(s) may receive compensation; provided that the amount of any compensation will offset an equivalent amount of the compensation that LSV or its affiliates otherwise would have received. Each investor solicited by a placement agent will be required to represent in its subscription documents that it has discussed with its placement agent and is aware of any compensation such placement agent has received or will receive with respect to such investor's subscription.

ITEM 15
CUSTODY

LSV is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to LSV.

ITEM 16

INVESTMENT DISCRETION

LSV has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. LSV's authority is limited by its own internal policies and procedures and each Account's investment guidelines. LSV uses broker-dealers only in limited circumstances (for instance, to hedge the Accounts' portfolios with options and forwards in currency transactions). Where applicable, when LSV selects an appropriate broker-dealer to effect a client trade, LSV seeks to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to LSV, brokerage and research services provided to LSV (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

LSV's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

LSV or an affiliate of LSV entered into an investment management agreement, or similar agreement, with each Fund, pursuant to which LSV or an affiliate of LSV was granted discretionary trading authority.

ITEM 17
VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities.

LSV has authority to vote proxies relating to, or give approval or consent to amendments proposed by underlying portfolio funds. LSV has adopted proxy voting policies and procedures (the "Proxy Voting Policies"). The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds (collectively, "proxies"), in a manner that serves the best interests of the Accounts, as determined by LSV in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. LSV believes it will not be faced with any direct or indirect conflicts of interest with respect to the voting of client proxies. However, if a conflict of interest arises, LSV will vote such proxy in accordance with the Proxy Voting Policies. In limited circumstances, LSV may refrain from voting proxies where LSV believes that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipated benefit to the funds. A copy of the Proxy Voting Policies and the proxy voting record relating to a client of LSV may be obtained by contacting LSV.

B. No Authority to Vote Client Securities and Client Receipt of Proxies.

Not applicable.

ITEM 18
FINANCIAL INFORMATION

A. Balance Sheet.

Not applicable.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients.

Not applicable.

C. Bankruptcy Filings.

Not applicable.