

**ITEM 1**

**COVER PAGE**

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**PART 2A OF FORM ADV: FIRM BROCHURE**

**Man Solutions Limited**

March 29, 2018

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This brochure (this "Brochure") provides information about the qualifications and business practices of Man Solutions Limited. If you have any questions about the contents of this Brochure, please contact us at +4420 7016 7000 and/or [allincompliance@man.com](mailto:allincompliance@man.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 Man Solutions Limited also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*Man Solutions Limited is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

## **ITEM 2**

### **MATERIAL CHANGES**

Man Solutions Limited's ("Man Solution" or the "Investment Manager") last update to the Brochure was dated March 31, 2017. Since this update, Man Solutions has not made any material changes to the Brochure.

Even though a concerted effort is made to keep clients/investors informed of notable changes to Man Solutions' business throughout the year, clients/investors are encouraged to review this update, much like all of Man Solutions' reports and communications, in its entirety.

## ITEM 3

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## ITEM 4

### ADVISORY BUSINESS

#### A. General Description of Advisory Firm.

Man Solutions Limited (“Man Solutions”) is a limited liability company, incorporated under the laws of England and Wales in June 1997. Man Solutions is authorized and regulated in the United Kingdom by the Financial Conduct Authority. Man Solutions’ current business commenced in September 2016.

Man Solutions is an indirect, wholly-owned subsidiary of Man Group Plc, a London Stock Exchange-listed financial company and a component of the FTSE 250 Index. Man Group, through its investment management subsidiaries (collectively “Man”), is a global alternative investment management business and provides a range of fund products and investment management services for institutional and private investors across the world. As of December 31, 2017, Man had approximately \$109.1 billion of funds under management.

Man Solutions offers discretionary and/or non-discretionary services through pooled investment vehicles or managed accounts for institutional clients. Discretionary and/or non-discretionary services are provided in accordance with the stated investment objectives, restrictions and policies of each client, as set out in the Fund’s offering memorandum or the investment management agreement respectively. Under the non-discretionary arrangements, if such recommendations are accepted by the client, Man Solutions or the client may arrange or effect the purchase or sale as agreed with the client.

Important information regarding each Fund and Managed Account, which may include investment objectives, risks, strategy, fees and other material information, including applicable conflicts of interest regarding relationships with affiliates is contained in each Fund’s offering documents and in each managed account’s investment management agreement, as the case may be.

In addition to investment management services, Man Solutions provides distribution services in London to its affiliates primarily in the UK and Europe. Man Solutions does not provide such services in the US.

Man Solutions complies with applicable US securities regulations only with respect to its US clients.

#### Man Solutions’ Services

Man Solutions provides a single, centralized investment manager for clients to access investment capabilities across its affiliated managers.

Man Solutions provides discretionary and non-discretionary services to the Alternative Risk Premia strategy; and to a number of Multi-Strategy funds.

Man Solutions works closely with its clients in developing a customized portfolio which includes investments in funds or accounts managed by affiliates (“Affiliated Fund(s)” or “Portfolio Fund(s)”) and in certain circumstances direct investments in securities. Man Solutions will allocate capital to one or more affiliates to manage on a discretionary basis and/or the underlying fund/portfolio may be managed by one or more Affiliates through a delegation arrangement.

Funds or portfolios managed by affiliates, will invest in a wide variety of financial instruments including, but not limited to, U.S. and foreign equity and debt securities, common and preferred stocks (including small-cap stocks), commodities and futures contracts, derivatives, options on securities and commodities, warrants, convertible securities, bonds, foreign currencies, residential and/or commercial mortgage-backed and mortgage-related securities, mortgages, collateralized loan obligations, other asset backed securities including securities backed by student loans, interests in other pooled investment vehicles, privately placed securities or other assets, real estate, structured products, U.S. and foreign government securities and other financial instruments and assets of investment grade or below investment grade.

Certain affiliated advisory firms may be considered “Participating Affiliates” of Man Solutions (as that term is used in relief granted by the staff of the Securities and Exchange Commission (“SEC”)) allowing investment advisers registered with the SEC to use portfolio management, operations, and trading resources of advisory affiliates and personnel subject to the supervision of an SEC-registered adviser. Professionals from such Participating Affiliates may render portfolio management, risk management, research, trading or other related services to the Participating Affiliates under separate services agreements. Fees may be paid by and received from the parties under these arrangements.

Man Solutions may also utilize investment management, proxy voting, trading, operations, marketing, sales research, due diligence review, resources, risk management, information technology and other capabilities of its affiliates in providing services to its clients.

As used herein, the term “client” generally refers to each Fund and each beneficial owner of a managed account.

**B. Description of Advisory Services.**

Please see Item 8 herein.

*This Brochure generally includes information about Man Solutions 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 which are “private funds” are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended (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. In the U.S. shares in the Funds are generally offered on a private placement basis to U.S. persons, and outside the U.S., in accordance with Regulation S of the Securities Act with respect to non U.S. persons, and subject to certain other conditions, which are fully set forth in the offering documents for the Funds. The interests in the Fund are generally offered in the U.S. on a private placement basis, pursuant to Section 3(c)(7) of the Investment Company Act 1940, as amended (the “Company Act”), to persons who are “accredited investors” as defined under the Securities Act and “qualified purchasers” as defined under the Company Act, and subject to certain other conditions, which are set forth in the offering documents for the Funds. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any the Funds described herein. Any such offer or solicitation will be made only by means of an offering memorandum.*

**C. Availability of Customized Services for Individual Clients.**

Man Solutions’ investment decisions and advice with respect to each Fund and managed account are subject to the relevant Fund’s investment objectives and guidelines, as set forth in its offering documents or in the investment management agreement as the case may be. Similarly, Man Solutions’ investment decisions and advice with respect to each managed account are subject to each client’s investment objectives and guidelines, as set forth in the client’s investment management agreement/trading advisory agreement, as well as any written instructions provided by the client.

An existing Fund may issue other classes, sub-classes, tranches, sub-tranches and/or series (or sub-series) of shares or interests, as applicable, in the future (or enter into “side letter” agreements with certain investor(s) that alter, modify or change the terms of the shares or interests, as applicable, held by the investor(s)), which may differ and may be more favorable from the shares or interests, as applicable, currently offered by the Fund in terms of, among other things, the performance compensation, the management fee, redemption rights (including redemption dates and notice periods), currency denomination, minimum and additional subscription amounts, informational rights and other rights. New classes, sub-classes, tranches, sub-tranches and/or series (or sub-series) of shares or interests, as applicable, may be issued (or “side letter” agreements may be entered into) by a Fund’s board of directors, in its sole discretion, on behalf of the Fund, in consultation with Man Solutions, without providing prior notice to, or receiving consent from, existing investors. The terms of such agreements will be determined by the board of directors

**D.     Wrap Fee Programs.**

Man Solutions does not participate in wrap fee programs.

**E.     Assets Under Management.**

As of December 31, 2017, Man Solutions manages approximately \$ 3.368 billion in regulatory assets under management on a discretionary basis and no assets on a non-discretionary basis.



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### FEES AND COMPENSATION

Man Solutions' fee schedule is omitted because this brochure is being delivered only to qualified purchasers, as defined in section 2(a)(51)(A) of the Company Act.

Man Solutions does not maintain a basic fee schedule. Fees for each client are determined on a case-by-case basis. The following is a general overview of the types of fees Man Solutions charges its clients:

#### A. Advisory Fees and Compensation.

Man Solutions provides discretionary and non-discretionary investment management services and the fees and performance compensation, if any, for such services will be negotiated on a case-by-case basis and as such may differ from each other. Depending on the investment strategy, the nature of the account and other factors, the compensation will generally be in the form of an asset based fee that is generally paid either monthly, quarterly or semi-annually in arrears. Fees vary by managed account, Fund and by class. In addition, Man Solutions may be compensated in the form of incentive or performance based fees in compliance with Rule 205-3 under the Investment Advisers Act of 1940 ("Advisers Act"). The incentive or performance based fees may be subject to a high water mark or in some cases, a hurdle rate which is typically based upon a specified interest rate.

The funds Man Solutions manages have different share classes which may have a different fee schedule. Fees may be negotiable or waivable or may be rebated depending on a variety of factors, including, among other things, type and extent of advisory services offered, amount of assets under management, the overall relationship with the investor and other services offered or provided to the Fund or investor.

#### Man Alternative Risk Premia Advisory Fees and Compensation

Currently, the Alternative Risk Premia strategy is in the form of one or more funds ("ARP Fund"). Each share class in each ARP Fund is subject to different management fees as further described in each ARP Fund offering memorandum. The management fees currently range between 0.7% and 1.95%. The management fee is calculated and accrued each valuation day and paid in arrears. The management fee is calculated prior to reduction for the management fee being calculated but after accrual of all other fees and expenses. The Investment Manager may pay a portion of its fees to placement agents at no additional cost to investors. The amount of such payments may vary.

The ARP Fund pays an affiliated services manager a services management fee up to no more than 0.5% per annum of the net asset value of each ARP Fund which can be rebated. Disbursements for the services manager are invoiced separately and payable monthly. The

services manager pays all or a portion of the fees it receives from each ARP Fund to the administrator.

However, each ARP Fund bears its own costs, expenses and other fees and will proportionately bear the costs and expenses (but not the fees) of the administrator, the custodian (including without limitation transactions charges) and other fees, costs and expenses. In addition, Man Solutions or an affiliate of Man Solutions, may act as the risk manager of an Affiliated Fund in which a client may allocate to, and may receive a quarterly risk management fee of up to 0.50% annually of the gross asset value of such underlying portfolio. Such risk management fees may in some cases be rebated or waived. Certain investors in the ARP Funds may also be subject to withdrawal/redemption fees, as described in the ARP Funds' offering documents.

Refer to the ARP Fund's offering documents for a complete description of fees and expenses of the ARP Fund.

Managed accounts may incur fees charged by the underlying investments such as custody and administration fees. Investments that charge additional fees may include, but are not limited to, money market funds, short-term investment vehicles, exchange traded funds, pooled investment vehicles, special purpose investment vehicles and alternative investment vehicles. Generally, the investment management agreements may be terminated by either party in accordance with the terms and notice period described in each managed account's agreement.

As previously mentioned fees are determined on a case by case basis. Due to the nature of its investment strategy whereby it will invest in Affiliated Funds, there are different fee models which could be applied by Man Solutions as described below:

- A fee model whereby management fees and performance fees are charged directly by the fund or account managed by Man Solutions and no management fees or performance fees are applied at the level of Affiliated Funds that Man Solutions invests in;
- A fee model whereby management fees and performance fees are charged directly by the fund or account managed by Man Solutions and any management fees or performance fees applied at the level of the Affiliated Funds that Man Solutions invests in are rebated to the fund or account managed by Man Solutions to ensure that the fees levied by Man Solutions do not exceed those stated in the relevant investment management agreements or offering documents;
- A fee model whereby no management fees or performance fees are charged directly by the fund or account managed by Man Solutions. Management fees and performance fees will be applied at the level of affiliated funds that Man Solutions invest in and retained by entities which are affiliated with Man Solutions. The fund or account investment management agreements or offering documents will state a maximum management fee and performance fee which may be levied by affiliated funds;

Man Solutions' fees and compensation may be shared with affiliates of Man Solutions. In addition, with respect to certain clients Man Solutions has the ability to waive or reduce the management fee and/or performance compensation attributable to such client. Man Solutions may also fully or partially rebate any performance-based fees. Man Solutions has established ARP Funds and may establish additional ARP Funds in which it does not charge performance-based fees.

Man Solutions may also invest client assets in investments that may charge additional fees and/or allocations. Clients/investors may therefore indirectly bear (i) advisory fees or an allocation (including management, performance, administrative, brokerage, custodial, overhead, operational or other fees or a performance allocation) to Man Solutions or its affiliates and (ii) fees charged by the underlying investment. Investments that charge additional fees may include, but are not limited to, money market funds, short-term investment vehicles, exchange traded funds, pooled investment vehicles, special purpose investment vehicles and alternative investment vehicles.

Generally, the investment management agreements may be terminated by either party in accordance with the terms and notice period described in each investment management agreement. Man Solutions' investment management agreements are generally terminable upon 60 to 90 days prior written notice, without penalty, or upon a breach, and/or also may be automatically renewed.

**B. Payment of Fees.**

Asset based management fees are generally paid on a monthly, quarterly or semi-annual basis in arrears in accordance with the Fund's offering memorandum or the client's investment management agreement as set out in the relevant offering documents or investment management agreement as applicable.

Management fees and performance-based compensation may be pro-rated for partial periods. In the event that an agreement is terminated, any fees that have been pre-paid will be reimbursed on a pro rata basis.

Man Solutions employees may invest in one or more Affiliated Funds. Man Solutions employees may or may not be subject to a management fee or performance based compensation by these Funds and/or Affiliated Funds. Man Solutions reserves the right to charge a discounted fee in its sole discretion.

In addition, Man Solutions' employee investments may or may not be subject to the same liquidity terms or fees as those of other investors in such funds.

**C. Additional Fees and Expenses.**

**Additional Fees and Expenses for Alternative Risk Premia Strategy**

Fund investors should refer to the Fund's governing documents for details relating to specific expenses relating to the Fund. Each Fund will bear its own operating and other

expenses and its *pro rata* share of the Fund's general expenses, the amount of which may vary, including, without limitation, as applicable: fund formation expenses, director's fees, fees paid to the administrator; fees paid to the custodian; investment-related expenses (e.g. brokerage commissions and transaction costs, currency hedging costs, legal costs to review, research, negotiate and settle potential and actual transactions, as applicable (including, without limitation, investment-related litigation expenses), audit costs, clearing and settlement charges, custodial fees, interest expense, consulting, investment banking and a other professional fees or compensation relating to particular investments or contemplated investments and research related expenses, including, without limitation, news and quotation equipment and services (including fees for data and software providers)); expenses relating to third-party valuation services; expenses attributable to any third-party proxy voting service; expenses relating to reports provided to shareholders; external legal and compliance expenses (which include, without limitation, responding to formal and informal inquiries, subpoenas, investigations and other regulatory matters, indemnification expenses and expenses associated with regulatory filings relating to the Fund and/or a Fund's expenses, expenses relating to the offer and sale of shares; taxes; expenses related to the maintenance of the Fund's registered office; corporate licensing expenses; clearing, registration and reporting fees and expenses due to regulatory, supervisory or fiscal authorities in various jurisdictions, including as a result of AIFMD; insurance; interest; brokerage costs; liquidation costs; promotional and marketing expenses; and the out-of-pocket expenses incurred by the Fund's service providers. Operating costs will be allocated *pro rata* among each share class and series based on their respective net asset values.

Expenses for the Multi-Strategy funds and for products accessed via Man Institutional Solutions differ from the Alternative Risk Premia Strategy. The Multi-Strategy funds are not offered or available to US investors. Expenses for the Multi-Strategy funds are described in detail in their respective offering documents.

#### Allocation of expenses

A Fund may incur an expense which forms part of a larger aggregate expense relating to a number of investment entities for which Man Solutions or its affiliates provide services. Such expense will normally be allocated between the relevant investment entities, including the Fund, pro rata to the value of the net assets of the relevant investment entity, in conjunction with a flat fee per investment entity for a portion of the Expense, where possible and appropriate. The Fund's directors shall liaise with the Investment Manager in order for the aforementioned directors to determine the basis on which the Expense shall be allocated to the Fund and in doing so will seek to ensure that all Expenses borne by the Fund are appropriate and equitable.

Costs may be amortized over a period of time to ensure that large expenses are borne in an equitable manner.

Each managed account will generally bear certain fees and expenses described below. Not all of Man Solutions' clients will bear such fees and expenses. However, the following sets forth the types of expenses that Man Solutions' clients generally bear to the extent permitted and as described within the investment management agreement: account operating and

other expenses including, but not limited to, fees paid to administrators; fees paid to custodians; investment-related expenses (*e.g.*, brokerage commissions (see Item 12 for more information on brokerage expenses) and transaction costs, clearing and settlement charges, interest expense, consulting, investment banking and any other professional fees or compensation relating to particular investments or contemplated investments and research-related expenses, including, without limitation, news and quotation equipment and services (including fees for data and software providers)); expenses relating to third-party valuation services; expenses relating to reports provided to members; external legal and compliance expenses (which include, without limitation, responding to formal and informal inquiries, subpoenas, investigations and other regulatory matters, indemnification expenses and expenses associated with regulatory filings relating to the managed account's investments, if applicable); external accounting, audit and tax preparation expenses; organizational expenses; expenses related to the maintenance of the client's registered office; and corporate licensing expenses, as applicable.

Man Solutions or its affiliates may pay certain of the aforementioned expenses and may therefore be entitled to be reimbursed by a Fund in respect of such expenses.

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### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Man Solutions accepts performance-based fees for some, but not all clients to whom it provides investment advisory services, as described above. Man Solutions may face a conflict of interest by managing accounts that are subject to a performance-based fee or allocation, including that Man Solutions may have an incentive to favor accounts for which it receives performance-based fees or allocations. Man Solutions may also have an incentive to favor accounts from which it will receive a performance fee or allocation calculated at a higher rate over accounts from which it will receive a performance fee or allocation calculated at a lower rate. Generally, Man Solutions addresses this conflict of interest through the adoption of conflicts of interest policies and procedures that are designed to ensure that the services provided or activities conducted are carried out with integrity and an appropriate degree of independence to protect the interests of clients. These policies and procedures include the prevention or control of information exchange, appropriate organizational structures and supervisory roles (to prevent inappropriate influence of one person over another, or the involvement of a person where such involvement could impair the proper management of conflicts of interest. In addition, Man Solutions utilizes an investment allocation policy designed to treat all accounts fairly and equitably. Please see Item 11.B.2 below.

Performance-based fee compensation may create an incentive for Man Solutions or its affiliates to make riskier or more speculative investments than would be the case in the absence of such performance fees. The Affiliated Funds in which the Funds invest may also have similar performance fee arrangements and similar conflicts, and an adviser or an Affiliate Fund may be entitled to a performance-based fee even if a Fund's overall returns are negative.

Generally, where an affiliate may be entitled to receive performance fees (indirectly) from the Fund, such fees are typically rebated to ensure that they do not exceed the maximum performance fee levied on the aggregated net asset value of the assets. For the avoidance of doubt, Man Solutions will ensure that there will be no double layering of performance fees where Man Solutions invests in Affiliated Funds.

## **ITEM 7**

### **TYPES OF CLIENTS**

Man Solutions provides discretionary and non-discretionary investment services primarily to Funds and institutional managed accounts. The securities of these Funds are not registered under the Securities Act of 1933. In addition, the Funds are not registered under the Investment Company Act of 1940, and may or may not be continuously offered. Redemption rights with respect to each Fund are set forth in the confidential private placement memorandum for each Fund. Termination rights with respect to each managed account are set forth in the investment management agreement for each managed account. Investments in the Funds may be subject to a minimum investment requirement which under certain conditions may be waived as set forth in the Fund's confidential private placement memorandum.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

#### A. Methods of Analysis and Investment Strategies.

*The descriptions set forth in this Brochure of specific discretionary and advisory services that Man Solutions offers to clients, and investment strategies pursued and investments made by Man Solutions on behalf of its clients, should not be understood to limit in any way Man Solutions' investment activities. Man Solutions may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Man Solutions considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies Man Solutions 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.*

Portfolio management of each client is based on investment parameters and objectives such as return, risk, correlation and diversification. Man Solutions periodically adjusts allocations among Affiliated Funds and investment strategies based on a variety of factors, including, but not limited to, changes in strategic or tactical allocations; comparison of an Affiliated Fund's performance relative to its peer group; a change in an Affiliated Fund's investment strategy; and changes in circumstance with respect to the advisers operations such as the departure of key personnel. Furthermore, Man Solutions may utilize other sources of information which may exist from time to time.

Man Solutions' may invest in Affiliated Funds such as limited partnerships, limited liability companies, separately managed account vehicles, offshore corporations, offshore exempted companies or other structures where it believes that such investments are suitable and appropriate investments pursuant to each client's investment strategy. Affiliated managers may invest the assets of such Affiliated Funds in U.S. and foreign equity and debt securities, common and preferred stocks (including small-cap stocks), commodities and futures contracts, derivatives, options on securities, mortgages, collateralized loan obligations, other asset backed securities including securities backed by student loans, interests in other pooled investment vehicles, privately placed securities or other assets, real estate, structured products, U.S. and foreign government securities and other financial instruments and assets of investment grade or below investment grade. The derivative instruments in which clients may purchase or sell include, without limitation, credit derivatives, exchange-traded or over-the-counter derivatives, swaps (including, but not limited to, basket swaps, equity swaps, credit default swaps, contracts for difference and total return swaps), and deliverable and non-deliverable forward contracts. The Funds may also from time to time purchase or sell currencies, forward currency contracts or other derivative related instruments.

Man Solutions may also directly invest certain clients' assets in the foregoing financial instruments and assets.



Man Solutions implements client diversification policies by allocating capital among a number of Affiliated Funds and across a variety of investment strategies and investment opportunities selected by it.

### Alternative Risk Premia Strategy

The Alternative Risk Premia Strategy's investment objective is to provide absolute returns in a cost-effective manner by allocating capital to Affiliated Funds that primarily implement alternative investment strategies.

Each Fund will typically encompass a variety of alternative risk premia styles. While a Fund should be expected to have market directionality, it may also invest in Affiliated Funds with limited market directionality to the extent the opportunity set for those strategies is more attractive or their risk profile suits the Fund. Special situations Affiliated Funds may also be included. Investments may be undertaken through Affiliated Funds which can deploy higher leverage and/or variations from the main strategy such as higher portfolio concentration.

Each Fund will constitute a highly concentrated hedge fund portfolio allocating its capital to Affiliated Funds or similar portfolios. Due to the concentration of each Fund's portfolio, each Fund can be highly exposed to single risk factors. Because each Fund intends to focus on a limited number of Affiliated Funds and alternative investment strategies, the Fund may not be suitable for certain investors and experience materially higher volatility than a standard fund of funds. There can be no assurance that the Fund's and each Fund's investment objective of protecting capital and capturing equity market upside will be achieved.

Alternative risk premia strategies can be thought of as the returns generated by common hedge fund trading strategies that are often used by hedge fund managers. These common strategies move beyond traditional, static risk premia (*e.g.*, equity risk) by taking, for example, long and short positions or executing dynamic trading strategies. However, as they are often simple and mechanistic in nature they should be correctly labelled as betas. Examples of these risk premia could include trading momentum in futures, trading value in equities or trading carry in foreign exchange markets. Alternative risk premia strategies are usually implemented via systematic trading strategies that trade in highly liquid markets, and hence usually offer reduced fees, improved liquidity and capital efficacy above investing directly in hedge funds, albeit at the cost of exposure to any strategy alpha.

There may be no formal limitations on the investment strategies an Affiliated Fund may implement or the financial instruments and assets an Affiliated Fund may trade. The Affiliated Funds generally have broad authority to invest across all asset classes, including, but not limited to, equity and debt securities (and any other type of security), derivatives, commodities and currencies, in any of the world's capital or derivative markets. While certain Affiliated Funds may diversify their investment and trading activities, others may focus primarily on certain markets, sectors or geographic regions. Certain Affiliated Funds may use leverage and derivatives to structure their trades, which they may hold for varying lengths of time. Each Fund's portfolio is expected to be concentrated amongst a focused group of

Affiliated Funds, and initially has been concentrated amongst no more than five to ten Affiliated Funds.

A Fund will generally not be the sole investor in the Affiliated Funds, and other investors, including investors investing through investment vehicles not managed or advised by the Investment Manager or its affiliates, may also invest in Affiliated Funds.

### *Affiliated Managers*

Each Fund has allocated capital to the following affiliates: AHL Partners LLP based in London and Numeric Investors LLC based in Boston (collectively, “Affiliated Portfolio Managers”). Each Fund has the ability to allocate capital to other affiliates.

#### *AHL Partners LLP*

AHL Partners LLP and its affiliates provide investors with highly liquid and efficient trading strategies which offer low correlation to more traditional investment disciplines. The business was established in 1987 as a division of Man Investments Limited. AHL Partners LLP is authorized and regulated by the FCA and is registered with the SEC as an investment adviser under the Advisers Act. AHL Partners LLP is also registered as a commodity pool operator (“CPO”) and commodity trading advisor (“CTA”) with the CFTC and is a member of the NFA.

#### *Numeric Investors LLC*

Numeric Investors LLC is an institutional investment manager registered with the SEC as an investment adviser under the Advisers Act. Numeric Investors LLC is also registered with the CFTC as a CPO and is a member of the NFA.

### *Investment Process*

The investment process of the Investment Manager includes, among others, the following activities: manager selection, portfolio construction and management, investment allocation, and manager and portfolio monitoring. Generally, the Investment Manager works with Affiliated Portfolio Managers to gather available strategy and market specific information. It then analyzes this information to enable it to choose what it believes to be the best alternative risk premia strategy and to create and manage portfolios utilizing Portfolio Funds. The Investment Manager regularly monitors the Affiliated Portfolio Managers and the Fund’s performance, utilizing, where appropriate, the resources and capabilities of its affiliates that manage fund of funds (“FRM Affiliates”). FRM Affiliates consists of a number of entities indirectly wholly owned by Man Group plc which are regulated in various jurisdictions whose primary business is fund of fund strategies. It should be noted that certain of the Investment Manager’s personnel also work for FRM Affiliates.

Although the Investment Manager generally intends to allocate all or a substantial portion of each Fund’s capital to Portfolio Funds, the Investment Manager may direct investments for cash management, risk control or defensive purposes through its affiliates. Such affiliates may also employ leverage, currency hedging and risk overlay to the Funds.

### *Manager Selection and Portfolio Monitoring*

Affiliated Portfolio Managers are, notwithstanding their affiliation, generally subject to extensive due diligence. The Investment Manager selects Affiliated Portfolio Managers and investment opportunities at its sole discretion via its Portfolio and Risk Management Committee but may in the process utilize the research, operational and investment risk capabilities of its Affiliates.

Each Fund and its Affiliated Portfolio Manager is monitored by the Investment Manager. This coverage is intended to ensure that each Affiliated Fund and its Affiliated Portfolio Manager are monitored by individuals within the Investment Manager who have an in-depth understanding of the Affiliated Fund and its Affiliated Portfolio Manager, as well as knowledge of the market environment affecting that particular strategy. In some cases instead of investing in an existing Affiliated Fund, the Fund may invest in a portfolio in the form of a managed account (“Managed Account”) managed by the Affiliated Portfolio Manager. The Investment Manager receives delayed position level transparency from the Affiliated Portfolio Manager with respect to Managed Accounts, but may have less insight into the specific holdings of Portfolio Funds that are not Managed Accounts. The Investment Manager regularly compares each Affiliated Portfolio Manager’s returns against, among other things, past performance and representative peer group, by looking at for example, returns, Sharpe ratio, volatility and downside risk statistics. The Investment Manager monitors all portfolios regularly to ensure that each portfolio contains an appropriate and diversified selection of Portfolio Funds.

### Multi-Strategy funds

The investment program for the Multi-Strategy funds is different from the Alternative Risk Premia strategies. The Multi-Strategy funds are not available to US investors.

With regards to the Multi-Strategy funds, Man Solutions invests in Affiliated Funds and/or have portfolios managed by one or more affiliated managers.

The Multi-Strategy funds generally invest in short, medium and long-term investment opportunities through a strategy of investment in a diversified portfolio of Affiliated Funds as well as direct and indirect trading and investment in securities including, but not limited to equities, bonds of investment and non-investment grade, currencies, derivative products and other asset classes. Derivative products may include but will not be limited to options, futures, forwards, contracts for difference and swap transactions, traded on a regulated market or over-the-counter.

In pursuing the investment objectives for the Multi-Strategy funds Man Solutions may conduct its own analyses and may also use the analyses of its affiliates as well as third parties. Man Solutions may use many sources of information in its analyses of securities which may be obtained from its affiliates or third parties. These sources include but are not limited to: financial filings; business, economic, financial and other publications; trade journals; other money managers or financial services professionals; media sources; information from brokers including, research, models, discussions with analysts, idea meetings, and other information provided by brokers; third-party data services; external research; one-on-one conversations with

company management teams, suppliers, customers, end users and sector specialists, as well as lawyers, economists, strategists, lobbyists and academic specialists. In addition, Man Solutions may employ third-party consultants to provide it with fundamental and technical research, including, but not limited to, information regarding various markets, industries and companies. Furthermore, Man Solutions may utilize other sources of information which may exist from time to time.

Important information regarding each client, including: investment objectives, strategy, and other material information are contained in the Fund's offering memorandum or the client's investment management agreement respectively.

The investment processes outlined above represent a summary of the investment processes as they are currently operated at the Investment Manager. The Investment Manager may at any time change the way in which it implements or carries out any of the investment processes.

The Funds may also engage in specific trading strategies such as algorithmic trades, short term trading and other investment strategies. The Fund may engage in other investment and trading strategies that may be deemed appropriate from time to time. Investment strategies utilized in the management of the Funds are described in greater detail in each Fund's offering document and in each client's investment management agreement.

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

The investment strategies Man Solutions 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. The following risk factors do not purport to be a complete list of explanation of the risks involved in an investment in a Fund or separately managed account by Man Solutions.

*The following risk factors may not be applicable to all clients and are based on the Alternative Risk Premia strategy. Investments are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment. Prospective clients should carefully consider the risks of investing, which include, without limitation, those set forth below. These risk factors include only those risks Man Solutions believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by Man Solutions and do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by Man Solutions.*

#### **Limited Performance History**

Each Fund has limited performance history. The past performance of other funds of funds managed or advised by the Investment Manager, as well as the past performance of the affiliated funds, either individually or in any combination, is not indicative of how a Fund or any particular affiliated fund will perform in the future. There can be no assurance that the performance of any Fund or affiliated fund will be comparable in the future to what it has been in

the past or that a Fund or any affiliated funds will achieve their investment objectives or avoid substantial or total losses.

### **Investment Risk Generally**

All investments risk the loss of capital. The nature of the securities to be purchased by Man Solutions and affiliated funds and the investment techniques and strategies to be employed by Man Solutions or the affiliated funds in an effort to increase profits may increase this risk. No guarantee or representation is made that a Fund's or affiliated fund's investment program will be successful.

### **An Affiliated Portfolio Manager's Trading Strategies may not be Successful**

There can be no assurance that the trading strategies employed by the managers of any Affiliated Fund will be successful. For example, the proprietary models used by an Affiliated Portfolio Manager may not function as anticipated. While each Affiliated Portfolio Manager generally has a performance record reflecting its prior experience in using the strategies that will be applied to trading for the Affiliated Fund, such performance cannot be used to predict future profitability. Man Solutions may also invest in an Affiliated Fund with little or no performance record.

### **General Economic and Market Conditions**

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of markets and the extent and timing of investor participation in such markets. Unexpected volatility or illiquidity in the markets in which Man Solutions or an Affiliated Fund directly or indirectly holds positions could impair the Man Solutions' or its Affiliates' ability to carry out its business or cause it to incur losses.

### **Market Crisis and Government Intervention**

The global financial markets have since 2007 gone through periods of pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The Funds or affiliated funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to a Fund or affiliated fund from its banks, dealers and other counterparties is typically reduced in disrupted markets.

Such a reduction may result in substantial losses to the Fund or affiliated fund. Market disruptions may from time to time cause dramatic losses for the Funds or affiliated funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

### **Eurozone Crisis**

As a result of the crisis of confidence in the markets which has caused bond yield spreads (the cost of borrowing in the debt capital markets) and credit default spreads (the cost of purchasing credit protection) to increase, most notably in relation to certain Eurozone countries, certain countries in the EU had to accept “bailouts” from banks and lines of credit from supra-governmental agencies such as the International Monetary Fund and the European Financial Stability Facility. The European Central Bank also intervened to purchase Eurozone debt in an attempt to stabilize markets and reduce borrowing costs.

It is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the EU and/or that the Euro, the European single currency, will cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status. The effect of such potential events on the Funds or affiliated funds is impossible to predict.

### **United Kingdom Withdrawal from EU**

On June 23, 2016, the United Kingdom held an “in-or-out referendum” on the United Kingdom’s membership of the EU, the result of which favored the exit of the United Kingdom from the EU (“**Brexit**”). The United Kingdom has the largest financial services sector in the EU. A process of negotiation will determine the future terms of the United Kingdom’s relationship with the EU which could take many forms. In the meantime, the United Kingdom remains a member of the EU. The potential impact of Brexit on the Funds or affiliated funds is currently unclear. Depending on the terms of Brexit, economic conditions in the United Kingdom, the rest of the EU and global markets may be adversely affected by reduced economic growth and increased volatility. The uncertainty before, during and after the period of negotiation could also have a negative economic impact and increase volatility in the financial markets, particularly (but not exclusively) in the EU. Such volatility and negative economic impact could, in turn, adversely affect the liquidity and trading of Man Solutions or its Affiliates. Further items that may be affected by Brexit may include the passporting of financial services within the EU, the location of the Investment Manager and its ability to attract talented professionals, the legal and regulatory environment in which the Funds or the Investment Manager or its affiliates operates and the ability of the Funds or affiliated funds to raise capital from investors within the EU. It is possible that Brexit will stimulate further calls for referenda and political instability amongst member states of the EU and in the United Kingdom itself, with attendant risks.

### **Market Disruptions**

Man Solutions, its affiliates or the Funds or affiliated funds may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets

in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to Man Solutions or the Affiliated Funds from banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the respective Funds. In 1994, in 1998 and again in the so-called “credit crunch” of 2007-2009 a sudden restriction of credit by the dealer community resulted in forced liquidations and major losses for a number of investment vehicles. The “credit crunch” of 2007-2009 particularly affected investment vehicles focused on credit-related investments. However, because market disruptions and losses in one sector can cause ripple effects in other sectors, during the “credit crunch” of 2007-2009 many investment vehicles suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Funds or affiliated funds and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Funds or affiliated funds to liquidate affected positions and thereby expose them to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Funds or the affiliated funds to close out positions.

### **System Failure**

Man Solutions and its Affiliates may make extensive use of trading software. As such, the Funds or affiliated funds may be more than usually exposed to risks caused by failures of IT infrastructure and data. For example, errors in the prices reported to the system may cause erroneous buy and sell recommendations to be issued. In addition, outright failure of the underlying hardware, operating system, software or network, may leave Man Solutions or its Affiliates unable to trade, and this may expose it to risk should the outage coincide with turbulent market conditions. Even in the event that extensive backup and failover plans have been put in place by the investment manager and its Affiliates, in the worst case, the investment manager or its Affiliates may have to liquidate an entire portfolio as the only safe way to proceed should a crippling system outage occur. The risk of system failure could be increased as Man Solutions relies on its affiliates to provide certain services that are critical to the management of the funds.

### **Model and Data Risk**

Certain of Man Solutions’ affiliates rely heavily on quantitative models (proprietary models developed by such Affiliates) and information and data both developed by the Affiliate rather than granting trade-by-trade discretion to the Affiliated Managers’ investment professionals. Models and Data are used to construct sets of transactions and investments, to value investments or potential investments (including without limitation for trading purposes, and for the purposes of determining Net Asset Value), to provide risk management insights and to assist in hedging a Portfolio Fund’s investments. Models and Data are known to have errors, omissions, imperfections and malfunctions (collectively, “**System Events**”). System Events in

third-party Models are generally entirely outside of the control of the Man Solutions or its affiliate investment managers.

Man Solutions and its affiliates seek to reduce the incidence and impact of System Events through a certain degree of internal testing and real-time monitoring, and the use of independent safeguards in the overall portfolio management system and often, with respect to proprietary models, in the software code itself. Despite such testing, monitoring and independent safeguards, System Events could result in, among other things, the execution of unanticipated trades, the failure to execute anticipated trades, delays to the execution of anticipated trades, the failure to properly allocate trades, the failure to properly gather and organize available data, the failure to take certain hedging or risk reducing actions and/or the taking of actions which increase certain risk(s)—all of which may have materially negative effects on a Fund, an affiliated fund and/or its returns.

The investment strategies of Man Solutions or certain of its affiliates may be highly reliant on the gathering, cleaning, culling and analysis of large amounts of Data. Accordingly, Models rely heavily on appropriate Data inputs. However, it is not possible or practicable to factor all relevant, available Data into forecasts and/or trading decisions of the Models. Man Solutions and its affiliates will use their discretion to determine what Data to gather with respect to the Portfolio Funds and what subset of that Data the Models take into account to produce forecasts which may have an impact on ultimate trading decisions. In addition, due to the automated nature of Data gathering, the volume and depth of Data available, the complexity and often manual nature of Data cleaning, and the fact that the substantial majority of Data comes from third-party sources, it is inevitable that not all desired and/or relevant Data will be available to, or processed by, Man Solutions or the Affiliated Portfolio Managers at all times. If incorrect Data is fed into even a well-founded Model, it may lead to a System Event subjecting the Portfolio Funds to loss. Further, even if Data is input correctly, “model prices” anticipated by the Data through the Models may differ substantially from market prices, especially for instruments with complex characteristics, such as derivatives.

Where incorrect or incomplete data is available, Man Solutions or its affiliates may, and often will, continue to generate forecasts and make investment decisions based on the Data available. Additionally, Man Solutions, or its affiliates may determine that certain available Data while potentially useful in generating forecasts or making trading decisions, is not cost effective to gather due to, among other factors, the technology costs or third-party vendor costs, and in such cases Man Solutions or its affiliates will not utilize such Data. Man Solutions or its affiliates have full discretion to select the Data they use respectively. Man Solutions and its affiliate may elect to use or may refrain from using any specific Data or type of Data in generating forecasts or making trading decisions with respect to the Models. The Data utilized in generating forecasts or making trading decisions underlying the Models may not be (i) the most accurate data available or (ii) free of errors. The Data set used in connection with the Models is limited. The foregoing risks associated with gathering, cleaning, culling and analysis of large amounts of data are an inherent part of investing with a quantitative, process-driven, systematic adviser such as the investment manager or certain of its affiliates.

When Models and Data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose Man Solutions or its affiliates to potential losses and



such losses may be compounded over time. For example, by relying on Models and Data, Man Solutions or its affiliates may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful and when determining the Net Asset Value of the Fund or affiliated fund, any valuations of the fund's or affiliated funds investment that are based on valuation Models may prove to be incorrect. In addition, Models may incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark to market basis. Furthermore, in unforeseen or certain low probability scenarios (often involving a market event or disruption of some kind); Models may produce unexpected results which may or may not be System Events.

Errors in Models and Data are often extremely difficult to detect, and in the case of Models, the difficulty of detecting System Events may be exacerbated by the lack of design documents or specifications. Regardless of how difficult their detection appears in retrospect, some System Events may go undetected for long periods of time and some may never be detected. Finally, the investment manager or its affiliates will detect certain System Events that it chooses, in its sole discretion, not to address or fix, and the third party software (where applicable) will lead to System Events known to Man Solutions or its affiliates when it chooses, in their sole discretion, not to address or fix, and the third party software will lead to System Events known to Man Solutions or its affiliates, that it chooses, respectively in its sole discretion, not to address or fix. The degradation or impact caused by these System Events can compound over time. Neither Man Solutions nor its affiliates will generally perform a materiality analysis on the potential impact of a System Event. Man Solutions and its affiliates' believe that the testing and monitoring performed on Models will enable each respectively to identify and address those System Events that a prudent person managing a quantitative, systematic and computerized investment program would identify and address by correcting the underlying issue(s) giving rise to the System Events. However, there is no guarantee of success of such processes. Investors should assume that System Events and their ensuring risk and impact are an inherent part of investing with a process-driven, systematic investment manager such as Man Solutions or certain of its affiliates. According, Man Solutions does not expect to disclose System Events to its investors.

The Funds and affiliated funds will bear the risks associated with the reliance on Models and Data including bearing all losses related to System Events other than in relation to losses arising from Man Solutions' or its affiliate's willful default, Gross Negligence or breach of fiduciary duty under ERISA if applicable.

## **Obsolescence Risk**

Man Solutions and its affiliates are unlikely to be successful in the deployment of their respective quantitative, systematic, investment strategies unless the assumptions underlying the Models are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that the Models will not generate profitable trading signals. If and to the extent that the Models do not reflect certain relevant factors, and Man Solutions or its affiliates do not successfully address such omission through their respective testing and evaluation by modifying the Models accordingly, major losses may

result – all of which will be borne by the funds or the affiliated funds. Man Solutions and its affiliates will continue to test, evaluate and add new Models which may lead to the existing Models being modified from time to time. Investors will not be informed or nor will approve the addition, modification or removal of the Models and investment strategies. There can be no assurance as to the effects (positive or negative) of any changes including additions, modifications and removal of the Models or investment strategies on a Fund's or affiliated fund's performance.

### **Trading Systems Risks**

Man Solutions may depend on its affiliates and other service providers to develop and implement appropriate systems for the Funds' or affiliated funds' trading activities. Further, Man Solutions' affiliates may rely extensively on computer programs and systems (and may rely on new systems and technology in the future) for various purposes including, without limitation, to trade, clear and settle transactions, to evaluate certain financial instruments, to monitor portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Funds or Affiliate Funds' activities. Certain of the Man Solutions' and its affiliates' operations interface will be dependent upon systems operated by third parties, including prime brokers and other service providers, and neither Man Solutions or its Affiliates may be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain limitations, including, but not limited to, those caused by computer "worms," viruses and power failures. Man Solutions' and its affiliate's operations may be highly dependent on each of these systems and the successful operation of such systems is often out Man Solutions' and its affiliate's control. The failure of one or more systems or the inability of such systems to satisfy Man Solutions' or its affiliate's new or growing businesses could have a material adverse effect on the Funds as well as the funds managed by its affiliate. For example, systems failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the ability of Man Solutions or its affiliates to effectively monitor their respective investment portfolio and risks.

### **Trade Error Risk**

The complex trading programs operated by Man Solutions and certain of its affiliates and the speed and volume of transactions invariably result in occasional trades being executed which, with the benefit of hindsight, were not required by the trading program or occasional trades not being executed when they should have been. To the extent an error is caused by a counterparty, such as a broker, Man Solutions (or its affiliate) generally attempts to recover any loss associated with such error from such counterparty. To the extent an error is caused by Man Solutions or its affiliate, a formalized process is in place for the resolution of such errors. Given the volume, diversity and complexity of transactions executed by Man Solutions or its affiliates on behalf of the Funds and affiliated funds, investors should assume that trading errors (and similar errors) will occur. If such errors result in gains to a Fund or an affiliated fund, such gains will be retained by the respective Fund. However, if such errors result in losses, they will be borne by the applicable investment manager in accordance with its internal policies unless otherwise determined by Man Solutions or its affiliate.

## **Crowding/Convergence**

There is significant competition among quantitatively-focused managers and the ability of Man Solutions or its affiliates to deliver returns that have a low correlation with global aggregate equity markets and other hedge funds is dependent on their ability to employ Models that are simultaneously profitable and differentiated from those employed by other managers. To the extent that Man Solutions or its affiliate is not able to develop sufficiently differentiated Models, the applicable Fund's or affiliated fund's investment objective may not be met, irrespective of whether the Models are profitable in an absolute sense. In addition, to the extent that the Models come to resemble those employed by other managers, there is an increased risk that a market disruption may negatively affect predictive Models such as those employed by Man Solutions or its affiliates, as such a disruption could accelerate reductions in liquidity or rapid re-pricing due to simultaneous trading across a number of funds utilising Models (or similar quantitatively-focused investment strategies) in the marketplace.

## **Involuntary Disclosure Risk**

The ability of a Man Solutions or its affiliates to achieve its investment goals for the applicable Fund or affiliated fund may be dependent in large part on its ability to develop and protect its models and proprietary research. The models and proprietary research and the Models and Data are largely protected by Man Solutions or its affiliates through the use of policies, procedures, agreements, and similar measures designed to create and enforce robust confidentiality, non-disclosure, and similar safeguards. However, aggressive position-level public disclosure obligations (or disclosure obligations to exchanges or regulators with insufficient privacy safeguards) could lead to opportunities for competitors to reverse-engineer Man Solutions or its affiliates' models, and thereby impair the relative or absolute performance of the respective Funds.

## **Disaster Recovery**

While the Man Solutions and its affiliates may have put in place safeguards, including the use of parallel and/or back-up systems, emergency power and alternative data feeds, designed to protect the interests of the respective Funds in case of disruption of the technology, including transmission failures, there is no guarantee that such measures would be effective against all situations or could be implemented in time and the Funds, including affiliated funds may be adversely affected accordingly.

## **Operational Risk**

While Man Solutions and its affiliates have developed systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of their respective operations. Man Solutions' and its affiliates' business is dynamic and complex. As a result, certain operational risks are intrinsic to Man Solutions' and its affiliates' operations, especially given the volume, diversity and complexity of transactions that Man Solutions and its affiliates expect to enter into daily. Man Solutions business is highly dependent on its ability and the ability of its affiliates to process, on a daily basis, transactions across numerous and diverse markets. Consequently, Man Solutions relies heavily on its

financial, accounting and other data processing systems as well as those of its affiliates. The ability of such systems to accommodate an increasing volume, diversity and complexity of transactions could also constrain the ability of Man Solutions to properly manage the Funds. Systemic failures in the systems employed by the Man Solutions, its affiliates as well as those employed by brokers, the Administrator and/or counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions in operations may cause the Man Solutions or its affiliates to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage.

### **Breaches in Information Technology Security**

Man Solutions and its affiliates maintain information technology systems, consisting of infrastructure, applications and communications networks to support their respective business activities. These systems could be subject to security breaches such as “cyber-crime” resulting in theft, a disruption in Man Solutions’ or its affiliates’ ability to close out positions and the disclosure or corruption of sensitive and confidential information. Security breaches may also result in misappropriation of assets and could create significant financial and/or legal exposure. Man Solutions and its affiliates seek to mitigate attacks on their own systems respectively but will not be able to control directly the risks to third-party systems to which they may connect. Any breach in security of Man Solutions or its affiliates systems could have a material adverse effect on the Funds and affiliated funds and may cause the Funds or affiliated funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage.

### **Risk of Programming Implementation Error or Logical Error**

If Man Solutions or its affiliates are reliant upon the operation of trading software, there may be risk of errors of implementation (colloquially known as “bugs”) and errors of design that may have found their way into the software, and which may cause inappropriate or aberrant behavior under certain or all market conditions. While reasonable steps may have been taken to ensure that the software is adequate in design and free from manifest bugs, formal proof of bug-free code may not have been undertaken nor can the underlying logical and/or mathematical models be certified as free from error. Furthermore, while the software may have been extensively tested, no guarantee can be given that a unique combination of input conditions experienced when running the system “live” and which has not been encountered during development, will not cause the system to fail, perform aberrantly, or take positions that are (under some reasonable criteria) judged to be inappropriate. Furthermore, as with any software, upgrades, “bug fixes” and various other improvements may be introduced over time and the risk therefore exists that such changes may detrimentally affect the performance of Man Solutions or its affiliates, rather than improve it.

### **Investments in Portfolio Funds – Funds of Funds structures**

Man Solutions invests all or substantially all of its capital in Affiliate Funds. Generally speaking, Man Solutions will not be able to control the activities of its affiliates on

behalf of their investment vehicles or monitor their activities on a daily basis. An Affiliate may use investment strategies that differ from its past practices and are not fully disclosed to Man Solutions, and that involve risks under some market conditions that are not anticipated. In addition, an Affiliate may trade certain financial instruments without Man Solutions' knowledge.

### **Investments in Other Accounts/Activities of Advisers.**

When Man Solutions on behalf of the funds invests in affiliated Funds such as private funds, it has no control of the trading policies or strategies of such entities and does not have the same ability as with separate accounts to react quickly to changing investment circumstances due to the limited liquidity of these types of investments.

Investment decisions of the Affiliated Funds are made by the respective affiliate independently of each other. Consequently, at any particular time, one affiliated fund may be purchasing interests in an issuer that at the same time are being sold by another affiliated fund. Investing by the affiliated Funds in this manner could cause the Funds to indirectly incur certain transaction costs without accomplishing any net investment result. Possible lack of transparency regarding such Affiliate positions may lead to lack of intended diversification in the applicable Fund.

There is a risk of misconduct by Man Solutions' affiliates. When Man Solutions invests a Fund's or account's assets with an Affiliate, the Fund does not have custody of the assets or control over the investment. Therefore, there is always the risk that the affiliate could divert or abscond with the assets, inaccurately or fraudulently report the value of the securities, fail to follow agreed upon investment strategies, provide false reports of operations, or engage in other misconduct. There also is a risk that regulatory actions may be taken by governmental or other authorities against Man Solutions' affiliates, which may expose investors that have placed assets with such affiliates to losses.

Each affiliate, may, at any time and without notice, change their respective Fund's investment objectives, policies, or strategies. This may adversely affect Man Solutions' allocation among investment strategies and may adversely affect the Fund's overall risk.

Man Solutions may make additional investments in, or withdrawals from, the affiliated Funds only at certain times specified in the governing documents of the respective affiliated Funds. Man Solutions, from time to time may, in turn, have to invest some of the Fund's assets temporarily in high quality fixed income securities and money market instruments or may hold cash or cash equivalents pending the investment of assets in the affiliated Funds or for other purposes.

Man Solutions and its affiliates trade independently of each other and may place orders for the benefit of the Fund that "compete" with each other for execution or that cause the

Fund to establish positions that offset each other (in which case the Fund may indirectly incur commissions and fees without the potential for a trading profit).

### **Reliance on Information Received from the Advisers.**

Although Man Solutions receives detailed information from each affiliate regarding their respective affiliated fund's historical performance and investment strategy, Man Solutions often is not given access to information regarding the actual investments made by its affiliates and will receive only such information concerning the affiliates' Funds as the respective affiliate is willing to provide. At any given time, Man Solutions may not know the composition of an affiliated Fund's investment portfolio with respect to the degree of hedged or directional positions, the extent of concentration risk or exposure to specific markets. Furthermore, Man Solutions will generally have no means of independently verifying the information provided to it by its affiliates, including estimated net asset values (and subsequent revisions to such estimates) and final net asset values. The net asset values received by Man Solutions from its affiliates are typically estimates only, subject to revision through the end of each affiliated Fund's annual audit, and no net asset value figure of the Funds can be considered final until each affiliated Fund's annual audit is completed. Man Solutions may not learn of significant structural changes, such as personnel changes, manager withdrawals or capital growth, until after the fact and it will be difficult, if not impossible, for Man Solutions to protect the Funds or accounts from the risk of fraud, misrepresentation or material strategy alteration. If an Affiliated Fund does not operate in accordance with its stated investment strategy or guidelines or the information furnished by the affiliate is not accurate, the Fund or accounts might sustain losses with respect to its investment in such affiliated Fund despite Man Solutions' attempts to monitor such affiliates and the respective affiliated funds. The effectiveness of Man Solutions' initial and ongoing due diligence and risk management analysis is dependent upon the adequacy of such services provided by its affiliates where applicable.

### **Dependence on Affiliates**

Man Solutions will be highly dependent upon the expertise and abilities of its affiliates who will have investment discretion over their respective affiliated fund assets and, therefore, the death, incapacity or retirement of any affiliate key personnel or its principals may adversely affect investment results. The Funds or accounts also can be negatively affected by adverse price movements of significant positions held by one or more of the affiliated Funds in which the Funds or accounts invest.

### **Valuation Risk**

The valuation of each Fund's investments in the affiliated Funds is ordinarily determined based upon valuations calculated by such administrator for each relevant fund, in

most cases based on information provided by Man Solutions' affiliates or third party administrators of such affiliated Funds. Certain securities in which affiliated Funds invest may not have a readily ascertainable market price and will be valued by Man Solutions' affiliates or their administrators. In this regard, Man Solutions' affiliates may face a conflict of interest in valuing the securities, as their value will affect the respective affiliate's compensation. Man Solutions' has established a Management Committee which oversees the fair valuation of Fund and account assets.

Certain members of the Management Committee may face conflicts of interest in overseeing the value of the Funds' investments, as the valuation of the applicable Fund's investments may affect Man Solutions' compensation. Although the Management Committee reviews the valuation procedures used by Man Solution's affiliates, none of the Management Committee, the applicable affiliated Fund's administrator, neither Man Solutions nor the board of managers, if applicable, can confirm or review the accuracy of valuations provided by Man Solutions' affiliates or their administrators.

If an Affiliate's valuations are consistently delayed or inaccurate, Man Solutions generally will consider whether the affiliated Fund continues to be an appropriate investment. A Fund may be unable to redeem or otherwise dispose of interests in such an affiliated Fund quickly, and could therefore be obligated to continue to hold such interests for an extended period of time. In such a case, such interests would continue to be valued without the benefit of the Affiliate's valuations, and the Management Committee will determine the value, and may discount the value of the interests, if deemed to be the estimated fair value of such holding in keeping with Man Solutions' valuation procedures.

### **Valuation Risk – Illiquid Assets and ERISA Accounts**

As explained above, in general, Man Solutions and each Account will rely on valuations provided to it by its affiliates or their respective fund administrators in determining the valuations of the Fund's investments. However, except during any time when the assets of the Fund are subject to ERISA, Man Solutions has the right to determine that some other valuation is more appropriate. Independent pricing information may not at times be available with respect to certain of the Fund's securities and other investments, particularly illiquid investments. Accordingly, certain investments may be difficult to value and may be subject to varying interpretations of value. During any time that the assets of the Fund are subject to ERISA, Man Solutions may not exercise any discretion in the valuation of such assets. Instead, during any such time, such assets will be valued by other suitable independent sources, independent brokers, market makers, other intermediaries or any third parties as reasonably appointed by the Fund's administrator, in consultation with Man Solutions, based upon fair value.

## **Use of Third Party Risk Manager and Assessment of Risk**

Certain affiliated funds use a third party risk management service provider (“Third Party Risk Manager”) to assist with their risk analysis program. A number of affiliates report to the Third Party Risk Manager their portfolio positions and other financial data, and the Third Party Risk Manager in turn uses this information to produce risk and exposure evaluation reports for Man Solutions. Neither the Third Party Risk Manager nor Man Solutions independently verifies the information provided by Man Solutions’ affiliates. In addition, not all affiliated funds provide full position transparency to the Third Party Risk Manager. For affiliate funds that provide less than or no position transparency, the Third Party Risk Manager may use other available information such as performance returns to calculate risk. To the extent that any information provided or used is inaccurate or incomplete or the models are not suitable for measuring the risk for an affiliated fund’s strategy, this could affect the risk evaluations contained in the reports. The Third Party Risk Manager risk estimates contained in the reports are generated using quantitative models and no such models can predict actual losses in future real world scenarios. The estimates of losses contained in the reports are based upon calculations made by the Third Party Risk Manager and may not track the actual losses incurred. The applicable affiliated funds (and investors in the applicable Funds) may experience actual losses that are significantly worse than those estimated in the Third Party Risk Manager reports.

## **Managed Account Allocations**

Man Solutions may place assets of certain Funds or Accounts with Affiliates through managed accounts rather than investing in pooled investment vehicles. Managed accounts expose the investments to theoretically unlimited liability, and it is possible, given the leverage at which certain of the affiliate accounts trade, that the accounts could lose more than the capital allocated to an affiliate through a managed account. Man Solutions and its affiliates may attempt to insulate such Accounts from such risk by allocating assets through a subsidiary company or other special purpose vehicle, but it will not always be possible to do so and Man Solutions or its affiliates may elect not to do so.

## **No Formal Investment Restrictions or Allocation Limits.**

Although diversification is a principal investment policy of the Funds and accounts, Man Solutions is not subject to any formal diversification requirements or restrictions in constructing each Fund’s or Account’s portfolio. There are no limitations on the minimum or maximum number of affiliates or affiliated funds, or investment strategies, or on the absolute or relative percentage of capital which may (or must) be allocated to any affiliate or investment strategy. Certain affiliates and investment strategies may be allocated substantially larger portions of a Fund’s or Account’s capital than others.



## **Investment Types and Techniques**

Man Solutions and affiliated Funds may invest and trade in a wide range of securities and other financial instruments. Although Man Solutions and the affiliated Funds will primarily invest and trade in equity and debt securities, they may also invest and trade in currencies, financial futures, and other equity- and debt-related instruments (i.e., instruments that may derive all or a portion of their value from equity or debt securities). Neither Man Solutions nor an affiliated Fund is generally limited in the markets, either by location or type, such as large capitalization, small capitalization, or non-U.S. markets, in which it invests or in the investment discipline that it may employ, such as value or growth or bottom-up or top-down analysis. Man Solutions and affiliates may use various investment techniques for hedging and non-hedging purposes. Man Solutions and its affiliates may, for example, sell securities short, purchase and sell option and futures contracts and engage in other derivative transactions, subject to certain limitations described in each Fund's offering memorandum or in each client's investment management agreement as applicable. The use of these techniques may be an integral part of a particular Fund's or affiliated fund's investment strategy, and may involve certain risks, including the risk that a Fund, Account or affiliated fund will lose all or part of its investment.

## **Speculative Trading Strategies**

Man Solutions or its affiliates may use high-risk strategies, such as selling securities short and futures trading. Short selling exposes the seller to unlimited risk due to the lack of an upper limit on the price to which a security may rise. Commodity futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Like other leveraged investments, a futures transaction may result in substantial losses to the fund or affiliated fund. No guarantee or representation is made that any individual trading strategy will be successful.

## **Emerging Markets Risk.**

Man Solutions or its affiliates may invest in securities of companies based in emerging markets or issued by the governments of such countries. Securities traded in certain emerging markets may be subject to risks due to the inexperience of financial intermediaries, the lack of modern technology, the lack of a sufficient capital base to expand business operations, and the possibility of temporary or permanent termination of trading. Political and economic structures in many emerging markets may be undergoing significant evolution and rapid development, and emerging markets may lack the social, political and economic stability characteristics of more developed countries. As a result, the risks relating to investments in

foreign securities described above, including the possibility of nationalization or expropriation may be heightened. In addition, certain countries may restrict or prohibit investment opportunities in issuers or industries deemed important to national interests. Such restrictions may affect the market price, liquidity and rights of securities that may be purchased by Man Solutions or the affiliated Funds. Settlement mechanisms in emerging securities markets may be less efficient and less reliable than in more developed markets and placing securities with a custodian or broker-dealer in an emerging country may also present considerable risks. The small size of securities markets in such countries and the low volume of trading may result in a lack of liquidity and in substantially greater price volatility. Many emerging market countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates and corresponding currency devaluations and fluctuations in the rate of exchange between currencies and costs associated with currency conversion have had and may continue to have negative effects on the economies and securities markets of certain emerging market countries. In addition, accounting and financial reporting standards that prevail in certain emerging market countries are not equivalent to standards in more developed countries and, consequently, less information is available to investors in companies located in such countries.

### **Business and Regulatory Risks of Hedge Funds**

Legal, tax and regulatory changes are likely to occur during the term of the Funds and affiliated funds and some of these changes may adversely affect the Funds as well as the affiliated funds, perhaps materially. The financial services industry generally, and the activities of hedge funds and their managers, in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Funds' and affiliated funds' exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on Man Solutions and its affiliates, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may direct Man Solutions' and its affiliates' attention and resources from their investment management activities.

In addition, futures and securities markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions.

It is impossible to predict what, if any, changes in regulation applicable to the Funds or affiliated funds, Man Solutions or its affiliates, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. The

effect of any future regulatory change on Man Solutions or the Funds or the affiliated funds could be substantial and adverse.

Investors should understand that Man Solutions' and its affiliates' business is dynamic and is expected to change over time. Therefore, Man Solutions and its affiliates may be subject to new or additional regulatory constraints in the future. This document cannot address or anticipate every possible current or future regulation that may affect Man Solutions, or its affiliates, the Funds, affiliated funds or their respective businesses. Such regulations may have a significant impact on the shareholders or the operations of the Funds or affiliated funds, including, without limitation, restricting the types of investments Man Solutions, its affiliates or the respective Funds or affiliated funds may make, preventing Man Solutions, its affiliates or the Funds or affiliated funds from exercising their respective voting rights with regard to certain financial instruments, requiring the Funds or affiliated funds to disclose the identity of their investors, its positions or otherwise. Man Solutions or its affiliates may cause the Funds or affiliated funds to be subject to such regulations if it believes that an investment or business activity is in the Funds' or affiliated funds' interest, even if such regulations may have a detrimental effect on one or more shareholders. Prospective shareholders are encouraged to consult their own advisors regarding an investment in the Funds.

### **Event Driven Strategies**

The success of event driven strategies depends on the successful prediction of whether various corporate events will occur or be consummated. The consummation of mergers, exchange offers, tender offers and other similar transactions can be prevented or delayed, or the terms changed, by a variety of factors. If a proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the securities purchased by Man Solutions or its affiliates may decline sharply and result in losses to the respective Funds or Accounts.

A significant portion of the portfolio of an investment manager implementing such strategy may be invested in restricted securities that may not be registered and for which a market may not be readily available. Therefore, a significant portion of the respective fund or account may not be freely traded. Even if there is a limited market for such securities, an investment manager's position in such securities may be substantial in relation to the market for the securities. Man Solutions and its affiliates may invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive or product obsolescence problems, or issuers that are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial business risks that can result in substantial or total losses. Among the problems involved in investments in troubled issuers is the fact that information as to the conditions of such issuers may be limited, thereby reducing Man Solutions' or its affiliate's

ability to monitor the performance and to evaluate the advisability of continued investments in specific situations. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and ask prices of such securities may be greater than normally expected. It may take a number of years for the market price of such securities to reflect their intrinsic value.

Man Solutions on behalf of the Fund or of an account is permitted to invest with affiliated funds that may make particularly risky investments that also may offer the potential for correspondingly high returns. As a result, the Fund or account may lose all or substantially all of its investment in any particular instance. In addition, there is generally no minimum credit standard that is a prerequisite to Man Solutions' or an affiliate's investment in any security for any particular fund or account. The debt securities in which Man Solutions or an affiliate is permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

## **Relative Value**

The success of any relative value trading in which any investment manager engages will involve the investment manager's attempt to exploit relative mispricings among interrelated instruments. These mispricing's are typically small in absolute terms, so that such an investment manager is likely to use substantial leverage in these strategies in order to have a realistic opportunity to generate the targeted levels of return. Although relative value positions are considered to have a lower risk profile than directional trades as the former attempt to exploit price differentials not outright price movements, relative value strategies are by no means without risk. Mispricings, even if correctly identified, may not converge within the time frame within which the Accounts or Funds, including affiliated funds are practically able to maintain their positions. Even pure "riskless" arbitrage — which is rare — can result in significant losses if the arbitrage cannot be sustained (due, for example, to margin calls) until expiration. Each affiliated fund's relative value strategies, on behalf of the Accounts and/or Funds, are subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of its or third-party valuation models. Market disruptions may also force Man Solutions on behalf of the Accounts or funds, or an affiliated Fund, to close out one or more positions. Such disruptions have in the past resulted in substantial losses for funds employing relative value strategies.

A major component of relative value trading typically involves spreads between two or more positions. To the extent that the price relationships between such positions remain constant, no gain or loss may occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably and, due to the leveraged nature of such trading, result in increased losses. Changes in the shape of the yield curve can cause significant changes in the profitability of relative value strategies due to the highly leveraged nature of such

strategies. Increased competition among market participants seeking to exploit the same perceived mispricings reduces the profitability of relative value trading.

### **Non-Diversified Status**

Some of the Funds or affiliated funds are considered to be "non-diversified" investment companies. This means that a greater percentage of those Funds' assets may be invested in the securities of any one issuer. Man Solutions will follow a general policy of seeking to invest the Funds' capital broadly among multiple affiliated Funds. As a consequence of a potential large investment in a particular affiliated Fund, losses suffered by such an affiliated Fund could result in a higher reduction in the affiliated Fund's capital than if such capital had been more proportionately allocated among a larger number of affiliated Funds.

### **Use of Leverage**

Man Solutions or its affiliates, on behalf of certain managed accounts, may engage in bank borrowing to leverage its investments in an amount not expected to exceed 20% of gross assets of such managed account, which would increase any loss incurred. Man Solutions or its affiliates, may be required to pledge assets when borrowing, which, in the event of an uncured default, could affect Man Solutions' or its affiliate's operations, including preventing Man Solutions or its affiliates from conducting a repurchase of its interests. In addition, the terms of any borrowing may impose certain investment restrictions on the Fund or affiliated fund. Man Solutions or its affiliates may use leverage by purchasing instruments with the use of borrowed funds, selling securities short, trading options or futures contracts, using total return swaps or repurchase agreements and/or other means, which would increase any loss incurred. The more leverage is employed, the more likely a substantial change will occur, either up or down, in the value of the instrument. Because of the relatively small intrinsic profits in "hedge" positions or in "arbitrage" positions, Man Solutions or its affiliates may use leverage to acquire extremely large positions in an effort to meet their rate of return objectives. Consequently, it will be subject to major losses in the event that market disruptions destroy the hedged nature of such positions.

### **Insufficient Investment Opportunities**

Man Solutions may not be able to identify and obtain a sufficient number of investment opportunities to invest the full amount of capital that may be invested from time to time in the Funds or Accounts.

### **Limits on Hedged Strategies**

While certain affiliates may use "market neutral" or "relative value" hedging or arbitrage strategies this in no respect should be taken to imply that the affiliated Fund's

investments are without risk. Substantial losses may be recognized on "hedge" or "arbitrage" positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every market neutral or relative value strategy involves exposure to some second order risk of the market, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds or the price spread between different classes of stock for the same affiliated firm. Further, "market neutral" or "relative value" affiliate investment managers may employ limited directional strategies that may expose the respective affiliated Funds they manage to certain market risks.

### **Illiquid Investments**

While Man Solutions and its affiliates, and their respective Funds invest primarily in marketable instruments, they may also invest in non-marketable securities. Such investments could limit the liquidity of the respective Fund's or affiliated fund's investment in such entities. In some circumstances, Man Solutions or its affiliate, or an affiliated fund may be unable or unwilling to provide liquidity, which could result in the respective Fund or managed account being unable to redeem its investment in the affiliated Fund, even if the affiliated Fund otherwise invests in liquid instruments. In addition, Man Solutions, its affiliates and certain affiliated Funds may use "side pockets" in which certain illiquid investments are placed. Such side pockets may be difficult to fair value and may increase risks relating to illiquidity of the Fund or managed account or the affiliated Fund and inaccuracy in the respective Fund's, managed account's or affiliated fund's reported valuation. Man Solutions may invest certain Funds or managed accounts in affiliated Funds that may use side pockets. As may be required, Man Solutions will notify the Funds' boards regarding any Funds or affiliated funds participating in side pocket investments.

### **Designated Investments**

With respect to certain Funds, in the event that Man Solutions determines, at any time, that it has become impracticable or inappropriate to value or dispose of an investment held by such a Fund, Man Solutions may, in its discretion, elect to classify such investment as a "Designated Investment" and defer valuation of such Designated Investment until it is liquidated and the corresponding funds are received, by the Fund. Generally if an investment is classified as a Designated Investment, only investors in the Fund as of the date such investment is so classified shall continue to participate in such investment, and shall do so until the Fund liquidates such investment.

### **Indirect Designated Investments**

Certain affiliated Funds managed by Man Solutions' affiliates may invest a material percentage of their capital in investments that they classify as Designated Investments.

In order to accommodate such Designated Investments, in certain instances with respect to certain affiliated Funds, upon an investor's withdrawal/redemption from such Fund, the Fund will effectively buy-out such investor's residual interests in the Designated Investments in which such investor is indirectly invested through its investment in the relevant Account at "fair value." Such "fair value" may be substantially below actual or realizable value, likely benefiting the continuing investors; however, any such buy-outs will increase such continuing investors' exposure to designated investments in the affiliated funds. Such "fair value" may also be substantially above actual or realizable value, likely hurting the continuing investors, if a withdrawal/redemption is paid out based on such higher value.

### **Credit Crisis Liquidity Risk**

Certain types of credit instruments, such as investments in CDOs, high-yield bonds, debt issued in leveraged buyout transactions, mortgage- and asset-backed securities, and short-term asset-backed commercial paper, became very illiquid in the latter half of 2007. General market uncertainty and consequent re-pricing of risk led to market imbalances of sellers and buyers, which in turn resulted in significant valuation uncertainties in mortgage and credit-related securities and other instruments. These conditions resulted, and in many cases continue to result in, greater volatility, less liquidity, widening credit spreads and a lack of price transparency, with many instruments remaining illiquid and of uncertain value. Such market conditions and the above factors may make valuation for the Funds or affiliated funds uncertain and/or result in sudden and significant valuation increases or declines in the Funds or affiliated funds.

### **Financing Arrangements**

The use of leverage is an integral part of many strategies used by Man Solutions and its affiliates, and such strategies depend on the availability of credit in order to finance the trading and investment activities of their respective managers. There can be no assurance that Man Solutions or its affiliates will be able to secure or maintain adequate financing. As a general matter, the banks and dealers that provide financing to Man Solutions, its affiliates or the respective Funds or affiliated funds have considerable discretion in setting and changing their margin, haircut, financing, and collateral valuation policies. Changes by banks and dealers in any of the foregoing policies may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that Man Solutions, its affiliates or the respective funds or affiliated funds will be able to secure or maintain adequate financing, without which an investment in such Funds may not be a viable investment.

## **Institutional and Counterparty Risk**

The managed accounts and Funds are subject, either directly or indirectly through investments directly made by themselves or via investment in affiliated Funds, to the risk of the insolvency of its and the respective Funds' counterparties, such as broker-dealers, futures commission merchants, banks or other financial institutions, exchanges or clearing houses. Man Solutions, its affiliates or the respective funds' assets could be lost or impounded during a counterparty's bankruptcy or insolvency proceedings and a substantial portion or all of the respective Funds' assets may become unavailable to them either permanently or for a matter of years. Were any such bankruptcy or insolvency to occur, Man Solutions, or its affiliates (might decide to liquidate the Fund (or the affected affiliated Fund) or suspend, limit or otherwise alter trading, perhaps causing the fund (or affiliated Fund) to miss significant profit opportunities.

There are increased risks in dealing with offshore brokers and unregulated trading counterparties, including the risk that assets may not benefit from the protection afforded to "customer funds" deposited with regulated brokers and dealers. Man Solutions, its affiliates or their respective Funds may be required to post margin for their non-U.S. exchange transactions with non-U.S. exchange dealers who are not required to segregate customer funds. In the case of a counterparty's bankruptcy or inability to satisfy substantial deficiencies in other customer accounts, Man Solutions, its affiliate or the respective Fund may recover, even in respect of property specifically traceable to such respective Fund, only a *pro rata* share of all property available for distribution to all of such broker's or dealer's customers.

The markets in which Man Solutions, its affiliates or their respective funds effect their transactions may be "over-the-counter" or "inter-dealer" markets. The participants in these markets typically are not subject to the type of strict credit evaluation and regulatory oversight applicable to members of "exchange-based" markets, and transactions in these markets typically are not settled through exchanges or clearing houses that guarantee the trades of their participants. Rather, the responsibility for performing under a particular transaction rests solely with the counterparty to such transactions. To the extent Man Solutions, its affiliate or their respective Funds invests in swaps, derivatives or synthetic instruments or other over-the-counter transactions in these markets, the respective Fund or affiliated fund is subject to the credit risk of the parties with which it trades and deposits collateral. Man Solutions, its affiliates or their respective Funds are also subject to the risk that a counterparty may not settle a transaction because such counterparty is unwilling or unable to do so, potentially resulting in significant losses — perhaps in respect of an offsetting position on which Man Solutions, its affiliates or the respective Fund or affiliated fund remains obligated to perform.

Man Solutions and its affiliates have policies and procedures in relation to the selection of counterparties. Counterparty monitoring and oversight arrangements are also in place at Man



Solutions and at its affiliates. Such arrangements, policies and procedures however, may not be sufficient to prevent a counterparty default.

### **Strategy Risk**

The Funds and affiliated funds are subject to strategy risk. Strategy risk is associated with the failure or deterioration of an entire strategy (such that most or all investment managers in the strategy suffer significant losses). Strategy specific losses can result from excessive concentration by multiple investment managers in the same investment or broad events that adversely affect particular strategies (*e.g.*, illiquidity within a given market). Many of the strategies employed by Man Solutions and its affiliates on behalf of the managed accounts or Funds and the affiliated Funds are speculative and involve substantial risk of loss.

### **Litigation and Enforcement Risk**

Man Solutions, or its affiliates may accumulate substantial positions in the securities of a specific company and engage in a proxy fight, become involved in litigation or attempt to gain control of a company. Under such circumstances, the Fund or affiliated Fund, as applicable, conceivably could be named as a defendant in a lawsuit or regulatory action. There have been a number of widely reported instances of violations of securities laws through the misuse of confidential information, diverting or absconding with fund assets, falsely reporting fund values and performance, and other violations of the securities laws. Such violations may result in substantial liabilities for damages caused to others, for the disgorgement of profits realized and for penalties. Investigations and enforcement proceedings are ongoing and it is possible that Man Solutions or its affiliates through which it invests may be charged with involvement in such violations. If that were the case, the performance records of Man Solutions or its affiliates could be deemed misleading. Furthermore, if Man Solutions or its affiliates were engaged in such violations, the Fund, affiliated fund or managed account could be exposed to losses.

### **Trading Suspensions**

Securities or commodities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchanges. A suspension could render it impossible for Man Solutions, its affiliates or their respective Funds to liquidate positions and thereby expose the managed account or Funds or affiliated funds to losses.

### **Turnover Rate**

Some of the investment strategies employed by Man Solutions affiliates on behalf of the Funds and affiliated funds may require a high volume of trading. Therefore, turnover and brokerage commissions may be greater than for other investment entities of similar size. Some

of Man Solutions' affiliates may utilize aggressive trading strategies, which may involve engaging in substantial short-term trading. A high rate of portfolio turnover involves corresponding greater trading expenses than a lower rate.

### **Structured Investments**

Man Solutions or its affiliates on behalf of their respective funds may purchase or enter into structured investments, including structured notes linked to the respective Fund's performance and swaps or other contracts paying a return equal to the total return achieved by the respective Fund. Such investments may have the effect of magnifying the respective Fund's or affiliated fund's investment in and risk exposure to a particular Fund or asset. The values of structured investments depend largely upon price movements in the underlying investment vehicles to which such structured investments are linked. Therefore, many of the risks applicable to investing directly with the Funds or the affiliated funds are also applicable to the structured investments. However, structured investments also expose the respective Funds to the credit risk of the parties with which it deals. Non-performance by counterparties of the obligations or contracts underlying the structured investments could expose the respective Funds and affiliated funds to losses, whether or not the transaction itself was profitable. Structured investments may expose the respective Funds and affiliated funds to additional liquidity risks as there may not be a liquid market within which to close or dispose of outstanding obligations or contracts.

### **Inadvertent Concentration and Lack of Diversification**

Man Solutions, or its affiliates may accumulate positions in the same or related investments at the same time. Although Man Solutions attempts to monitor its own positions as well as those of its affiliates, information regarding the actual investments made by its affiliates and the affiliated Funds is generally treated as confidential or otherwise unavailable, and Man Solutions will be unable to determine whether such accumulations have taken place in aggregate. In addition, Man Solutions, its affiliates, or their respective Funds may hold a few relatively large investments (in relation to their capital) with the result that a loss in any such position could have a material adverse impact on their capital. The Fund's or managed account's or affiliated fund's investment portfolio consequently may not constitute a balanced investment plan.

### **Hedging Transactions**

Man Solutions and its affiliates may enter into hedging transactions on behalf of their respective funds with the intention of reducing or controlling risk. Even if Man Solutions or its affiliates are successful in doing so, such hedging transactions may reduce returns. Furthermore, it is possible that Man Solutions' or its affiliates' hedging strategies will not be effective in controlling risk, due to unexpected change in correlation between the hedging instrument and the position, strategies or markets being hedged, increasing rather than reducing both risk and losses.

To the extent that Man Solutions or its affiliates engage in hedging transactions, its hedges may not be static but rather may need to be continually adjusted based on Man Solutions' or its affiliates' assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio being hedged. The success of Man Solutions' or its affiliates' hedging strategy may depend on their respective ability to implement this dynamic hedging approach efficiently and cost effectively, as well as on the accuracy of their respective ongoing judgments concerning the hedging positions to be acquired by the respective Funds and affiliated funds.

### **Temporary Defensive Positions**

In anticipation of or in response to adverse market or other conditions, or atypical circumstances such as unusually large cash inflows or redemptions, Man Solutions or its affiliates on behalf of the respective Funds and affiliated funds may temporarily hold all or a portion of its assets in cash, cash equivalents or high-quality debt instruments. As a result, Funds, managed accounts or affiliated funds may not achieve their investment objectives.

### **Delay in Use of Proceeds**

Although Man Solutions and its affiliates intend to invest the proceeds of any sales of units as soon as practicable after the receipt of such proceeds, such investment of proceeds may be delayed if suitable investments are unavailable at the time or for other reasons. As a result, the proceeds may be invested in cash, cash equivalents, high-quality debt instruments, or other securities pending their investment in the respective Funds. Such other investments may be less advantageous, and, as a result, Man Solutions, its affiliates or their respective funds and affiliated funds may not achieve their investment objectives.

### **Custody Risk**

Affiliated Funds are not required to, and may not, hold custody of their assets in accordance with the requirements of the Company Act. Institutions, such as brokerage firms, banks, or other financial institutions will have custody of the affiliated Fund's assets. Often these assets may not be registered in the name of the respective affiliated Fund or, in certain cases, the

name of the investment vehicle in which the respective affiliated Fund has an interest. As a result, bankruptcy or fraud at institutions, such as brokerage firms or banks, or administrators, into whose custody those affiliated funds have placed their assets could impair the operational capabilities or the capital position of Man Solutions' affiliates or their respective funds and may, in turn, have an adverse impact on the applicable managed account or funds. Man Solutions' and its affiliates attempt to limit their direct investment transactions to well-capitalized and established banks and brokerage firms in an effort to mitigate such risks. In addition, the banks from which Man Solutions, its affiliates or the respective Fund may borrow money could in certain circumstances force a liquidation of the respective Fund's positions. A forced liquidation could result in substantial losses.

### **Terrorism and Catastrophe Risks**

A fund's portfolio is subject to the risk of loss arising from exposure that it may incur, directly or indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes or other natural disasters, terrorism and other catastrophic events. These risks of loss can be substantial and could adversely affect the return of the fund.

### **Foreign Currency Transaction and Exchange Rate Risk**

Man Solutions, its affiliates and their respective Funds and affiliated funds may invest in equity and equity-related securities denominated in foreign currencies and in other financial instruments, the price of which is determined with reference to such currencies. Man Solutions, its affiliates or their respective Funds and affiliated funds may engage in foreign currency transactions for a variety of purposes, including to "lock in" the U.S. dollar price of the security, between the trade and the settlement dates, the value of a security Man Solutions, its affiliates or their respective Funds have agreed to buy or sell, or to hedge the U.S. dollar value of securities that Man Solutions, its affiliates or their respective Funds already own. Man Solutions, its affiliates or their respective Funds and affiliated funds may also engage in foreign currency transactions for non-hedging purposes to generate returns. Man Solutions, its affiliates or the respective managed accounts or Funds and affiliated funds will, however, value their investments and other assets in U.S. dollars and transact business and maintain books and records in U.S. dollars; although certain share classes of certain Funds will be denominated in foreign currencies, as set forth the respective offering documents and private placement memoranda. To the extent unhedged, the value of an managed account's, Funds or affiliate fund's net assets will fluctuate with U.S. dollar exchange rates as well as with price changes of Man Solutions, its affiliates or their respective fund's investments in the various local markets and currencies. Forward currency contracts and options may be utilized by Man Solutions, its affiliates or their respective Funds to hedge against currency fluctuations, but Man Solutions, its affiliates or their respective Funds are not required to utilize such techniques, and there can be no assurance that such hedging transactions will be available or, even if undertaken, effective.

## **Short Sales**

A short sale is effected by selling a security that an investment manager does not own, or selling a security which an investment manager owns but that it does not deliver upon consummation of the sale. In order to make delivery to the buyer of a security sold short, the investment manager must borrow the security. In so doing, it incurs the obligation to replace that security, whatever its price may be, at the time it is required to deliver it to the lender. Man Solutions, its affiliates or their respective Funds and affiliated funds must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must, unless Man Solutions, its affiliates or their respective funds then own or has the right to obtain, without payment, securities identical to those sold short, be collateralized by a deposit of cash or marketable securities with the lender. Short selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the securities necessary to cover the short position will be available for purchase by Man Solutions, its affiliates or their respective Funds. In addition, purchasing securities to close out the short position can itself cause the price of such securities to rise further, thereby increasing any loss incurred by Man Solutions, its affiliates or the respective Fund. Furthermore, Man Solutions, its affiliates or the respective Fund may be forced to close out a short position prematurely if a counterparty from which they borrowed securities demands their return, resulting in a loss on what might otherwise have been a profitable position.

During the severe market disruptions following the bankruptcy of Lehman Brothers in September 2008, securities regulators in a number of countries imposed bans on the short-selling of financial sector equities. These limitations were typically imposed on an “emergency” basis, making it impossible for numerous market participants either to continue to implement their strategies or to control the risk of their open positions. Short selling constitutes an integral component of a number of strategies, and any additional regulatory limitations on short-selling could materially adversely affect Man Solutions’ or its affiliates’ ability to implement its strategies for the benefit of the managed accounts or respective Funds and affiliated funds. Short selling continues to be periodically subject to further regulatory restrictions, and/or even bans.

## **Distressed/Stressed Company Investing**

Distressed and stressed investment strategies generally involve investing in the securities and other obligations of issuers that are in weak financial condition, perhaps having a negative net worth, experiencing poor operating results, needing substantial capital investment, facing special competitive or product obsolescence problems, or being involved in various stages of bankruptcy or reorganization proceedings. Investments of this type may involve substantial

financial and business risks that can result in significant or even total losses. Among the risks inherent in investments in financially troubled companies is the fact that it is frequently difficult to obtain reliable information as to their true financial condition and prospects. The market prices of distressed and stressed securities are subject to abrupt and erratic market movements and excessive price volatility, and the “bid-ask” spreads for such securities may be greater than normally expected.

Investments in distressed securities also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. Moreover, to the extent that Man Solutions, its affiliates or the respective Funds and affiliated funds invest in distressed sovereign debt obligations, they will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and other factors outside of the control of Man Solutions or its affiliates. The market for distressed securities and instruments is generally thinner and less active than other markets, which can adversely affect the prices at which distressed securities can be sold.

### **Fund-Level Leverage**

A fund may enter into facilities for a variety of purposes, including but not limited to: (i) financing redemption payments to Shareholders pending receipt of redemption proceeds from the Fund; (ii) financing subscriptions into the Fund pending receipt of subscription proceeds from Shareholders; and (iii) addressing timing issues associated with the acquisition of investments. The facilities may be structured as derivatives or traditional borrowing transactions, and any borrowings are generally expected to be short-term in nature.

A fund will incur additional cost and expense (including interest expense) in connection with any facilities, and the providers of facilities will generally require the fund to post collateral in support of such facilities (which may include the fund's investment in one or more underlying funds or other investment assets). Providers of facilities will have recourse against any collateral posted by such fund, and may also be able to require such fund to take certain actions (including withdrawing from one or more underlying funds) which may impair the operational capabilities of the fund and have a material adverse effect on shareholders.

In addition, the underlying funds could employ leverage which can increase the risk to which the fund is exposed which could lead to a greater risk of loss of investment. Use of

leverage can also increase the potential gain on an investment. The outcome of the use of leverage however cannot be guaranteed,

### **Limited Availability of Information**

The availability of information on companies is more limited in non-U.S. countries than in the United States. Generally, companies' public filings contain less information than their counterparts in the United States do. Accounting, auditing and financial reporting standards and practices in non-U.S. countries differ in certain respects from those employed in the United States. The financial information generally available with respect to companies located in non-U.S. countries may not be as extensive as the financial information available to companies operating in the United States. Local rating services may exist in some form, but their ratings may not be reliable because of deficiencies in accounting and reporting practices. Moreover, there may be less experience with the kind of extensive legal and business due diligence that is typically conducted in the United States, and as a result, it may be difficult for Man Solutions or its affiliates to conduct the level of due diligence customarily found in transactions in the United States. The lack of availability of information may affect the due diligence investigations undertaken by Man Solutions and its affiliates prior to making an investment.

### **Risks of Investment in Small Capitalization and Mid-Capitalization Issuers**

The pursuit of certain Funds' and affiliated Funds' investment strategy may result in a significant portion of such Funds' or affiliated Funds' assets being invested in financial instruments of small-cap and mid-cap issuers. Financial instruments of small and mid-cap issuers pose certain distinctive risks. Some small and mid-cap issuers have limited product lines, markets or financial resources. They may be subject to high volatility in revenues, expenses and earnings. They may be dependent for management on one or a few key persons, and can be more susceptible to losses and risks of bankruptcy. Their financial instruments may be thinly traded (and therefore have to be sold at a discount from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in financial instruments of large-cap issuers. In addition, small and mid-cap issuers may not be well-known to the investing public and may have only limited institutional ownership. The market prices of financial instruments of small and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers. Transaction costs in financial instruments of small and mid-cap issuers may be higher than in those of large-cap issuers.

### **C. Risk Associated With Particular Types of Securities.**

#### **Non-U.S. Securities.**

Man Solutions, its affiliates and the respective funds and affiliated funds may invest in the securities of foreign investment funds or other foreign securities. In addition, Man Solutions and its affiliates may invest in the securities of foreign companies. Investments in foreign securities face specific risks in addition to the risks intrinsic to the particular types of instruments. These specific risks include: unfavorable changes in currency rates and exchange control regulations; restrictions on, and costs associated with, the exchange of currencies and the repatriation of capital invested abroad; reduced availability of information regarding foreign companies; accounting, auditing and financial standards that are different from and reporting standards and requirements that may be less stringent than standards and requirements applicable to U.S. companies; reduced liquidity as a result of inadequate trading volume and government-imposed trading restrictions; the difficulty in obtaining or enforcing a judgment abroad; increased market risk due to regional economic and political instability; increased brokerage commissions and custody fees; securities markets which potentially are subject to a lesser degree of supervision and regulation by competent authorities; foreign withholding taxes; the threat of nationalization and expropriation; and an increased potential for corrupt business practices in certain foreign countries. These risks may be higher for investments in emerging markets.

#### **Interest Rate Risk**

The value of the fixed-rate securities in which the Funds and affiliated funds may invest generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise the value of such securities may decline. In addition, to the extent that the receivables or loans underlying specific securities are pre-payable without penalty or premium, the value of such securities may be negatively affected.

#### **CDO Investment-Related Risks**

The market value of CDOs will generally fluctuate with, among other things, the financial condition of the obligors on the underlying debt obligations or, with respect to synthetic securities, of the obligors on or issuers of the reference obligations, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Prospective investors must understand that certain securities (e.g., bank loans and high-yield and mezzanine debt securities) may constitute all or a significant portion of the underlying securities held by a CDO, synthetic security or other investment of the Account and that CDOs are therefore subject to risks particular to such securities.



CDOs are subject to credit, liquidity and interest rate risks. In particular, investment-grade CDOs will have greater liquidity risk than investment-grade governmental or corporate bonds. There is no established, liquid secondary market for many of the CDO securities the funds and affiliated funds may purchase. The lack of such an established, liquid secondary market may have an adverse effect on the market value of such CDO securities and the Funds' and affiliated funds' ability to sell them. Further, CDOs will be subject to certain transfer restrictions that may further restrict liquidity. Therefore, no assurance can be given that if the funds or affiliated funds wished to dispose of a particular CDO, it could dispose of such an investment at the previously prevailing market price.

The performance of CDOs will be adversely affected by macroeconomic factors, including: (i) general economic conditions affecting capital markets and participants therein; (ii) the economic downturns and uncertainties affecting economies and capital markets worldwide; (iii) the effects of, and disruptions and uncertainties resulting from, terrorist attacks; (iv) recent concern about financial performance, accounting and other issues relating to various publicly traded companies; and (v) recent and proposed changes in accounting and reporting standards and bankruptcy legislation.

### **Use of Derivatives**

Man Solutions and its affiliates may trade in various derivatives markets (*e.g.*, swaps and over-the-counter options and asset-backed securities), which are, in general, relatively new markets. There are uncertainties as to how these markets will perform during periods of unusual price volatility or instability, market illiquidity or credit distress. Substantial risks are also involved in borrowing and lending against such instruments. The prices of these instruments are volatile, market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. Most of these instruments are not traded on exchanges but rather through an informal network of banks and dealers, and the Fund, through its investment in affiliated Funds as well as through direct investment, will be fully subject to the risk of counterparty default. These banks and dealers have no obligation to make markets in these instruments and can apply essentially discretionary margin and credit requirements (and thus in effect force Man Solutions or its affiliates to close out positions).

If the other party to a derivative ("Counterparty") defaults, the Fund's or affiliated fund's risk of loss consists of the net amount of payments that the Fund or affiliated fund contractually is entitled to receive. If a derivative contract calls for payments by the fund or affiliated fund, it must be prepared to make such payments when due. In addition, if the Counterparty's creditworthiness declined, the value of a derivative contract would be likely to decline, potentially resulting in losses to the fund or affiliated fund. Recent economic events have increased the potential for, and thus risk involved with, Counterparty creditworthiness.

## **Forwards**

Man Solutions or its affiliates may trade forward contracts on behalf of the respective funds and affiliated funds. Forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. None of the SEC, the CFTC or any banking authority regulates trading in such forward contracts. In addition, there is no limitation on the daily price movements of forward contracts traded. With respect to any forward trading, the fund or affiliated fund will be subject to the risk of the failure of, or the inability or refusal to perform by, the counterparties with which the Funds or affiliated funds trade.

## **Swaps**

Man Solutions or its affiliates may enter into swap and similar derivative transactions which seek to modify or replace the investment performance of particular interest rates, currencies, securities, investment fund interests, indices, prices or markets on a leveraged or an unleveraged basis. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different interest rates, exchange rates, indices or prices, with payments generally calculated by reference to a principal ("notional") amount or quantity. Swap contracts and similar derivative contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, such derivatives transactions are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which the investment managers trade. The swap market is generally not regulated by any U.S. or foreign governmental authority. Speculative position limits are not applicable to swap transactions, although the counterparties with which Man Solutions or its affiliates deal may limit the size or duration of positions available to Man Solutions or its affiliates as a consequence of credit considerations. Participants in the swap markets are not required to make continuous markets in the swap contracts they trade.

## **Synthetic Securities**

In addition to the credit risks associated with holding senior bank loans and high-yield debt securities, with respect to synthetic securities, the Fund or affiliated fund will usually have a contractual relationship only with the counterparty of such synthetic security. The fund or affiliated fund generally will have no right to directly enforce compliance by the reference obligor with the terms of the reference obligation nor will it have any rights of setoff against the reference obligor or rights with respect to the reference obligation. The Fund or affiliated fund will not directly benefit from the collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation.

## **Lender Liability Considerations; Equitable Subordination**

In recent years, a number of judicial decisions in the U.S. have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (commonly referred to as "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or stockholders.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder: (i) intentionally takes an action that results in the undercapitalization of an obligor to the detriment of other creditors of such obligor; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a lender or bondholder to dominate or control an obligor to the detriment of such creditors, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, which remedial action is called "equitable subordination." Because of the nature of CDOs, the Funds or affiliated funds may be subject to claims from creditors of an obligor that debt obligations issued by such obligor that are held by the funds or affiliated funds should be equitably subordinated.

## **Futures Contracts and Futures Options**

Man Solutions or its affiliates may from time to time trade futures and futures options for hedging purposes on behalf of the respective funds and affiliated funds. The prices of such contracts are highly volatile. Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Commodity exchanges may limit fluctuations in futures contracts prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a particular commodity futures contract has increased or decreased to the limit point, positions in the commodity futures contract can be neither established nor liquidated unless traders are willing to effect trades at or within the limit. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent Man Solutions or its affiliates from promptly liquidating unfavorable positions and subject the funds or affiliated Funds to substantial losses which could exceed the margin initially committed to such trades.

The low margin deposits normally required in futures contract trading (typically between 2% and 20% of the value of the contract purchased or sold) permit an extremely high degree of leverage. For example, if at the time of purchase 10% of the price of a contract is deposited as margin, a 10% decrease in the price of the contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. A decrease of more than 10% would result in a loss of more than the total margin deposit. Like other leveraged investments, any futures trade may result in losses in excess of the amount invested.

Futures and related options generally can only be traded while the exchange in question is open and are often subject to daily price fluctuation limits which restrict the maximum amount by which the price of a contract can move during a given trading day. These “daily limits” can create significant illiquidity as once the market has moved to the “daily limit” it becomes extremely expensive, as well as difficult if not impossible, to close out positions against which the market is moving. The governing bodies of the various futures exchanges also may intervene so as to limit trading or require the liquidation of certain positions, resulting in major losses for affected market participants. Futures trading is typically highly regulated, and such regulation could adversely affect Man Solutions or its affiliates in certain circumstances.

## **Options**

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, obligations, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change in price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received, which could result in a potentially unlimited loss. Over-the-counter options also involve counterparty solvency risk.

No assurance can be given that Man Solutions or its affiliates will be able to effect the closing transaction at a time when it wishes to do so. If Man Solutions or its affiliates cannot enter into a closing transaction, they may be required to hold securities that they might otherwise have sold, in which case they would continue to be at market risk on the securities and could have higher transaction costs, including brokerage commissions, upon the sale of securities.

## **Money Market and Other Liquid Investments**

Man Solutions and its affiliates acting on behalf of the respective funds and affiliated funds may invest, for defensive purposes or otherwise, some or all of their assets in fixed income securities, money market instruments, and money market mutual funds, or hold cash or cash equivalents in such amounts as they deem appropriate under the circumstances. Money market instruments are short-term fixed income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit, bankers' acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements. Man Solutions or its affiliates when acting, on behalf of their respective Funds and affiliated funds, may be prevented from achieving the respective fund's (and affiliated fund's) objective during any period in which the respective fund's (or affiliated fund's) assets are not substantially invested in accordance with its principal investment strategies.

## **Exchange Traded Funds**

Man Solutions and its affiliates may purchase and sell shares of exchange traded funds ("ETFs") on behalf of the respective funds and affiliated funds, which are a type of Investment Company bought and sold on a securities exchange. An ETF represents a fixed portfolio of securities designed to track a particular market index. A fund could purchase an ETF to temporarily gain exposure to a portion of the U.S. or a foreign market or to hedge other investments. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile. ETFs also have management fees that increase their costs. As a shareholder of an ETF directly, the respective fund or affiliated fund would bear its pro rata portion of the ETF's expenses, including advisory fees. Similarly, a fund or affiliated Fund investing in ETFs also would bear its pro rata portion of the ETF's expenses, including advisory fees, which the funds indirectly would bear by investing in the affiliated Fund. These expenses would be in addition to the fees and other expenses that a fund or affiliated Fund bears directly in connection with its own operations.

## **Possible Positive Correlation with Stocks, Bonds and Alternative Investments**

One of the goals in incorporating a non-traditional investment such as the Fund or managed account into a portfolio is to provide a potentially valuable element of diversification. However, there can be no assurance, particularly during periods of market disruption and stress when the risk control benefits of diversification may be most important, that the funds or managed accounts will not, in fact, be positively correlated with a traditional portfolio of stocks and bonds or even other alternative investments pursuing different investment strategies from the funds or managed accounts. Although Man Solutions on behalf of the Funds or managed

accounts focuses its portfolio on diversifying away from traditional equities and investments, the funds or managed accounts may, nevertheless, exhibit a high degree of positive correlation with the securities markets from time to time, reducing the potential diversification benefits of an investment in the funds or managed accounts from the perspective of an investor's overall portfolio holdings.

## **Debt Securities**

Debt securities are interest-rate sensitive and may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. In addition to high investment grade debt securities, Man Solutions or its affiliates may invest in low investment grade or non-investment grade debt securities, which are typically subject to greater market fluctuations and risk of loss of income and principal than lower yielding, investment grade securities and are often influenced by many of the same unpredictable factors which affect equity prices. In addition to the sensitivity of debt securities to overall interest-rate movements, debt securities involve a fundamental credit risk based on the issuer's ability to make principal and interest payments on the debt it issues. Investments in debt securities may experience substantial losses due to adverse changes in interest rates and the market's perception of issuers' creditworthiness.

## **Fixed Income Securities.**

Man Solutions and its affiliates may invest in fixed income securities on behalf of their respective funds and affiliated funds. Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and to maintain liquidity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes, and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or by a foreign government; municipal bonds; and mortgage-backed securities ("MBS") and asset-backed securities ("ABS"). 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 or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e., market risk). In addition, MBS and ABS may also be subject to call risk and extension risk. For example, homeowners have the option to prepay their mortgages. Therefore, the duration of a security backed by home mortgages can either shorten (i.e., call risk) or lengthen (i.e., extension risk). In general, if interest rates on new mortgage loans fall sufficiently below the interest rates on existing outstanding mortgage loans, the rate of prepayment would be expected to increase. Conversely, if mortgage loan interest rates rise above the interest rates on existing outstanding mortgage loans, the rate of prepayment would be

expected to decrease. In either case, a change in the prepayment rate can result in losses to investors. The same would be true of asset-backed securities, such as securities backed by car loans. In addition, substantial defaults on underlying mortgages or other assets may occur, and the risks of such defaults have increased due to recent and continuing economic turmoil.

### **Fixed Income Risk**

Certain types of fixed income securities and other credit instruments may be subject to heightened liquidity risk arising from the credit crisis beginning in 2007. Such investments include collateralized debt obligations ("CDOs"), high-yield bonds, debt issued in leveraged buyout transactions, mortgage and asset-backed securities, and short-term asset-backed commercial paper, which became very illiquid in the latter half of 2007, and certain investments have remained illiquid or relatively illiquid. General market uncertainty and consequent re-pricing of risk led to market imbalances between sellers and buyers, which in turn resulted in significant valuation uncertainties in mortgage and credit-related securities and other instruments. These conditions resulted, and in many cases continue to result in, greater volatility, less liquidity, widening credit spreads and a lack of price transparency, with many instruments remaining illiquid and of uncertain value. Such market conditions and the above factors may increase the level of difficulty encountered in valuing such securities and other credit instruments which could result in sudden and significant valuation increases or declines in the net asset values of the funds or the affiliated funds.

### **Mortgage-Backed Securities ("MBS") and Mortgage-Related Securities ("MRS")**

Man Solutions or its affiliates may invest in residential and/or commercial MBS on behalf of the respective funds and affiliated funds. The investment characteristics of certain MBS and MRS differ from those of traditional fixed income securities. The major differences include the payment of interest and principal on the securities on a more frequent schedule and the possibility that principal may be prepaid at any time due to prepayments on the underlying mortgage loans or other assets. These differences can result in significantly greater price and yield volatility than is the case with traditional fixed income securities.

Man Solutions or its affiliates may also invest in sub-prime mortgage securities. Sub-prime borrowers generally include borrowers with a tarnished or limited credit history. Sub-prime loans carry a higher credit risk than loans made at prime or mid-prime and as such will carry a higher interest rate. Investments in sub-prime mortgage securities should generally be viewed as a riskier investment than investments in residential prime mortgage securities or residential mid-prime mortgage securities, as there is a greater chance that borrowers will default on their sub-prime mortgages. Man Solutions or its affiliates may also engage in short sales of securities comprised in whole or in part of sub-prime mortgages, usually through derivatives. If

the value of such securities increases, Man Solutions, its affiliates and consequently the respective fund or affiliated fund may experience substantial losses.

### **Other Asset Backed Securities, Including Collateralized Loan Obligations**

Man Solutions and its affiliates may invest in other asset backed securities, including collateralized loan obligations (“CLOs”) and student loans. CLO collateral may consist of residential mortgage backed securities, commercial mortgage backed securities, other asset backed securities, other high-yield debt securities, loans and other instruments, which often are rated below investment grade (or of equivalent credit quality). The value of CLO owned generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CLO, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of the CLOs must rely solely on distributions on the CLO collateral or proceeds thereof for payment in respect thereof. If distributions on the CLO collateral are insufficient to make payments on the CLOs, no other assets will be available for payment of the deficiency and following realization of a CLO’s collateral, the obligations of such issuer to pay such deficiency generally will be extinguished.

Purchasers of loans are predominantly commercial banks, hedge funds, mutual funds and investment banks. 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, for instance, the high-yield debt market.

### **High Yield Debt; Distressed Debt**

High yield bonds (commonly known as “junk bonds”), distressed debt instruments and other lower-rated (or similar but unrated) debt securities (collectively referred to here as “high yield debt”) in which Man Solutions and its affiliates may invest on behalf of the respective funds and affiliated funds will typically be junior to the obligations of companies to senior creditors, trade creditors and employees. The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the issuer or in general economic, financial, competitive, regulatory or other conditions may impair the ability of the issuer to make payments of principal and interest. High yield debt securities have historically experienced greater default rates than investment grade securities. The ability of holders of high



yield debt to influence a company's affairs, especially during periods of financial distress or following insolvency, will be substantially less than that of senior creditors.

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 high-yield debt securities to make principal and interests payments than issuers of higher grade debt securities. An economic downturn affecting an issuer of high-yield 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, and thus less liquid because, among other reasons, certain investors, due to their investment mandates, are precluded from owning such securities. As with other investments, there may not be a liquid market for certain high yield debt, which could result in a fund or affiliated fund being unable to sell such securities for an extended period of time, if at all. In addition, as with other types of investments, the market for high yield debt has historically been subject to disruptions that have caused substantial volatility in the prices of such securities. Consolidation as well as turbulence in the financial services industry has resulted in there being fewer market makers for high yield debt, which may result in further risk of illiquidity and volatility with respect to high yield debt, and this trend may continue in the future.

### **Long-Short Equity Risk**

Man Solutions and its affiliates may manage portfolios of both long and short positions in equity securities. The success of these strategies depends largely on the respective investment manager's ability to identify mispriced stocks. Man Solutions or its affiliates may incorrectly size their positions despite position and risk limits. Long-short equity strategies rely upon market liquidity to manage portfolio risk. Illiquidity, particularly in a market exhibiting either an up or down trend, could result in significant losses. Moreover, despite carrying both long and short equity positions in their portfolios, Man Solutions or its affiliates typically maintain some overall level of long or short exposure to the equity markets and are susceptible to significant price moves in equities.

There are no absolute restrictions in regard to the size or operating experience of the companies in which Man Solutions or its affiliates may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize).

### **Bank Loans**

The investment program of Man Solutions and of its affiliates may include investments in significant amounts of bank loans and participations. These obligations are

subject to unique risks, including, without limitation: (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 Man Solutions or its affiliates to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, Man Solutions or its affiliates will generally attempt to compare 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 the Fund or affiliated fund (including the managed accounts' pro rata share of such Fund or affiliated fund).

### **Convertible Securities**

Man Solutions or its affiliates may invest in convertible securities, securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and conversely, increase as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

### **High Risk Investments**

Man Solutions or its affiliates may investment in public or private companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, financings, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the original security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, Man Solutions or its affiliates may be required to sell such investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which Man Solutions or its affiliates may invest, there is a potential risk of loss of the entire investment in such companies.

## **Real Estate**

Some of the risks associated with investments in real estate are declines in the value of real estate, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased competition, increases in property taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighborhood values and the appeal of properties to tenants and changes in interest rates.

### **Real Estate Industry and REIT Risks**

Man Solutions or its affiliates may invest in companies in the real estate industry and, therefore, may be subject to risks associated with the direct ownership of real estate, such as decreases in real estate values, overbuilding, increased competition and other risks related to local or general economic conditions, increases in operating costs and property taxes, changes in zoning laws, casualty or condemnation losses, possible environmental liabilities, regulatory limitations on rent and fluctuations in rental income. Equity REITs generally experience these risks directly through fee or leasehold interests, whereas mortgage REITs generally experience these risks indirectly through mortgage interests, unless the mortgage REIT forecloses on the underlying real estate.

REITs in which Man Solutions or its affiliates may invest may be affected by changes in underlying real estate values, which may have an exaggerated effect to the extent that REITs in which Man Solutions or its affiliates invest may concentrate investments in particular geographic regions or property types. Additionally, rising interest rates may cause investors in REITs to demand a higher annual yield from future distributions, which may in turn decrease market prices for equity securities issued by REITs. Rising interest rates also generally increase the costs of obtaining financing, which could cause the value of the Advisers' investments to decline. During periods of declining interest rates, certain mortgage REITs may hold mortgages that the mortgagors elect to prepay, which prepayment may diminish the yield on securities issued by such mortgage REITs. In addition, mortgage REITs may be affected by the ability of borrowers to repay when due the debt extended by the REIT and equity REITs may be affected by the ability of tenants to pay rent.

Certain REITs have relatively small market capitalizations, which may tend to increase the volatility of the market price of securities issued by such REITs. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in operating and financing a limited number of projects. REITs depend generally on their ability to generate cash flow to make distributions to investors.

IT IS CRITICAL THAT INVESTORS REFER TO THE APPLICABLE GOVERNING DOCUMENTS FOR A COMPLETE UNDERSTANDING OF THE MATERIAL RISKS INVOLVED IN AN INVESTMENT IN THE FUNDS, INCLUDING THE RISK OF FINANCIAL LOSS. THE INFORMATION CONTAINED HEREIN IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY SUCH DOCUMENT.

## **ITEM 9**

### **DISCIPLINARY INFORMATION**

There are no legal or disciplinary events relating to Man Solutions that are material to a client's or prospective client's evaluation of Man Solutions' advisory business or the integrity of Man Solutions management. However, it should be noted that certain of the affiliated advisers that Man Solutions may allocate client assets to have had disciplinary matters which are disclosed on their Form ADV. To that end clients should review the affiliated investment adviser's Form ADV Part 1 Item 11 and Part 2A Item 9 for disciplinary information.

## ITEM 10

### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

#### A. **Broker-Dealer Registration Status.**

Man Solutions and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer. An entity under common control with Man Solutions, Man Investments Inc. ("MII"), is a limited purpose broker-dealer registered with the SEC and a member of Financial Industry Regulatory Authority, Inc. ("FINRA"). MII acts as solicitor, selling agent and/or investor servicing agent for certain Man Solutions clients and Funds for which it may be compensated as agreed between Man Solutions and MII.

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

Man Solutions is a commodity pool operator ("CPO") registered with the Commodity Futures Trading Commission ("CFTC") and a member of the National Futures Association ("NFA").

#### C. **Material Relationships or Arrangements with Industry Participants.**

Man Solutions is affiliated with the following entities: **London:** AHL Partners LLP, an investment advisor registered with the SEC, a commodity pool operator and commodity pool trading advisor registered with the CFTC and a member of the NFA; Financial Risk Management Limited ("FRM"); GLG Partners LP, an investment adviser registered with the SEC and a commodity pool operator registered with the CFTC and a member of the NFA; GLG Partners UK Limited; Aalto Invest UK Ltd., an investment adviser registered with the SEC - all of which are authorized and regulated in the UK by the Financial Conduct Authority. **New York:** Man Investments Inc., a limited purpose broker dealer registered with the SEC and member of FINRA which provides placement agent services to certain Man Solutions Funds; FRM Investment Management (USA) LLC, an investment adviser registered with the SEC, a commodity pool operator and commodity trading adviser registered with the CFTC and a member of the NFA; and GLG LLC, an investment adviser registered with the SEC, a commodity pool operator registered with the CFTC and a member of the NFA. **Boston:** Numeric Investors LLC, based in Boston, MA which is an investment adviser registered with the SEC, a commodity pool operator registered with the CFTC and a member of the NFA; **Stamford:** Silvermine Capital Management LLC, based in Stamford, CT which is an investment adviser registered with the SEC and a commodity pool operator registered with the CFTC and a member of the NFA. **Charlotte:** Man Global Private Markets (USA) Inc., which is an investment adviser registered with the SEC. **Guernsey:** FRM Investment Management Limited, , Man Group Japan Limited and Man Fund Management (Guernsey) Limited, all of which are based in Guernsey and regulated by the Guernsey Financial Services Commission. **Switzerland:** Man Investments AG, a firm that is registered with the Swiss Financial Market Supervisory Authority as a Representative and Man Investments (CH) AG, a firm registered with the Swiss Financial

Market Supervisory Authority (FINMA). Certain of Man Solutions Funds have a distribution agreement with Man Investments AG. **Hong Kong:** Man Investments (Hong Kong) Ltd, GLG Partners Hong Kong Limited, entities licensed by the Hong Kong Securities and Futures Commission. **Ireland:** Man Fund Management Ltd, and Man Asset Management (Ireland) Limited, both firms are registered with the Central Bank of Ireland. **Netherlands:** Man Fund Management Netherlands B.V. a firm that is registered with the Netherlands Authority for the Financial Markets (AFM); **Liechtenstein:** Man (Europe) AG a firm that is registered with the Financial Market Authority Liechtenstein (FMA). **Australia:** Man Investments Australia Ltd, a firm that is registered with the Australian Securities and Investments Commission. **China:** Man Investments (Shanghai) Ltd, a firm registered with the Asset Management Association of China (AMAC). **Japan:** Man Group Japan Limited Tokyo Branch regulated by the Japanese Financial Services Authority. **Cayman:** Man Asset Management (Cayman) Limited.

Man Solutions, its affiliates and its personnel serve as investment advisers and investment managers to multiple pooled investment vehicles and managed accounts. Man Solutions, its affiliates and its personnel may take action or give advice with respect to certain clients and accounts that differs from the advice given to other clients and accounts. Specifically, there may be times whereby the advice given to clients and accounts is opposite of the advice given to other clients and accounts due to differences in investment strategy, redemptions/subscriptions or other factors.

The results of the investment activities of the Funds may differ significantly from the results achieved by Man Solutions for other funds it or its affiliates manage. Man Solutions will manage the Funds and the other funds and clients it manages in accordance with their respective investment objectives and guidelines. However, the Investment Manager may give advice, and take action, with respect to any current or future funds that may compete or conflict with the advice the Investment Manager or its affiliates may give to a client or Fund, or may involve a different timing or nature of action than with respect to a client or Fund.

Man Solutions, its affiliates and its personnel will devote as much time to the activities of each client or account as they deem necessary and appropriate and the amount of time devoted to different clients and accounts may vary.

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

Clients managed by Man Solutions may invest in pooled investment vehicles managed or traded by related persons of Man Solutions, and/or as applicable, for which a related person may have a financial interest in such pooled investment vehicles (e.g., ownership interest, investment management fees, performance-based fees, other fees, etc.). Furthermore, an affiliate may seed managers to which Man Solutions may recommend an investment by the Funds in the pooled investment vehicle managed by such manager. A conflict of interest exists if Man Solutions allocates assets of the client accounts to an affiliated investment adviser.

Potential and actual conflicts of interest may arise from the activities described herein. Man Solutions has established policies and procedures to monitor and to the extent possible resolve conflicts of interest and will endeavor to resolve conflicts with respect to

investment opportunities in a manner it deems appropriate and equitable to the extent possible under the prevailing facts and circumstances.

The Investment Manager and its affiliates may be subject to conflicts of interest from time to time in performing their respective duties to clients and the Funds and affiliated funds. Any such conflict of interest could have a material adverse effect on clients and Fund investors.

When a conflict of interest arises the Investment Manager will endeavor to ensure that the conflict is resolved or managed appropriately and fairly. Furthermore, the Investment Manager and their respective affiliates have substantial incentives to see the assets of each Fund appreciate in value and merely because an actual or potential conflict of interest exists does not mean that it will be acted upon to the detriment of the client or Fund.

The Investment Manager and its affiliates are permitted to manage and/or advise other funds and client accounts, some of which may have objectives similar to those of clients or Funds, including without limitation other funds or accounts in which the Investment Manager or any affiliate may have an interest.



## ITEM 11

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

#### A. Code of Ethics.

Man Solutions strives to adhere to the highest industry standards or conduct based on the principles of professionalism, integrity, honesty and trust. Accordingly, Man Solutions and its affiliates have adopted a Global Code of Ethics that is supplemented by additional policies and procedures that are designed to reinforce its institutional integrity, and to set forth procedures and limitations which govern, amongst other matters, the personal securities transactions of its associates. The Code was developed to promote the highest standards of behavior and to ensure compliance with all applicable regulations.

The Code applies to all Man Solutions' employees. The Code of Ethics contains policies and procedures that, among other things:

- Require employees to observe fiduciary duties owed to clients;
- Prohibit employees from taking personal advantage of opportunities belonging to clients;
- Prohibit trading on the basis of nonpublic information;
- Require employees to comply with anti-money laundering requirements;
- Place limitations on personal trading by employees and impose pre-clearance and reporting obligations with respect to such trading (with the exception of certain security types);
- Impose limitations on the giving or receipt of gifts and entertainment;
- Restrict employee outside business activities;
- Require employees to disclose family members' business activities that may present a conflict;
- Require pre-clearance on political contributions; and
- Prohibit disclosure by employees of confidential information of Man Solutions and its clients.

Man Solutions' employees are subject to the prohibition on trading on the basis of material nonpublic information and to the limitations and pre-clearance requirements on personal trading. Employee personal trades in securities covered by the Code of Ethics are monitored by the Chief Compliance Officer or designee and governed by the procedures set forth in the Code of Ethics. Such employees may from time to time have proprietary investments in which clients

advised or sub-advised by Man Solutions also take a position, may trade and invest simultaneously with such clients, and may take investment positions that are different from or opposite to the positions taken by such clients. In general, all personal securities transactions (except for unaffiliated US open-ended mutual funds, US Treasury securities, or other permitted investments listed in the Code of Ethics) are subject to pre-clearance by the Chief Compliance Officer, or designee. A copy of Man Solutions' Code of Ethics is available to clients and prospective clients upon request by contacting [allincompliance@man.com](mailto:allincompliance@man.com).

Furthermore, Man Solutions has adopted procedures to prevent and detect misuse of material nonpublic information. Specifically, Man Solutions' procedures prohibit any employee from trading, either personally or on behalf of others (such as client accounts advised or sub-advised by Man Solutions), while in possession of material, nonpublic information, and prohibit employees from communicating material, nonpublic information to others in violation of the law.

From time to time, as part of its business activities, Man Solutions or its affiliates may come into possession of non-public information concerning specific issuers. Under applicable laws and procedures, this may limit Man Solutions' or its affiliates' flexibility to buy or sell securities of such issuers.

Man Solutions clients are subject to Man's Cluster Munitions and Anti-Personnel Mines Policy, which is designed to ensure compliance with The Convention on Cluster Munitions and Relevant laws. This may limit Man Solutions' flexibility to buy or sell securities of issuers that, among a range of other activities, are involved in cluster munitions or anti-personnel mines related activity for its clients.

Man Solutions and its affiliates are subject to certain commodity position limits. Under applicable laws and internal procedures, this may limit the flexibility to buy certain futures contracts or derivatives thereon.

Related persons and personnel of Man Solutions and its affiliates (the "Advisory Affiliates") may invest in or have a financial interest in funds that are advised by Man Solutions and may not invest in all such funds. It is expected that the size of these investments or the financial interest will change over time. Potential conflicts may arise due to the fact that the Advisory Affiliates may have investments or financial interests in some funds but not in others or may have different levels of investments or financial interests in various funds, and because the funds may pay different levels of fees.

In addition, certain Advisory Affiliates may from time to time make personal investments in securities or financial instruments which may be appropriate for, may be held by, or may fall within client investment guidelines. Such Advisory Affiliates may buy, sell, or hold securities or other financial instruments for their own accounts while entering into different investment decisions for one or more clients. These activities may adversely affect the prices and availability of securities or financial instruments held by or potentially considered for one or more clients.

From time to time, Man Solutions or Advisory Affiliates may form and manage additional pooled investment vehicles and advise other client accounts with similar or different investment strategies as the client accounts currently advised or sub-advised by Man Solutions. It may be appropriate for more than one client account advised by Man Solutions to trade in the same securities at the same time. Man Solutions has policies and procedures regarding such trades.

**B. Securities that the Investment Adviser or a Related Person Has a Material Financial Interest.**

**1. Cross Transactions and Principal Transactions**

From time to time, Man Solutions effects cross trades (*i.e.*, purchase or sell shares in an Affiliated Fund from or to another fund or client) when it believes that these types of transactions are appropriate and in the best interests of such Fund and clients.

In addition, the Investment Manager may cause a Fund to purchase or redeem shares in a Portfolio Fund at the same time that another affiliated fund is redeeming or purchasing shares in the same Portfolio Fund. Although such transactions are independent of each other (*i.e.*, the Fund and the other affiliated fund are not actually transacting with each other), they are “related transactions” because the Fund or other affiliated fund may be obtaining access to the Portfolio Fund because the other affiliated fund is redeeming. For example, an affiliated fund may have to redeem from a Portfolio Fund that is closed to new investors because of a capacity constraint. In that instance, the Affiliated Portfolio Manager may offer the capacity that the affiliated fund gave up to other affiliated funds in accordance with its policies and procedures. Although these “related transactions” are not actual cross trades, Man Solutions will only engage in these “related transactions” when it believes the transactions are appropriate and in the best interests of such Fund and the affiliated funds involved.

In relation to cross trades and related transactions, Man Solutions may have a conflict of interest between acting in the best interests of a Fund and assisting another affiliated fund by selling or purchasing a particular underlying fund shares.

From time to time Affiliated Portfolio Managers engage in cross trades. Such cross transactions relating to traded securities may be arranged through a broker and effected at an independently verifiable current price where such can be ascertained. For cross trades involving non-exchange listed securities, to the extent possible, quotes are obtained from different brokers. Commissions may or may not be charged in cross trades. A determination will be made as to whether a cross transaction is appropriate for a given client or in a given transaction and in accordance with any client or regulatory restrictions. Each cross transaction will be performed consistently with Man Solutions’ policies and procedures.

To the extent that such cross transactions may be viewed as principal transactions Man Solutions and Affiliated Portfolio Managers will comply with the requirements of Section 206(3) of the Advisers Act with respect to any US client, including that Man Solutions or Affiliated Portfolio Managers will notify the applicable client (or an independent representative of the client) in writing of the transaction and obtain the client's consent (or the consent of an

independent representative of the client). Neither Man Solutions nor the Affiliated Portfolio Managers consider inadvertent cross transactions that may take place in the market between affiliates as cross transactions or principal transactions.

## **2. Allocation of Investment Opportunities**

Man Solutions may provide discretionary and non-discretionary investment advice management services to multiple client accounts that may seek to invest in the same investment opportunities. In addition, Affiliated Portfolio Managers may provide investment advice to multiple client accounts advised by them that may seek to invest in the same investment opportunities as Man Solutions' clients. This will create potential conflicts and potential differences among client accounts, particularly where there is limited availability or limited liquidity for those investments. Man Solutions and Affiliated Portfolio Managers have developed policies and procedures that provide that investment opportunities will be allocated and purchase and sale decisions will be made among these client accounts in a manner that is considered to be reasonable and equitable and in a manner that is consistent with each client's investment objectives and guidelines.

Man Solutions endeavors to allocate investment opportunities to clients on a fair and equitable basis. Although the investment strategy employed may be utilized or appropriate for a client, the timing and nature of an investment or transaction may limit the use of standard allocation methodologies, which Man Solutions will allocate on a fair and equitable basis. In addition, when a Fund is ramping up, it may receive larger allocations of certain financial instruments than other clients in order to obtain its desired risk and portfolio size, but equally, when other clients, ramp up their investment strategies, a client may receive reduced allocations of certain financial instruments, subject in each case to the Investment Management Agreement.

Man Solutions may determine that an investment opportunity or particular purchases or sales are appropriate for one or more client accounts, but not for other clients, or are appropriate for or available to certain clients but in different sizes, terms, or timing than is appropriate for others. There may be circumstances under which Man Solutions will cause one or more of the clients to commit a larger percentage of their assets to an investment opportunity than the percentage of another client's assets that they commit to such investment. There also may be circumstances under which Man Solutions purchases or sells an investment for one client and does not purchase or sell the same investment for another client, or purchases or sells an investment for one client and does not purchase or sell the same investment for another client. However, it is the policy of Man Solutions that: investment decisions for a client account be made based on a consideration of their respective investment objectives and policies, and other needs and requirements affecting each client account; and investment transactions and opportunities be fairly allocated among its clients. Therefore, there may be situations where Man Solutions does not invest a client's assets in an Affiliated Fund in which other accounts may invest or in which another client may otherwise invest.

Man Solutions will make allocations for client accounts of such investments with reference to numerous factors including, without limitation, Man Solutions' perception of the appropriate risks and rewards for each client account, investment objectives and guidelines of

each client account, leverage of each client account, the liquidity of the account at the time of the investment and on a going-forward basis, risk parameters for each client account, regulatory restrictions affecting the client, and such other factors as are relevant in the judgment of Man Solutions or its Affiliated Portfolio Managers. Although allocating orders among client accounts may create potential conflicts of interest because of the interests of Man Solutions or its employees or because Man Solutions may receive greater fees or compensation from one client account over another, Man Solutions will not make allocation decisions based on such interests or greater fees or compensation. Allocation among accounts in any particular circumstance may be more or less advantageous to any one account. In addition, transactions in investments by multiple client accounts may have the effect of diluting or otherwise impairing the values, prices or investment strategies of an individual client, particularly, but not limited to, in small capitalization, emerging market, or less liquid strategies. Therefore, the amount, timing, structuring, or terms of an investment by some clients may differ from, and performance may be lower than, investments and performance of other clients.

In addition, Man Solutions may directly or indirectly acquire securities or other financial instruments of an issuer for its clients that are senior or junior to securities or financial instruments of the same issuer held by, or acquired for, another client (*e.g.*, one client may acquire senior debt while another client may acquire subordinated debt). Man Solutions recognizes that conflicts may arise under such circumstances and will endeavor to treat all clients fairly and equitably.

### 3. **Valuation**

Each managed account is responsible for its own valuation of assets which typically a third party custodian may provide. To the extent requested, Man Solutions and/or the Affiliated Portfolio Managers will provide managed account clients with information that may assist in the valuation of assets. However, neither Man Solutions nor the Affiliated Portfolio Managers are responsible for the valuation of managed account assets.

For the Funds, valuation policies and procedures have been established that seek to establish a consistent framework and methodology for the determination, validation, approval, regular monitoring and review of pricing all positions of each Fund. The Fund's directors have appointed an Independent Pricing Committee (the "IPC") to undertake certain services concerning the valuation policies and procedures relating to each Fund. The IPC is an independent body set up to: (1) establish a pricing matrix (a table which lays out a pricing source for certain assets and liabilities) which the directors will decide whether to adopt for the Fund and if so will thereafter be used by the administrator to calculate the value of the assets and liabilities held by the Fund; and (2) establish the prices of any positions held in the Fund that do not have an independently ascertainable value as per the pricing matrix. In addition, the IPC provides general governance and oversight of the valuation process.

**C. Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients.**

The Code of Ethics places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to Man Solutions on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. Generally, and subject to certain exceptions, Man Solutions' employees may not engage in personal securities trading without pre-clearance. Accordingly, under certain circumstances, Man Solutions, its affiliates and its employees may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of clients.

Man Solutions, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. 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 Man Solutions and its personnel may have investments in some affiliated funds but not in others or may have different levels of investments in the various affiliated funds.

Man Solutions 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 of Ethics, 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.

The Affiliated Funds may invest in the securities of Man Group plc, the indirect owner of Man Solutions and its Affiliated Portfolio Managers.

**D. Conflicts of Interest Created by Contemporaneous Trading.**

Man Solutions manages investments on behalf of a number of clients. Certain clients may have investment programs that are similar to and/or overlap and may, therefore, participate with each other in investments. It is the policy of Man Solutions to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time. Man Solutions will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because Man Solutions purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

Allocations of limited offerings ("Limited Offering") by Man Solutions will be made in a fair and equitable manner among clients (which may also include clients advised by its Affiliates). Allocations will be made among accounts eligible to participate in a Limited

Offering taking into account factors such as long term investment horizons, investment objectives and guidelines, different levels of investment for different strategies, the overall portfolio composition for each account, and such other relevant factors. Eligibility to participate in a Limited Offering may include but is not limited to consideration of the following factors: (i) clients whose investment guidelines explicitly prohibit such investment, (ii) "restricted persons" under the FINRA New Issues Rule 5130 or an executive officer or director of a public company or a covered non-public company, or a person materially supported by such an executive officer or director, as contemplated under FINRA New Issues Rule 5131, (iii) suitability requirements, (iv) account turnover guidelines, and (v) available investable capital.

## ITEM 12

### BROKERAGE PRACTICES

This Item 12 relates to the practices of the Affiliated Portfolio Managers, which Man Solutions utilizes to manage Funds or clients.

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

Affiliated Portfolio Managers will place orders for the execution of transactions for client accounts in accordance with their best execution policies which sets out the approach adopted in order to achieve the best possible results for clients on a consistent basis. In selecting an execution venue, a number of factors may be relevant including, among other things, price, total transactional costs the broker's financial strength, ability to commit capital, stability and responsibility, reputation, reliability, overall past performance of services, , responsiveness as well a means of communication, ability to execute trades based on the characteristics of a particular trade, technology and trading systems, trading activity in a particular security, block trading and block positioning capabilities, depth of available services, arbitrage operations, bond capability and options operations, the availability of stocks to borrow for short trades, willingness to execute related or unrelated difficult transactions, order of call, back office, settlement processing and special execution capabilities, efficiency and speed of execution, and error resolution. Accordingly, while Affiliated Portfolio Managers will endeavor to achieve best execution; it may not be the case that the best possible results are received on each and every transaction as there are a variety of factors, a number of which lie outside their control that may impact execution quality.

Affiliated Portfolio Managers do not adhere to any rigid formulas in selecting brokers, but weigh a combination of factors. There is, however, no formulaic correlation between this evaluation and the allocations of brokerage for client accounts. Because of the range of factors considered by Affiliated Portfolio Managers, it is possible that clients may pay brokerage commissions in excess of that which another broker might have charged for effecting the same transaction. Nevertheless, Affiliated Portfolio Managers will make a good faith determination that the amount of commission is reasonable in relation to the value of the products and services received, the broker's execution ability, and other factors.

#### Delegation to Affiliates

Affiliated Portfolio Managers may delegate certain of its order handling and execution responsibilities to other affiliates. In doing so Affiliated Portfolio Managers ensure that such affiliates comply with any client restrictions as well as Affiliated Portfolio Managers policies and procedures relating to order handling and execution responsibilities. Affiliated Portfolio Managers believe that such delegation is consistent with its obligations and is in the best interests of its clients.



1. **Research and Other Soft Dollar Benefits**

In relation to the Alternative Risk Premia strategy, soft dollar benefits are not used (although Affiliated Portfolio Managers may use soft dollars). However, in respect of the Multi-Strategy funds (which are not available to US investors), depending on their regulatory status, the Portfolio Manager Affiliates may select brokers that furnish research, or other products or services (collectively, "Products and/or Services"). In selecting brokers to execute transactions, as permitted, Affiliated Portfolio Managers need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

In selecting brokers, certain Affiliated Portfolio Managers may also take into account the value of one or more Products and/or Services, either provided by the broker, or paid for by the broker (either by direct or reimbursement payments (in whatever form) or by commissions, mark-ups or credits or by any other means). Such Affiliated Portfolio Managers will use reasonable efforts to ensure that the Products and/or Services are related to the execution of trades; related to the provision of research; or will reasonably assist them in the provision of services to clients on whose behalf orders are being executed. US based Affiliated Portfolio Managers will ensure that the use of Products and/or Services comply with the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934 (as amended). UK based Affiliated Portfolio Managers will comply with the Markets in Financial Instruments Directive II ("MIFID II") which was implemented on January 3, 2018 as it relates to the unbundling of commissions.

In the last year, Affiliated Portfolio Managers received research services provided by broker-dealers including information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer hardware and software, and meetings arranged with industry spokespersons, economists, academicians, and government representatives. Research services do not include corporate access (arranging contact between Man Solutions and any issuer or potential issuer). In some cases, research services are generated by third parties but are provided to Man Solutions by or through broker-dealers.

In regard to US based Affiliated Portfolio Managers, Man Solutions' clients may be deemed to be paying for such Products and/or Services with "soft" or commission dollars. The extent to which commission rates or net prices charged by brokers reflect the value of Products and/or Services cannot be readily determined. Although US based Affiliated Portfolio Managers believe that a client may benefit from the Products and/or Services obtained with commissions generated by trades made by the client, the client may not benefit from all of the services paid for in this manner. Specifically, there may be cases where Products and/or Services obtained with commissions generated by trades made by a particular client do not benefit such client and instead benefit other clients of the US based Affiliated Portfolio Managers. The relationships with brokerage firms that provide Products and/or Services to US

based Affiliated Portfolio Managers may influence their judgment in allocating brokerage business and create a potential conflict of interest in using the services of those brokers to execute the client's brokerage transactions. US based Affiliated Portfolio Managers may have an incentive to select or recommend a broker-dealer based on their interest in receiving research or other Products and/or Services, rather than on clients' interest in receiving the most favorable execution.

UK based Affiliated Portfolio Managers comply with the Markets in Financial Instruments Directive II ("MIFID II") which was implemented on January 3, 2018. For these clients, execution commission is separate from any investment research payments. UK based Affiliated Portfolio Managers have engaged the services of various external third party research providers to assist them with portfolio management activities. For UK based Affiliated Portfolio Managers' clients, research goods and services are paid either in hard dollars or through a Research Payment Account ("RPA") funded through a transactional payment method.

Not all UK based Affiliated Portfolio Managers have deployed a RPA account as a means of purchasing third party research material; some UK based Affiliated Portfolio Managers clients will have their research needs paid by the UK based Affiliated Portfolio Managers. The consumption of research across clients using an RPA ("RPA Accounts") may not be evenly distributed and may differ on a needs basis, as required.

UK based Affiliated Portfolio Managers will only pay for third party research materials and services that concerns one or several financial instruments or other assets; or the issuers or potential issuers of financial instruments; or is closely related to the specific industry or market such that it informs views on financial instruments, assets or issuers within that sector and:

- Implicitly or explicitly recommends or suggest an investment strategy;
- Provides a substantiated opinion as to the present or future value or price of such instruments or assets;
- Contains analysis and original insights and reaches a conclusion based on new or existing information that could be used to inform an investment strategy or capable of adding value to UK based Affiliated Portfolio Managers investment decisions.

Third party research materials and services as described above are within the types of products and services under the "safe harbor" of Section 28(e).

Affiliated Portfolio Managers may execute securities transactions with multiple executing brokers, including the various prime brokers appointed for the affiliated funds. Many of these brokers provide Affiliated Portfolio Managers with access to proprietary research reports (such as standard investment research) which may be used for any or all accounts. This type of research is paid for in hard dollars by UK based Affiliated Portfolio Managers in accordance with MIFID II.

To the extent permitted, Products and/or Services obtained by US Affiliated Portfolio Managers may be used in servicing any or all of the clients advised by US Affiliated Portfolio Managers. In addition, some Products and/or Services may not necessarily be used in whole or in part by US Affiliated Portfolio Managers in managing the client account that generated the commissions used to pay for such Products and/or Services. Affiliated Portfolio Managers does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts generate. Furthermore, other clients may receive the benefit, including disproportionate benefits, economies of scale or price discounts in connection with Products and/or Services that may be provided to a client.

If a product or service obtained provides both research and non-research assistance to Affiliated Portfolio Managers (i.e., a "mixed use item"), Affiliated Portfolio Managers will make a good faith effort to determine the relative proportion of the product or service used to assist Affiliated Portfolio Managers in carrying out their investment decision making responsibilities, and the relative proportion used for administrative or other non-research purposes. The proportionate amount of the product or service that is used to assist Affiliated Portfolio Managers in carrying out their investment decision making responsibilities will be paid through brokerage commissions generated by client transactions; the proportionate amount attributable to administrative or other non-research purposes will be paid for by Affiliated Portfolio Managers from their own resources. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the allocation of the costs of such benefits and services between those that primarily benefit Affiliated Portfolio Managers and those that primarily benefit clients.

Affiliated Portfolio Managers may enter into commission sharing arrangements or RPAs, as the case may be.

## **2. Directed Brokerage**

Man Solutions does not generally allow for directed brokerage arrangements..

## **B. Order Aggregation**

Affiliated Portfolio Managers may, but is not required to, aggregate orders for its clients (including the affiliated funds or together with its affiliates other clients or accounts advised by them) if, in their reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the client and such other accounts or entities based on an evaluation that they will be benefited by relatively better purchase or sale prices or beneficial timing of transactions, or a combination of these and other factors. It should be noted that only trades that the trader is aware of at the time such trader is placing an order will be aggregated. There may be times where more than one trader is placing an order for the same security and such orders are not aggregated. In many instances, the purchase or sale of financial instruments for a client account will be effected simultaneously with the purchase or sale of similar financial instruments for other client accounts. When an aggregated order is filled through multiple trades with the same broker at different prices on the same day, each participating client account will typically receive an average price with transaction costs allocated pro-rata based on the size of

each client's participation in the order (or actual allocation such as in the case of a partial fill) as determined by the Affiliated Portfolio Managers. It should be noted that aggregated transactions may be made at slightly different prices, due to the volume of financial instruments purchased or sold. In the event of a partial fill, allocations will generally be made *pro rata* based on the initial order, but may be modified on a basis that Affiliated Portfolio Managers deem to be appropriate, including for example, in order to avoid odd lots or *de minimis* allocations among other factors. It should be noted that on some occasions, aggregating orders may work to the client's disadvantage. Clients with specific instructions (e.g. approved brokers list or directed brokerage arrangements) may not be included in aggregated trades.

**C. Trade Error and System Event Policy**

In the event that Man Solutions or its affiliates experience an error with respect to trades made on behalf of clients, a formalized process is in place for the resolution of such errors. Man Solutions or its affiliate (as relevant) will correct such error in accordance with its policies and procedures. If Man Solutions, in its sole discretion determines that a client should be reimbursed as a result of a trade error caused by Man Solutions or its affiliate, interest will generally not be paid on such losses. Advisers and Affiliated Advisers have their own policies and procedures in handling trade errors which may differ from those of Man Solutions.

Man Solutions may allocate client assets to investment strategies with a systematic approach, the development and deployment of such harnesses complex econometric and statistical theories, research and modelling which may result in a "System Event" (e.g., errors regarding trading systems, coding/programing/modelling, etc.). System Events in connection with systematic strategies managed by affiliates, to the extent feasible and reasonable, will be corrected in accordance with its policies and procedures. The client will benefit from any gains and bear any losses unless it otherwise determined by the affiliate managing such investment strategy.

## ITEM 13

### REVIEW OF ACCOUNTS

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

Man Solutions' Product Management Group and respective portfolio management teams, are primarily responsible for reviewing accounts of the clients and do so individually or in a group, depending upon account needs and market conditions. The portfolio management team, individually or in a group, performs daily, weekly, or monthly reviews of all accounts as they deem appropriate or as otherwise required. Reviews may be undertaken due to a number of reasons such as (but not limited to) because of changes in market conditions; change of security positions; changes in investment objectives or policies; capital inflows/outflows; and other reasons. Various matters may be discussed during such reviews, (*e.g.*, performance of accounts in connection with investment objectives, portfolio construction, risk/reward, security positions, and investment opportunities).

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

A review of a client account may be triggered by changes in market conditions; change of security positions; changes in investment objectives or policies; capital inflows/outflows; and other reasons.

Investors in Funds which are pooled investment vehicles receive monthly or quarterly statements/reports reflecting performance, the value of their investments and/or other information. Investors also receive annual audited financial statements and other correspondence, as necessary, relative to the respective Fund in which they are invested.

#### C. **Content and Frequency of Account Reports to Clients.**

The requirements for frequency and content of reports for clients will be set forth in the documents for each client account.

Investors in Funds may also receive upon request, subject to the execution and delivery of a confidentiality agreement satisfactory in substance and form to Man Solutions, certain additional information about the applicable Fund, the portfolio, and Man Solutions (such as interim performance information, risk reports and notice of certain legal proceedings) to the extent that Man Solutions possesses such information or can acquire it without unreasonable effort or expense.

While all Fund 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 a Fund and possibly affect such investor's decision to request redemption from such Fund.

Man Solutions also provides (subject to certain terms and conditions) some clients with access to Man's bespoke client reporting software, "Clarus", which may provide such clients with greater transparency with respect to the investments in their portfolios compared to other clients.

## ITEM 14

### CLIENT REFERRALS AND OTHER COMPENSATION

#### A. **Economic Benefits for Providing Services to Clients**

Man Solutions does not receive economic benefits from non-clients for providing investment advice and other advisory services.

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

Man Solutions and/or its affiliates may from time to time utilize third-party placement agents that receive compensation, which may be borne either by Man Solutions or its affiliates or by the investor or client, for referring the client to Man Solutions or its affiliates or investors to investment vehicles managed or advised by Man Solutions or its affiliates. Man Solutions or its affiliates may benefit from the arrangements where clients are referred directly to it since the management fees are generally based upon a percentage of such client's assets under management. Thus, the more assets Man Solutions or its affiliates has under management, the higher the management fee income. If applicable, any such arrangement with a third-party solicitor will comply with Rule 206(4)-3 under the Advisers Act.

MII, an affiliate of Man Solutions, acts as the selling agent and/or investor servicing agent for certain Funds. MII may receive a percentage if a Fund's management dees to act as selling agent and/or investor servicing agent. In addition, MII has entered into agreements with other broker-dealers and certain financial advisers to solicit interests in Funds and/or to provide ongoing investor services and account maintenance services to investors. Each such broker-dealer and financial adviser generally receives compensation based on the aggregate value of outstanding interests held by investors that receive services from such persons, fixed amounts or other agreed upon compensation. Such compensation generally will be paid by MII from the fees that it receives from a Fund, Man Solutions or an affiliated entity.

## **ITEM 15**

### **CUSTODY**

With regards to U.S. clients and private funds, Man Solutions is subject to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). In accordance with the Custody Rule each Fund complies with the provisions of the “Pooled Vehicle Annual Audit Exception”, and is subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

For Man Solutions’ clients that are managed accounts, Man Solutions does not have custody of the assets held by such accounts. However with respect to its managed accounts and as agreed Man Solutions may directly debit fees from such clients’ accounts and may be deemed to have custody as a result of such authority. In these cases, in order to comply with the Custody Rule, managed accounts will receive statements directly from the managed account’s qualified custodian(s) (as defined in the Custody Rule) on at least a quarterly basis.



## **ITEM 16**

### **INVESTMENT DISCRETION**

In general Man Solutions provides discretionary and/or non-discretionary investment management services to its clients. However, Man Solutions delegates discretion regarding all underlying investment decisions to Affiliated Portfolio Managers who are authorized to determine and direct execution of transactions within each client's specific investment objectives, restrictions and policies. However, such discretion can be subject to limits imposed as described in the applicable offering document in the case of the Funds, as applicable, and investment management agreements or other relevant documents with each client for Managed Accounts. In providing services to Man Solutions' clients, Affiliated Portfolio Managers may utilize certain trading capabilities of their affiliates.

## ITEM 17

### VOTING CLIENT SECURITIES

Man Solutions has adopted policies and procedures to ensure that any proxy voted on behalf of its clients is voted in a manner which is in the best interests of such clients.

For any direct investments, proxies may be voted for clients at Man Solutions' or the Portfolio Manager's discretion, where Man Solutions has been specifically instructed by a client to vote proxies or where Man Solutions is required to vote a proxy for a client (each a "Proxy Client"), such proxies will be evaluated and voted in the best interest of the relevant Proxy Client(s) with the goal of increasing the overall economic value of the investment. It should be noted that there may be times whereby Portfolio Managers invest in the same securities/assets while managing different investment strategies and/or client accounts; accordingly, it may be appropriate in certain cases that such securities/assets are voted differently across different investment strategies and/or client accounts, based on their respective investment thesis and other portfolio considerations.

With respect to any ERISA clients for which Man Solutions is an investment manager, Man Solutions will act prudently and solely in the interest of the participants and beneficiaries of such ERISA client. Man Solutions will only vote proxies on securities currently held by clients. Proxies received for securities that are loaned will generally not be voted.

Man Solutions will endeavor to identify material conflicts of interest, if any, which may arise between Man Solutions and one or more issuers of clients' portfolio securities, with respect to votes proposed by and/or affecting such issuer(s), in order to ensure that all votes are voted in the overall best interest of clients. Man Solutions has established a Proxy Voting Committee to be responsible for resolving proxy voting issues when deemed necessary; making proxy voting decisions where a material conflict of interest may exist; monitoring compliance with the Global Proxy Voting Policy; and setting new and/or modifying existing policy. Where relevant and appropriate to do so, Proxy Voting decision making may be delegated to an affiliate.

For direct investments, Man Solutions may appoint from time to time, one or more proxy voting service companies, to provide it with proxy voting services for certain Proxy Clients. Where applicable, Man Solutions will generally vote proxies for the relevant Proxy Clients in accordance with the relevant proxy voting service company's proxy voting guidelines, unless otherwise specifically instructed to vote otherwise by the Portfolio Manager or such Proxy Client.

Such guidelines generally provide that (i) when the view of the company's management is favorable, Man Solutions will generally support current management initiatives with exceptions as noted below and (ii) when the view is that changes to the management structure would probably increase shareholder value, Man Solutions will not necessarily support current management initiatives. Exceptions in supporting current management initiatives may include:

Where there is a clear conflict between management and shareholder interests, the Proxy Voting Guidelines may call to elect to vote against management.

- In general, the Proxy Voting Guidelines will call to oppose proposals that act to entrench management.
- In some instances, even though Man Solutions may support management, there may be corporate governance issues that, in spite of management objections, Man Solutions believes should be subject to shareholder approval.

Furthermore, with respect to certain proxy issues including, but not limited to, option re-pricing and the terms and conditions of members of the Board of Directors, Man Solutions may choose to vote on a case-by-case basis, which may be different from the recommendations set forth in relevant proxy voting guidelines. Nevertheless, in voting proxies, Man Solutions will take into account what is the overall best economic interest of its Proxy Clients. Man Solutions will maintain documentation memorializing the decision to vote a proxy in a manner different from what is stated in the relevant proxy voting guidelines.

Man Solutions may abstain from voting a proxy when it is determined that the cost of voting the proxy exceeds the expected benefit to the client. Documentation will be maintained of all proxies that are not voted for Proxy Clients and the reasons therefor where Man Solutions has been instructed by the Proxy Client to vote.

Upon request, clients may receive a copy of Man Solutions' Global Proxy Voting Policy and/or information regarding the manner in which securities held in their account were voted by contacting Man Solutions at ++44 (0)20 7016 7000.

## **ITEM 18**

### **FINANCIAL INFORMATION**

Man Solutions is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.