

ITEM 1

COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE



Man Solutions LLC

Man Solutions USA Business

December 19, 2024

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Man Solutions LLC ("MS LLC" or "the Firm") consists of two advisory businesses, Man Solutions USA and External Alpha. This brochure (this "Brochure") provides information about the qualifications and business practices of the Man Solutions USA business. MS LLC maintains a separate Form ADV Part 2A for the External Alpha advisory business which should be referred to for information on that business. If you have any questions about the contents of this Brochure, please contact us at (212) 649-6600 and/or compus@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.

MS LLC 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 and no inference to the contrary should be made.

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

ITEM 2

MATERIAL CHANGES

The last update to the Brochure was dated August 29, 2024. Since this update, the following amendments have been made to the Brochure:

- Item 17. has been updated to reflect changes to the Global Proxy Voting Policy. These updates reflect criteria changes for how MS LLC and the Affiliated Managers categorize companies as well as changes to metrics used by MS LLC and its Affiliated Managers for determining how to vote proxies for a company in the key areas of Board Gender Diversity, Human Rights, Climate Change, and Executive Compensation. In addition, certain key proxy voting areas that were previously included in the policy relating to independent auditor tenure and reincorporation were removed as we no longer consider these to be key areas of focus.

EVEN THOUGH A CONCERTED EFFORT IS MADE TO KEEP CLIENTS/INVESTORS INFORMED OF NOTABLE CHANGES TO THE FIRM'S BUSINESS THROUGHOUT THE YEAR, CLIENTS/INVESTORS ARE ENCOURAGED TO REVIEW THIS UPDATE, MUCH LIKE ALL OF THE FIRM'S REPORTS AND COMMUNICATIONS, IN ITS ENTIRETY.

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ADVISORY BUSINESS

A. General Description of Advisory Firm.

MS LLC is a Delaware limited liability company, originally incorporated March 22, 2011, with its place of business located in New York. MS LLC was previously named FRM Investment Management (USA) LLC and changed its name on January 1, 2024. As of that date, MS LLC also assumed the advisory business of its affiliate, Man Solutions (USA) LLC.

MS LLC is wholly owned by Man Investments Holdings Inc., which is ultimately owned by Man Group plc, which is listed on the London Stock Exchange and is a component of the FTSE 250 Index. Man Group plc, through its investment management subsidiaries (collectively “Man”), is a global 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, 2023, Man had approximately \$ 167.5 billion of assets under management¹. Man Solutions LLC is doing business as Man Group which represents the marketing name of the Firm.

Man Solutions USA

MS LLC consists of two advisory businesses, Man Solutions USA and External Alpha. This Brochure describes the Man Solutions USA business only. Throughout this Brochure MS LLC will be referenced as the Firm and, unless the context requires otherwise, means the Man Solutions USA business. As previously mentioned, MS LLC maintains a separate Form ADV Part 2A for the External Alpha business which should be referred to for information on that business.

The Firm offers discretionary and/or non-discretionary advisory or sub-advisory services to institutional clients, which may include Man Funds or clients of Affiliated Managers (as defined below).

The Firm offers discretionary services through pooled investment vehicles (“Funds”) and separately managed accounts for institutional clients. In so doing, the Firm acts as a centralized investment manager for clients to access investment capabilities across its affiliated managers including: AHL Partners LLP, GLG Partners LP, GLG LLC, Man Solutions Limited, Numeric Investors LLC, Man Global Private Markets (USA) Inc. and Man Global Private Markets UK Ltd. (collectively “Affiliated Managers”), each of which is registered as an investment adviser with the SEC as further described in Item 10.

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 equivalent) or the investment management agreement, respectively. Important information

¹ Man assets under management as stated in the Man Group plc Annual Report include advisory-only assets over which Man has no decision making or trading authority and managed account platform services for which Man provides platform and risk management services but does not provide investment management services.

regarding each Fund and separately managed account, which includes investment objectives, risks, strategy, fees and other material information, including applicable conflicts of interest is contained in each Fund's offering documents and in each separately managed account's investment management agreement, as the case may be.

The Firm may also offer non-discretionary investment management services. Under the non-discretionary arrangements, if such recommendations are accepted by the client, the Firm may assist with arranging the purchase or sale as agreed with the client.

Another focus of the Firm is customized hedging and/or client portfolio diversifying strategies utilizing market-based hedges in options, futures, and other liquid instruments. In this regard, the Firm may act as investment manager to single investor investment vehicles or separately managed accounts. The aim is to create bespoke strategies for clients in the client's preferred vehicle type based on the Firm's analysis of such client's applicable portfolio of investments.

In respect of customized hedging and/or client portfolio diversification strategies, clients can generally access these strategies through two structures:

- 1) Internal Man Platform: the Firm works with clients to identify and/or structure an appropriate vehicle tailored to meet their hedging, commercial, regulatory and tax requirements.
- 2) External Client Platform: the Firm manages a separately managed account on the client's own infrastructure or platform or a third-party infrastructure or platform chosen by the client.

In addition, the Firm advises affiliates on Responsible Investment ("RI") including Environmental, Social and Corporate Governance ("ESG") related matters.

The Firm will also from time to time provide discretionary or non-discretionary services with regards to hedging strategies to affiliates. Non-discretionary services to affiliates will also include ad-hoc requests for hedging or other options-based strategies and ideas. Please refer to Item 8 for more details on the Firm's investment strategy.

Certain affiliated advisory firms may be considered "Participating Affiliates" of Man Solutions or the Affiliated Managers (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 provides a number of centralized functions to its investment manager subsidiaries, including the Firm, which include trading, financing and cash management, risk management, research, operations, middle office accounting, finance, proxy voting (to the extent applicable), human resources, facilities, tax, legal, compliance, information technology, among other such services. The Firm utilizes investment management, trade execution, research, client servicing and marketing capabilities of its affiliates in providing services to its clients. In addition, the Firm utilizes a number of governance functions of its affiliate Man Solutions Limited relating to product governance, risk management and portfolio oversight, among others.

B. Description of Man Solutions USA Advisory Services.

Please see Item 8 herein.

This Brochure generally includes information about the Firm 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. Important information regarding each fund and managed account, which includes 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.

C. Availability of Customized Services for Individual Clients.

The Firm's investment decisions and advice with respect to each client 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.

D. Wrap Fee Programs.

The Firm does not participate in wrap fee programs.

E. Assets Under Management.

MS LLC manages approximately \$7.29 billion² in regulatory assets under management on a discretionary basis as of December 31, 2023. Of the total, approximately \$5.7 billion as of that date was managed under the Man Solutions USA advisory business.

² As of January 1, 2024, MS LLC began co-managing (with its affiliate Man Solutions Limited) the private fund Man Funds XII SPC, which consists of a master fund and its feeder fund, Man Strategies 1783. The master and feeder funds are included in assets under management for both MS LLC and Man Solutions Limited while reported in 7.B.(1) of ADV Part 1 for MS LLC and in 7.B.(2) of ADV Part 1 for Man Solutions Limited.

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FEES AND COMPENSATION

The Firm does not maintain a basic fee schedule. Fees for each client are determined and negotiated on a case-by-case basis. The following is a general overview of the types of fees the Firm charges its clients for the advisory services described in this Brochure.

A. **Advisory Fees and Compensation.**

The Firm has intentionally omitted the full section on compensation for advisory services, as it is an SEC registered adviser and this Brochure is delivered only to “qualified purchasers” as defined in Section 2(a)(51)(A) of the Company Act. The fees and expenses incurred by clients vary and are described in the governing documents.

The Firm offers discretionary and non-discretionary advisory and sub-advisory services and the fees and performance compensation, if any, for such services will be negotiated on a case-by-case basis and as such will 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 separately managed account, Fund and by share class. In addition, Man Solutions offers other fee structures to certain Funds which involve a passthrough of certain expenses associated with the hiring or retaining of investment talent; namely, (i) investment team performance-based compensation and (ii) talent acquisition costs. In addition, the Firm 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 the Firm manages have different share classes which may have a different fee schedule.

Fees charged to the Funds are fully described in the respective Funds' offering document. Generally, with respect to the Funds, the Firm or its affiliates (i) charge a management fee in arrears at annualized rates generally ranging between 0.5% and 2%, and (ii) charge performance fees generally ranging between 20% and 30% of net profits and in some cases subject to a “benchmark return”, “high water mark” or “hurdle rate” calculated and payable annually or at the time of a redemption/withdrawal. The specific level of fees depends upon various factors, including the availability of certain investment classes, which may be closed to new investors.

Certain Funds pay an affiliated services manager a services management fee up to 0.5% per annum of the net asset value of the relevant Fund or in some cases a flat fee. The services manager is responsible for selecting and appointing service providers to provide administration services, including general shareholder services and certain accounting and valuation services, as well as monitoring the providers of those services. 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 relevant Fund to the administrator.

As previously mentioned, fees are determined on a case-by-case basis. Due to the nature of its investment strategy whereby it may invest in Affiliated Funds and/or allocate to Affiliated Accounts, there are different fee models which could be applied by the Firm including:

- A fee model whereby management fees and performance fees are charged directly by the Fund or separately managed account managed by the Firm and no management fees or performance fees are applied at the level of Affiliated Funds and/or Affiliated Accounts that the Firm invests in or allocates to;
- A fee model whereby management fees and performance fees are charged directly by the Fund or separately managed account managed by Man Solutions and any management fees or performance fees applied at the level of the Affiliated Funds and/or Affiliated Accounts that Man Solutions invests in or allocates to are rebated to the Fund or separately managed account managed by Man Solutions to ensure that the fees levied by the Firm 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 separately managed account managed by the Firm. Management fees and performance fees will be applied at the level of Affiliated Funds and/or Affiliated Accounts that the Firm invest in or allocates to and retained by the relevant Affiliated Managers. The Funds' or separately managed accounts' investment management agreements or offering documents will state a maximum management fee and performance fee which may be levied by Affiliated Funds and/or Affiliated Accounts.
- Where the Firm provides discretionary services, whereby it invests directly in financial instruments on behalf of clients, management and/or performance fees will be directly chargeable to such clients.

As permitted, with respect to certain clients or investors the Firm has the ability to waive or reduce the management fee and/or performance compensation attributable to such client or investor depending upon 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 to the investor. The Firm may also fully or partially rebate any management fee, performance fee, and/or services management fee (where applicable). Any such rebates may be applied in paying up additional shares to be issued to the investor. The Firm or affiliates may pay a portion of its fees to distributors or intermediaries of the Funds.

The Firm's fees and compensation will be shared from time to time with affiliates of the Firm.

The Firm invests from time-to-time client assets in investments that may charge additional fees and/or allocations. Clients 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 the Firm 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. The Firm's investment management agreements are generally terminable with prior written notice, without penalty, or upon a breach, and/or also may be automatically renewed.

B. Payment of Fees.

Fees based upon assets under management or cash under management are generally paid on a monthly, quarterly or semi-annual basis in arrears from the client's assets in accordance with the Funds' memorandum (or equivalent) or client's investment management agreement.

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.

The Firm employees³ may invest in one or more Man Funds. The Firm employees may or may not be subject to a management fee or performance-based compensation by Man Funds. The Firm reserves the right to charge a discounted fee or allocation in its sole discretion.

In addition, the Firm's 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.

Not all of the Firm's Fund investors bear all of the expenses set forth below and, in some cases, will bear additional expenses not included herein. Fund investors should refer to the Fund's governing documents for details relating to specific expenses relating to the Fund. In addition to the asset-based and as applicable, performance-based compensation described above, each Man Solutions Fund investor generally bears the following expenses: operating and other expenses and its *pro rata* portion of the Fund's expenses and as applicable master fund expenses, including, but not limited to, fund formation, fees paid to administrators, fees paid to custodians, fees paid to prime brokers, fees relating to any special purpose vehicles, as applicable, investment-related expenses (*e.g.*, brokerage commissions (see Item 12 for more information on brokerage expenses) and transaction costs, currency hedging costs, clearing and settlement charges, interest expense, fees and expenses incurred in any borrowing or lending securities, any cost of acquiring or maintaining financing, any cost implicit in any repurchase or reverse repurchase agreements, consulting costs, legal costs, research and data charges, fees to negotiate and settle potential and actual transactions, as applicable, (including, investment-related litigation and restructuring expenses), investment banking and any other professional fees or compensation relating to particular investments or contemplated investments and research-related expenses, including,

³ "Employee(s)" for purposes of this Brochure includes personnel, partners, officers, directors (other than non-executive directors of Man Group plc) and other persons with similar status or performing similar functions.

transactional, risk, market, reference, consumer and industry data and information, alternative data, news and quotation equipment and services (including, fees for data, data aggregation and software providers, exchanges and other third party and information vendors, other non-traditional and information sources, academic research data and trade ideas), expert networks or other networks, other third-party fees and expenses incurred in connection the evaluation of prospective transactions, (including, related travel and due diligence costs and expenses related to certain investments, expenses relating to third-party valuation services, expenses attributable to any third-party proxy voting service, costs for ERISA bonding, if applicable, expenses relating to reports provided to investors, expenses associated with the preparation, printing and distribution costs of the periodic and annual financial statements and all professional and other fees and expenses in connection therewith; the cost of publication of the net asset value of the fund, external legal and compliance expenses (which include, responding to formal and informal inquiries, subpoenas, investigations and other regulatory matters, indemnification expenses and expenses associated with regulatory filings including blue sky filings and other filings relating to the Fund and/or master fund and/or underlying investments, if applicable), legal costs relating to the review, negotiation, closing and/or settlement of potential and actual transactions, as applicable, relating to actual or contemplated investments (including, such fees and expenses for transactions that a Fund and/or Man Solutions elect ultimately not to acquire for the Fund); fees and expenses incurred in connection with any potential or actual investment or other participation in, or any holding or disposition of any interest in, another investment entity, business entity or organization, including any restructuring expenses; any broken deal expenses; and fees and expenses related to the engagement of any service providers to Man Solutions and its affiliates or any other trading vehicle incurred in the course of operating assets in which a Fund invests; any expenses associated with preparing, monitoring, analyzing, monitoring tax and administrative reports or other documentation, external accounting, audit and tax preparation expenses; directors fees and expenses; organizational and operating expenses, clearing and registration fees and other expenses due to regulatory, supervisory or fiscal authorities in various jurisdictions, liquidation costs, and the out-of-pocket expenses incurred by the Fund's service providers, insurance fees and expenses, including, if applicable, a reasonably allocated portion of the premiums for any Fund directors' and officers', errors and omissions, cybersecurity or other coverage that would offset a portion of the Fund's indemnity obligations, expenses relating to the offer and sale of Fund interests and/or shares, taxes, expenses related to the maintenance of the Fund's registered office, and corporate licensing expenses. 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. Such expenses will generally be borne on a pro rata basis by each class or tranche of shares.

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

Each separately managed account will typically bear many of the fees and expenses described below. Not all of the Firm's clients will bear such fees and expenses. However, the following sets forth the types of expenses that the Firm's 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.

Certain Funds employ a passthrough expense model ("Passthrough Funds") whereby certain costs associated with the hiring or retaining of investment talent for the benefit of the Fund are passed through to the Fund ("Passthrough Expenses"). These costs generally fall into two categories: (i) investment team performance-based compensation and (ii) talent acquisition costs.

Allocation of Expenses

Funds and separately managed accounts (where applicable) will incur expenses which form part of larger aggregate expenses relating to a number of investment entities for which the Firm's Affiliated Managers provide services. Such expenses will normally be allocated between the relevant affiliated investment entities, including a fund and separately managed account, 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 expenses, where appropriate or as otherwise determined by the Firm and/or the fund directors in a fair and reasonable manner. In some cases the Firm, an Affiliated Manager or other affiliates will pay for certain of the aforementioned expenses and may therefore be entitled to be reimbursed by a fund or client in respect of such expenses. The Firm may not allocate expense amounts that are deemed *de minimus* to its Funds. Clients may not receive the same benefits from the services that they pay for.

Because the Firm manages Passthrough Funds alongside Funds without a passthrough expense model, the Firm's discretion to allocate Fund assets to a Passthrough Fund involves inherent conflicts of interest. Specifically, Passthrough Expenses may directly offset costs and expenses the Firm or its affiliates would otherwise bear (for example, employee bonuses). As a result, the Firm has an incentive to allocate Fund assets to Passthrough Funds in order to offset such costs and expenses.

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PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Firm accepts performance-based fees for some, but not all clients to whom it provides investment advisory services, as described above. Similarly, some, but not all clients bear Passthrough Expenses. The Firm may face a conflict of interest by managing accounts that are subject to a performance-based fee or allocation or passthrough expense structure, including that the Firm may have an incentive to favor accounts for which it receives performance-based fees or allocations or for which certain expenses, including portfolio manager and investment team performance-based compensation and talent acquisition costs, may be passed through to the Fund. The Firm 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. This includes scenarios where a performance fee may be expected to be at a lower rate given the operation of a fee calculation mechanism such as a high-water mark.

Generally, the Firm addresses this conflict of interest through the adoption of policies and procedures that are designed to mitigate such conflicts of interests and ensure compliance with applicable law. 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, the Firm utilizes an investment allocation policy designed to treat all accounts fairly and equitably regardless of the types of fees or fee rates paid. Please see Item 11.B.2 below.

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

Generally, where an Affiliated Manager may be entitled to receive performance fees (indirectly) from the Fund or separately managed account, 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, the Firm will ensure that there will be no double layering of performance fees where the Firm invests in Affiliated Funds and/or Affiliated Accounts. In addition, individuals in the Firm's portfolio management team may also be involved in providing investment management services to other accounts on behalf of Affiliated Managers. Similar issues will arise in relation to such arrangements.

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TYPES OF CLIENTS

The Firm provides 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. Currently, the Firm does not have a pre-determined account minimum for managed accounts.

The Firm also provides discretionary investment services on a sub-advisory basis to pooled investment vehicles.

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 non-discretionary services that the Firm offers to clients, and investment strategies pursued and investments made by the Firm on behalf of its clients, should not be understood to limit in any way the Firm's investment activities. The Firm may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Firm considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Firm pursues are speculative and entail substantial risks. Clients/investors 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.

Investment Strategy

To achieve client objectives the Firm may invest in existing Man Funds, a combination of existing Man Funds and a portfolio of securities and/or derivatives, or a standalone portfolio of securities.

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

The Firm invests in Man 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 and the Firm may also invest the assets of their respective Funds and Accounts in U.S. and non-U.S. equity and debt securities, convertible securities, bonds of investment and non-investment grade, common and preferred stocks (including small-cap stocks), commodities and futures contracts, derivatives, options on securities, mortgages, collateralized loan obligations, residential loans, commercial loans, fee simple interest in real property 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 non-U.S. 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), exchanges for physicals, exchanges for swaps, exchanges for risk/over the counter derivatives and deliverable and non-deliverable forward contracts. Affiliated Managers of the Firm may also from time-to-time purchase or sell currencies, cryptocurrencies, forward currency contracts or other derivative related instruments as well as directly or indirectly hold cash and cash equivalents, including government debt, and may invest in equity and debt securities and other instruments.

In pursuing its client's investment objectives the Firm may conduct its own analysis and may also use the analysis of its Affiliated Managers as well as third parties. The Firm may use many sources of information in its analysis of markets and strategies which may be obtained from its Affiliated Managers or third parties. These sources include but are not limited to: business, economic, financial and other publications; trade journals; other money managers or financial services professionals; media sources; third-party data services; external research; one-on-one conversations with sector specialists, as well as economists, strategists and academic specialists. Furthermore, Man Solutions may utilize other sources of information which may exist from time to time.

For those clients requiring primarily market based hedging strategies, hedges will consist primarily of options in equities and other asset classes as listed below. The types of securities and/or derivatives which may be used to implement client strategies include, but are not limited to, the following:

- Listed Index Equity Options globally
- Sector ETF's Futures and Options (typically broad based and liquid)
- OTC options on the above
- Equity Index Futures
- Exotic Options: basket options on pre-existing indices created by external vendors or third parties, contingent options, resettable puts, outperformance options, barrier options and other customized exotic options
- Customized baskets of equities and options on baskets
- Credit derivatives: Index CDS and options on Index CDS
- Government Bond futures/options
- Eurodollar futures/options
- F/X: currencies and currency options
- Commodity Futures and Options

It should be noted that there may be additional costs associated with the above instruments that clients may incur with respect to negotiating and implementing ISDA agreements and other OTC documentation required. Those costs are generally immaterial to the overall execution of the strategy.

Hedge Portfolios

Each client's portfolio is customized and tailored to its specific hedging requirements. Specific trades are evaluated on their overall contribution to the hedging of a client's portfolio. The hedging strategies generally invest in more liquid securities. The Firm works with each client in

evaluating its current hedging requirements to develop a proposed framework. As part of this process, clients may provide the Firm with current exposures and other information to further inform risks as well as assist in the development of a customized hedging portfolio. Detailed analysis and scenario testing is conducted to assist in the creation of a proposed hedging portfolio.

The Firm will also work with clients to create structured long equity solutions using a combination of tailored hedges and new investments in securities as a means to gain market exposure. The approach and types of hedges utilized would be substantially similar to the aforementioned hedging products and services; however, there would be simultaneous long investment in equity ETF's or indices as directed by the client.

Synthetics and Futures Overlays

Clients with excess cash balances or equity available in their existing Man portfolios may utilize that excess by directing the Firm to invest in securities with the intention to increase or decrease exposure to equity markets or other asset classes. Each client's portfolio can be customized and tailored to their specific needs with the goal of enhancing overall returns of the core investment through exposures to other asset classes, most typically equities or bonds. Given available cash or buying power is frequently less than the total exposure desired, the Firm utilizes futures and/or swaps to achieve those exposures synthetically. This strategy utilizes transactions that are effected via swaps or futures as margin requirements allow for risk profiles in line with client objectives. Analysis includes evaluating the basis risk of futures, roll risk, liquidity risk and other factors.

Research and Data

To support both real time aspects of portfolio management and identification of optimal hedges the Firm relies on various internal and external data sources.

The Firm actively evaluates levels of volatility across asset classes and ranks them in terms of relative cheapness to one another, implied correlations among assets and potential basis risk versus assets being hedged. The Firm may from time to time utilize its affiliated manager's data and research services to identify and evaluate dislocations among asset classes and implied volatilities.

In addition, the Firm may utilize from time-to-time research from investment banks to supplement internal analytics, provide opportunistic and discretionary trade ideas, or in conjunction with its own data to create hedging alternatives. Any research obtained from investment banks will be paid for directly by the Firm or its Affiliated Managers. The Firm may also utilize other sources of information which may exist from time to time.

Investment Process

The investment process of the Firm includes, among others, the following activities: portfolio construction and management, investment allocation, and manager and portfolio monitoring. Generally, the Firm works independently or with Affiliated Managers to gather available strategy and market specific information. It then analyzes this information to enable it to choose what it believes to be an effective strategy and to create and manage portfolios utilizing

Man Funds or Affiliated Accounts. On an ongoing basis, the Firm monitors the Affiliated Managers and the Fund's and separately managed account's performance.

When investing in Man Funds or Affiliated Accounts, the Firm may allocate client assets to a number of different strategies pursuant to the client's investment guidelines and restrictions. Each strategy pursues its specific investment style. Certain strategies pursue a variety of alternative risk premia styles, in some cases such portfolios may be highly leveraged and concentrated. The alternative risk strategies may move beyond traditional, static risk premia (*e.g.*, equity risk) by taking, for example, long and short positions or executing dynamic trading strategies. Examples of these alternative risk premia strategies 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. Other strategies pursue a multi strategy portfolio which includes allocations to both discretionary and quantitative strategies managed by Affiliated Managers.

The Affiliated Managers generally have broad authority to invest across all asset classes. While certain Affiliated Managers may diversify their investment and trading activities, others may focus primarily on certain markets, sectors or geographic regions. Certain Affiliated Managers may use leverage and derivatives to structure their trades, which they may hold for varying lengths of time.

Although the Firm generally intends to allocate all or a substantial portion of a Fund's or separately managed account's capital to Man Funds and Affiliated Accounts, it may also direct investments for cash management, risk control or defensive purposes through its Affiliated Managers. Such affiliates may also employ leverage, currency hedging and risk overlay to the Funds.

The Firm may elect to reserve a portion of the Fund's direct or indirect capital for future investment or to allocate less capital as a risk control or defensive measure.

The Firm closely monitors its Fund and separately managed account portfolios. To assist in this monitoring Man Solutions receives position level transparency from the Affiliated Managers with respect to Affiliated Funds and Affiliated Accounts. The Firm regularly compares each Affiliated 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 Firm monitors all portfolios regularly aiming to ensure that each portfolio is appropriately diversified and is managed in accordance with its investment objectives and guidelines.

The Firm operates a similar process to that described above for its hedging strategy. The Firm works independently and with Affiliated 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 most appropriate hedging strategy and to create and manage portfolios utilizing direct investments and allocations to Man Funds. The Firm regularly monitors client portfolios including any investment in Man Funds. As part of this monitoring, The Firm may adjust allocations across Man Funds and to the extent applicable, hedging portfolios as deemed necessary.

In addition to hedging, clients may request portfolios to provide long or short exposure to various asset classes globally. Those exposures may be directed by clients at the time or as part of a long-term framework of exposures agreed upon in advance. Futures, swaps and forwards are used where appropriate based on price and liquidity to fulfill client needs.

The same risk management and position management tools are used in the synthetics and futures overlays strategies to ensure client target exposures are being met.

With respect to the synthetics and futures overlays strategies, clients dictate exposures, timings and asset classes which the Firm then executes utilizing the most appropriate market securities. As the client directs exposures, concentration and risk limits do not apply. Rather, risk is evaluated in the context of the client's mandate and cash or securities used to fund the margin risk.

The investment processes outlined above represent a summary of the investment strategies generally offered by the Firm. The Firm may offer additional or different investment strategies and at any time may change the way in which it implements or carries out any of the investment processes. The Firm's investment programs are speculative and entail substantial risks. There can be no assurance that client investment objectives will be achieved.

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

The investment strategies pursued by the Firm and/or Affiliated Managers on behalf of the Firm's clients 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 will be achieved. The following risk factors do not purport to be a complete list of explanation of the risks involved in a client's portfolio.

The following risk factors may not be applicable to all clients. Investments are speculative and involve a substantial degree of risk, including the risk that a client 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 the Firm believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Firm and Affiliated Managers and do not purport to be a complete list or explanation of the risks involved in a client's portfolio.

Investment Risk Generally

All investments risk the loss of capital. The nature of the securities to be purchased and the investment techniques and strategies to be employed on behalf of clients in an effort to increase profits may increase this risk. No guarantee or representation is made that a client's investment program will be successful.

Trading Strategies may not be Successful

There can be no assurance that the trading strategies employed on behalf of clients will be successful. For example, proprietary models used may not function as anticipated. While each Affiliated Manager generally has a performance record reflecting its prior experience in using

the strategies, such performance cannot be used to predict future profitability. The Firm may also invest in a Man 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 the Firm or a Man Fund directly or indirectly holds positions could impair the Firm or its Affiliated Managers ability to carry out its business or cause it to incur losses. Additionally, as many of the transactions undertaken will be hedging in nature, rising markets may result in 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.

Clients 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 from banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to a client’s portfolio. Market disruptions may from time to time cause dramatic losses for the clients, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. Hedging strategies that benefit from market turmoil and overall declines may suffer significant losses when governments intervene to stabilize markets.

Market Disruptions

Although the primary business will be in hedging related activities, the effect of market disruptions may still cause unknown effects on portfolios. Clients 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. These disruptions could take the form of extreme government intervention reducing ability to short securities or buy puts. 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 from banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to client portfolios. 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, terrorist events, pandemics (see note below) or other public health crises may from time to time cause dramatic losses for the Man Funds and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. While most of the activities undertaken will be hedging in nature and thus benefit from market disruptions, no assurances can be made that in all cases even short securities will not be adversely affected by a market disruption. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Firm and/or Affiliated Managers to liquidate affected positions and thereby expose them to losses. There is also no assurance that off-exchange markets will remain liquid enough for positions in client portfolios to be closed out.

Systemic Risk

Systemic credit risk may arise through a default by one of several financial institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearinghouses, banks, securities firms and exchanges and issuers of financial instruments, with which GLG LLC interact on a daily basis including entities with which a client has trading relationships, that provide a client with financing arrangements and/or that custody all or some portion of a client’s assets. Such risks may be exacerbated by the obligations for certain securities to be centrally cleared by a third-party clearing house, such that the financial stress or systemic credit risk with respect to a particular type or class of security will be compounded due to the default or financial distress of, or other credit event related to such clearing house.

World events and/or the activities of one or more large participants in the financial markets could result in a temporary or sustained systemic breakdown in the normal operation of financial markets. Such events could result in liquidity and counterparty credit events which could result in a portfolio incurring substantial or total losses.

Effects of Health Crises and Other Catastrophic Events

Health crises, such as pandemic and epidemic diseases, as well as other catastrophes such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, that result in disrupted markets and/or interrupt the expected course of events, and public response to or fear of such crises or events, may have an adverse effect on the operations of and, where applicable, investments made by the Firm on behalf of clients. For example, any preventative or protective actions taken by governments in response to such crises or events may result in periods of regional, national or international business disruption. Such actions may significantly disrupt the operations of the Firm and Affiliated Managers. Further, the occurrence and duration of such crises or events could adversely affect economies and financial markets either in specific countries or worldwide. The impact of such

crises or events could lead to negative consequences for clients, including, without limitation, significant reduction in the value of the clients' assets, reduced liquidity of clients' investments, and restrictions on the ability of clients to value their investments. These risks of loss can be substantial, could greatly exceed all income or other gains, if any, received by clients in assuming these risks and, depending on the size of the loss, could adversely affect the return of clients.

System Failure

The Firm and its Affiliated Managers may make extensive use of trading software. As such, the Man 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 the Firm or its Affiliated Managers 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 Affiliated Managers, in the worst case, the investment manager or its Affiliated Managers 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 the Firm relies on its Affiliated Managers to provide certain services that are critical to the management of the Man Funds.

Model and Data Risk

Certain Affiliated Managers rely heavily on quantitative models (proprietary models developed by such Affiliated Managers) 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. 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 Affiliated Managers.

Affiliated Managers 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 Man Fund and/or its returns.

The investment strategies of certain Affiliated Managers 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. Affiliated Managers will use their discretion to determine what Data to gather 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 Affiliated Managers at all times. If incorrect Data is fed into even a well-founded Model, it may lead to a System Event subjecting the client 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, Affiliated Managers may, and often will, continue to generate forecasts and make investment decisions based on the Data available. Additionally, Affiliated Managers 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 Affiliated Managers will not utilize such Data. Affiliated Managers have full discretion to select the Data they use respectively. Affiliated Managers 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 Affiliated Managers.

When Models and Data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose clients to potential losses and such losses may be compounded over time. For example, by relying on Models and Data, Affiliated Managers 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 a client portfolio, any valuations of the client portfolio 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, Affiliated Managers 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 Affiliated Managers when it chooses, in their sole discretion, not to address or fix. The degradation or impact caused by these System Events can compound over time. Affiliated Managers will generally not perform a materiality analysis on the potential impact of a System Event. Affiliated Managers 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. Clients 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 certain of Man Solution USA's Affiliated Managers. Accordingly, the Firm does not expect to disclose System Events to its clients.

Clients 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 the Firm's or its affiliate's willful default, gross negligence or breach of fiduciary duty under ERISA if applicable.

Obsolescence Risk

Affiliated Managers 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 Affiliated Managers 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 clients. Affiliated Managers will continue to test, evaluate and add new Models which may lead to the existing Models being modified from time to time. Clients will not be informed of 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 client portfolio's performance.

Trading Systems Risks

The Firm depends on its Affiliated Managers and other service providers to develop and implement appropriate systems for trading activities. Further, the Firm's Affiliated Managers 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 client portfolios. Certain of the Firm's Affiliated Managers operations interface will be dependent upon systems operated by third parties, including prime brokers and other service providers, and neither the Firm or its Affiliated Managers 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. Operations may be highly dependent on each of these systems and the successful operation of such systems is often out the Firm and its Affiliated Manager's control. The failure of one or more systems or the inability of such systems to satisfy the Firm or its Affiliated Manager's new or growing businesses could have a material adverse effect on clients. 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 the Firm or its Affiliated Managers to effectively monitor their respective investment portfolio and risks.

Trade Error Risk

The complex trading programs operated by the Firm and certain of its Affiliated Managers 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, the Firm (or an Affiliated Manager) generally attempts to recover any loss associated with such error from such counterparty. To the extent an error is caused by the Firm or its Affiliated Manager, a formalized process is in place for the resolution of such errors. Given the volume, diversity and complexity of transactions executed by the Firm or its Affiliated Managers, clients should assume that trading errors (and similar errors) will occur. If such errors result in gains to a client, such gains will be retained. However, if such errors result in losses, they will be borne by the Firm or the applicable Affiliated Manager in accordance with its internal policies unless otherwise determined by the Firm or its Affiliated Manager.

Crowding/Convergence

There is significant competition among quantitatively-focused managers and the ability of the Firm or its Affiliated Managers 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 the Firm or its affiliate is not able to develop sufficiently differentiated Models, the applicable Man Funds' 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 the Firm or its Affiliated Managers, as such a disruption could accelerate reductions in liquidity or rapid re-pricing due to simultaneous trading across a number of Man Funds utilising Models (or similar quantitatively-focused investment strategies) in the marketplace.

Involuntary Disclosure Risk

The ability of the Firm or its Affiliated Managers to achieve its investment goals for clients 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 the Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers models, and thereby impair the relative or absolute performance of the respective Man Funds.

Disaster Recovery

While the Firm and its Affiliated Managers 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 Man 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 Man Funds may be adversely affected accordingly.

Operational Risk

While the Firm and its Affiliated Managers 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. The Firm and its Affiliated Managers business is dynamic and complex. As a result, certain operational risks are intrinsic to the Firm and its Affiliated Managers operations, especially given the volume, diversity and complexity of transactions that the Firm and its Affiliated Managers expect to enter into daily. The Firm business is highly dependent on its ability and the ability of its Affiliated Managers to process, on a daily basis, transactions across numerous and diverse markets. Consequently, the Firm relies heavily on its financial, accounting and other data processing systems as well as those of its Affiliated Managers. The ability of such systems to accommodate an increasing volume, diversity and complexity of transactions could also constrain the ability of the Firm to properly manage client portfolios. Systemic failures in the systems employed by the Firm, its Affiliated Managers 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 Firm or its Affiliated Managers 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

The Firm and its Affiliated Managers 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 the Firm or its Affiliated Managers 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. The Firm and its Affiliated Managers 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 the Firm or its Affiliated Managers systems could have a material adverse effect on client portfolios and may cause the clients to suffer, among other things, financial loss, and the disruption of its business, liability to third parties, regulatory intervention or reputational damage.

Risk of Programming Implementation Error or Logical Error

If the Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers, rather than improve it.

Investments in Man Funds

The Firm may invest a substantial portion of client assets in Man Funds. Generally speaking, the Firm will not be able to control the activities of its Affiliated Managers on behalf of their investment vehicles or monitor their activities on a daily basis and does not have the same ability as with separately managed accounts to react quickly to changing investment circumstances due to the limited liquidity of these types of investments. In addition, an affiliate may use investment strategies that differ from its past practices and are not fully disclosed to the Firm, and that involve risks under some market conditions that are not anticipated. In addition, an Affiliated Manager may trade certain financial instruments without the Firm’s knowledge.

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

In addition, the Firm may have more transparency with regards to Man Funds than its clients. Such information may be non-public private information and may be subject to trading restrictions.

There is a risk of misconduct by the Firm’s Affiliated Managers. When the Firm invests a client’s assets with an Affiliated Manager, it does not have custody of the assets or control over the investment. Therefore, there is always the risk that the Affiliated Manager 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 the Firm’s Affiliated Managers, which may expose clients to losses.

Each Affiliated Manager, may, at any time and without notice, change their respective investment objectives, policies, or strategies. This may adversely affect the Firm's allocation among investment strategies and may adversely affect the client's overall risk.

The Firm may make additional investments in, or withdrawals from, Affiliated Manager funds only at certain times specified in the governing documents of the respective funds. The Firm, 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.

The Firm and its Affiliated Managers will from time to time trade independently of each other and may place orders for the benefit of clients that "compete" with each other for execution or that cause clients to establish positions that offset each other (in which case clients may indirectly incur commissions and fees without the potential for a trading profit).

Reliance on Information Received from the Advisers.

Although the Firm receives detailed information from each Affiliated Manager regarding their respective historical performance and investment strategies, the Firm is often not given access to information regarding the actual investments made and will receive only such information the Affiliated Manager is willing to provide. At any given time, the Firm may not know the composition of an investment portfolio managed by an Affiliated Manager with respect to the degree of hedged or directional positions, the extent of concentration risk or exposure to specific markets. Furthermore, the Firm will generally have no means of independently verifying the information provided to it by its Affiliated Managers, including estimated net asset values (and subsequent revisions to such estimates) and final net asset values. The net asset values received by the Firm from its Affiliated Managers in relation to funds are typically estimates only, subject to revision through the end of each fund's annual audit, and no net asset value figure of the funds can be considered final until each fund's annual audit is completed. The Firm 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 the Firm to protect Clients from the risk of fraud, misrepresentation or material strategy alteration. If an Affiliated Manager does not operate in accordance with its stated investment strategy or guidelines or the information furnished by the Affiliated Manager is not accurate, clients might sustain losses with respect to their investments despite the Firm's attempts to monitor such Affiliated Managers. The effectiveness of the Firm's initial and ongoing due diligence and risk management analysis is dependent upon the adequacy of such services provided by its Affiliated Managers where applicable.

Dependence on Affiliated Managers

The Firm will be highly dependent upon the expertise and abilities of its Affiliated Managers who will have investment discretion over portions of client's assets and, therefore, the death, incapacity or retirement of any Affiliated Manager's key personnel or its principals may adversely affect investment results.

Valuation Risk

The valuation of Man Funds is ordinarily determined based upon valuations calculated by such administrator for each relevant fund, in most cases based on information provided by Affiliated Managers or third party administrators of such funds.

Certain securities in client portfolios may not have a readily ascertainable market price and will be valued by the Firm, its Affiliated Managers or their administrators. In this regard, the Firm and its Affiliated Managers may face conflicts of interest in valuing the securities, as their value will affect Man Solution USA's or the Affiliated Manager's compensation.

Certain members of the Management Committee may face conflicts of interest in overseeing the value of the Man Funds' investments, as the valuation of the applicable Man Fund's investments may affect the Firm's compensation.

If an Affiliated Manager's valuations are consistently delayed or inaccurate, the Firm generally will consider whether the Affiliated Manager continues to be an appropriate manager. A client may be unable to redeem or otherwise dispose of investments quickly and could therefore be obligated to continue to hold such investments for an extended period of time.

Valuation Risk – Illiquid Assets and ERISA Accounts

As explained above, in general, the Firm will rely on valuations calculated itself or provided to it by its Affiliated Managers or their respective fund administrators in determining the valuations of a client's portfolio. However, except during any time when the assets of a client portfolio are subject to ERISA, the Firm 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 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 assets of the client's portfolio are subject to ERISA, the Firm 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 the Firm, based upon fair value.

Use of Third Party Risk Manager and Assessment of Risk

Certain Affiliated Managers will from time to time use a third party risk management service provider ("Third Party Risk Manager") to assist with their risk analysis program. Such Affiliated Managers 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. Neither the Third Party Risk Manager nor the Firm independently verifies the information provided by the Affiliated Managers. In addition, Affiliated Managers may not provide full position transparency of all portfolio positions to the Third Party Risk Manager. In such cases 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 of a 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 portfolios may experience actual losses that are significantly worse than those estimated in the Third Party Risk Manager reports.

Separately Managed Account Allocations

The Firm may place assets of certain clients with Affiliated Managers through separately managed accounts rather than investing in pooled investment vehicles. Separately managed accounts expose the investments to theoretically unlimited liability, and it is possible, given the leverage at which certain of the accounts trade, that the accounts could lose more than the capital allocated through a separately managed account. The Firm and its Affiliated Managers 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 the Firm or its Affiliated Managers may elect not to do so.

No Formal Investment Restrictions or Allocation Limits.

Although diversification is a principal investment policy of the Funds and separately managed accounts, the Firm is not always subject to any formal diversification requirements or restrictions in constructing each Fund's or separately managed account. There may be no limitations on the minimum or maximum number of Affiliated Managers or Affiliated Funds, or investment strategies, or on the absolute or relative percentage of capital which may (or must) be allocated to any Affiliated Managers or investment strategy. Certain Affiliated Managers and investment strategies may be allocated substantially larger portions of a Fund's or separately managed account's capital than others.

Investment Types and Techniques

The Firm and Affiliated Managers may invest and trade in a wide range of securities and other financial instruments. The Firm and the Affiliated Managers will invest and trade in equities, debt securities, currencies, financial futures, and other related instruments (i.e., instruments that may derive all or a portion of their value from such securities). Neither the Firm nor an Affiliated Manager 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. The Firm and Affiliated Managers may use various investment techniques for hedging and non-hedging purposes. The Firm and its Affiliated Managers 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 client's investment management agreement as applicable. The use of these techniques may be an integral part of a particular strategy, and may involve certain risks, including the risk that the client will lose all or part of their investment.

Speculative Trading Strategies

The Firm or its Affiliated Managers 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 Man Fund. No guarantee or representation is made that any individual trading strategy will be successful.

Emerging Markets Risk.

The Firm or its Affiliated Managers may invest in, or buy derivatives on, securities of companies and indices 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 the Firm or Affiliated Managers. 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.

Sanctions

International sanctions and direct and indirect responses thereto are influenced by a number of factors that are beyond the control of, and very often are not able to be predicted by, the Firm. Compounding the implications of the imposition of sanctions is the potential for the implementation of statutes, laws and/or regulations which may be designed to promote and/or formalize, or have the effect of promoting and/or formalizing, requirements for anti-compliance or non-compliance with one or more other countries' sanctions programs. Both the sanctions themselves as well as one or more countries' responses thereto (such as imposing their own sanctions, anti-compliance statutes or other statutory, legal, regulatory or other measures) may have a material adverse effect on clients. International sanctions may have a variety of material adverse effects and the implementation of investment strategies, including, without limitation, (a)

prohibiting or otherwise directly or indirectly rendering uneconomic or impracticable transactions in certain countries and/or in certain classes of assets and/or with certain persons and/or entities, and/or (b) otherwise reducing or limiting (up to and including completely precluding) the ability of the Firm to obtain direct and/or indirect access to one or more markets, instruments, exposures or assets which are or may form part of a clients' investment program. Affected individuals and companies may include specially designated persons or entities and other parties subject to sanctions and embargo programs implemented by the US Treasury Department's Office of Foreign Assets Control ("OFAC") or by other international, provincial, federal, state or local authorities. In addition, certain programs administered by OFAC and by other authorities prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on any lists maintained by such authorities thereby creating ambiguity and additional potential risks of non-compliance, all of which may subject clients to losses. While the Firm regularly reviews global sanctions and updates thereto to assess their implications, global economic and trade sanctions, among other things: (i) are inherently very complex, (ii) may require immediate implementation without any or sufficient opportunity for clarification and/or regulatory guidance regarding ambiguities and/or nuances implicit in the sanctions, and (iii) may require further implementing regulations, formal and informal regulatory guidance in the format of "FAQs", discussions with applicable regulators or other guidance in order to be appropriately implemented, some or all of which may change frequently (including intra-day) and/or be unavailable by the applicable deadline(s) for implementation. Each of these factors individually and taken in aggregate may have a material adverse effect on clients.

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 the Firm and its Affiliated Managers, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may direct the Firm and its Affiliated Managers' 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, the Firm or its Affiliated Managers, 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 the Firm or the Funds or the Affiliated Funds could be substantial and adverse.

Investors should understand that the Firm and its Affiliated Managers' business is dynamic and is expected to change over time. Therefore, the Firm and its Affiliated Managers 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 the Firm, or its Affiliated Managers, 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 the Firm, its Affiliated Managers or the respective Funds or Affiliated Funds may make, preventing the Firm, its Affiliated Managers 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. The Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers may decline sharply and result in losses to the respective Funds or separately managed 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 separately managed 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. The Firm and its Affiliated Managers 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 the Firm's or its Affiliated Managers' 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.

The Firm on behalf of the Fund or of a separately managed account is permitted to invest with Affiliated Funds and Affiliated Accounts that may make particularly risky investments that also may offer the potential for correspondingly high returns. As a result, the Fund or

separately managed 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 the Firm's or an Affiliated Manager's investment in any security for any particular Fund or separately managed account. The debt securities in which the Firm or an Affiliated Manager is permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

Trend following strategies

Trading based on trend-following models and data is subject to the risks that price trends will not, in fact, develop as predicted by the analysis, or that trades signaled by the analysis may not be executed in time to take advantage of such price trends. This latter risk is exacerbated by numerous market participants using similar trend-following methods, all of which may trigger substantially identical trading signals at or about the same time, making it impossible or economically infeasible to acquire the positions indicated by the strategy in an effort to capitalize on a predicted price trend. Any factor that would make it more difficult to execute trades in accordance with the signals generated by trend-following models or analysis, such as a significant reduction in the liquidity in a particular market, would also be detrimental to profitability or subject a portfolio Fund to losses. Trend-following strategies often incur major losses in "stagnant" markets without discernible price trends as well as in "whipsaw" markets in which apparent trends develop and then rapidly reverse. In the past, there have been periods without identifiable trends and, presumably, such periods will recur.

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 separately managed accounts or Funds, including Affiliated Funds and Affiliated Accounts 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 or Affiliated Account's relative value strategies, on behalf of the separately managed 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 the Firm on behalf of the separately managed accounts or Funds, 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.

“Market Neutral” Strategies

A “market neutral” trading strategy generally does not make directional “bets” on absolute price movements and/or seeks to maintain close to zero net exposure (i.e., percentage of long exposures plus short exposures) while having potentially material long and/or short exposures. Accordingly, such strategies attempt to generate absolute returns without significant net market exposure by pairing long and short exposures and seeking to exploit the relative price movements between the long positions and the short positions without regard to overall market movements. Successfully implementing such investment strategies is subject to an Affiliated Manager, whether through models and data or on a discretionary basis, correctly identifying mispriced assets and successfully entering and exiting the positions related thereto. Such mispriced assets, even if correctly identified, may not be corrected by the market, at least within a timeframe over which it is feasible for an Affiliated Manager to maintain the relevant long and/or short position. Even pure arbitrage positions can result in significant losses if an Affiliated Manager is unable to maintain both sides of the position until expiration/maturity. Further, while “market neutral” strategies seek to have no net market exposure, (i) an Affiliated Manager may not be able to remove any market exposure from a risk management perspective, appear to have offsetting long and short positions, (ii) such lack of market exposure does not necessarily mean that such portfolios positions will have profits and losses which offset each other, and (iii) the related long and short positions may lose value at the same time. All of these factors may individually or when taken together subject the strategy to losses. An Affiliated Manager may trade “market neutral” investment strategies with significant leverage which could subject a strategy to material losses.

Value Strategies

A “value” trading strategy generally seeks to invest in assets that it believes are undervalued. The identification of investment opportunities in undervalued assets is a difficult task and there can be no assurance that such opportunities will be successfully recognized. Further, value investment strategies may underperform or incur losses due to a number of factors, many of which will be related to broader economic policies outside the control of the Affiliated Managers. Value investments may include both long positions (i.e., assets that an Affiliated Manager believes are undervalued) and short positions (i.e., assets that an Affiliated Manager believes are overvalued). There can be no assurance that the assets acquired or sold short will in fact be undervalued or overvalued and/or that such assets will realize any under or over valuation during a strategy’s holding period thereof. In addition, a strategy may be required to hold such assets for a substantial period of time before realizing their anticipated increase or decrease value. During this period, a portion of a strategy’s capital would be committed to the assets purchased (or sold short), thus possibly preventing such strategy from investing in other opportunities while such strategy may be incurring financing and/or interest or other expenses related to holding such positions. Value Investment Strategies may also use leverage (and will implicitly do so in connection with any short value positions), all of which may result in losses to a strategy.

Developing Strategies

Each strategy implemented is subject to change and even where such a strategy may be thematically consistent, the manner in which the Firm and/or an Affiliated Manager implements it from time to time may change materially over time. The financial markets may evolve in a manner adverse to a particular strategy employed by certain Affiliated Managers, requiring them to revise the strategy and, in certain circumstances, no longer implementing such a strategy either temporarily or permanently, in each case as determined by such Affiliated Manager in its sole discretion.

Changing Regulatory Landscape

Legal, tax and regulatory changes are likely to occur and some of these changes may adversely affect the Man 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' exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on its Affiliated Managers, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may direct its Affiliated Managers 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.

Investors should understand that the Firm and its Affiliated Managers businesses are dynamic and expected to change over time. Therefore, the Firm and its Affiliated Managers 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 the Firm, or its Affiliated Managers, their client portfolios or their respective businesses. Such regulations may have a significant impact on the shareholders or operations, including, without limitation, restricting the types of investments that the Firm or its Affiliated Managers may make, preventing them from exercising their respective voting rights with regard to certain financial instruments, requiring the disclosure of their investors or clients, its positions or otherwise. The Firm or its Affiliated Managers may cause the Man Funds or clients to be subject to such regulations if it believes that an investment or business activity is in their interest, even if such regulations may have a detrimental effect on one or more investors or clients. Prospective investors or clients are encouraged to consult their own advisors regarding investments.

Use of Leverage

Affiliated Managers, on behalf of certain clients, may engage in bank borrowing to leverage their investments in an amount not expected to exceed 20% of gross assets of such client portfolios, which would increase any loss incurred. Affiliated Managers may be required to pledge assets when borrowing, which, in the event of an uncured default, could affect an Affiliated Manager's operations, including preventing it from conducting a repurchase of its interests. In

addition, the terms of any borrowing may impose certain investment restrictions on the client portfolio. Affiliated Managers 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, Affiliated Managers may use leverage to acquire extremely large positions in an effort to meet their rate of return objectives. Consequently, they will be subject to major losses in the event that market disruptions destroy the hedged nature of such positions.

Insufficient Investment Opportunities

The Firm and its Affiliated Managers 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 client portfolios.

Limits on Hedged Strategies

While the Firm and certain Affiliated Managers may use "market neutral" or "relative value" hedging or arbitrage strategies this in no respect should be taken to imply that the 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 clients to certain market risks. Further, given the nature of hedging businesses is to ensure against market declines, investments may do poorly and generate losses in times of rising or stable markets.

Illiquid Investments

While the Firm and its Affiliated Managers invest primarily in marketable instruments, they may also invest in non-marketable securities. Such investments could limit the liquidity of client portfolios. In some circumstances, The Firm or its Affiliated Managers may be unable or unwilling to provide liquidity, which could result in the client being unable to redeem their portfolio. In addition, the Firm and its Affiliated Managers 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 and inaccuracy in reported portfolio valuations. The Firm may invest in Affiliated Manager funds that use side pockets.

Designated Investments

With respect to certain Funds, in the event that the Firm determines, at any time, that it has become impracticable or inappropriate to value or dispose of an investment held by such a Fund, the Firm 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 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 buyouts 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, high-yield bonds, investment grade bonds, debt issued in leveraged buyout transactions, 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 of client portfolios uncertain and/or result in sudden and significant valuation increases or declines.

Financing Arrangements

The use of leverage is an integral part of many strategies used by the Firm and its Affiliated Managers, 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 the Firm or its Affiliated Managers will be able to secure or maintain adequate financing. As a general matter, the banks and dealers that provide financing to the Firm and its Affiliated Managers 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 the Firm and its Affiliated Managers will be able to secure or maintain adequate financing, without which an investment may not be a viable investment.

Collateralized Loan Obligations (CLOs)

CLOs are structured finance securities backed by a pool of credit related assets consisting of predominantly secured senior loans, secured senior bonds, unsecured senior

obligations, second lien loans, mezzanine obligations, high yield bonds, corporate rescue loans, as well as certain other investments. CLOs are subject to many of the same risks that apply to these credit related investments as described elsewhere within this Item 8. These risks include creditworthiness, default, interest rate and prepayment risk as well as market risks. CLOs are leveraged and therefore also subject to leverage risk which may have the effect of magnifying losses. CLOs issue classes or “tranches” of debt and equity that may vary significantly in risk and yield. There is no public market for interests in CLOs and such interests may be difficult to sell at an advantageous price or time.

Cryptocurrencies

When trading cryptocurrencies, “delivery versus payment” is generally not available or possible. Since several parties, including potentially their banking providers and correspondent banks, can be involved in the trading and settlement process, outages or delayed instructions/transactions by parties or their banking providers or correspondent banks during the settlement of transactions may lead to a partial or complete loss of any amounts paid. Similar risks exist in respect of unconfirmed or otherwise delayed cryptocurrency transactions. The participants and counterparties in cryptocurrency markets are typically not subject to the same credit evaluation and regulatory oversight as are members of traditional “exchange-based” markets or more established asset categories. In addition, many of the protections afforded to participants on some organized exchanges in established markets, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such cryptocurrency markets. This creates a risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties.

Institutional and Counterparty Risk

Client portfolios are subject, either directly or indirectly through investments directly made by the Firm or via investments by Affiliated Managers, to the risk of the insolvency of its counterparties, such as broker-dealers, futures commission merchants, banks or other financial institutions, exchanges or clearinghouses. The Firm, its Affiliated Managers or the respective client portfolio assets could be lost or impounded during a counterparty’s bankruptcy or insolvency proceedings and a substantial portion or all of the respective assets may become unavailable to them either permanently or for a matter of years. Were any such bankruptcy or insolvency to occur, the Firm, or its Affiliated Managers might decide to liquidate the investment or suspend, limit or otherwise alter trading, perhaps causing the client 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. The Firm and its Affiliated Managers 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, the Firm and

its Affiliated Managers may recover, even in respect of property specifically traceable to such respective investment, only a *pro rata* share of all property available for distribution to all of such counterparty's customers.

The markets in which the Firm and its Affiliated Managers 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 clearinghouses 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 the Firm and its Affiliated Managers invest in swaps, derivatives or synthetic instruments or other over-the-counter transactions in these markets, they are subject to the credit risk of the parties with which they trade and deposit collateral. The Firm and its Affiliated Managers 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 the Firm or its Affiliated Managers remains obligated to perform.

The Firm and its Affiliated Managers have policies and procedures in relation to the selection of counterparties. Counterparty monitoring and oversight arrangements are also in place at the Firm and at its Affiliated Managers. Such arrangements, policies and procedures, however, may not be sufficient to prevent a counterparty default.

Strategy Risk

Clients 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 the Firm and its Affiliated Managers on behalf of the clients are speculative and involve substantial risk of loss. Given the hedging nature of the business, losses may be incurred in rising or stable markets.

Litigation and Enforcement Risk

The Firm or its Affiliated Managers 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 Firm or the Affiliated Manager, 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 the Firm or its Affiliated Managers through which it invests may be charged with involvement in such violations. If that were the case, the performance records the Firm or its Affiliated Managers could be deemed misleading. Furthermore, if the Firm or its Affiliated Managers were engaged in such violations, the client 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 the Firm or its Affiliated Managers to liquidate positions and thereby expose clients to losses.

Turnover Rate

Some of the investment strategies employed by the Firm and Affiliated Managers may require a high volume of trading. Therefore, turnover and brokerage commissions may be greater than for other investment entities of similar size. The Firm and its Affiliated Managers 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

The Firm or its Affiliated Managers may purchase or enter into structured investments, including structured notes linked to a particular underlying investment's performance and swaps or other contracts paying a return equal to the total return achieved by the respective underlying investment. Such structured investments may have the effect of magnifying the client's investment in and risk exposure to the particular underlying investment. The values of structured investments depend largely upon price movements in the underlying investments to which such structured investments are linked. Therefore, many of the risks applicable to investing directly in the underlying investment are also applicable to the structured investments. However, structured investments also expose the client 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 clients to losses, whether or not the transaction itself was profitable. Structured investments may expose clients 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

The Firm or its Affiliated Managers may accumulate positions in the same or related investments at the same time. Although the Firm attempts to monitor its own positions as well as those of its Affiliated Managers, information regarding the actual investments made by its Affiliated Managers is generally treated as confidential or otherwise unavailable, and the Firm will be unable to determine whether such accumulations have taken place in aggregate. In addition, the Firm and its Affiliated Managers may hold a few relatively large investments (in relation to a portfolio) with the result that a loss in any such position could have a material adverse impact on a portfolio. Client portfolios consequently may not constitute a balanced investment plan.

Given the Firm's activities include the hedging of broad based equity market risk of portfolios, hedges may be concentrated in developed market indices such as S&P 500, Euro Stoxx 50, Nasdaq 100 and MSCI World Indices.

Hedging Transactions

The Firm and its Affiliated Managers may enter into hedging transactions on behalf of clients with the intention of reducing or controlling risk. Even if the Firm or its Affiliated Managers are successful in doing so, such hedging transactions may reduce returns. Furthermore, it is possible that the Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers engage in hedging transactions, its hedges may not be static but rather may need to be continually adjusted based on the Firm or its Affiliated Managers' assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio being hedged. The success of the Firm or its Affiliated Managers' 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.

Dedicated Portfolio Tail Hedge Strategies

The Firm will be managing dedicated portfolio hedging strategies on behalf of clients. These strategies are designed to benefit from periods of high volatility and market declines and thus may generate losses during periods of low volatility and rising markets. The structure of these investments will typically be through purchase of options with losses limited to premium spent. Given losses cannot exceed a pre-defined amount, investors may only fund accounts to expected budget of total premium outlay for a given period with an expected loss of 100% in rising or stable markets. As such, losses could be substantially all of invested capital. Clients' primary focus on hedging strategies will be on returns during declining markets, notional protection and absolute cost of hedges. As such, typical return evaluation metrics may not apply to hedge strategies and may mis-state the efficacy of the strategy with respect to investors' expectations. Total options premium will not exceed capital contributed by the client and will not be leveraged. While risk is limited to option premium, notional short exposures may exceed capital by large amount. At times, the Firm may choose to invest in complex or exotic options that require multiple contingencies to occur before options result in positive returns. Broad based market declines and market volatility may not necessarily lead to gains in these securities. Hedges are designed to provide gains from market levels at time of investment. Markets may rise substantially subsequent to investment and reduce possibility of positive returns from future declines.

Tail hedge strategies will operate according to a pre-defined capital deployment plan. As a result, capital will not be 100% invested but rather invested ratably over periods agreed upon with clients.

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, the Firm or its Affiliated Managers on behalf of clients may temporarily hold all or a portion of its assets in cash, cash equivalents or high-quality debt instruments. As a result, clients may not achieve their investment objectives.

Delay in Use of Proceeds

Although the Firm and its Affiliated Managers 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 market hedges or Man Funds. Such other investments may be less advantageous, and, as a result, clients may not achieve their investment objectives.

Custody Risk

Institutions, such as brokerage firms, banks, or other financial institutions will have custody of client assets. Often these assets may not be registered in the name of a client or, in certain cases, the name of the investment vehicle in which the client has an interest. As a result, bankruptcy or fraud at institutions, such as brokerage firms or banks, or administrators, into whose custody the Firm or Affiliated Managers have placed assets could impair the operational capabilities or the capital position of client portfolios and may, in turn, have an adverse impact on them. The Firm and its Affiliated Managers 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 the Firm and its Affiliated Managers may borrow money could in certain circumstances force a liquidation of the client'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, pandemics or other public health crises and other catastrophic events. These risks of loss can be substantial and could adversely affect the return of the fund.

Impact of Climate Change

There is significant concern from members of the scientific community and the general public that an increase in global average temperatures due to emissions of greenhouse gases and other human activities have or will cause significant changes in weather patterns and increase the frequency and severity of climate stress events. Climate change, including the impact of global warming, creates physical and financial risk. Physical risks from climate change include an increase in sea level and changes in weather conditions, such as an increase in intense precipitation and extreme heat events, as well as tropical and non-tropical storms. The occurrence of one or more natural disasters, such as hurricanes, fires, floods, and earthquakes (whether or not caused by climate change), could cause considerable damage to Investments, disrupt operations and negatively impact the Fund's returns. To the extent these events result in significant damage to one or more of the Investments.

Foreign Currency Transaction and Exchange Rate Risk

The Firm and its Affiliated Managers 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. The Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers have agreed to buy or sell, or to hedge the U.S. dollar value of securities that the Firm or its Affiliated Managers has already invested in. The Firm or its Affiliated Managers may also engage in foreign currency transactions for non-hedging purposes to generate returns. The Firm or its Affiliated Managers 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 Man Funds will be denominated in foreign currencies, as set forth in the respective offering documents and private placement memoranda.

To the extent unhedged, the value of a client’s net assets will fluctuate with U.S. dollar exchange rates as well as with price changes of investments in the various local markets and currencies. Forward currency contracts and options may be utilized by the Firm or its Affiliated Managers to hedge against currency fluctuations, but they 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 investor does not own, or selling a security which an investor 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 investor 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. The Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers. 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 the Firm or its Affiliated Managers. Furthermore, the Firm or its Affiliated Managers 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 for clients 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 the Firm' or its Affiliated Managers ability to implement its strategies for the benefit of clients. Short selling continues to be periodically subject to further regulatory restrictions, and/or even bans.

Bans on short sales in some countries and market included put options or any instrument that delivered short exposure in certain securities. Additionally, government measures to restrict liquidity on borrowed securities may result in increasing hedge costs.

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 the Firm, its Affiliated Managers or the respective Funds and separately managed accounts 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 the Firm or its Affiliated Managers. 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 Man Fund; (ii) financing subscriptions into the Man 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 facilities for which providers 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, a Man Fund 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 the Firm or its Affiliated Managers 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 the Firm and its Affiliated Managers prior to making an investment.

Risks of Investment in Small Capitalization and Mid-Capitalization Issuers

The pursuit of certain Funds', separately managed accounts, Affiliated Funds' and Affiliated Accounts' investment strategies may result in a significant portion of their 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

The Firm and its Affiliated Managers may invest in the securities of foreign investment funds or other foreign securities. In addition, the Firm and its Affiliated Managers may invest in, take short positions in or invest in derivatives on 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 Firm or Affiliated Managers 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.

Risks Associated with CLO Investments

Illiquidity in the structured credit, leveraged finance and fixed income markets may affect a Fund's investment in CLOs. In recent years, events in the structured credit, leveraged finance and fixed income markets have at times contributed to and have been adversely affected by a severe liquidity crisis in the global credit markets. Periodically, the financial markets experience substantial fluctuations in prices for collateralized loan obligations, securities, leveraged loans and high-yield debt securities and limited liquidity for such instruments. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not continue or become more acute. During periods of limited liquidity and higher price volatility, a Client's ability to acquire or dispose of a CLO investment at a price and time that would be deemed advantageous to a Client may be severely impaired.

Funds may invest in the most subordinated class of notes issued by a CLO ("Subordinated Notes"). Subordinated Notes represent a highly leveraged investment in the Assets. As a result, the market value of Subordinated Notes would be anticipated to be significantly affected by, among other things, changes in the market value of a CLO's assets, changes in the

distributions on the CLO's assets, defaults and recoveries on such assets, capital gains and losses on such assets, prepayments thereon, and the availability, prices and interest rates of those assets. Accordingly, Subordinated Notes held by a Client may not be paid in full or repaid at all.

Funds may invest in the first loss position of a CLO warehouse financing facility that may require it to contribute additional capital beyond its original investment in circumstances where the warehouse credit documents require it in connection with a variety of events, including the warehouse lender's incurrence of increased costs due to applicable regulatory capital changes or otherwise, and the failure to meet or exceed specified financial covenants and asset coverage ratios, some of which could be tied to the fluctuating market value of assets in the CLO borrower's portfolio. A Fund may be the only investor in the first loss position of a CLO warehouse, in which case no third-party investors will share in the obligation to contribute such additional capital over time. It may be in the interest of the Affiliated Portfolio Manager of a Fund invested in a CLO warehouse to cause the Fund to make such contributions in order to maintain the existence of a warehouse credit facility at a time when it may not be convenient or possible for the Fund to contribute, whether as a result of limited or no capital available to the Fund at that time, a desire on the part of the Affiliated Portfolio Manager to invest the Fund's capital in other asset classes or investments, or otherwise. If a Fund does not contribute additional capital at a time when a warehouse credit facility requires it, such failure to fund could result in an event of default under the credit facility. If a warehouse lender were to accelerate the warehouse line following the occurrence of an event of default, the warehouse borrower's assets could be sold at a time when the market value of such assets is below, or even substantially below, the original purchase price for such assets, which could cause the Fund to incur up to a total loss of its investment in the warehouse.

The interests and incentives of a Fund and the Affiliated Portfolio Managers of CLOs can also diverge in the context of a Fund's investment in a CLO after the warehouse stage. For example, a supplemental indenture that the Affiliated Portfolio Manager of a CLO may seek to have a CLO enter into may have varying effects on holders of different classes of CLO notes. Such an amendment may have positive implications for the holders of senior notes because it effects a change that makes repayment of the senior debt more likely but have potentially negative impacts on equity investors like the Funds because the change makes it less likely that the CLO will achieve the highest possible rate of return for its equity investors. In addition, in the course of carrying out its collateral management activities for the CLO, an Affiliated Portfolio Manager of a CLO may make decisions to buy or sell collateral that have varying impacts on holders of the senior notes when compared to the effect on holders of the CLO equity, like the Funds. Moreover, the interests of a Fund and the Affiliated Portfolio Manager on the one hand, and third-party CLO investors on the other, will not necessarily be aligned, which can give rise to potential disagreements and disputes involving the Fund and such third-party investors. For example, if a Fund holds at least a majority of the Subordinated Notes issued by a CLO, it may have the ability to direct the CLO issuer to take, or not to take, certain actions, including to direct an optional redemption of the CLO's notes by refinancing or otherwise or to direct the issuance of additional notes by the CLO issuer. Actions requiring the consent or direction of the Subordinated Notes pursuant to a CLO's indenture or portfolio management agreement could be expected to be influenced, and potentially controlled, by the Affiliated Portfolio Manager. To the extent that the interests of the third-party holders of the CLO's debt differ from the interests of the Fund, the

Fund's actions with respect to its investment in Subordinated Notes could adversely affect the interests of third-party CLO investors and may create additional conflicts of interest.

In addition, because of the different seniorities and other characteristics of various classes of CLO debt, investment and other management decisions by the Affiliated Portfolio Manager with respect to a CLO are likely to affect such classes differently (and may even affect one or more classes adversely while affecting one or more other classes positively). Such conflicts, although inherent in a multiclass capital structure within a single entity managed by a single portfolio manager, can give rise to disagreements and disputes involving the Fund and third-party investors in a CLO.

Although CLO securities are issued in private placement transactions, there may be times when a Fund has material non-public information about a CLO, including by virtue of the Fund's relationship with the Affiliated Portfolio Manager, that will cause the Fund to refrain from trading in its securities issued by the CLO out of an abundance of caution, and at a time when it would be advantageous to the Fund to enter into such a trade.

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 separately managed accounts 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 separately managed accounts' 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 separately managed accounts 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

The Firm and its Affiliated Managers 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. Some of these instruments are not traded on exchanges but rather through an informal network of banks and dealers, and the client, through its investment in Man 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 the Firm or its Affiliated Managers to close out positions).

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

Forwards

The Firm or its Affiliated Managers may trade forward contracts on behalf of clients. 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 client will be subject to the risk of the failure of, or the inability or refusal to perform by, the counterparties with which the Firm or Affiliated Managers trade.

Swaps

The Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers deal may limit the size

or duration of positions available to the Firm or its Affiliated Managers as a consequence of credit considerations. Participants in the swap markets are not required to make continuous markets in the swap contracts they trade.

Credit Default Swaps

Strategies may use credit default swaps as part of the Investment Strategies. The “buyer” in a credit default contract is obligated to pay the “seller” a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay, obligation acceleration or modified restructuring. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the “par value” (full notional value) of the reference obligation. The contingent payment may be a cash settlement or by physical delivery of the reference obligation in return for payment of the face amount of the obligation. An Affiliated Manager may be either the buyer or seller in the transaction. If an Affiliated Manager is a buyer and no credit event occurs, such strategy may lose its investment and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, an Affiliated Manager receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation.

Although credit default swaps can serve to hedge a strategy’s credit exposure and/or facilitate obtaining “short” exposure with respect to a credit investment, credit default swaps involve greater risks than if a strategy had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk, all of which could subject a strategy to losses. A buyer also may lose its investment and recover nothing should a credit event not occur. If a credit event did occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the strategy.

Contracts for Difference (“CFDs”)

An Affiliated Manager may invest in CFDs, which are contracts between two parties, buyer and seller, stipulating that the seller will pay the buyer the difference between the current value of an asset (a security, instrument, basket or index) and its value at contract time. If the difference is negative then, instead, the buyer pays the seller. Contracts for difference allow investors to take synthetic long or synthetic short positions with a variable margin, which, unlike futures contracts, have no fixed expiry date or contract size. Unlike shares, with CFDs the buyer is potentially liable for far more than the amount they paid on margin.

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 separately managed accounts may be subject to claims from creditors of an obligor that debt obligations issued by such obligor that are held by the Funds or separately managed accounts should be equitably subordinated.

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 Firm or the Affiliated Manager will usually have a contractual relationship only with the counterparty of such synthetic security. They generally will have no right to directly enforce compliance by the reference obligor with the terms of the reference obligation nor will they have any rights of setoff against the reference obligor or rights with respect to the reference obligation. The client 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.

Futures Contracts and Futures Options

The Firm or its Affiliated Managers may from time to time trade futures and futures options for hedging purposes on behalf of clients. 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 client. 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 the Firm or its Affiliated Managers from promptly liquidating unfavorable positions and subject clients 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 the Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers will be able to affect the closing transaction at a time when it wishes to do so. If the Firm or its Affiliated Managers 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.

OTC Contracts

Off-exchange or “over-the-counter” contracts, such as forward financial exchange contracts, are subject to greater price volatility and greater illiquidity than those traded on an exchange: (i) they are traded through an informal network of banks and other dealers which have no obligation to make markets in these instruments; (ii) there are fewer market makers, which may result in less liquidity, wider spreads between their bid and asked prices and lower trading volumes; and (iii) positions are not marked-to-market on a daily basis. It may be impossible to liquidate OTC contracts held by a strategy, to assess the value of an OTC position or to assess its exposure to risk. Counterparties to OTC transactions may be unable or unwilling to perform their obligations and as such contracts are not guaranteed by an exchange or clearing house any such default would eliminate any profit potential and compel the Affiliated Manager to cover its commitments for resale or repurchase, if any, at the then-prevailing price, which may be difficult to determine. Any of these events could have a material adverse effect on the performance of the strategy and returns

to investors to the extent an Affiliated Manager were to utilize OTC contracts in the implementation of its Investment Strategies.

Money Market and Other Liquid Investments

The Firm and its Affiliated Managers acting on behalf of the clients 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. The Firm or its Affiliated Managers when acting, on behalf of clients, may be prevented from achieving their objective during any period in which their assets are not substantially invested in accordance with their principal investment strategies.

Exchange Traded Funds

The Firm and its Affiliated Managers may purchase and sell shares of exchange traded funds ("ETFs") on behalf of clients, 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 Man 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, a Man Fund would bear its pro rata portion of the ETF's expenses, including advisory fees. Similarly, a client investing in ETFs also would bear its pro rata portion of the ETF's expenses, including advisory fees.

Possible Positive Correlation with Stocks, Bonds and Alternative Investments

One of the goals in incorporating a non-traditional investment such as the Fund or separately 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 separately 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 separately managed accounts. Although the Firm on behalf of the Funds or separately managed accounts focuses its portfolio on diversifying away from traditional equities and investments, the Funds or separately 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 separately 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, the Firm's Affiliated Managers may invest or take short positions 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

The Firm and its Affiliated Managers may invest in fixed income securities on behalf of clients. 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. 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).

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 high-yield bonds, credit indices, investment grade bonds, debt issued in leveraged buyout transactions, mortgage and asset-backed securities, 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 client portfolios.

Mortgage-Backed Securities (“MBS”) and Mortgage-Related Securities (“MRS”)

The Firm or its Affiliated Managers may invest in residential and/or commercial MBS on behalf of the respective Funds and separately managed accounts. 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.

The Firm or its Affiliated Managers 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. The Firm or its Affiliated Managers 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, the Firm, its Affiliated Managers and consequently the respective Fund or separately managed accounts may experience substantial losses.

Other Asset Backed Securities, Including Collateralized Loan Obligations

The Firm and its Affiliated Managers 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 the Firm’s Affiliated Managers may invest on behalf of clients will typically be junior to the obligations of companies to senior creditors, trade creditors and employees. Typically hedges undertaken will be in indices, however, Affiliated Managers may take long or short positions in single name issuers. 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. Conversely, stabilizing economic data, rising markets or positive corporate news may cause securities to rise. 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 Man Fund being unable to sell or cover shorts in 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

The Firm’s Affiliated Managers 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. The Firm or its Affiliated Managers 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, the Firm’s Affiliated Managers 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 the Firm's Affiliated Managers 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 the Firm and of its Affiliated Managers 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 the Firm or its Affiliated Managers to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, the Firm or its Affiliated Managers 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 separately managed accounts (including the managed accounts' pro rata share of such Fund or separately managed accounts).

Convertible Securities

The Firm's Affiliated Managers 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.

Preferred Securities

Preferred securities, unlike common securities, offer a stated dividend rate payable from a corporation's earnings. These dividends may be cumulative or non-cumulative, participating or auction rate. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing their prices to decline. Preferred securities may have mandatory sinking strategy provisions and call/withdrawal provisions prior to maturity, a negative feature when interest rates decline. Dividends on some preferred securities may be "cumulative", requiring all or a portion of prior unpaid dividends to be paid before dividends are paid on the issuer's common securities. Preferred securities also generally have priority on the distribution of a corporation's assets upon liquidation of the corporation, and may be "participating", which means that it may be entitled to a dividend exceeding the stated dividend in certain cases. Preferred securities may

include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If a strategy owns a preferred security that defers distributions, the Affiliated Manager may be required to report income that has not yet been received by such strategy. In the event of insolvency or liquidation of the issuer, preferred securities are generally insubordinate to the rights associated with an issuer's debt securities and therefore are subject to greater credit risk than more senior debt securities. Preferred securities may be substantially less liquid than many other securities.

Purchasing Initial Public Offerings / New Issues

Affiliated Managers may purchase securities of companies in initial public offerings / new issues or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lockup restrictions, lack of investor knowledge of the company and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies and, thus, for the strategy. If the Affiliated Manager intends on investing in new issues, it will have to ensure that FINRA's investor criteria regarding investing in new issues is satisfied in order to proceed with such investment. The Affiliated Manager will determine whether this criteria is satisfied by reviewing the declarations provided by investors in a fund's application form. The limited number of shares available for trading in some initial public offerings may make it more difficult to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings / new issues are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be under-capitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

High Risk Investments

The Firm or its Affiliated Managers may invest 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, the Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers may invest, there is a potential risk of loss of the entire investment in such companies.

Real Estate Industry and REIT Risks

The Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers 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 the Firm or its Affiliated Managers 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.

Risks Related to Securities Particular to strategies managed by Man Global Private Markets (USA) Inc and Man Global Private Markets UK Ltd (together "Man GPM")

General Economic Risks Associated with Investments in Single Family Homes

The success of investments regarding single family homes will be affected by general national, regional or local economic and market conditions, such as house prices, rental rates, interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in job markets and employment levels, changes in laws (including laws relating to taxation investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of investments' prices and the liquidity of investments.

General Real Estate Ownership Risks

With respect to investments in the form of real property, investors will incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon and ultimately disposing of such property. With respect to investments in equity securities, debt securities or other financial instruments, investors will in large part be dependent on the ability of third parties to successfully operate the underlying real estate assets. In addition, investors may invest in mortgage loans that are structured so that all or a substantial portion of the principal will not be paid until maturity,

which increases the risk of default at that time. Investment strategies, which frequently may involve the acquisition of distressed or underperforming assets in a leveraged capital structure, will involve a high degree of legal and financial risk, and there can be no assurance that a rate of return objectives will be realized or that there will be any return of capital. There is no assurance that there will be a ready market for resale of investments because investments in real estate-related assets generally are not liquid. Illiquidity may result from the absence of an established market for the investments, as well as from legal or contractual restrictions on their resale.

Risks Associated with Owning and Managing Single Family Rental Properties

Man GPM's operating results are subject to risks generally incident to the ownership and rental of residential real estate, many of which are beyond Man GPM's control, including, without limitation: Overall conditions in the rental housing market, including: Macroeconomic shifts in demand for rental homes; inability to lease or re-lease homes to residents on a timely basis, on attractive terms or at all; failure of residents to pay rent when due or otherwise perform their lease obligations; unanticipated repairs, capital expenditures or other costs; uninsured damages; and increases in property taxes, Home Owners Association ('HOA') fees and insurance costs; level of competition for suitable rental homes; terms and conditions of purchase contracts; costs and time period required to convert acquisitions to rental homes; changes in interest rates and availability of financing that may render the acquisition of any homes difficult or unattractive; the short-term nature of most residential leases and the costs and potential delays in, or problems encountered in, re-leasing; changes in laws, including those that increase operating expenses or limit the ability to increase rental rates (e.g., tenant relief laws, including laws regulating evictions, rent control laws and other regulations) and those that enhance incentives to encourage home ownership; the impact of potential reforms relating to government-sponsored enterprises involved in the home finance and mortgage markets; rules, regulations and/or policy initiatives by government and private actors, including HOAs, to discourage or deter the purchase of single-family properties by entities owned or controlled by institutional investors; disputes and potential negative publicity in connection with eviction proceedings; overbuilding; costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems, such as indoor mold; casualty or condemnation losses; the geographic mix of the investment properties; the cost, quality and condition of the properties Man GPM is able to acquire; Man GPM's ability to provide adequate management, maintenance and insurance; inaccurate or changing information supplied by prospective residents; contingent or unknown liabilities associated with properties (e.g., liens attached to homes, unpaid real estate tax, utilities or HOA charges for which a subsequent owner remains liable or claims of vendors against the previous owner); litigation, including class action lawsuits (regarding, e.g., eviction proceedings and other landlord, tenant disputes, challenges to title and ownership rights, disputes arising over potential violations of HOA rules and regulations, issues with local housing officials arising from the condition or maintenance of the property, outside vendor contractor and developer disputes and trademark infringement and other intellectual property claims) and negative publicity by tenant and consumer rights organizations; and eminent domain exercised by governmental authorities substantially limiting or eliminating profit potential regarding the relevant properties.

Any one or more of these factors could adversely affect Man GPM's business, financial condition and results of operations.

Potential Declines in Revenue and Fixed Costs

Many of the expenses associated with the Man GPM's business, such as real estate taxes, HOA fees, personal and property taxes, insurance, utilities, acquisition, renovation and maintenance costs, and other general corporate expenses are relatively inflexible and will not necessarily decrease with a reduction in revenue from the rental business. As a result, Man GPM may not be able to fully offset rising costs and capital spending by increasing rental rates, which could have a material adverse effect on our results of operations and cash available for distribution.

Competition for Quality Residents

Man GPM depends on rental income from residents for a substantial portion of revenues, which depends in large part upon the ability to attract and retain qualified residents for the rental properties. Competing properties may be newer, better located and more attractive to residents. Potential competitors may have lower rates of occupancy or may have superior access to capital and other resources, which may result in competing owners more easily locating residents and leasing available housing at lower rental rates than Man GPM might offer. Additionally, some competing housing options may qualify for government subsidies that may make such options more accessible and therefore more attractive than Man GPM's properties. This competition may affect Man GPM's ability to attract and retain residents and may put negative pressure on rental rates. In addition, increases in unemployment levels and other adverse changes in economic conditions may adversely affect the creditworthiness of potential residents, which may decrease the overall number of qualified residents. Also, improving economic conditions, along with the availability of low residential mortgage interest rates and government sponsored programs to promote home ownership, may make home ownership more accessible for potential renters who have strong credit. These factors may encourage potential renters to purchase residences rather than lease them, thereby causing a decline in the number and quality of potential rental residents.

Delays in Renovation or Building and Maintenance of Single-Family Rentals

Man GPM may not have control over timing, and costs arising from building or renovating acquired homes and the cost of maintaining rental homes, is generally higher than the cost of maintaining owner-occupied homes, which will affect the costs of operations and may adversely impact portfolios. Profitability depends in part on Man GPM's ability to acquire properties that can be removed quickly or built and rented with minimal expense and maintained in quality condition. Man GPM may underestimate the time and expense required to renovate or build. Also, Man GPM depends on numerous service providers. Issues with service providers and the numerous issues that may be encountered in the course of construction may result in delays and impair profitability. Renters impose additional risks to owning real property. Renters do not have the same interest as an owner in maintaining a home and its contents and generally do not participate in any appreciation of the home. Accordingly, renters may damage a home and its contents and may not be forthright in reporting damages or amenable to repairing them completely or at all. A rental home may need repairs and/or improvements after each resident vacates the premises, the costs of which may exceed any security deposit. Accordingly, the cost of maintaining rental homes can be higher than the cost of maintaining owner-occupied homes, which will affect

our costs of operations and may adversely impact our ability to make distributions to our shareholders.

Non-Performing and Re-Performing Loans.

Man GPM invests in non-performing and/or re-performing single family mortgage loans and/or commercial real estate mortgage loans. Such loans are considered risky. Loans may become non-performing or re-performing for a wide variety of reasons, including, without limitation, due to (1) the financial constraints or bankruptcy of the property owner, (2) the fact that the mortgaged property is too highly leveraged (and, therefore, e.g., the property is unable to generate sufficient income to meet its debt service payments), (3) poor management of the property, (4) vacancy of the mortgaged property or (5) construction or rehabilitation not being fully completed. Non-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. However, even if such restructuring were successfully accomplished, a risk exists that, upon maturity of such loan, replacement “take-out” financing will not be available. Similarly, upon maturity of a re-performing loan, there is a risk that replacement “take-out” financing will not be available due to past delinquencies.

General Commercial Real Estate Risks

Real estate and real estate-related investments generally will be subject to the risks incident to the ownership and operation of commercial real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate, including: (1) risks associated with the general economic climate; (2) local real estate conditions; (3) risks due to dependence on cash flow; (4) risks and operating problems arising out of the absence of certain construction materials; (5) changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); (6) the financial condition of tenants, buyers and sellers of properties; (7) changes in availability of debt financing; (8) energy and supply shortages; (9) changes in tax, real estate, environmental and zoning laws and regulations beyond the control of the Firm; (10) various uninsured or uninsurable risks, including environmental and structural matters; (11) natural disasters; and (12) the ability of Man GPM or third-party borrowers to manage the real properties.

Investment in CMBS

Man GPM may invest in CMBS, which represent interests in (or that are secured by) commercial mortgage loans. Investing in CMBS involves the general risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk), as well as additional risks peculiar to the mortgages underlying such CMBS. CMBS generally provide for the payment of interest and principal on a monthly basis, and there also exists the possibility that principal may be prepaid at any time due to, among other reasons, prepayments on the underlying mortgage loans or other assets. The rate of prepayments on underlying mortgages affects the price and volatility of CMBS and may have the effect of shortening or extending the effective maturity beyond what was anticipated. Further, different types of CMBS are subject to varying degrees of prepayment risk. Finally, the risks of investing in such instruments reflect the risks of investing in

real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments, and the ability to attract and retain tenants.

Risk of Delinquency, Foreclosure and Bankruptcy

Man GPM invests in single family residential and commercial mortgage loans secured (directly or indirectly) by residential, multifamily or commercial property and are subject to risks of delinquency and foreclosure. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property, which is subject to the risks related to the ownership of real estate, as described above. In the event of any default under a real estate loan, the investor bears a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the real estate loan, which could have a material adverse effect on an investor's cash flow from operations and limit amounts available for distribution to investors, as applicable. It is likely that investors may find it necessary or desirable to foreclose on some, if not many, of its real estate loans. The foreclosure process is often lengthy and expensive. Borrowers may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses against investors, including, without limitation, numerous lender liability claims and defenses, even when such assertions have no basis in fact, in an effort to prolong the foreclosure action and force the lender into a modification of the loan or a favorable buy-out of the borrower's position. In some states, foreclosure actions can sometimes take several years or more to litigate. At any time prior to or during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the mortgaged property and may result in disrupting the ongoing leasing, management and operation of the property. The expense and delay associated with foreclosure of a mortgage loan could have a substantial negative effect on an investor's anticipated return on the foreclosed mortgage loan. In the event of the bankruptcy of a real estate loan borrower, the real estate loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court) and the lien securing the real estate loan will be subject to the avoidance powers of the bankruptcy trustee or debtor in possession to the extent the lien is unenforceable under state law. The bankruptcy process can involve substantial legal, professional and administrative costs, be subject to unpredictable and lengthy delays, and negatively impact the underlying property and an investor's return on that particular investment. The debt of entities in bankruptcy will in most cases not pay current interest, may not accrue interest during bankruptcy and their assets may suffer an erosion of value. Such investments can result in a total loss of principal. During the bankruptcy process, the creditors may not take adverse actions towards the bankrupt entity or any of its assets without court approval.

Illiquidity

Real estate investments are less liquid than other types of investments. This lack of liquidity may tend to limit Man GPM's ability to react promptly to changes in economic or other conditions. In addition, significant expenditures associated with real estate investments, such as mortgage payments, real estate taxes and maintenance costs, may change adversely and are generally not reduced when circumstances cause a reduction in income from the investments. Also,

an investor may need to comply with certain legal, tax and other requirements prior to liquidating such investments.

Losses Not Covered by Insurance

The insurance coverage applicable to real estate investments contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. There may be certain losses, including but not limited to, losses from floods and losses from earthquakes, hurricanes, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed to be economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits occurs with respect to a real estate investment, investors could experience a significant loss and could potentially remain obligated under any recourse debt associated with the property.

Environmental Liabilities

Under various U.S. federal, state and local environmental laws, ordinances and regulations, a current or previous owner of real estate may become liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. Those laws typically impose cleanup responsibility and liability without regard to whether the owner or control party knew of or was responsible for the release or presence of such hazardous or toxic substances. The costs of investigation, remediation or removal of those substances may be substantial. The owner or control party of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Certain environmental laws also impose liability in connection with the handling of or exposure to asbestos-containing materials, pursuant to which third parties may seek recovery from owners of real properties for personal injuries associated with asbestos containing materials. The presence of such substances on an investor's real estate investments could adversely affect its ability to sell such investments or to borrow using such investments as collateral.

Medium- to Long-Term Investments

Man GPM is likely to pursue investment opportunities that seek to maximize asset value or create market opportunities on a medium- to long-term basis. In pursuing such medium- to long-term strategies, Man GPM may forego short-term or temporary investments. Consequently, Man GPM may not capture the maximum available value in the short term, which may be disadvantageous, for example, for investors who redeem all or a portion of their investment before such longer-term value may be realized.

Leverage

Man GPM may employ leverage for the purpose of making investments. The level of interest rates at which Man GPM can borrow will affect the operating results for investors. If Man GPM leverages assets to borrow additional funds for investment purposes, Man GPM will be required to pledge assets to secure such borrowings, potentially reducing liquidity. Investments made by Man GPM (e.g., in REIT securities or CMBS) also may contain a significant amount of inherent leverage.

Foreign Investments and Currencies

Man GPM may invest in debt secured by commercial real estate properties located in the UK or Europe. Further, Man GPM may invest a portion of capital in short-term residential loans in Ireland. Such investments will be subject to the general economic conditions and real estate-related risks of the country where the property is located and may be affected by political, social and economic uncertainty affecting a country or region. The legal and regulatory environment also will be different from the United States, particularly as to foreclosure procedures. In addition, non-U.S. dollar investments involve risks relating to currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which investments may be denominated and costs associated with conversion of investment principal and income from one currency into another. Fluctuations in currency exchange rates may adversely affect the target returns of investments outside the United States even if such investments perform as or better than expected when measured in their local currencies. Given the costs and expenses associated with currency hedging, Man GPM may, but is not required to, hedge against any such currency exchange rate risks. Accordingly, adverse currency exchange rate developments in respect of non-U.S. investments may reduce cash available for distributions. Also, investors may be subject to additional risks which include possible adverse political and economic developments, possible adoption of governmental restrictions which might adversely affect the payment of rent, principal, interest and other amounts to investors located outside the country where the property is located, whether from currency blockage or otherwise. In addition, political or social instability or diplomatic developments could affect investments in those countries. While Man GPM will take these factors into consideration in making investment decisions for investors, no assurance can be given that investors will be able to avoid these risks. There is a possibility of confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income limitations on the removal of funds or other assets of investors. Any such taxes imposed in respect of such non-U.S. investments may reduce investors' cash distributions and/or increase its loss from such investments. Moreover, the ability of investors to claim a foreign tax credit or deduction for U.S. income tax purposes is subject to limitations, and each investor should consult its own tax advisor about the imposition of foreign taxes with respect to its investment and the ability of the investor to claim a foreign tax credit or deduction, in light of the investor's specific circumstances.

Risks Related to strategies managed by Man Global Private Markets (USA) Inc. ("GPM US")

Consumer Finance

Many of the creditors indirectly provided credit by GPM US investors are consumers. Consumer finance is a highly regulated industry subject to federal and state regulations which may limit enforceability and remedies of investor's ownership rights. Consumer finance investigations are almost never initiated at an opportune moment and often the outcomes are unpredictable and the penalties and exposure are high. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and the Consumer Financial Protection Bureau (the "Bureau") have greatly increased federal regulation of the consumer finance industry. Lenders will be under greater scrutiny and that scrutiny will emanate from both federal regulators and states' Attorneys General. In the short term, the Dodd-Frank Act has led to less credit and less

diversity of credit products. At the same time, the prohibition of “abusive” acts or practices, without a clear definition as to what constitutes an abusive act or practice, has led to uncertainty and potential litigation. Greater mandatory loan-level data reporting, the creation of an “Office of Fair Lending and Equal Opportunity,” and the release of mandated fair lending studies has affected and will continue to affect fair lending statistical screening practices and robust internal statistical monitoring by regulators will take on enhanced importance. Also, the expanded role of state agencies in the regulation of the financial services industry is likely to lead to more enforcement actions and increases the opportunity for inconsistent interpretations of federal standards. The Dodd-Frank Act continues to impact consumer finance.

Risks of Secured Loans

When GPM US extends senior secured loans on behalf of investors, it will generally take a security interest in the available assets of these portfolio companies, including the equity interests of their subsidiaries, although this will not always be the case. GPM US expects this security interest, if any, to help mitigate the risk that investors will not be repaid. However, there is a risk that the collateral securing an investor’s loans may decrease in value, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. Also, in some circumstances, an investor’s lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company’s financial condition and prospects, including any inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that investors will receive principal and interest payments according to the loan’s terms, or at all, or that investors will be able to collect on the loan should they be forced to enforce its remedies.

Loan Participations

GPM US may invest in secured loans, factoring agreements, or other investments acquired through assignment or participations. In purchasing participations, GPM US may have a contractual relationship only with the selling institution and not necessarily the borrower. GPM US may have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor necessarily the right to object to certain changes to the loan agreement agreed to by the selling institution. GPM US may not directly benefit from the collateral supporting the related secured loan and may not be subject to any rights of set-off the borrower has against the selling institution.

General Lending Risks

To the extent that GPM US engages in active lending transactions, investors will be subject to risks associated with possible default by the borrower, insufficient collateral and legal and other costs incurred in collecting on a defaulted loan. The collectability of investor’s loans depends on the borrowers’ ability to pay, which may be negatively impacted by an economic downturn or company’s reversals. Resulting losses may include lost principal and interest, decreased cash flow and increased collection costs. In addition, active lending by GPM US on behalf of clients may subject it to additional regulation, as well as possible adverse tax

consequences, although GPM US may seek to adopt appropriate procedures to minimize such consequences.

Loan Servicing

GPM US's ability to successfully service the loans that it holds will materially impact investors' performance. Laws and regulations adopted in various jurisdictions in the United States may significantly increase the cost of servicing, affect customary servicing practices and may impact the ability of the loan servicer to enforce remedies and collect on and otherwise service the loans that are held and/or serviced by the servicer. In addition, there has been additional scrutiny by governmental authorities and other interest groups regarding the servicing practices of servicers which may result in increased costs and liabilities. Because servicers are generally required to advance principal and interest payments on delinquent loans subject to certain limitations, increasing delinquencies may result in significant increases in the funding necessary for such advances.

Impairment of Collateral

The collateral securing GPM US's loans may decrease in value, may be difficult to sell in a timely manner, may be difficult to appraise, and may fluctuate in value based upon the success of the business and market conditions. Also, in some circumstances, GPM US's security interest could be subordinated to claims of other creditors. The collateral securing a portfolio asset may not be sufficient to protect investors from a partial or complete loss if a loan becomes non-performing and investors are required to realize on such collateral. The collateral will be subject to inherent risks that may limit GPM US' ability to recover its investment in the non-performing portfolio asset.

Subordination Risk

Certain debt investments acquired by GPM US may be unsecured or structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness.

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 SEPARATELY MANAGED ACCOUNTS AND 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 the Firm that are material to a client's or prospective client's evaluation of the Firm's advisory business or the integrity of the Firm's management. However, it should be noted that certain of its Advisory Affiliated Managers have disciplinary matters which are disclosed on their Form ADVs. To that end clients should review each of the Affiliated Managers' 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.**

The Firm 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 USA, 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 may act as solicitor, selling agent and/or investor servicing agent for certain clients for which it may be compensated as agreed between MS LLC (including Man Solutions USA) and MII.

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

The Firm is registered as a commodity pool operator or commodity trading adviser with the Commodity Futures Trading Commission ("CFTC") and a member of the National Futures Association ("NFA").

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

The Firm is affiliated and under common ownership with the following entities:

New York: GLG LLC, an investment adviser registered with the SEC and a commodity pool operator registered with the CFTC and a member of the NFA; and Man Investments Inc., a limited purpose broker dealer registered with the SEC and member of FINRA which provides marketing and placement agent services to affiliated entities; Silvermine Capital Management LLC, an investment adviser registered with the SEC; and, Varagon Capital Partners, L.P. and VCC Advisors, LLC, both investment advisers registered with the SEC with offices additionally in Chicago, IL, and Wellesley, MA.

Boston: Numeric Investors LLC, based in Boston, MA, with an office in New York, NY, which is an investment adviser registered with the SEC, a commodity pool operator registered with the CFTC and a member of the NFA.

Charlotte: Man Global Private Markets (USA) Inc., based in Charlotte, NC, with an office in New York, NY, which is an investment adviser registered with the SEC.

London: AHL Partners LLP, an investment adviser registered with the SEC, a commodity pool operator and commodity pool trading advisor registered with the CFTC and a member of the NFA; Man Solutions Limited, an investment adviser registered with the SEC, a commodity pool operator registered with the CFTC and a member of the NFA; 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; and, Man Global Private Markets UK Ltd., an investment adviser

registered with the SEC; all of which are authorized and regulated in the UK by the Financial Conduct Authority.

Hong Kong: Man Investments (Hong Kong) Limited, a firm licensed by the Hong Kong Securities and Futures Commission.

Sydney: Man Investments Australia Limited an investment adviser registered with the SEC and licensed by the Australian Securities and Investments Commission based in Australia.

Cayman: Man Asset Management (Cayman) Limited, a manager regulated by the Cayman Islands Monetary Authority.

The Firm shares office space with GLG LLC, Silvermine Capital Management LLC, Numeric Investors LLC, Man Global Private Markets (USA) Inc. and Man Investments Inc.

The Firm, its affiliates and its personnel serve as investment advisers and investment managers to multiple pooled investment vehicles and managed accounts. The Firm may manage accounts on behalf of its affiliates alongside its clients. The Firm, 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 clients may differ significantly from the results achieved by the Firm for other clients it or its affiliates manage. The Firm will manage each client in accordance with its respective investment objectives and guidelines. However, the Firm may give advice, and take action, with respect to any current or future clients that may compete or conflict with the advice it or its affiliates may give to another client or may involve a different timing or nature of action than with respect to such other client.

The Firm, 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.

The Firm and its affiliates may be subject to conflicts of interest from time to time in performing their respective duties to clients and Man Funds. Any such conflict of interest could have a material adverse effect on clients.

Clients managed by the Firm invest in pooled investment vehicles managed or traded by related persons of the Firm, 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, from time to time certain affiliates may seed strategies or pooled investment vehicles to which the Firm may recommend to clients. A conflict of interest exists when the Firm allocates client assets to affiliated investment advisers.

To the extent potential and actual conflicts of interest may arise from the activities described herein, the Firm 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. Furthermore, the Firm and its respective affiliates have substantial incentives to see the assets of clients 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 Firm and its affiliates are permitted to manage and/or advise other client accounts and funds, some of which may have objectives similar to those of its clients, including without limitation other funds or accounts in which the Firm or its affiliates may have an interest.

Certain personnel, including those who are part of certain Man centralized functions and those with specific investment management responsibilities, perform roles for both the Firm and one or more affiliates of the Firm.

ITEM 11

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

A. Code of Ethics

The Firm strives to adhere to the highest industry standards of conduct based on the principles of professionalism, integrity, honesty and trust. Accordingly, the Firm and its affiliates have adopted a Global Code of Ethics (the “Code”) 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 employees. The Code was developed to promote the highest standards of behavior and to ensure compliance with all applicable regulations.

The Code applies to all the Firm’s 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 the Firm and its clients.

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 the Firm 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 Compliance. A copy of the Firm's Code of Ethics is available to clients and prospective clients upon request by contacting compus@man.com.

Furthermore, the Firm has adopted procedures to prevent and detect misuse of material nonpublic information. Specifically, the Firm's procedures prohibit any employee from trading securities, either personally or on behalf of others (such as client accounts advised by the Firm), 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 or otherwise, the Firm or its affiliates may come into possession of non-public information concerning specific issuers. Under applicable laws and the Firm's policies and procedures, this may limit the Firm's or its affiliates' flexibility to buy or sell securities of such issuers, or other financial instruments linked to such issuers.

The Firm clients are subject to Man's Global Banned Weapons Policy, which is designed to ensure compliance with a number of conventions and relevant laws that have been implemented globally to ban the manufacture, supply and distribution of anti-personnel landmines, cluster munitions, biological weapons, chemical weapons, blinding laser weapons and non-detectable fragments. This may limit the Firm's flexibility to buy or sell securities of issuers that, among a range of other activities, are involved in banned weapons for its clients.

The Firm 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 the Firm and its affiliates (the "Advisory Affiliates") may invest in or have a financial interest in Man Funds that are advised by affiliates 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, the Firm 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 advised by the Firm. It may be appropriate for more than one client

account advised by the Firm to trade in the same securities at the same time. The Firm 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

Cross transactions may be effected on behalf of clients either directly or by Affiliated Managers in connection with portfolio rebalancing or other situations such as cash flow events, among others. Such cross transactions may be arranged through a broker and effected at an independently verifiable current price where such can be ascertained. For cross trades involving securities which do not trade on an exchange or venue, to the extent possible, quotes are sourced from different brokers. Commissions may or may not be charged for 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 the Firm's policies and procedures.

To the extent that a cross transaction may be viewed as a principal transaction, the Firm will comply with the requirements of Section 206(3) of the Advisers Act with respect to any client or Fund, including that the Firm will notify the applicable client in writing of the transaction and obtain the client's consent.

The Firm does not consider inadvertent transactions between clients that may inadvertently match on an exchange or venue as a result of investment decisions taken by the Firm and, where applicable, its affiliates as cross transactions or principal transactions.

2. Allocation of Investment Opportunities

The Firm may provide discretionary and non-discretionary investment management services to multiple client accounts that may seek to invest in the same investment opportunities. In addition, the Firm's affiliates may provide investment advice to multiple client accounts advised by them that may seek to invest in the same investment opportunities as the Firm's clients. This will create potential conflicts and potential differences among client accounts, particularly where there is limited availability or limited liquidity for those investments. The Firm and its affiliates 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.

The Firm endeavors to allocate investment opportunities to clients on a fair and equitable basis. As hedging strategies will be tailor made to client specific risks and objectives, various funds and managed accounts may invest in different securities executed with differing timelines, sizing and concentration. 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 the Firm will allocate on a fair and equitable basis. The Firm 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 the Firm 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 the Firm 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 the Firm 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.

The Firm will make allocations for client accounts of such investments with reference to numerous factors including, without limitation, the Firm's 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 the Firm or its affiliates. Although allocating orders among client accounts may create potential conflicts of interest because of the interests of the Firm or its employees or because the Firm may receive greater fees or compensation from one client account over another, the Firm 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.

3. Valuation

Each separately managed account is responsible for its own valuation of assets which typically a third-party custodian may provide. To the extent requested, the Firm and/or the Affiliated portfolio Managers will provide separately managed account clients with information that may assist in the valuation of assets. However, neither the Firm 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. Fund directors, where applicable, 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 the Firm on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. Generally, and subject to certain exceptions, the Firm's employees may not engage in personal securities trading without pre-clearance. Accordingly, under certain circumstances, the Firm, 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.

The Firm, 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 the Firm 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.

The Firm 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 controls regarding employee transactions for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

D. Conflicts of Interest Created by Contemporaneous Trading.

The Firm manages investments on behalf of a number of clients. Certain clients may have investment strategies that are similar to and/or overlap and may, therefore, participate with each other in investments. It is the policy of the Firm 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. The Firm 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 the Firm 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.

ITEM 12

BROKERAGE PRACTICES

The Firm uses the Man centralized trading desk to trade securities. This Item 12 relates to the practices of the Firm and its Affiliated Managers which manage Man Funds.

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

The Firm will place orders for the execution of transactions for client accounts via a centralized trading desk and in doing so, it will seek best execution in accordance with its Best Execution Policies which take into account a number of factors which may include, among other things, commission rates (and other transactional charges), the broker's financial strength, ability to commit capital, stability and responsibility, reputation, reliability, overall past performance of services, research capability and coverage, responsiveness as well as a means of communication, quality of recommendations, deal calendar, 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, nature and frequency of sales coverage, net price, depth of available services, arbitrage operations, bond capability and options operations, investment banking coverage, capacity of syndicate 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. However, transactions will not always be executed at the lowest available price or commission. The above factors may not be applicable for every strategy or every Firm affiliate.

The Firm or its Affiliated 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 advised or sub-advised by the Firm. Because of the range of factors considered by the Firm, it is possible that the Firm's clients may pay brokerage commissions in excess of that which another broker might have charged for effecting the same transaction. Nevertheless, the Firm will make a good faith determination that the amount of commission is reasonable in relation to the services received, the broker's execution ability, and other factors.

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

The Firm does not make use of soft dollar benefits. However, certain of the Firm's US Affiliated Managers that manage Man Funds use soft dollars to pay for research products and services. Any soft dollar arrangements in place for a US Affiliated Manager will comply with the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended. In addition, certain of the Firm's Affiliated Managers that manage Man Funds use Research Payment Accounts ("RPAs") to purchase third party research to assist with their portfolio management activities.

2. **Brokerage for Client Referrals**

The Firm does not consider capital introduction and marketing assistance with respect to investors in the Funds when selecting or recommending broker-dealers for the Funds. However, the Firm's affiliate, MII, may be invited to capital introduction events as a result of the relationship Affiliated Managers have with such broker dealers.

3. **Directed Brokerage**

The Firm does not generally allow for directed brokerage arrangements. With regards to hedging portfolios, the Firm may recommend brokers to be used by client accounts. In making these recommendations, the Firm will generally take into account the factors and considerations discussed above.

B. **Order Aggregation**

The Firm or its Affiliated Managers may, but are not required to, aggregate orders for its clients if, in the Firm's 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 Firm. 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 the Firm deems 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 the Firm or its Affiliated Managers experience an error with respect to trades made on behalf of clients, a formalized process is in place for the resolution of such errors. the Firm or its affiliate (as relevant) will correct such error in accordance with its policies and procedures. If Man Solutions USA, in its sole discretion determines that a client should be reimbursed as a result of a trade error caused by the Firm or its affiliate, interest will generally not be paid on such losses. Please refer to Item 8.B under "Trade Error Risk" for additional information and risk disclosures pertaining to trade errors.

The Firm may allocate client assets to investment strategies with a systematic approach and/or utilize systematic trading systems. Such strategies and systems harness 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 will be corrected in accordance with its policies and procedures. The client will benefit from any gains and bear any losses unless otherwise determined. Please refer to Item 8.B under “Model and Data Risk” for additional information and risk disclosures pertaining to system events.

ITEM 13

REVIEW OF ACCOUNTS

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

The Product Management Group and respective portfolio management teams, are primarily responsible for reviewing client accounts and do so individually or in a group, depending upon account needs and market conditions. The portfolio management teams, individually or in various groups, perform 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). In addition to the reviews performed by the portfolio management teams, the Portfolio Risk team reviews portfolios for adherence with client guidelines on a daily basis.

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 including for reasons not yet identified by the portfolio management team.

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

While all investors generally receive similar information, to the extent an investor receives additional information (that other investors have not received), which is in addition to information provided in a fund's regular reports to investors, such information may provide such investor with greater insight into the fund's activities. This may enhance such investor's ability to make investment decisions with respect to a fund and possibly affect such investor's decision to request redemption from such fund.

The Firm also offers (subject to certain terms and conditions) some clients with access to Man's bespoke client reporting software, 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**

The Firm 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.**

From time to time the Firm and/or its affiliates may utilize third-party placement agents that receive compensation, which may be borne either by the Firm or its affiliates or by the investor or client, for referring the client to the Firm or its affiliates or investors to investment vehicles managed or advised by the Firm or its affiliates. The Firm 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 the Firm 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 the Advisers Act.

MII, an affiliate of the Firm, acts as the selling agent and/or investor servicing agent for certain Man Funds. The Firm may pay a portion of its fees to MII for its services. MII may receive a percentage of a Man Fund's management fee 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 Man 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 Man Fund, the Firm or an affiliated entity.

ITEM 15

CUSTODY

The Firm may be subject to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), depending on the client. For any Fund (or other client as applicable), the Firm will ensure that 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 such Fund distribute its audited financial statements to all investors within 120 days or 180 days, as the case may be, of its fiscal year end.

The Firm generally does not have custody of the assets held by managed accounts. Should the Firm directly debit fees from managed account, the Firm 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

The Firm provides discretionary advisory or sub-advisory investment advice and/or management services to its clients. As such, the Firm has discretion regarding all investment decisions and is authorized to determine and direct execution of transactions within each client's specific investment objectives, restrictions and policies. The Firm may also delegate discretion regarding underlying investment decisions to Affiliated Managers who are authorized to determine and direct execution of transactions within each client's specific investment objectives, restrictions and policies. In each instance, the Firm or the Affiliated Managers' discretion is subject to limits imposed on it as described in the applicable offering document in the case of any funds, as applicable, and investment management agreements or other relevant documents with each client. In providing services to clients, the Firm and/or the Affiliated Managers utilize certain trading and financing capabilities of affiliates.

ITEM 17

VOTING CLIENT SECURITIES

Man Solutions relies on the Affiliated Managers to vote proxies. The Affiliated Managers have adopted policies and procedures to ensure that any proxy voted on behalf of clients is voted in a manner which is in the best interests of such clients.

Proxy votes that may be voted at the Affiliated Manager's discretion, or where specifically instructed by a client to vote proxies, will be evaluated and voted in the best interest of the relevant Proxy Client(s). It should be noted that there may be times whereby the Affiliated Managers invest in the same securities/assets while managing different investment strategies and/or clients. Accordingly, it may be appropriate in certain cases that such securities/assets are voted differently across different investment strategies and/or clients, based on their respective investment thesis and other portfolio considerations.

It should be noted that the Affiliated Managers will only vote proxies on securities and other portfolio assets currently held by clients or in which clients have an economic interest. Proxies received for securities that are loaned out or are on contract for difference/swap will generally not be voted.⁴ In addition, from time to time clients may hold equity positions purely for financing purposes. The net result of these holdings is that the client has no economic interest in the issuer and as such the Affiliated Managers will refrain from voting. Furthermore, the Affiliated Managers may refrain from voting a proxy when it is determined that the cost of voting the proxy exceeds the expected benefit to the client

In addition, on an on-going basis the Affiliated Managers will endeavour to identify material conflicts of interest, if any, which may arise between the Affiliated Managers 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.

The Affiliated Managers have established Stewardship and Proxy Voting Committees that are 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 (the "Policy") and setting new and/or modifying existing policies. Compliance will undertake monitoring of the Stewardship team's conflict resolution process (such as the proxy watch list) where potential conflicts of interest may exist.

The Affiliated Managers have appointed, and will 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, Affiliated Manager will generally vote proxies for the relevant Proxy Clients in

⁴ On a case by case basis, stock may be recalled in order to vote.

accordance with the Affiliated Managers' Proxy Voting Policy guidelines, specifically instructed to vote otherwise by the Portfolio Manager, or such Proxy Client.

The Affiliated Managers maintain documentation memorializing the decision to vote a proxy in a manner different from what is stated in the relevant proxy voting guidelines. Documentation is also maintained for all proxies that are not voted for Proxy Clients and the reasons therefore where the Affiliated Managers have been instructed by the Proxy Client to vote.

The Affiliated Managers' Global Proxy Voting Policy uses the Glass Lewis standard policy as the base but applies a number of additional guidelines that target specific areas where we believe higher standards should be promoted.

The Glass Lewis standard proxy voting guidelines can be found on Glass Lewis' website at: <https://www.glasslewis.com/voting-policies-current/>

The Affiliated Managers' Global Proxy Voting Policy guidelines are summarised in the table below:

Key Areas	Affiliated Managers' Global Proxy Voting Policy Guidelines
Board Gender Diversity	<p>US, Canada, UK, Australia, Europe:</p> <ul style="list-style-type: none"> - At companies included in standard market indices, we will generally vote against the nomination committee chair and/or members when the board of directors is not at least one-third gender diverse. - At all other companies listed in other market indices in the above countries, we will generally vote against the nomination committee chair and/or members when there is not at least one woman on the board of directors. <p>Japan:</p> <p>At companies included in standard market indices, we will generally vote against the nomination committee chair and/or members when the board of directors is not at least 10% gender diverse.</p>
Human Rights	We will generally vote against the ESG committee or equivalent when the Human Rights Policy does not align with the Universal Declaration of Human Rights (UDHR).

Climate Change	<p>For transition laggards operating in energy intensive sectors^{5,6}, we will generally vote against the ESG committee or equivalent if:</p> <ul style="list-style-type: none"> - the company lacks board oversight of climate - the company has not set a net zero target - the company does not report their disclosures in line with the Task Force on Climate-Related Financial Disclosures (TCFD) or the Sustainability Accounting Standards Board (SASB)
Executive Compensation	<p>We will generally vote against executive compensation policies if there is insufficient disclosure, significant disconnect between pay and performance, lack of sufficiently stretching targets, excessive discretion, ex gratia, non-contractual payments or guaranteed bonuses, excessive quantum, excessive and unjustified increases in base salary, or lack of structural safeguarding mechanisms such as clawback and malus policies.</p> <p>For transition laggards operating in energy intensive sectors^{5,6}, we will generally vote against executive compensation policies if remuneration awards are not linked to climate indicators.</p>
Board Tenure and Refreshment	<p>We will generally vote against members of the nomination and/or governance committees wherein the board has an average tenure of greater than 10 years and there have been no new nominees in the last 5 years.</p>
Shareholder Proposals	<p>We will generally support shareholder initiatives that request additional disclosure on behalf of a company or are otherwise environmentally or socially positive, and not conversely aimed at limiting disclosure or consideration of key issues.</p>

⁵ As defined by a proprietary transition score.

⁶ The climate guidelines mainly apply to executive compensation and director elections; they take into account a company's size and sector to ensure that shareholders execute votes that make sense from a financial perspective in the context of a company's operations. Using our internal data capabilities, we have developed a proprietary transition score to identify a list of transition laggards operating in energy intensive sectors that receive the highest degree of focus.

Upon request, clients may receive a copy of the Affiliated Manager's Global Proxy Voting Policy and/or information regarding the manner in which securities held in their account were voted by contacting their Man Solutions representative at globalproxyvotingclientservices@man.com.

B. Class Actions and Securities Litigation

Affiliated Managers only participate in class actions on behalf of its clients (as authorized) to the extent possible and practical and where it believes it is in the best interests of the clients to do so. There may exist circumstances where a recovery is possible but Affiliated Managers do not believe it is in the clients' best interest to so participate. It is currently expected that in substantially all situations where Affiliated Managers are authorized to file class actions on behalf of clients, Affiliated Managers will utilize the services of a third-party class actions service provider. Only current clients or Fund investors will receive any proceeds received from class action recoveries. Investors that have fully redeemed will not receive any class action proceeds. Affiliated Managers may consider a *de minimis* amount with regards to distributing any proceeds received.

Affiliated Managers may from time to time receive notification of and/or determine (as authorized) to engage and/or participate in litigation or other legal proceedings regarding investments held by clients. Affiliated Managers may participate and/or engage in those lawsuits where Affiliated Managers have made the determination that the potential benefit to its client(s) outweighs the costs of participation in the litigation. Any monies recovered as a result of any such litigation will be allocated on a pro rata or other appropriate basis to client(s) which hold/held the investment at issue. Affiliated Managers will not be responsible for reimbursing any client(s) or investor(s) who may have been invested during the period that is the subject of any litigation but had redeemed or withdrawn such investment prior to such a recovery. Affiliated Managers may consider a *de minimis* amount with regards to distributing any proceeds received.

ITEM 18

FINANCIAL INFORMATION

The Firm 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.