

**Part 2A of Form ADV: Firm Brochure**

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**This brochure provides information about the qualifications and business practices of NuVerse Advisors LLC (“NuVerse”). If you have any questions about the contents of this brochure, please contact us at 212-507-9125. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about NuVerse also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

A reference to a registered investment adviser or a registration does not imply a certain level of skill or training

## **Material Changes**

This Item will discuss only specific material changes since the last update of NuVerse's Part II of Form ADV. At this time, there are no specific material changes to note.

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## Advisory Business

NuVerse Advisors LLC (“NuVerse”) was formed in 2001 by Dov C. Schlein, Elias Saal and Stephen J. Saali as principals and equity owners. Each has the title of “Managing Partner” of NuVerse and together, the Managing Partners are responsible for the conduct of NuVerse’s business. HSBC USA Inc. is a passive minority investor in NuVerse. NuVerse serves as the investment manager to S3 Global Multi-Strategy Fund Ltd. (“**S3 Ltd**”) and its Bermuda Master Fund, S3 Global Multi-Strategy Master Fund Ltd. (“**S3 Master Fund**”) and as the Managing Member of S3 Global Multi-Strategy Fund LLC (“**S3 LLC**”).

In addition to serving as the investment manager to S3 Master Fund, S3 Ltd. and S3 LLC as described above, NuVerse also provides investment supervisory services to two (2) pooled investment vehicles in Malta (together with S3 Ltd. and S3 LLC, the “**Funds**” and each individually, a “**Fund**”) and to a limited number of managed accounts of individuals or institutions or other organized entities (each a “**Managed Account**” and collectively, the “**Managed Accounts**”). (Funds and Managed Accounts may be referred to as an “**Account**” or collectively, “**Accounts**”).

Additionally, NuVerse also makes determinations with respect to the portion of each Fund’s assets that should be allocated to outside investments in partnerships (or limited liability companies), both onshore and offshore, with investment strategies that seek capital appreciation through both fixed income and equity investments; in certain cases, such entities utilize forwards, futures and options on foreign exchange and financial commodities as part of their respective investment strategies. Other types of investments to which NuVerse determines to allocate a portion of the assets of the Funds include real estate projects in countries such as the United States, United Kingdom and Italy.

NuVerse utilizes a variety of investment strategies, including global macro, long-short equity, fixed income and related derivative instruments and including securities denominated in various foreign currencies in the management of the assets of the Funds and the Managed Accounts.

NuVerse tailors its advisory services to the individual needs of its clients by designating portfolios to specific investments and segregating portfolios by type of investments. NuVerse’s Managed Accounts may request that their portfolios should not invest in certain securities or types of securities. NuVerse does not participate in any wrap fee services. NuVerse sometimes tailors investments by virtue of creating a separate class of shares for Fund investors who want or do not want a particular type of security, otherwise the investors in each class have similar portfolios.

As of December 31, 2012 NuVerse managed \$505 million of client assets (of which \$499.1 million were under discretionary management and \$5.9 million were under non-discretionary management) which included \$24.7 million of related liabilities.

## **Fees and Compensation**

NuVerse's basic fee schedule provides for discretionary account management fees at annual rates ranging from 1% to 2% and incentive fees (charged to Managed Accounts and the Funds) or incentive allocations (charged only to the Funds), based on annual rate of return on the assets in the Managed Accounts or the Funds, as applicable (collectively, the "**Accounts**"), of up to 20%, depending on the size and complexity of the portfolio, on an annual basis without regard to any "high-water mark". Fees are negotiable, as NuVerse has discretion to modify fees for its Accounts on a case-by-case basis. The management fee charged to the Funds is payable quarterly in advance (and is calculated as a percentage of each Fund's net asset value). The quarterly management fee will be reimbursed on a pro rata basis if the advisory contract with the Fund is terminated before the end of the billing period. The management fee charged to Managed Account clients is accrued monthly and is paid at the end of each quarterly period in arrears (and such fee is deducted from the client's assets). The incentive fee (or incentive allocation), if earned, is paid annually (and deducted from the assets of the Managed Account or the relevant Fund, as applicable). Each Managed Account may terminate NuVerse as investment adviser after one year, upon 90 days' advance written notice.

Managed Account clients may be subject to commission and or processing fees and custodian fees by the brokerage firm maintaining their account. Fund clients are subject to the following expenses: (i) transaction costs and investment related expenses incurred in connection with the Fund's trading and investment activities, including execution and clearing charges, research and related services (including the cost of obtaining market data), consulting and related services, out of pocket due diligence expenditures, margin interest, custodial expenses, and the cost of establishing and operating foreign local market investment related offices and affiliates; (ii) routine legal, accounting, auditing, tax preparation, and related fees and expenses; (iii) expenses associated with the continued offering of Shares (other than Finders fees); (iv) the Administrator's fees and related expenses (e.g., clerical, courier, mailing, telephone, facsimile, duplication and other expenses), (v) all other operational and overhead expenses of the Funds; (vi) extraordinary expenses (e.g., litigation costs and indemnification obligations), if any.

Neither NuVerse nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **Performance–Based Fees and Side-By-Side Management**

As set forth in Item 5, performance fees, also known as incentive fees or, with respect to certain Funds, incentive allocations, are charged in an amount up to 20% of net profits. NuVerse has discretion to modify its incentive fee on a case by-case basis based on the size and complexity of the account. The incentive fee or incentive allocation, if earned, is paid annually. NuVerse does not charge an hourly or flat fee. Funds with lower incentive fees generally hold less risky assets, which mitigates the conflict of interest.

NuVerse has one Fund account that pays a management fee but does not pay a performance fee. The account holds bonds for a long duration awaiting an appropriate price at which to sell. This account does not present a conflict of interest with the other accounts managed by NuVerse.

In most instances, securities are purchased in aggregate and then allocated. To mitigate any conflict of interest, NuVerse aggregates orders in accordance with its trading policies and procedures consistent with applicable rules and regulations. Such policies and procedures provide, among other things that, (i) allocations must be fair and equitable, based upon the client’s risk profile, investment goals and current portfolio, with no client or group of clients receiving preferential treatment, (ii) prices and costs of aggregated orders are allocated pro-rata, (iii) allocation methodologies are objective and specific in order allow independent verification of the fairness of the application of any methodology, and (iv) no additional compensation or remuneration is charged.

## **Types of Clients**

NuVerse's Managed Account clients consist primarily (more than 75%) of high net worth individuals and their related trusts and to a lesser extent financial and other institutions.

NuVerse requires that prospective Managed Account clients provide information in order to satisfy NuVerse that the types of investments in which NuVerse invests will be suitable for the client and so that it may charge the prospective Managed Account a performance fee. In accepting a client for a Managed Account, NuVerse requires that each Managed Account commit a minimum of US\$1,000,000 to NuVerse's management. The stated minimum investment in each Fund is US\$1,000,000 (or €1,000,000). NuVerse has the right, in its discretion, to waive such minimum requirements.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

The types of investment opportunities available to the Accounts may vary considerably over time. Therefore, the exact range of instruments and markets in which the Accounts take positions cannot be specified; however, NuVerse's investment universe includes primarily securities and encompasses a variety of investment strategies, including global macro, long-short equity, fixed income and related derivative instruments and including securities denominated in various foreign currencies. NuVerse tailors its investment strategy for each Account in order to address the difference between certain needs of U.S. investors and foreign investors in the Funds as well as the particular requirements of its Managed Account clients.

Unlike the short-term perspective of traditional proprietary trading strategies, NuVerse's core strategies are generally "long-horizon" in duration with typical holding periods of between 3 months and 2 years or more. Actual holding periods vary depending on how quickly (or whether) the targeted objectives for the positions are realized and on other market factors.

NuVerse generally hedges the risk-exposure components of investment positions that are not expected to add incremental value to portfolio performance and to increase the perceived value-added component of the risk exposures by borrowing to increase the size of the investment positions. As a result, the Accounts may exhibit changes in return similar to an unhedged portfolio, but with a larger expected return. In addition, although portfolio optimization may include exposure to directional risks in various markets from time to time, the investment strategies of NuVerse do not necessarily involve active forecasting of the direction of fixed-income and equity market movements.

NuVerse primarily relies on fundamental analysis that involves a detailed analysis of the financial risk of a security. Financial publications, newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, documents filed with the SEC, and company press releases are all potentially utilized. Once this is complete, a determination is made as to whether or not NuVerse believes the price of the security is too high or too low. There can be no assurance that NuVerse will be correct in this determination. To a lesser extent, the investment may use charting, which shows the historical performance of an investment or technical trading that is based on historical trading patterns to help decide whether or not to make an investment. Past performance may not be indicative of future performance. There is no assurance that the Accounts will achieve their investment objectives and there is no guarantee against loss of some or all of an investment in the Accounts.

While the investment portfolio is generally diversified, optimization of the risk-reward tradeoff may lead to the portfolio at times being concentrated in a few individual investment strategies. Securities trading in general involves significant market risk, because, among other things, the prices of securities are highly volatile and market movements are difficult to predict. From time to time NuVerse utilizes the following strategies that have the following risks: Hedging strategies that are not successful can amplify losses. Trading on margin and other leveraging strategies can increase the profit potential of a securities portfolio, but can concomitantly increase the risk of loss. Such strategies can increase transaction costs, interest expense and



other costs and expenses. Short selling is subject to restrictions imposed by law. Additionally, the potential losses on short positions are greater than the potential losses on long positions because there is an unlimited risk of an increase in the market price of the securities sold short. Options are volatile in price, and the market for such options may be subject to distorted pricing at times of stress in financial markets. “New issues” (initial public offerings) trading historically is very volatile, with significant downside risk and upside potential.

NuVerse invests in various capital markets throughout the world. Historically, securities traded outside the U.S. involve greater risks than comparable investments in U.S. markets. The risks of investing in non-U.S. markets include, but are not limited to, the price risk of securities that tend to be more volatile than in U.S. securities markets, currency risk, illiquidity, lack of investor protection, insider dealing, lack of proper disclosure and capital controls that restrict the ability to repatriate funds, burdensome or confiscatory taxation, political instability and diplomatic or economic events which might adversely affect trading activities and the enforceability of contractual obligations. Short term trading activities also may lead to volatility in the Net Asset Value of the Accounts on a day-to-day and periodic basis. In addition, there is no assurance that a liquid secondary market will exist for derivative transactions entered into by the Accounts or that the Accounts will not be exposed to risks of significant losses. Derivative transactions may expose the Accounts to risk of default by the Account’s counterparty, premature termination of the transaction, adverse changes in market conditions, and substantial costs for creating and maintaining the transaction.

“Counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where NuVerse has concentrated its transactions with a single or small group of counterparties. NuVerse is not restricted from concentrating any or all of its transactions with one counterparty or with which counterparties it may contract. NuVerse relies on its experience with such counterparties and their general reputation as participants in these markets. The ability of NuVerse to transact business with any one or a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Accounts.

Forward contracts are a form of individualized cash transaction, as opposed to a futures transaction, in that a forward contract relates to the purchase or sale of a specific quantity of a commodity (such as foreign currencies) with a specific counterparty at a particular time in the future. Each contract is specifically negotiated rather than uniform. Foreign currencies may be purchased and sold for future delivery through financial intermediaries (i.e. foreign and domestic banks, broker-dealer forms and other financial institutions). In such instances, the financial intermediary generally acts as a principal in the transaction and includes its anticipated profits and costs in the prices it quotes for such contract.

NuVerse also utilizes futures contracts in its trading for the Funds. Trading in futures contracts is highly volatile. Price movements for the futures contracts that NuVerse trades are influenced by, among other things, changing supply and demand relationships, weather, government, agricultural, trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events, and changes in interest rates.

The low margin deposits normally required in options and futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement may result in immediate and substantial gain or loss to the Accounts. Investments leveraged to this extent may result in gains or losses in excess of the amount invested by the Accounts.

NuVerse may invest in certain private equity or other illiquid investments. Such investments may have to be held for a substantial period of time because of market or industry conditions, the developmental stage at which they are purchased, or legal restrictions on sale. NuVerse may invest in other investment vehicles over which NuVerse exercises limited or no control. The profitability of the Funds depends, in part, upon NuVerse's ability to select and monitor the activities of other investment vehicles and other advisers to which it may delegate a portion of the Funds' assets. Managed Account assets are not allocated to outside investment vehicles or outside managers.

In addition, clients subject to performance charges may incur an additional risk (i) on unrealized profits that may never be realized, and, (ii) in the absence of a "high-water mark," on net profits in a year that result, in whole or in part, from the recoupment of net losses (if any) from the prior year.

### **Disciplinary Information**

NuVerse does not have any disciplinary or legal events to report.

## **Other Financial Industry Activities and Affiliations**

NuVerse is registered with the Commodity Futures Trading Commission (“**CFTC**”) as a Commodity Trading Adviser (“**CTA**”) and, as such, is a member of the National Futures Association (“**NFA**”).

NuVerse offers clients the opportunity to invest in other fund classes that are suitable to them. The principals of NuVerse may hold an interest in certain of these fund classes. NuVerse believes that it is important for its principals to invest alongside its clients as it aligns the interest of the principals with those of the investors. Clients are given priority in participating in the investment when the demand is greater than the amount available to invest.

NuVerse has bank accounts, as do some of NuVerse’s clients, with HSBC Bank USA or its affiliates (including custody accounts for some of such Accounts). NuVerse is operationally independent from HSBC Bank USA and its affiliates. HSBC Bank USA is a subsidiary of HSBC USA Inc., a U.S.-registered bank holding company, which owns a passive 10% percentage interest in NuVerse. Various conflicts of interest, such as fees paid for services and interest rates earned on deposits, may arise in connection with NuVerse’s relationship with HSBC Bank USA. NuVerse maintains an arm’s length relationship with HSBC Bank USA and its affiliates. NuVerse has a responsibility to its clients to exercise good faith and fairness in all dealings affecting the Funds or the Managed Accounts, and will endeavor to resolve all conflicts fairly and equitably.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Pursuant to Rule 204A-1 adopted by the SEC in 2004 applicable to registered investment advisers, NuVerse has adopted a Code of Ethics. As required by the Rule, NuVerse's Code of Ethics (1) provides standards of conduct which promote compliance with federal securities laws; (2) recognizes NuVerse's fiduciary obligations as an investment adviser to its clients; (3) protects the confidentiality of its clients' securities holdings and transactions and prohibits misuse of material non-public information and client information; (4) governs the personal securities activities of NuVerse's personnel who have access to client information or are involved in formulating investment advice and in implementing such advice, including pre-approval of such personnel's transactions, periodic reporting of such personnel's securities holdings and transactions, including quarterly transaction reports and reviews of such reports; (5) requires prompt reporting of violations of law and the Code of Ethics; and (6) requires annual certification of compliance with the Code of Ethics by NuVerse's employees, each of whom receives a copy of the Code of Ethics. Clients or prospective clients are advised of the existence of the Code of Ethics and copies are made available to clients or prospective clients who request it, by contacting Gregory Donald, NuVerse's Chief Compliance Officer at 212-507-9125.

In order to avoid any conflict of interest with client's transactions, NuVerse principals or employees seeking to purchase or otherwise acquire direct or indirect beneficial interest of any security, or sell or otherwise dispose of any security in which he or she has direct or indirect beneficial interest, must first submit a written request for approval to a Managing Partner and the Chief Compliance Officer. A request for a transaction approval must include the day or timeframe (in the event that a principal or employee has not determined a definite day) in which a principal or employee seeks to engage in such transaction. Should the request concern a security that the NuVerse is trading in for the Accounts, recommending or examining, a Managing Partner may approve such a request but must impose a 3 business day Blackout Period. The Blackout Period is a period during which a principal or employee may not engage in the trading of particular security or securities.

NuVerse and its employees and principals, as well as persons with which NuVerse may become affiliated, will act in a variety of roles with respect to their investment in the Funds. It is therefore possible that the interests of NuVerse and its employees, principals and affiliates might diverge from those of the other Fund investors. In the event of a conflict of interest, NuVerse will conduct itself so as to most fairly reconcile the various interests it serves, including those of the Accounts.

For its investment portfolio, NuVerse may purchase or sell securities that it also purchases or sells for clients. In certain cases, such transactions involve the aggregation of orders with NuVerse and its clients. To mitigate any conflict of interest, NuVerse aggregates orders in accordance with its trading policies and procedures consistent with applicable rules and regulations. As set forth in Item 6, such policies and procedures provide, among other things that (i) allocations must be fair and equitable, based upon the client's risk profile, investment goals

and current portfolio, with no client or group of clients receiving preferential treatment, (ii) prices and costs of aggregated orders are allocated pro-rata, (iii) allocation methodologies are objective and specific in order allow independent verification of the fairness of the application of any methodology, and (iv) no additional compensation or remuneration is charged.

NuVerse also may purchase investments for clients that NuVerse, as well as other clients, may already hold. NuVerse believes that it is important for its principals to invest alongside its clients as it aligns the interest of the principals with those of the investors. Clients are given priority in participating in the investment when the demand is greater than the amount available to invest.

NuVerse principals and employees do not pay management or performance fees when investing in the Accounts. This results in the principals earning a higher rate of return than the clients.

NuVerse may engage in principal cross trades. What it does so, it (i) provides clients with a written disclosure showing the capacity in which it is acting and the possible conflicts and responsibilities it may confront as a result of the transaction; and (ii) obtains the client's written consent prior to the settlement of the transaction.

NuVerse is registered with the CFTC as a CTA and, as such, is a member of the NFA. The NFA, in October 2001, had adopted a Statement of Acceptable Practices with Respect to Ethics Training. NuVerse requires that each employee attends the NFA recommended ethics training program.

## **Brokerage Practices**

As set forth in Item 16, NuVerse has the authority, without obtaining client consent, to determine the brokers to be used and the commissions to be paid. In selecting broker-dealers and determining commission rates to be paid, NuVerse considers whether prime brokerage services are offered, global custody is available, and the capability of the broker or dealer to provide the best execution, including execution of securities transactions in emerging markets. NuVerse also considers the availability of credit related facilities such as margin borrowings, swaps, repurchase agreements, futures, and forwards as well as the reasonableness of rates for the services that are available. Whenever the value of products for research and services is a factor in selecting a broker dealer, NuVerse does not expect that clients will pay commissions higher than those obtainable from other brokers or dealers in return for such products and services. Whenever research is provided to NuVerse, the cost is allocated only to those accounts for which it is used based on the relevant assets under management in such accounts.

NuVerse does not direct client transactions to any particular broker in return for products and research services that may have been received. Unless negotiated with the client on a case-by-case basis, NuVerse is not expected to have any limitations on its authority for securities to be bought or sold, the amount of securities to be bought or sold, the broker-dealer to be used in executing transactions in the account or the commission rates paid for such transactions.

NuVerse does not receive soft dollar benefits from any broker-dealer or any third party in connection with client securities transactions. NuVerse does not receive client referrals from any broker-dealer or third party or considers brokerage relationships for client referrals.

NuVerse generally aggregates orders of its clients. Aggregation is in accordance with its trading policies and procedures consistent with applicable rules and regulations as set forth in Item 11.

NuVerse may also effect cross-trades between clients' accounts if the client has authorized such transactions, has been advised of the possible conflicts NuVerse may have in the transaction, and provided the investment is consistent with the client's investor profile. NuVerse does not receive any compensation for effecting such transaction. All such transactions are effected through a non-affiliated brokerage firm.

NuVerse does not permit clients to direct brokerage.

## **Review of Accounts**

A client's investment portfolio is reviewed monthly by the Managing Partners of NuVerse as well as by the client's relationship manager. Reviews consist of an analysis of the portfolio's holdings in relation to the client's investment objectives, policies and profile and NuVerse's current investment strategies for the asset classes in the portfolio. The relationship manager reviews the client's portfolio at least once during a reporting period to confirm adherence to the client's guidelines.

In respect of the Funds, a committee comprised of the Managing Partners reviews monthly the asset allocation of each Fund's accounts. This review consists of an analysis of the Fund's current asset allocation in relation to its established investment policies and guidelines and NuVerse's current investment strategies. A risk manager regularly reviews the value-at-risk measure of the Funds and Managed Accounts, their sensitivity to credit spreads and interest rates, and stress tests for various interest rate scenarios.

Clients receive regular annual, quarterly and other periodic reports in accordance with the relevant advisory agreement or as otherwise requested. Such reports summarize investment performance, the portfolio's market value and asset mix, as well as the portfolio's transactions during the period and its holdings at the end of the period. The investors in the Funds receive a monthly report on the net asset value and performance of the Fund. Such information is also available to Fund investors online from the Fund Administrator through password-protected web access.

The Funds are subject to an annual independent audit performed by an independent public accountant that is registered with and subject to inspection by the Public Company Accounting Oversight Board ("PCAOB"). Written audited financial statements prepared by these accountants are sent annually to investors in the Funds within three (3) months of the Fund's fiscal year-end.



### **Client Referrals and Other Compensation**

NuVerse does not receive an economic benefit, including sales awards or other prizes, from anyone who is not a client for providing investment advice or other advisory services to its clients.

Neither NuVerse nor any related person has been compensated directly or indirectly by any person who is not its supervised person for client referrals.

NuVerse does not directly or indirectly compensate any person who is not a supervised person for client referrals.

## **Custody**

NuVerse does not have actual custody of its clients' assets. NuVerse is deemed to have custody of client assets for its Fund clients. As set forth in Item 13, audited financial statements are furnished annually to all investors with Funds as well as other periodic unaudited reports.

Fund clients receive monthly account statements from the Fund Administrator, BNY Mellon Alternative Investment Services Ltd. Clients should carefully review their statements. Clients are urged to subscribe to BNY Mellon Alternative Investment Services Ltd., password secured website and have direct access to their account information, including statements, KPMG certified annual financial statements and other important Fund documents.

Managed Account clients receive monthly account statements from their designated broker – dealer. Clients should carefully review their statements. Clients are urged to subscribe to their designated broker-dealer password secured website and have direct and daily access to their account information.

## **Investment Discretion**

NuVerse has authority to determine, without obtaining client consent, securities to be bought or sold, the amount of securities to be bought or sold, the broker or dealer to be used and the commission rates paid. Limitations on NuVerse's authority are guided by, among other things, its responsibility to act as a fiduciary when handling clients' accounts, the investment strategies and objectives of its clients and with respect to Funds and the Funds' offering documents. NuVerse abides by the investment guidelines and restrictions set forth in the Managed Account agreements or Fund documents, as applicable.

Clients may limit the discretionary authority to specific types of securities (e.g. U.S. Government risk only). To open a Managed Account, the client must first complete a detailed risk profile questionnaire. In addition, as set forth in Item 7, NuVerse requires that prospective clients provide information to satisfy it that the investments will be suitable to such clients. Once these forms have been satisfactorily completed, the client must sign a Managed Account agreement with NuVerse that includes a limited power of attorney that permits NuVerse to have discretionary investment authority over the Managed Account.

### **Voting Client Securities**

NuVerse has elected not to vote its client's proxies and will not exercise voting authority over securities held in the Accounts.

#### **Managed Accounts**

Managed Account clients have the authority to exercise their own judgment in voting proxies. NuVerse has advised its Managed Account clients of such a policy in accordance with applicable law. Clients may contact the Chief Compliance Officer, Gregory Donald, at 212-507-9125 with regard to any questions concerning a particular proxy or solicitation inquiry.

#### **Funds**

NuVerse is a passive investor and thus does not vote proxies for equity securities held by the Fund.

**Financial Information**

NuVerse has no financial conditions that impairs its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.