

**Item 1 – Cover Page**

Investcorp Investment Advisers LLC  
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917-332-5700

This Brochure was last updated  
September 27, 2018

**Absolute Return Investments**

Form ADV, Part 2A (the “Brochure”) provides information about the qualifications and business practices of Investcorp Investment Advisers LLC (“IIA LLC” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Brian Murphy, Chief Compliance Officer, at 917-332-5719; [bmurphy@investcorp.com](mailto:bmurphy@investcorp.com). 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.

IIA LLC is registered with the SEC as an investment adviser. IIA LLC’s registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, serve as information for you to use to determine to hire or retain IIA LLC as your adviser.

Additional information about IIA LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search,” select “Investment Adviser Firm” and type in IIA LLC’s name). The results will provide you with both Parts 1 and 2 of IIA LLC’s Form ADV.

## Item 2 - Material Changes

IIA LLC routinely makes changes throughout this Brochure to improve and clarify the descriptions of business practices and compliance policies and procedures, or in response to evolving industry and firm practices. Set forth below are those changes that IIA LLC believes reflect material changes since its last update of this Brochure filed on September 27, 2017.

- Item 4 – Advisory Business: Updated disclosure on the ownership structure of certain direct and indirect owners of the Adviser.
- Item 10 – Other Financial Industry Activities and Affiliations: Update disclosure regarding related affiliates.

IIA LLC has prepared separate Brochures for its private equity investment advisory services and its real estate advisory services. Please see the Firm's other Brochures for a discussion of the Firm's business practices in connection with those services.

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\* A NOTE ABOUT THE FORMAT OF THIS BROCHURE: The SEC requires all investment advisers to organize their disclosure documents according to specific categories, some of which may not pertain to a particular adviser's business. Where a required category is not relevant to our business, we list the category and state that it does not apply.

## **Item 4 – Advisory Business**

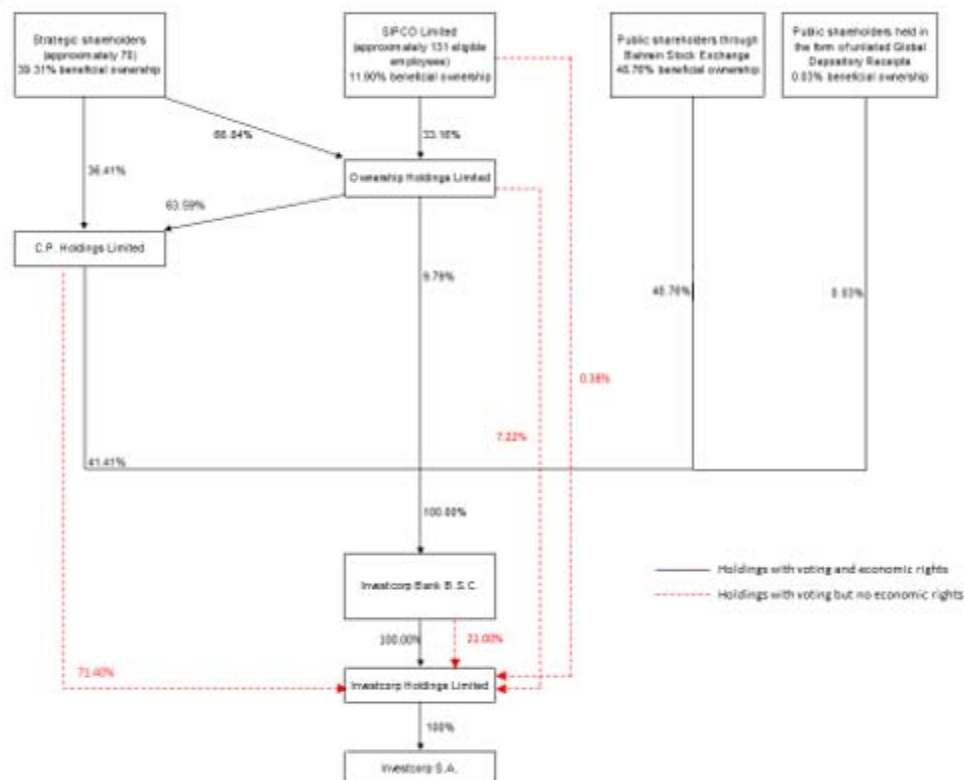
Investcorp Investment Advisers LLC (“IIA LLC” or the “Firm”) was formed in 2005 as part of Investcorp Group, whose primary operating entity is Investcorp Bank B.S.C. (“Investcorp”). Investcorp, founded in 1982, is a leading, global provider of alternative investment products with assets under management across alternative investment solutions, private equity, credit management, and real estate. IIA LLC provides alternative investment solutions, private equity, and real estate advisory services. This Brochure discusses the business practices of IIA LLC only in connection with its alternative investment solutions advisory services. Please see the Firm’s other Brochures for a discussion of the Firm’s business practices relating to its private equity advisory services and its real estate advisory services.

Investcorp Investment Advisers Limited (“IIAL”), an SEC registered investment adviser, is an affiliate of IIA LLC and carries out some functions related to the management of the Investcorp alternative investment solutions. N.A. Investcorp LLC (“NAILLC”) and other affiliated entities act as placement agents for alternative investment solutions. Please see Item 10, “Other Financial Industry Activities and Affiliations” for additional information on IIA LLC’s arrangements with its affiliates.

### Ownership Structure

IIA LLC is a member of the Investcorp group of companies. It is 100% directly owned by Investcorp International Holdings Inc. (“IIHI”). The parent company of IIHI is Investcorp S.A. The following chart shows the ownership structure for Investcorp S.A.

INVESTCORP GROUP  
OWNERSHIP STRUCTURE  
30-Jun-18



- \* Includes 0.7% shares granted but not acquired and ungranted shares under the various Employee Share Ownership Plans. The Bank has approval from the Central Bank of Bahrain ('CBB') to hold up to 40% of its shares for various Employee Share Ownership Plans. On the balance sheet these shares are accounted for as the equivalent of treasury shares
- \*\* Includes 0.03% beneficial ownership held in the form of unlisted Global Depository Receipts.

## Overview of Absolute Return Investments Advisory Services

Investcorp launched Absolute Return Investments in 1996. IIA LLC provides investment management services to multi-manager solutions (collectively the "Funds") which are exempt from registration as investment companies under the Investment Company Act of 1940. Certain multi-manager solutions are pooled funds with multiple investors, while other multi-manager solutions are set up to enable a single investor to have its assets managed in a manner similar to other multi-manager solutions. Employees or affiliates of IIA LLC that meet investor qualifications can invest in the Funds.

As an investment adviser to the Funds, IIA LLC typically engages in one or more of the following activities:

- Identifies and implements investment opportunities for Funds;
- Performs monitoring and oversight of Fund investments;
- Makes investment decisions on behalf of Funds to invest or redeem investments; and

- May engage in occasional hedging transactions of currencies and/or certain market exposures for certain Funds.

IIA LLC may retain other consultants and advisers as it deems desirable for the performance of its management responsibilities. IIAL, performs some of the investment management services that are provided to the Funds.

Certain Funds are organized in a master-feeder structure. Other funds sponsored or managed by IIA LLC, IIAL, or their affiliates may invest all or a portion of their assets in a master fund on different terms or conditions than those available to the feeder funds.

Certain Funds are divided into different classes, sub-classes and/or series of shares in order to reflect different rights, obligations, privileges and other terms, which may include without limitation different trading strategies, priorities in redemption (and/or liquidation), and different fee obligations. Certain Funds may issue additional classes or series of shares from time to time on the same or different terms from existing classes.

IIA LLC manages all Funds in a manner consistent with their advisory agreements, operating agreements and offering documents, including any investment restrictions specified therein.

### Multi-manager solutions

The Funds include "multi-manager solutions," which invest their assets in other funds ("Underlying Funds") (which are typically not U.S. registered investment companies) managed by the Firm and/or unaffiliated and/or affiliated investment managers or allocate assets to managers ("Underlying Managers") to manage in either a separately managed account or in a separate investment vehicle (such Underlying Funds and Underlying Managers are sometimes referred to herein as the "Underlying Investments"). With respect to certain multi-manager solutions, IIA LLC or an affiliate directly manages a portion of such Funds' assets rather than allocating the assets to Underlying Investments.

Within IIA LLC's multi-manager solution products, IIA LLC generally invests in a diversified group of Underlying Investments, which in turn invest or trade in a wide variety of securities and other instruments, including, but not limited to, equities (including private equity) and fixed income securities, indexes, ETFs, depository receipts, warrants, rights, currencies, commodities, futures contracts, forward contracts, swaps, options and other derivative instruments, all of which may be listed or unlisted, rated or unrated, distressed or publicly or privately issued.

For multi-manager solutions, IIA LLC, either on its own or through a subadviser selected by IIA LLC (which may be an affiliate of IIA LLC), seeks to determine which Underlying Funds or Managers are most suitable for the Funds, to make investments at the time and in the amount deemed appropriate, to monitor investments on an ongoing basis and to cause the Funds to make adjustments in their investments, or to sell or redeem such investments and to make new investments. Please see Item 8 which describes the investment decision making process in greater detail. In addition, IIA LLC may from time to time implement specific direct hedging transactions to mitigate certain risks in the multi-manager solutions. IIA LLC may engage in these types of transactions when, for example, IIA LLC's and its affiliates' near-term view on the markets cannot be implemented through rebalancing, given the notice periods and redemption frequencies for Underlying Investments.

### Special Opportunity Portfolios

Certain multi-manager solutions invest, through one or more Underlying Investments, in an opportunistic portfolio based on market conditions and investment cycles and have an investment horizon of approximately two to three years.

### Geo-Risk Fund

IIA LLC provides investment management services to the geo-risk fund ("Geo-Risk"). Geo-Risk seeks medium-to-long term capital appreciation irrespective of market conditions. To achieve its objective Geo-Risk gains exposure to a strategy developed and implemented by the Investment Manager (the "Strategy") Geo-Risk invests in a portfolio of systematic (i.e., rules-based) strategies and UCITS-eligible indices (each an "Index" and collectively, the "Indices"), which will be implemented across a range of global asset classes (namely equities, fixed income securities, currencies, UCITS-eligible commodity indices and exchange traded commodity-linked notes) (collectively, the "Target Asset Classes").

### Non-Discretionary Investment Advisory Services

In addition to the investment management services IIA LLC provides to the Funds, IIA LLC also provides non-discretionary investment advisory services to clients, although it does so on a limited basis. In such capacity, IIA LLC may perform one or more of the following services: preliminary and ongoing reviews of the client's portfolio and investment manager selections; investment manager sourcing support; and/or periodic discussions with the client on the economic outlook of strategies. Additional services may be provided on an ad hoc basis, including documentation of PPM reviews, preparation of qualitative reports concerning potential investment managers, onsite investment manager due diligence, due

diligence questionnaire reviews, and preparation of industry or economic reports. The exact services provided are subject to negotiation with the client on a case-by-case basis.

When IIA LLC serves in a non-discretionary investment advisory capacity, the decision to engage any investment manager to manage the client's assets or to implement any of IIA LLC's advice resides solely with the client.

### Assets Under Management

IIA LLC's regulatory assets under management ("RAUM") in the Funds were \$1.5 billion as of June 30, 2018, all of which were managed on a discretionary basis. This excludes investments made by one IIA LLC managed Fund into another IIA LLC managed Fund to avoid double counting assets. IIA LLC's total RAUM in the Funds, private equity funds, and real estate funds it manages was \$ 1.8 billion as of June 30, 2018, all of which were managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

### Multi-manager solutions

For multi-manager solutions, IIA LLC or its affiliate, IIAL, typically charges a monthly, quarterly or annual management fee of up to 2% per annum of assets under management. IIA LLC or IIAL also charge a performance-based incentive fee of up to 20% of the net profits of certain funds of funds, and which may be subject to a loss carry forward provision, hurdle rate and/or high water mark. Fees may be charged in advance or in arrears. However, in no case are fees charged more than three months in advance. Any fees charged in advance will be refunded pro-rata in the event of termination of an advisory relationship. The Underlying Funds or Managers in which, or with whom, the multi-manager solutions invest charge the multi-manager solutions asset-based fees, performance-based fees, and other fees. The fees charged by the Underlying Funds or Managers in which, or with whom, the multi-manager solutions invest are in addition to the asset-based fees, performance-based fees and other fees charged by IIA LLC and its affiliates. The rates and terms of any fees payable by the multi-manager solutions with respect to the Underlying Investments may vary from time to time. Performance fees may be payable to such Underlying Investments at times when the multi-manager solutions themselves are experiencing losses.

Some multi-manager solutions are responsible for certain expenses associated with an Underlying Fund and, to the extent that an allocation to an Underlying Fund is made through one or more other intermediate investment vehicles (including any investment



vehicles managed by IIA LLC or one of its affiliates), the additional expenses related to such investment vehicles.

### Geo-Risk Fund

Geo-Risk fund charges a monthly management fee from 1.2% to 2.5% per annum of the net asset value of the relevant class of shares. The management fee is charged in arrears. Certain classes of shares in the Geo Risk are subject to a performance based fee up to 20% of the net profits of the Geo Risk fund, subject to a “subject to a high water mark calculation”, as described further in the fund’s offering documents.

### Other Fees

IIAL, an SEC registered investment adviser and affiliate of IIA LLC, performs some of the investment management services that are provided to certain Funds. In such circumstances, management fees and performance fees payable by the Funds will be apportioned between IIA LLC and IIAL. The aggregate amount of such fees paid by the Funds will not increase as a result of IIAL performing some of the investment management services. The investment advisory agreements with the Funds are terminable by each Fund based on the termination provisions in the respective agreement.

Affiliates of IIA LLC receive compensation for serving as placement agent for certain Funds, or for serving as placement agent for, or providing seed capital to, Underlying Funds in which certain multi-manager solutions invest. Please see Item 8, “Methods of Analysis, Investment Strategies and Risk of Loss” for additional information.

Funds are generally responsible for brokerage, administration, and custody fees. Please see Item 12, “Brokerage Practices” for a discussion of IIA LLC’s brokerage practices in connection with the Funds. For additional details about the fees incurred by the Funds and expenses that may be allocated to the Funds (which may vary from Fund to Fund), please see the offering documents of the Funds.

### Side Letters

IIA LLC, or an affiliate of IIA LLC, occasionally enters into agreements with certain investors in a Fund, in consideration for investing in the Fund, commonly known as “side letters.” Pursuant to the side letter the shareholder may receive, among other benefits, a payment (or rebate) out of any fees earned by IIA LLC or an affiliate, preferential liquidity terms, “most favored nation” terms, access to portfolio holdings or a waiver of early redemption fees. These benefits are typically not available to all shareholders.

### Negotiation of Fees; Waivers

The management and performance-based incentive fees payable by the Funds to IIA LLC are negotiated on a case-by-case basis. Management fees, performance-based incentive fees and administrative fees payable by investors in the Funds generally will not be negotiable, but under certain circumstances IIA LLC, in its discretion, waives or modifies for particular investors, including partners, officers, employees and affiliates of IIA LLC, all or a portion of the management fees, performance-based incentive fees and/or administrative fees, provided that doing so does not adversely affect other investors.

### Non-Discretionary Investment Advisory Services

Fees for IIA LLC's non-discretionary investment advisory services are negotiated with the client on a case-by-case basis and depend on the level of services provided. The fee is billed monthly, in advance, subject to negotiation with the client. Any prepaid fees will be refunded pro rata in the event of termination of the investment advisory agreement with the client. Clients may pay certain expenses incurred by IIA LLC in connection with rendering the advisory services, according to the terms of the advisory agreement.

Non-discretionary investment advisory clients are responsible for their own brokerage, administration, and custody fees. Please see Item 12, "Brokerage Practices" for a discussion of IIA LLC's brokerage practices.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

As stated in Item 5, "Fees and Compensation" above, IIA LLC has entered into performance fee arrangements with certain Funds. Such fees are subject to individualized negotiation with each such Fund. IIA LLC will structure any performance or incentive fee arrangement that is subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (the Advisers Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring the Funds' assets for the calculation of performance-based fees, IIA LLC shall include realized and unrealized capital gains and losses.

Certain employees of IIA LLC's affiliates participate in executive compensation programs that are linked to the performance of certain Funds.

Performance-based fee arrangements create an incentive for IIA LLC to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement. Such fee arrangements also create an incentive to favor higher

fee-paying accounts over other accounts. Non-discretionary investment advisory clients do not pay performance-based fees. In addition, certain Funds, and certain classes of shares in Funds, do not pay performance-based fees. IIA LLC has procedures designed and implemented to treat all clients fairly and equally, and to prevent the conflict raised by performance fees from influencing IIA LLC or the allocation of investment opportunities among Funds.

Certain Funds have similar investment objectives and strategies as other Funds (“Similar Funds”). Certain of IIA LLC’s affiliates will serve as the investment manager to their own client accounts, and certain of IIA LLC’s officers, directors, employees and affiliates will invest for their own proprietary accounts or the accounts of family members. Some of these other clients and accounts (collectively with the Similar Funds, the “Other Clients”) co-invest with the Funds in many of the same securities and investments. IIA LLC and its officers, directors, employees and affiliates may give advice or take action with respect to the Other Clients that differ from the advice given or action taken with respect to the Funds. IIA LLC’s and its affiliates’ transactions for the Other Clients may be on terms different than those offered to the Funds. The investment results of a Fund may be different from the investment results of the Other Clients.

IIA LLC and its directors, officers, employees and affiliates will have conflicts of interest in allocating time and activities between the Funds and the Other Clients, in allocating investment opportunities among the Funds and the Other Clients, and in effecting transactions between the Funds and the Other Clients, including ones in which IIA LLC, or its directors, officers, employees or affiliates, may have a greater financial interest. IIALLC seeks to mitigate these conflicts by having a robust asset allocation methodology with well documented and transparent investment process.

## **Item 7 – Types of Clients**

IIA LLC provides non-discretionary investment advisory services to institutional investors, and provides discretionary investment management services to pooled investment vehicles or investment vehicles dedicated to a single investor. Persons or entities that are solicited to participate in onshore private investment vehicles, and U.S. persons solicited to invest in offshore private investment vehicles, must be “qualified purchasers” and generally are not themselves IIA LLC’s clients. Solicitation of non-U.S. persons or entities will be conducted pursuant to applicable law, as further described in the Funds’ offering or subscription documents.

### Requirements for Opening or Maintaining Accounts

Funds require a minimum investment depending on the class of interests in the relevant Fund. The typical minimum initial investment in an IIA LLC pooled multi-manager solution ranges from \$100,000 to \$5 million. The minimum initial investment in a multi-manager solution set up for a single investor is typically \$50 million.

The offering documents for each specific Fund contain detailed information concerning the relevant minimum initial and additional investment requirements. Certain Funds may waive or amend investment requirements, including the minimum investment amount, for certain investors.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### Multi-manager solutions

Once investment parameters have been specified for a multi-manager solution (i.e., risk/return, investment styles, fund structures, transparency, liquidity preferences, etc.), IIA LLC utilizes a four step investment process to implement that mandate.

- Manager sourcing and due diligence
- Asset allocation
- Portfolio construction and implementation
- Risk management

(1) Manager sourcing and due diligence – The Firm’s investment team continually tracks and monitors a universe of over 7000 hedge fund managers. Once top-quartile managers are identified, further research is conducted on track records, investment processes, and key professionals. Managers are scored based upon the results of comprehensive in-house operational and investment due diligence meetings. The investment team then chooses five to seven high-conviction funds per strategy or as indicated by the investment mandate.

(2) Asset allocation – The Firm utilizes a multiple time horizon approach to asset allocation. Strategic allocation uses a mean/variance quantitative framework to determine the optimal allocation to each hedge fund strategy over a long time horizon (three to four years). Tactical allocation incorporates a short-term view (six to twelve months) using customized Black-Litterman modeling.

(3) Portfolio construction and implementation – The Firm uses a rigorous in-house research process (quantitative and qualitative) to estimate each strategy’s respective alpha, beta, and residual components. Once an optimal portfolio is constructed, portfolio

parameters and constraints (as previously stated by the investor) are factored in, thereby creating a unique alternative investment solutions portfolio solution.

(4) Risk management – Risk management is performed throughout the entire investment process and is monitored at the portfolio, strategy, underlying manager, and transaction levels.

IIA LLC invests in accordance with the investment parameters that have been established for each multi-manager solution, which may include, where appropriate, the following investment strategies:

- Macro Discretionary
- Macro Systematic
- Distressed Credit
- Corporate Restructurings
- Event Driven
- Convertible Arbitrage
- Equity Market Neutral
- Fixed Income
- Relative Value
- CMBS
- Long/Short Equities
- Portfolio Insurance
- Capital Structure Arbitrage
- Statistical Arbitrage
- Fundamental
- Momentum
- Trend Following
- Pattern Recognition
- Convergent
- Divergent

IIA LLC may modify and revise the investment strategies it employs from time to time, and may manage the assets of certain Funds outside of the specified strategies.

Manager sizing is determined primarily by risk contributions, along with the following factors:

- Conviction level of the manager based on extensive due diligence.

- Length of the manager track record.
- Level of transparency obtained from the manager.
- Dollar limit per manager (no manager should exceed a certain percentage of the portfolio as determined by the agreed upon account parameters).
- Risk contribution limit per manager. Higher risk profiles tend to mean lower asset allocations.
- Market beta of the manager and the target portfolio market beta.

All third-party managers considered for a portfolio are subjected to extensive investment and operational due diligence prior to being placed on the Investment Universe list. Due diligence criteria includes, but is not limited to:

- Risk analysis - Historic portfolio snapshots are taken from the manager and processed through our internal risk systems; we then calculate our own summary metrics such as ex-ante volatility, factors bets taken in the portfolio, dollar exposure levels at the total portfolio level and exposures to sectors, industries, capitalization, etc. We also perform an independent liquidity analysis of the portfolio.
- Performance attribution – The Firm developed a proprietary performance attribution system that enables us to assess the consistency of stock selection alpha over time and delineates alpha vs. beta.

The Firm also examines the liquidity of the constructed Fund portfolio: (i) how long does it take to redeem from the underlying managers (redemption notice period and redemption frequency), and (ii) how long does the manager need to completely liquidate the portfolio (assuming a certain percentage of the daily volume of individual stocks).

### Non-Discretionary Investment Advisory Services

When IIA LLC provides non-discretionary investment advice to clients regarding investment manager selection, IIA LLC generally employs the same process it uses when selecting Underlying Investments for the multi-manager solutions, as discussed above.

### Conflicts of Interest

The officers and employees of IIA LLC, and its affiliates, who play key roles in the advisory services IIA LLC provides may spend a significant portion of their time on matters other than, or only tangentially related to, IIA LLC's clients. Conflicts of interest will arise in allocating their time and resources between IIA LLC's clients and their other undertakings.

As stated in Item 5, “Fees and Compensation” and Item 6, “Performance-Based Fees and Side-By-Side Management,” IIA LLC and its affiliates receive performance compensation from certain clients. These fees may cause IIA LLC and its affiliates and employees to make investments that are more speculative than they would otherwise make in the absence of such compensation or to favor higher fee paying clients over other clients.

As discussed in Item 6, “Performance-Based Fees and Side-by-Side Management,” certain Funds have investment objectives and strategies that are similar to those of other Funds. In addition, IIA LLC’s affiliates and clients of such affiliates have investment objectives that are similar to one or more of the Funds. As a result, IIA LLC and its affiliates will face conflicts of interest in allocating investment opportunities. In such cases, IIA LLC and its affiliates will seek to act in a manner they believe in good faith to be fair to the applicable accounts under the circumstances. Please see Item 6 for additional information.

Certain multi-manager solutions invest in Underlying Funds for which IIA LLC’s affiliates serve as placement agent or to which IIA LLC’s affiliates provide seed capital. These affiliates receive a fee from such Underlying Funds that is based upon each Underlying Fund’s assets under management. In addition, certain multi-manager solutions invest in Underlying Funds managed by IIA LLC or one of its affiliates. IIA LLC and its affiliates receive management, performance, and other fees from certain Underlying Funds. These compensation arrangements create an incentive for IIA LLC to cause the multi-manager solutions to invest in Underlying Funds based on the additional fees that will be earned by IIA LLC or its affiliates. IIA LLC mitigates these conflicts by disclosing the compensation arrangements in which an affiliate receives a fee prior to making the investments or waiving the associated fees.

IIA LLC’s affiliates invest in the Funds or the companies in which the Funds invest. Significant investment by IIA LLC’s affiliates in the Funds may operate to align, to some extent, the interests of IIA LLC and its affiliates with the interests of the investors in the Funds, although IIA LLC and its affiliates have other economic interests which may compete with their Fund investments. IIA LLC’s affiliates have preferential liquidity rights allowing the affiliates to redeem shares on short notice. IIA LLC’s affiliates may dispose of an investment in the Funds prior to investors exiting their investment, without making such exit opportunity available to investors. IIA LLC’s affiliates’ interests in such transactions may differ from investors’ interests at the time. IIA LLC’s affiliates will take their own interests into account in establishing or negotiating the terms of any financing to or investment in the Funds.

The boards of directors of certain Funds are comprised, in whole or in part, of employees of IIA LLC and its affiliates. As a result of such affiliations, the selection of IIA LLC and its affiliates as investment advisers, placement agents, lenders, or other services providers, and the fees payable to IIA LLC and its affiliates, were not determined or negotiated at arm's length. Directors may be a party to, or otherwise interested in, transactions in which the Funds have an interest.

IIA LLC and its affiliates have relationships with third-party service providers and financial institutions that may provide services or lend money to the Funds. To the extent IIA LLC or its affiliates receive rebates or special benefits with respect to investments where both the Funds and IIA LLC's affiliates are investors, IIA LLC and its affiliates will attempt to allocate such rebates and rights fairly; however, there can be no assurance that such allocation would be the same as the Funds could have negotiated at arms-length.

Certain Funds are organized in a master-feeder structure. Other funds sponsored or managed by IIA LLC or its affiliates, including other feeder funds in the structure, may invest all or a portion of their assets in a master fund on different terms or conditions than those applicable to a particular feeder fund. The members of the board of directors of a master fund may be the same as the members of the board of directors of one or more of its feeder funds.

Although the administrators of the Funds typically will be responsible for valuing the Funds' portfolios, IIA LLC or its affiliates may be involved in the process. Because IIA LLC is paid based on the Funds' net asset values, IIA LLC and its affiliates' involvement regarding valuation presents a potential conflict of interest.

To the extent that the employees of IIA LLC or its affiliates receive gifts, meals and/or entertainment from a service provider, such employees have an incentive to seek to cause IIA LLC or its affiliates and/or one or more of the Funds to enter into or continue a business relationship with such service provider, even if doing so is not in the best interests of the Funds.

### **General Risks**

This section discusses the risks associated with IIA LLC's investment strategies and methods of analyses. The securities or other financial instruments in which the Geo-Risk Fund, and the securities or other financial instruments in which a multi-manager solution' Underlying Funds or Managers invest, are collectively referred to as "investments" in this General Risks section.



This document does not purport to be a complete disclosure of all risks that may be relevant to a decision to invest in the Funds. Prospective investors must rely upon their own examination of, and ability to understand, the nature of their investment, including the risks involved, in making a decision to invest. An investment in the Funds should only be considered by persons who can afford a loss of their entire investment. For additional information, investors should carefully review the offering documents for the Fund in which they wish to invest with particular emphasis on the sections addressing the Fund's investment strategy, risk factors, and conflicts of interest. Investors should also consult their legal and tax advisers before making an investment decision.

Investing in securities involves risk of loss that all clients and Fund investors should be prepared to bear. IIA LLC and its affiliates will encounter potential conflicts of interest, some of which are summarized herein.

**No Assurance of Investment Return.** There can be no assurance that clients will be able to achieve their investment objectives or that investors in a Fund will receive a return of their capital. IIA LLC may not be able to execute a client's investment objectives or generate returns to Fund investors commensurate with the risks of investing in the types of transactions described herein. Past performance of IIA LLC is not necessarily indicative of future results, and investment results may vary substantially over time. Through human error, oversight or operational weaknesses, mistakes could occur in executing a client's investment strategies which could lead to significant trading losses. A client may be required to bear losses resulting from trading errors and similar human errors.

**General Economic Conditions, Political and Regulatory Risks, and Catastrophic Events.** The success of IIA LLC's investment advice and the Funds' activities may be affected by general economic and market conditions, such as market and other trends, interest rates, availability of credit, volatility, inflation rates, economic uncertainty, national and international political circumstances and other factors. In addition, investments may be adversely affected by political developments and catastrophic and other force majeure events such as fire, earthquake, terrorist attacks and other similar events. Legal, tax, and regulatory changes also may adversely affect an investment.

**Reliance on Key Personnel.** Investors will have no opportunity to participate in the day-to-day operations, including investment and disposition decisions, of the Funds. The success of the Funds will significantly depend upon the skill and expertise of IIA LLC's and its affiliates' investment professionals. Such professionals may not continue to be associated with IIA LLC or its affiliates throughout the term of a Fund, and any departure or resignation of any key professionals could have an adverse impact on the performance of a Fund.

**Due Diligence in Manager Selection Process.** IIA LLC conducts an amount and depth of due diligence that it believes is adequate to identify appropriate managers with which a Fund or other client should invest. However, due diligence is not foolproof and may not uncover problems associated with a particular manager. IIA LLC may rely upon representations made by the managers and their accountants, attorneys, prime brokers and/or other investment professionals. If any representation is misleading, incomplete, or false, it may result in the selection of a manager that otherwise might have been eliminated from consideration had complete information been made available.

**Limited Information Regarding Managers.** Although IIA LLC may receive detailed information from managers with which a Fund or other client invests regarding their historical performance and investment strategy, IIA LLC will not be given complete access to information regarding the actual investments made by certain managers or information may be provided from the managers with a delay. Thus, IIA LLC may not know the full composition of such managers' portfolios with respect to the degree of hedged or directional positions, or the extent of concentration risk or exposure to specific markets or the information will be provided with a delay. In addition, IIA LLC may not learn of significant structural changes, such as personnel, manager withdrawals, or capital growth, until after the fact.

IIA LLC identifies managers for clients in part on the basis of information made directly available to IIA LLC. Although IIA LLC attempts to evaluate all such information and seeks independent corroboration when it considers it appropriate and when it is reasonably available, IIA LLC is not in a position to confirm the completeness, genuineness or accuracy of such information.

**Allocation to Multiple Underlying Managers.** There can be no assurance that a client's allocation to multiple underlying managers will actually achieve diversification. A client could hold indirectly at one time opposite positions in the same investment as a result of its allocations to multiple managers. Each such position would cost the client transactional expenses, but potentially would not generate any recognized gain or loss. There is also no assurance that the selection of multiple managers will prove more successful than would the selection of a single manager.

Notwithstanding the use of multiple managers, a client's investments may be concentrated in a limited number of positions. IIA LLC will not know the complete portfolio positions taken by certain managers and multiple managers could, theoretically, be invested in the same instruments. A lack of diversification could have a material adverse effect on a client's investment performance.

**Reliance on Third-Party Managers.** With respect to the multi-manager solutions, the management team of a third-party manager is responsible for the day-to-day management of the Fund's investments. Such management team may not produce the expected results or may not remain with the third-party manager. The third-party managers face their own conflicts of interest in the management of a Fund's assets. IIA LLC will consider such managers' conflicts of interest as part of its due diligence on the underlying managers.

**Diverse Investor Base.** The Funds' investors may have conflicting investment, tax, and other interests with respect to investments. In selecting and structuring investments appropriate for the Funds, the investment and tax objectives of the Funds and their respective investors as a whole will be considered, not the investment, tax or other objectives of any particular investor individually.

**Recourse to Fund Assets; Indemnification.** A Fund's assets, including any investment made by the Fund and any funds held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. Such obligations include a Fund's obligation to indemnify IIA LLC, its affiliates and others for liabilities incurred in connection with the affairs of the Fund. Recourse to a Fund's assets could have an adverse impact on the interests of investors. A Fund's obligation to indemnify IIA LLC and its affiliates may limit investors' rights against such parties and may cause the Funds to pay considerable sums to such parties.

**Hedging Risks; Intermediary Risks.** In order to reduce the risk of adverse movements in currency exchange rates and the securities prices of its investments, certain Fund investments may involve hedging techniques through the purchase of swaps, derivatives and other similar instruments. There can be no guarantee that suitable hedging instruments will be available at the time when a Fund wishes to use them. Additionally, in the event of an imperfect correlation between a position in a hedging instrument and the portfolio position that it is intended to protect, the desired protection may not be achieved, and the Fund may be exposed to a risk of loss. Certain hedging transactions may be undertaken through brokers, banks or other organizations and the Funds will be subject to risk of default, insolvency or fraud of such organizations. There can be no assurance that any money advanced to such organizations will be repaid or that the Funds will have any recourse in the event of default. The collection, transfer and deposit of bearer instruments and cash expose the Funds to a variety of risks, including theft, loss and destruction.

**Side Letters.** As discussed in Item 5, "Fees and Compensation," the Funds occasionally enter into one or more side letters or similar agreements with certain investors pursuant to which the investor receives specific rights, benefits or privileges that are not made

available to investors generally. Such agreements will be disclosed only to those actual or potential investors that have separately negotiated with the Fund for the right to review such agreements.

**Restrictions on Transfer and Withdrawal.** Interests in the Funds have not been registered under the Securities Act of 1933 or any other applicable securities law. Investors generally may not sell, transfer, or pledge their interests except with the consent of the Fund's representatives, which may be withheld in its sole discretion. Additional limitations on transferability may also exist. No public market for the Funds' shares exists and none is expected to develop.

**Illiquid Investments.** Investments include securities that are highly illiquid, or which are subject to restrictions on transfer. The sale of any such investments may be possible only at substantial discounts, if at all, and such investments may be extremely difficult to value. Dispositions of investments may require a lengthy time period or may result in distributions in kind. Some of the dispositions could be in securities for which there is no readily available market.

**Limited Number of Investments.** Some of the Funds participate in a limited number of investments and, as a result, the performance of the Funds may be significantly adversely affected by the unfavorable performance of any single investment. Additionally, in order for a Fund to achieve attractive returns when at least one investment is likely to underperform, one or more of its other investments must perform well above expectations to avoid a loss by the Fund on its investments in the aggregate. There can be no assurance that this will be the case.

**Leverage.** Investments in swaps or futures will have the economic effect of using financial leverage. Financial leverage reflected in such an investment magnifies exposure to the swings in prices of an asset class underlying such investment and results in increased volatility.

In addition, investments in securities of leveraged companies involve a high degree of risk. In general, highly leveraged companies are inherently more sensitive to declines in revenues and to increases in expenses as well as any rise in interest rates. There can be no assurance that these companies will generate sufficient cash necessary to service its debt obligations. In the event that a company does not generate adequate cash flow to service its debt obligations, the Fund may suffer a partial or total loss of invested capital.

**Non-Controlling Investments.** Investments involve non-controlling interests in companies and, therefore, there may be a limited ability to protect the positions in such

companies. It is primarily the responsibility of company management to operate the company on a day-to-day basis. Such management may not produce the expected results or may not remain with the companies.

**Risks Upon Disposition of Investments.** In connection with the disposition of an investment, an Geo-Risk Fund or a multi-manager solution' Underlying Investments may be required to make representations about the business and financial affairs of the investment typical of those made in connection with the sale of any business, may be responsible for the contents of disclosure documents under applicable securities laws, and may be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by investors.

**Follow-On Investments.** The companies in which a Multi-manager solution' Underlying Funds or Managers invest may require additional funding or may offer the opportunity to increase investment in such companies. A Multi-manager solution' third-party managers may use proceeds from an investment they are managing to fund additional investments in another investment they are managing on behalf of such fund.

**Interest Rate Risk.** Certain investments may be subject to interest rate risk. While derivative instruments or other arrangements may be used to hedge such risks, there is no assurance that such measures, even if implemented, will be effective.

**Currency Risk.** Certain investments may involve securities denominated in non-U.S. currencies. Such investments are subject to the risk that changes in currency exchange rates will negatively affect the dollar value of a Funds' assets. There can be no assurance that any hedging strategies used to hedge such risks will be implemented or effective.

**Bankruptcy of Portfolio Companies.** Investments may involve companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state, and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of a Fund. There is also a risk that a court may subordinate an investment to other creditors or require the Fund to return amounts previously paid to it by a company that subsequently became insolvent or files for bankruptcy.

**Risk of Loss related to Master-Feeder Structures.** Some of the Funds generally invest through a "master-feeder" structure. The "master-feeder" fund structure creates certain risks for investors that are unique to such a structure. For example, a smaller feeder fund

investing in the master fund may be materially affected by the actions of a larger feeder fund investing in the master fund. If a larger feeder fund redeems from the master fund, the remaining feeder fund may experience higher pro rata operating expenses, thereby producing lower returns. The master fund may become less diverse due to redemption by a larger feeder fund, resulting in increased portfolio risk. The master fund is a single entity, and creditors of the master fund may enforce claims against all assets of the master fund. Certain conflicts of interest may exist due to different tax considerations applicable to the feeder funds. The feeder funds may be subject to expenses directly and indirectly, through the master fund. Thus, Funds in a master-feeder structure may be subject to a higher expense/equity ratio than other Funds that do not have a master-feeder structure.

**Portfolio Valuation.** Valuation of the Funds' securities and the investments (which will indirectly determine the amount of the management fees and the performance fees payable by the Funds) may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, investors could be adversely affected. Certain investments may be difficult to value and may be subject to varying interpretations of value.

**No Restrictions on Investment Strategies.** There are no limits imposed on the types or concentration of investments, the types of positions, the investment or trading strategies, or the ability to borrow or use other types of leverage.

**Possible Adverse Effect of Redemptions.** IIA LLC's trading strategies could be disrupted by redemptions of a large number of shares from the Geo-Risk Fund. Large redemptions could require IIA LLC to liquidate positions prematurely, resulting in losses. The Geo-Risk Fund may pay redemption proceeds, in whole or in part, in kind out of assets of the Geo-Risk Fund.

**Restrictions and Limitations on Redemptions.** The Geo-Risk Fund generally has the right to suspend or reduce redemptions of shares scheduled for a given redemption date under certain circumstances, as outlined in the offering memorandum. If the Geo-Risk Fund limits the redemption of shares and an investor is not able to redeem its shares when originally requested, the value of the investor's shares will continue to be subject to market risk and expenses, including management fees, until the redemption is permitted.

**Compulsory Redemptions.** Certain Funds may, for any reason with or without cause, compulsorily redeem shares of any shareholder (in whole or in part) or require the shareholder to transfer the shares.

**Limited Operating History.** The Geo-Risk Fund are newly formed entities and do not have any operating history which a potential investor could evaluate in deciding whether to invest in the funds.

**Investment of New Capital.** The Geo-Risk Fund may receive substantial additional investable capital from time to time. The Geo-Risk Fund cannot predict what effect, if any, such increase in capital will have on the Geo-Risk Funds' performance or trading strategies. No assurance can be given that any changes in IIA LLC's strategies in response to the increased funds that it manages will be successful. The Geo-Risk Fund may not be able to appropriately invest any such new capital for a significant period of time.

**Institutional, Counterparty and Custody Risk.** The institutions, including brokerage firms and banks, with which the Geo-Risk Fund does business, or to which such funds' investments have been entrusted for custodial purposes, may encounter financial difficulties that could impair the funds' operational capabilities and/or expose them to loss of capital. Some jurisdictions in which the Geo-Risk Fund may hold assets with institutions do not require the segregation of the funds' and other customers' assets from the other assets of the institution. The Geo-Risk Fund may affect their transactions in over-the-counter or interdealer markets in which the participants are not typically subject to credit evaluation or regulatory oversight. This exposes the Geo-Risk Fund to the risk that counterparty will not settle a transaction in accordance with its terms and conditions, thus causing the funds to incur loss. The Geo-Risk Fund will seek to transact business with multiple counterparties in order to mitigate counterparty risk. The Geo-Risk Fund is not restricted from dealing with any particular counterparty. Moreover, the Geo-Risk Fund has no internal credit function which evaluates the creditworthiness of their counterparties.

**Portfolio Turnover.** In general, investments will be traded without regard to their applicable holding periods in order to pursue the applicable Funds' investment objectives. Higher portfolio turnover involves additional expenses, including brokerage commissions, dealer mark-ups and other transaction costs on the sale of investments and reinvestment in other investments.

**Swap Agreements.** The Geo-Risk Fund engage in swap transactions. The investments of other Funds may involve swap transactions as well. Swap transactions involve some combination of market risk, credit risk, counterparty credit risk, funding risk, liquidity risk, and operational risk. Highly customized swap transactions in particular may increase liquidity risk, which may result in a suspension of redemptions from a Fund. The use of swap agreements may not be successful in furthering a Funds' investment objectives, as IIA LLC (with respect to the Geo-Risk Funds) and the Underlying Investments (with respect to the multi-manager solutions) may not accurately predict whether certain types of

investments are likely to produce greater returns than other investments. In addition, if counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses to the Funds.

Certain Funds' investments may include credit derivative contracts, such as credit default swaps, loan credit default swaps, credit default indices and loan credit default indices. Such instruments entail high risk. For example, if an Underlying Investment does not own the debt or loans that are deliverable under a credit default swap, the Fund will be exposed to the risk that deliverable securities or loans will not be available in the market, or will be available only at unfavorable prices, and in certain instances of issuer defaults or restructurings, a Fund may not be able to realize the full value of a credit default swap upon a default by the reference entity.

**Option Transactions.** Investments may include various "put" and "call" options, and other derivative securities. The use of options involves a high degree of embedded leverage, which can involve greater market risk, especially when not used to hedge the underlying security or instrument. The premium paid at the time an option is purchased will reduce any profit that might have realized had the underlying security or other instrument been purchased or sold instead of purchasing the put or call option.

**Margin Borrowing.** If an Geo-Risk Fund uses margin and the assets pledged to brokers to secure the fund's margin borrowings decline in value, the fund could be subject to "margin calls," pursuant to which the fund must either deposit additional funds with such brokers or suffer mandatory close-out of the margin borrowings, including liquidation of some or all of the pledged assets to compensate for such decline in value. In the event of a sudden precipitous drop in the value of the fund's assets, the fund might not be able to liquidate assets quickly enough to pay off its margin borrowings and the sale of assets under such circumstances would adversely impact the value of the fund's assets.

**Short Sales.** Investments may include short sales. With short sales, the market risk is unlimited in that the increase in the market price of the asset sold short is unlimited.

**Future Contracts and Physical Commodities.** Investments may include futures contracts and physical commodities. Exchanges on which futures are traded may have the right to suspend or limit trading in the commodities they list. Such a suspension or limitation could prevent the liquidation of investment positions and thereby expose a Fund to losses. In addition, exchange and other secondary markets may not always remain liquid enough to close out existing futures positions. Futures exchanges may limit fluctuations in futures contract prices during a single day, which could prevent the prompt liquidation of investment positions in futures or commodity options. To the extent that such positions are



unhedged, such occurrences could subject a Fund to losses. With respect to certain Funds, futures positions held by accounts owned, managed, or controlled by IIA LLC or Underlying Managers will be aggregated with each other for purposes of applying speculative position limits. This may limit the ability of a Fund or Underlying Manager to exercise their regular trading methods or could require the liquidation of investment positions in order to comply with speculative limits.

**Stock Index Futures Trading.** Investments may include call and put options on stock index futures. Whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock. Successful use of stock index futures will depend upon the accuracy of predictions regarding the movement in the direction of the stock market generally. Such predictions require skills and techniques different from those used in predicting changes in the price of individual stocks. The effectiveness of purchasing or selling stock index futures as a hedging technique will depend upon the extent to which price movements in assets that are hedged correlate with price movements of the stock index selected.

**Forward Trading.** Investments may involve forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized. Forward and “cash” trading is substantially unregulated. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. The imposition of controls by governmental authorities might also limit such forward (and futures) trading, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.

**Non-U.S. Securities.** Certain investments are expected to provide exposure to the returns of non-U.S. issuers. Investments in securities of non-U.S. issuers (including non-U.S. governments) and securities denominated or quoted in non-U.S. currencies may pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes or dividends, interest, capital gains or other income, limitations on the removal of funds or other assets, political or social instability, illiquidity, price volatility, market manipulation, less government regulation and supervision, increased transaction costs, and settlement risk. Less information may be available regarding non-U.S. issuers and such issuers may not be subject to accounting, auditing and financial reporting standards comparable to those in the U.S. In addition, taking appropriate legal action with respect to such investments may be more difficult in non-U.S. courts. Furthermore, investments may involve trading on non-U.S. exchanges and

markets. Trading on such exchanges and markets involves certain risks not applicable to trading on U.S. exchanges and is frequently less regulated.

**Emerging Markets.** The Geo-Risk Fund may invest in derivative instruments or other assets involving exposure to emerging markets. In emerging markets, political or economic instability may be more likely to occur. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investments may be made, including expropriation, nationalization or other confiscation, could result in loss to the Geo-Risk Funds. In addition, settlement, clearing and registration procedures may be under developed enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor information or protection as would generally apply to major markets.

**Market Analysis Limitations.** Access to current/new market information is needed to provide an accurate market analysis. IIA LLC has no control over the dissemination rate of market information; therefore, unbeknownst to IIA LLC, certain analyses may be compiled with outdated market information, severely limiting the value of IIA LLC's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

**Investments by ERISA Accounts.** The assets of certain Funds constitute "plan assets" for purposes of the Employee Retirement Income Security Act ("ERISA"). As a result, the administration and operation of such Funds is subject to ERISA. Fiduciaries of employee benefit plans should consult with their own counsel as to the consequences of investing in such Funds.

**Potential for System Failure.** Certain investments are dependent to a significant degree on the proper functioning of computer systems. Systems failures could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade investments (even for a short time), could cause a Fund to experience significant losses.

**Investments in Distressed Securities.** Investments may include "below investment grade" securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely

to be particularly risky investments although they also may offer the potential for correspondingly high returns.

**Non-Investment Grade and High Yield Investments.** Investments may include high-yield or non-investment grade securities and instruments. Such investments generally trade in the over-the-counter marketplace, which is less transparent and less liquid than the exchange-traded marketplace. In addition, investments may include the debt of companies that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. Non-investment grade securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities (commonly referred to as "junk" bonds) tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

**Equity Securities.** Investments may include common stock and equity securities. Market prices of equity securities generally, and of certain companies' equity securities more particularly, frequently are subject to greater volatility than prices of fixed-income securities. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or that are rumored to be experiencing irregularities. Common stock and similar equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer.

**Debt Instruments and Fixed-Income Securities.** Investments may include debt instruments and fixed-income securities. The value of such instruments and securities changes in response to fluctuations in interest rates and in the perceived credit risk associated with a particular instrument/security and its issuer.

**Collateralized Debt Obligations.** Investments may include collateralized debt obligations (“CDOs”) and collateralized loan obligations (“CLOs”). Investments may consist, in part, of CLO equity, multi-sector CDO equity, trust preferred CDO equity and CLO mezzanine debt. CDO securities are subject to credit, liquidity and interest rate risks. A CDO equity investment will most likely be unrated or non-investment grade, which means there is an increased possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative. In addition, holders of CDO equity will have limited remedies available upon the default of the CDO security. The value of the CDO investments generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

**Bank Loans.** Investments may include bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the holder to directly enforce its rights with respect to the loans and participations.

**Commercial and Residential Mortgage Backed Securities.** Investments may include commercial mortgage backed securities (“MBS”) and residential mortgage backed securities (“RMBS”). Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Additionally, holders of RMBS bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans secured by one- to four-family residential properties. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity.

Most securitizations of pooled loans, such as MBS and RMBS, require a servicer to manage collections on each of the underlying loans. Servicers’ responsibilities include providing delinquency notices when necessary, foreclosure proceedings, loan workouts and modifications, liquidations of real estate owned properties, and reporting on the

performance of the pool to the trustee. RMBS may provide that the servicer is required to make advances in respect of delinquent mortgage loans. However, servicers experiencing financial difficulties may not be able to perform these obligations. Servicers who have sought bankruptcy protection may, due to application of the provisions of bankruptcy law, not be required to advance such amounts.

**Tax Risk to U.S. Tax-Exempt Investors that Finance Investments in Shares.** Fund investors that are tax exempt organizations may experience adverse federal income tax consequences as a result of an investment in certain Funds if debt-financing is used (or deemed used) to acquire shares. In particular, such an investor may thereby subject itself to federal tax on an investment on which no such tax would otherwise be imposed, and, in addition, may become subject to certain complex and onerous provisions of the U.S. tax code relating to investments in “passive foreign investment companies.”

**Reduced Regulation in OTC Transactions.** Investments may involve over-the-counter (“OTC”) transactions. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions.

**Trade Claims.** Investments may include unsecured claims held by entities owed for goods, services or other losses against companies that have filed for bankruptcy protection (such claims, “trade claims”). The prices realized on trade claims could be less than the price originally paid because of the absence of a regulated market for trade claims. There is decreased transparency of pricing information with respect to trade claims and a risk that such claims may be disallowed or reduced by the bankruptcy court or treated differently from other forms of debt under the debtor’s plan of reorganization approved by the bankruptcy court.

**EU Legislation.** The Alternative Investment Fund Managers Directive, 2011/61/EU (“AIFMD”) entered into force on July 21, 2011 and was to be fully implemented by each EU member state no later than July 22, 2013. If funds are marketed or managed in the EU, the AIFMD will restrict the funds, IIA LLC and its affiliates from engaging in certain activities and may increase the operating expenses of the funds including, without limitation, imposing disclosure and reporting requirements on IIA LLC and its affiliates and restricting IIA LLC’s ability to delegate portfolio and risk management responsibilities.

## **Item 9 – Disciplinary Information**

IIA LLC is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of IIA LLC or the integrity of IIA LLC's management. Neither IIA LLC nor any of its supervised persons has been the subject of any legal or disciplinary event required to be disclosed on Form ADV.

## **Item 10 – Other Financial Industry Activities and Affiliations**

IIA LLC is registered as a commodity pool operator with the Commodity Futures Trading Commission ("CFTC") and is a member of the National Futures Association ("NFA") in such capacity. IIA LLC acts as a commodity pool operator with respect to certain Funds. Certain supervised persons of IIA LLC are also registered with NFA as associated persons.

IIA LLC has arrangements that are material to its advisory business or to clients with the following related persons:

Investcorp Bank B.S.C. ("Investcorp") is the parent company of Investcorp S.A. ("S.A."), which is the parent company of Investcorp International Holdings Inc. ("IIHI"). IIA LLC is 100% directly owned by IIHI. Investcorp has a wholesale banking license issued by the Central Bank of Bahrain ("CBB") and Investcorp and IIA LLC (by virtue of being an indirect subsidiary of Investcorp) are regulated by the CBB. Investcorp is authorized in Bahrain to advise clients on the relative merits of investing in Investcorp products and to arrange such investments, but is not registered in the U.S. and does not provide investment advice or act as a broker-dealer in the U.S. Employees of Investcorp provide support services to IIA LLC. Investcorp provides seed capital to certain funds in which the multi-manager solutions invest. Investcorp also serves as placement agent with respect to non-U.S. investors for one or more of the Funds, and provides administrator services to certain non-U.S. investors that prefer to hold their shares in the offshore Geo-Risk Fund through a nominee.

Investcorp Management Services Limited ("IMSL") is 100% directly owned by S.A. IMSL is incorporated in the Cayman Islands and has its offices in Bahrain. IMSL is registered as a mutual fund administrator and company manager with the Cayman Islands Monetary Authority and is authorized to provide investment advice. IMSL is not registered in the U.S. and does not provide investment advice in the U.S. IMSL serves as administrator or manager for several offshore special purpose vehicles ("SPVs") used by IIA LLC or an affiliate to facilitate the allocation of assets by multi-manager solutions to third-party investment managers. IIA LLC or an affiliate is solely responsible for choosing the third-party investment managers and for determining the allocation of fund assets to the third-party investment managers through the SPVs.

Investcorp Investment Advisers Limited ("IIAL") is 100% directly owned by S.A. IIAL is incorporated in the Cayman Islands and has its offices in Bahrain. IIAL is registered as a mutual fund administrator and company manager with the Cayman Islands Monetary Authority and is authorized to provide investment advice. IIAL is registered in the U.S. as an investment adviser with the SEC, and is registered as a commodity pool operator with the CFTC and is a member of the NFA in such capacity. Pursuant to various agreements between IIA LLC, IIAL, and clients, IIAL performs some of the investment advisory services that are provided to clients. In such circumstances, management fees and performance fees payable by clients are apportioned between IIA LLC and IIAL. The aggregate amount of such fees paid by clients does not increase as a result of such arrangement. IIAL also acts as a commodity pool operator with respect to certain Funds.

N.A. Investcorp LLC ("NAILLC") is 100% directly owned by IIHI, the parent company of which is S.A. NAILLC has its offices in New York and is a FINRA member and an SEC registered broker-dealer. Certain management persons of the Firm are registered representatives of NAILLC. NAILLC receives compensation for serving as placement agent for one or more of the Funds. NAILLC also receives compensation for serving as placement agent for certain other funds in which the multi-manager solutions invest.

Investcorp Securities Limited ("ISL") is 100% directly owned by Investcorp International Limited, the parent company of which is S.A. ISL is incorporated in England and has its office in London and is regulated by the UK Financial Services Authority. ISL is also registered as an investment adviser with the SEC.

Investcorp Saudi Arabia Financial Investments Co. ("ISAFI") is directly and indirectly owned by Investcorp; Investcorp directly owns 96% of ISAFI, and four Investcorp subsidiaries each own 1%. ISAFI is a Saudi Arabian entity, has its office in the Kingdom of Saudi Arabia, and is licensed by the Saudi Arabian Capital Market Authority. ISAFI serves as placement agent within the Kingdom of Saudi Arabia for one or more of the Funds.

Investcorp Nominee Holder Limited, is a wholly owned Cayman Island Exempted Company Limited by Share entity owned by ISL, which; (i) invests in certain pooled investment vehicles managed by IIA LLC which invests in these vehicles on behalf of certain Investcorp investors; and (ii) subscribes and holds in its own name on behalf of, and as nominee for, the benefit of these investors.

ICM Senior Loan Fund Corporation, is a wholly owned Delaware Corporation of the Advisor, which acts as a general partner/managing member of certain Client portfolios managed by the Advisor.

ICM Nominees Holding Limited, is a wholly owned Cayman Island Exempted Company Limited by Shares entity owned by the Advisor, which invests in certain pooled investment vehicles managed by the Advisor which; (i) invests into these vehicles on behalf of certain Investcorp investors; and (ii) subscribes and holds in its own name on behalf of, and as nominee for, the benefit of these investors.

Please see Item 8, “Methods of Analysis, Investment Strategies and Risk of Loss” for additional information on the potential conflicts of interest that may arise when a Fund has an arrangement with an IIA LLC affiliate.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

### Code of Ethics

Pursuant to Rule 204(A)-1 of the Advisers Act, IIA LLC has adopted a written Code of Ethics (the “Code”) which includes policies and procedures designed to reduce actual and potential conflicts of interest and establish “best practices” standards to require its Supervised Persons, as that term is defined in the Advisers Act, to place the interests of IIA LLC’s clients above the Supervised Persons’ own personal interests.

The Code includes provisions relating to the following principles:

- As a registered investment adviser, IIA LLC has a fiduciary relationship with its clients. Therefore, all Supervised Persons must carry out their duties solely in the best interests of clients and free from all personal compromising influences and loyalties.
- IIA LLC's operations are governed by the Advisers Act and the rules and regulations that the SEC has promulgated thereunder. All Supervised Persons must comply with the Advisers Act and other applicable Federal securities laws and rules.
- Under no circumstances may Supervised Persons use confidential information about a client, or an actual or potential investment of a client, for the Supervised Person's own benefit. Nor may he/she divulge information about clients or potential or actual investments of clients to any person except as expressly authorized by the client or as necessary to perform his/her duties on behalf of the Firm. Supervised Persons are expected to be knowledgeable about the Firm’s privacy policy and to adhere to same.
- To the extent that a Supervised Person advises IIA LLC’s clients, the Supervised Person must act with prudence and make sure his/her investment decisions for clients have a reasonable and adequate basis. Prior to taking action on behalf of clients, such Supervised Persons must analyze the investment opportunities in question and only



take actions that are consistent with the stated objectives and constraints of the client. Neither IIA LLC nor any Supervised Person may favor the interests of one IIA LLC client over another. Although it may not be possible to treat each client identically in every single transaction, on the whole, no client or group of clients should be disadvantaged to benefit any other client or group of clients.

- No Supervised Person may directly or indirectly agree to share in the profits earned or losses incurred in any client's account.
- No Supervised Person may warrant or guarantee the future value of or return on any security or investment. Nor may he/she warrant or guarantee the success or profitability of any investment advice the Firm renders or any trading or investment strategy the Firm follows.
- No Supervised Person may make or receive a payment or gift in excess of \$250 per individual per year where the payment or gift relates to the business of the recipient's employer. This prohibition does not apply to gifts to or from persons with whom the Supervised Person has a family or other personal relationship that exists apart from his/her association with the Firm or any other Investcorp affiliated entity. This prohibition also does not apply to ordinary and usual business entertainment hosted by IIA LLC or any other Investcorp affiliated entity, so long as such entertainment is neither so frequent nor so extensive as to raise any question of propriety. Supervised Persons must report to the Firm's Compliance Department all gifts made or received in excess of \$100.
- Supervised Persons must not lend or borrow money, securities or commodities to or from a client.
- Except as expressly authorized by the Firm, no Supervised Person may directly or indirectly authorize or pay any rebate, bonus, fee or other consideration to any person for business sought or procured, or to any official of any governmental or regulatory body.
- Supervised Persons shall maintain and preserve all books, records, and accounts which accurately and fairly reflect financial transactions on behalf of the Firm or a client. No Supervised Person may make or cause to be made any false or misleading entry or record in the books, records or accounts of the Firm or a client.

As with all policies and procedures, our Code is designed to cover a variety of circumstances and conduct. However, no policy or procedure can anticipate every potential conflict of interest that can arise in connection with the Firm's advisory business. Consequently, our Supervised Persons are expected to abide not only by the letter of the Code, but also by the spirit of the Code. Whether or not a specific provision of the Code addresses a particular situation, Supervised Persons must conduct their professional

activities in accordance with the general principles contained in the Code and in a manner that is designed to avoid any actual or potential conflicts of interest.

IIA LLC expects its Supervised Persons to conduct the Firm's affairs solely in the best interests of clients and not to engage in business or financial activities that may conflict with the activities of IIA LLC. Decisions regarding IIA LLC's business relationship with any other person or entity must be based solely upon valid business considerations. No Supervised Person may permit a business decision to be influenced by personal or other unrelated interests or factors.

IIA LLC's Code of Ethics also covers the following topics: insider trading, conflicts of interest, political activities and contributions, participation in private securities transactions, privacy policy and outside business activities. IIA LLC's Supervised Persons may from time to time serve as members of the boards of public and non-public companies. Such Supervised Persons must obtain the approval of IIA LLC's Compliance Department prior to accepting such role.

A copy of the Code of Ethics will be furnished upon request to any current or prospective client by contacting Brian Murphy, Chief Compliance Officer, at 917-332-5719; [bmurphy@investcorp.com](mailto:bmurphy@investcorp.com).

### Personal Trading

IIA LLC's Code of Ethics addresses the personal trading activities of its Supervised Persons. Specifically, it requires Supervised Persons to report their personal securities holdings and transactions to the Firm's Compliance Department. IIA LLC's Supervised Persons must obtain pre-approval from the Compliance Department prior to participating in most types of securities transactions and in all private placements and initial public offerings. In the event that a Supervised Person seeks to invest in a U.S. limited offering, the Compliance Department will review the proposal to see if a client is considering a transaction in the same limited offering and if so whether the Supervised Person's proposed transaction interferes with the client's transaction. The Supervised Person's proposed investment is also reviewed to confirm it is not on terms more favorable than the terms of the client's investment.

IIA LLC's affiliates occasionally invest in the same securities in which a client invests. Please see Item 8, "Methods of Analysis, Investment Strategies and Risk of Loss" for additional information.

### Participation or Interest in Client Transactions

It is IIA LLC's policy that neither IIA LLC nor its affiliates will receive any compensation (other than IIA LLC's receipt of an investment advisory fee) in connection with a cross trade that the Firm effects between Fund accounts. Accordingly, IIA LLC does not affect any agency cross transactions, as that term is defined in Advisers Act Rule 206(3)-2.

IIA LLC's affiliates, from time to time, may in the aggregate maintain ownership interests of more than 25% of a Fund managed by IIA LLC. Currently IIA LLC does not engage in transactions where IIA LLC causes such a Fund to purchase shares from or sell shares to another advisory Fund (e.g., when rebalancing Fund portfolios) without the clients prior written consent to the proposed transaction.

Certain multi-manager solutions invest in other funds in which IIA LLC and/or its affiliates have a material financial interest. Please see Item 8, "Methods of Analysis, Investment Strategies and Risk of Loss" for additional information.

## **Item 12 – Brokerage Practices**

### Multi-manager solutions

Because the multi-manager solutions typically allocate assets to Underlying Funds and Managers, the services of a broker-dealer are not customarily retained. With respect to certain multi-manager solutions, IIA LLC may manage assets directly, or indirectly through one or more affiliated investment vehicles, instead of allocating such assets to an Underlying Investment. In such instances, IIA LLC has the authority to designate the broker-dealers to be used for the multi-manager solutions' or affiliated investment vehicles' transactions.

To the extent IIA LLC and its affiliates select brokers for multi-manager solutions' securities transaction, IIA LLC and its affiliates will do so on the basis of best price and execution capability. In selecting a broker to execute client transactions, IIA LLC and its affiliates may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

IIA LLC does not receive research or other products or services ("soft dollars") other than execution from a broker-dealer or a third-party in connection with securities transactions related to the management of the multi-manager solutions, although soft dollars may be received by the Underlying Managers with whom the multi-manager solutions invest. IIA

LLC may, however, receive the benefit of using at no cost the electronic trading platforms of the futures commission merchants (“FCMs”) through which it clears transactions in certain multi-manager solutions. This benefit is part of the standard service package and is not a material factor in IIA LLC’s decision to use such FCMs.

### Geo-Risk Fund

The Geo-Risk Fund invest primarily in a portfolio of swap agreements. Due to the nature of swap agreements, IIA LLC is unable to aggregate orders for such transactions.

IIA LLC seeks to select broker-dealers to execute portfolio transactions for the Geo-Risk Fund on the basis of best price and execution capability and may consider a variety of factors, such as price, the ability of the brokers-dealers to effect the transaction, the broker-dealers’ facilities, capital introduction services, reliability and financial responsibility, and research services, if any, provided to IIA LLC. While IIA LLC generally seeks reasonably competitive commission rates, the Geo-Risk Fund does not necessarily pay the lowest commission or mark-up.

IIA LLC currently does not receive research products or services from broker-dealers that effect portfolio transactions for the Geo-Risk Fund (which are sometimes called “soft-dollar services”). However, should IIA LLC decide to receive soft-dollar services, it will adopted policies and procedures designed to ensure that its soft-dollar practices qualify for the safe harbor established under Section 28(e) of the Securities Exchange Act of 1934.

## **Item 13 – Review of Accounts**

### Funds

IIA LLC and its affiliate, IIAL, conduct monthly (or more frequent) reviews of the Funds. IIA LLC's investment team, which includes the CIO, meet at least monthly to review asset allocation, potential managers, current manager performance, and risk profiles. In addition, the entire investment team meets monthly or more frequently to review investment opportunities.

Certain senior executives of Investcorp constitute an Investment Council which is generally responsible for final approval of investment recommendations made by IIA LLC and its affiliates for the Funds.

IIA LLC and/or its affiliate, IIAL, will provide periodic and special written reports to certain Funds upon request. Investors in the Funds will receive written reports with respect to

their investments on at least a semi-annual basis. In addition, annual audited financial statements are sent to investors in the Funds, as applicable. IIA LLC or IIAL may also provide various other reports and information to investors upon request.

#### Non-Discretionary Investment Advisory Clients

IIA LLC and/or its affiliate, IIAL, will conduct periodic reviews of the accounts of non-discretionary investment advisory clients pursuant to the terms of the advisory agreement negotiated with the client. Such reviews are undertaken by IIA LLC's investment team, which includes the CIO.

IIA LLC may provide reports to non-discretionary investment advisory clients pursuant to the terms of the advisory or other agreement negotiated with the client.

### **Item 14 – Client Referrals and Other Compensation**

Other than the compensation discussed in Item 5, "Fees and Compensation" above, IIA LLC does not have any oral or written arrangements where it receives any economic benefits for providing investment advice or other advisory services to clients.

Neither IIA LLC nor its related persons compensate any person that is not one of IIA LLC's supervised persons for client referrals.

### **Item 15 – Custody**

IIA LLC is deemed to have custody of the funds and securities of certain Funds IIA LLC provide investment management services to.

IIA LLC complies with the Advisers Act Custody Rule by undertaking to deliver audited financial statements to the investors/participants in such Funds within 120 days after the end of the fiscal year of the relevant Fund or, in the case of pooled multi-manager solutions, within 180 days of the end of the fiscal year. These financial statements are:

- either prepared in accordance with U.S. generally accepted accounting principles ("GAAP") (for U.S. Funds and certain offshore Funds) or international accounting standards (for certain offshore Funds); and
- audited by an independent public accountant.

Investors/participants in the Funds should carefully review such financial statements.

## **Item 16 – Investment Discretion**

In IIA LLC's capacity as investment manager to the Funds, IIA LLC has discretionary authority over the Funds' funds and securities. IIA LLC typically has the authority to determine, without obtaining specific Fund consent, the (i) securities to be bought or sold, (ii) amount of the securities to be bought or sold, (iii) the broker or dealer to be used, and (iv) the commission rates to be paid. Please see Item 4, "Advisory Business" for more information.

IIA LLC exercises its discretionary authority for Funds in accordance with the investment objectives and strategies described in the Funds' offering and organizational documents, including any investment restrictions and risk guidelines specified therein.

IIA LLC is granted discretionary authority pursuant to the operating agreement of a Fund or through a separate agreement.

## **Item 17 – Voting Client Securities**

Because the primary nature of IIA LLC's business is to select other managers to manage assets of the multi-manager solutions, IIA LLC typically does not engage in proxy voting for such accounts. Proxy voting will normally be carried out by the Underlying Managers. To the extent that a multi-manager solution holds securities directly, rather than through an Underlying Fund or Manager, IIA LLC or its affiliate, IIAL, will vote proxies for such securities on behalf of the multi-manager solution. IIA LLC or IIAL may also vote the shares or other ownership interests that a multi-manager solution holds in an Underlying Fund or master fund.

Where IIA LLC has proxy voting authority, the Firm votes proxies consistent with its proxy voting policies and procedures, which are designed to ensure the Firm votes proxies in the best interests of its clients. Where IIA LLC has proxy voting authority with respect to a Fund, such Fund may request that IIA LLC vote proxies relating to its portfolio securities in a specific manner, provided that such requests are submitted in writing to the Firm at least 60 days prior to the voting deadline.

In the event a proxy vote raises a potential conflict of interest for the Firm, the Firm will either disclose the potential conflict to the client and obtain the client's consent to the Firm's vote recommendation, or will seek advice from and follow the recommendation of an independent third party on the issue.

A copy of IIA LLC's proxy voting policies and procedures, and information on how IIA LLC voted client securities, will be furnished upon request to any such client by contacting Brian Murphy, Chief Compliance Officer, at 917-332-5719; [bmurphy@investcorp.com](mailto:bmurphy@investcorp.com).

## **Item 18 – Financial Information**

IIA LLC is required in this Item to provide certain financial information or disclosures about its financial condition. IIA LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Funds, and has not been the subject of a bankruptcy proceeding.