
M Square Investimentos Ltda.

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This Brochure provides information about the qualifications and business practices of M Square Investimentos Ltda. (“M Square”). If you have any questions about the contents of this brochure, please contact us at 55 11 3074-6370 or via email at mtoledo@msquare.com.br. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

M Square is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that enable you to determine whether to hire or retain an adviser.

Additional information about M Square also is available on the SEC’s website at www.adviserinfo.sec.gov.

June 30, 2011

ITEM 2 – MATERIAL CHANGES

On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated June 30, 2011 is a new document prepared according to the SEC’s new requirements and rules.

In the future, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’s fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting director Marcos de Toledo Leite, at 55 11 3074-6370 or mtoledo@msquare.com.br.

Additional information about M Square is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with M Square who are registered, or are required to be registered, as investment adviser representatives of M Square.

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ITEM 4 – ADVISORY BUSINESS

Adviser's Advisory Business

M Square Investimentos Ltda., a Brazilian limited company (“M Square” or “Adviser”), is an investment manager that provides direct investment management services for the private investment companies, some of which are in a master feeder fund structure, described below. M Square also provides direct investment management services for accredited investors and qualified clients on a discretionary basis. M Square was established in 2005 and is majority owned by Compo Participacoes (which is principally owned by Arthur Mizne, a limited partner of M Square) and Mauricio Bittencourt Almeida Magalhães.

Types of Advisory Services Adviser Offers

M Square provides investment advisory services, with expertise in investing in Brazilian equities and international hedge funds, to various private investment companies (collectively, the “Funds”). In addition, M Square provides investment management services to managed accounts that invest in Brazilian equities, as well as Brazilian based funds regulated by the Comissão de Valores Mobiliários (“CVM”), the Brazilian equivalent to the U.S. Securities and Exchange Commission (the “SEC”).

Interests in the Funds are not registered securities under the U.S. Securities Act of 1933, as amended (the “Securities Act”). In addition, the Funds are not registered as investment companies under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements in private transactions pursuant to available exemptions under the Securities Act, the Investment Company Act and any applicable U.S. state securities laws.

M Square provides investment advisory and management services to its clients in accordance with the objectives and guidelines of each private investment company, as stated in each Private Placement Memorandum, or the managed account forms of its managed account clients, or in accordance with the risk profiles of individual clients.

Investment Restrictions

M Square develops customized investment strategies based on the stated investment objectives, risk tolerance and financial circumstances of the each client. The investment objectives, risk tolerance and financial circumstances of the funds described above are generally described in their Private Placement Memoranda. Clients may impose reasonable restrictions on the management of their accounts, including by restricting particular securities or types of investments. Clients should be aware that performance of restricted accounts may differ from performance of accounts without such impediments, possibly producing lower overall results.

Wrap Fee Programs

M Square does not participate, sponsor or act as a portfolio manager for any wrap fee programs.

Assets Under Management

As of December 31, 2010, M Square had assets under management of \$860 million, of which all was managed on a discretionary basis and \$0 was managed on a non-discretionary basis.

ITEM 5 – FEES AND COMPENSATION

M Square’s Basic Management Fees

The specific manner in which fees are charged by M Square is established in a client’s written agreement with M Square and, with respect to the private investment companies it manages, are disclosed in their Private Placement Memoranda. Generally and pursuant to contract, fees for the management of private investment companies, such as the Funds, will be based upon a percentage of the total assets in the account (including margined assets). Currently, M Square generally receives a management fee equal to an amount between 1.0% and 2.0% per annum of the net asset value of the Funds, payable monthly in advance. The management fee is generally calculated after deduction of other fees and expenses (see “—Other Fees and Expenses” below).

Certain Fund investors may receive more favorable terms that are not afforded to other investors, such as reduced performance fees. Fund details, including the associated advisory fees, other expenses, and investment strategies, are described in each Fund’s private placement memorandum.

M Square’s actual fees, minimum fees, and minimum account sizes may also be negotiated and may vary from the fees described above. A client may pay more or less fees than similar clients depending on the particular circumstances of the client, size, liquidity terms, additional or differing levels of servicing or as otherwise agreed with specific clients.

Calculation and Deduction of Advisory Fees

In addition to performance-based fees described in Item 6 below, M Square will generally calculate, and charge the Funds directly, its management fees on a monthly basis in advance. When M Square provides direct investment advisory services for accredited investors and qualified clients on a discretionary basis, clients may elect to be billed directly for management fees or to authorize M Square to directly debit management fees from client accounts. To the extent the management fee calculation period is longer than the applicable subscription and redemption periods, management fees shall be prorated for each capital contribution and withdrawal made during the applicable fee calculation period (with the exception of *de minimis* contributions and withdrawals). Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Other Fees and Expenses

In addition to investment management fees and performance-based fees, investors in the Funds will indirectly bear any other costs charged to the Funds. Such costs will vary and typically include, though are not limited to, accounting, legal, fund administration fees and other related costs. Furthermore, M Square's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. The impact of mark-ups and mark-downs shall also be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by sub-managers, custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and charged before M Square's fees, and M Square shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that M Square considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Prepaid Fees

M Square generally charges management fees to its clients in advance. If an advisory contract is terminated after fees have been charged to an account in advance, such fees will be refunded pro rata upon termination of the advisory contract relating to such account.

Compensation for the Sale of Securities

Neither M Square nor M Square's supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of investment funds.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

In addition to management fees, M Square will generally receive a performance allocation from each private investment fund, including the Funds, that it manages. The calculation of the performance allocation is described in each fund's private placement memorandum. In general, for each Fund, M Square will be entitled to a performance allocation in respect of each fund investor's capital account generally equal to an amount between fifteen percent (15%) and twenty percent (20%) of the net profits (including unrealized gains), if any, allocated to such investor's capital account with respect to each performance period for which the performance allocation is made; but only to the extent that such profits exceed any loss carry forward from prior performance periods.

Currently, all the accounts that M Square manages on a discretionary basis are charged both a performance based fee and a management fee. Because all such accounts are charged consistently, the performance based fee arrangements do not create an incentive for M Square to favor certain accounts over other accounts. However, if in the future, M Square manages

accounts that are not charged consistently, performance based fee arrangements may create an incentive for M Square to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. In such cases, M Square would have procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

ITEM 7 – TYPES OF CLIENTS

M Square primarily provides portfolio management services to private investment funds and institutional clients on a managed account basis.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General Investment Strategies and Methods of Analysis

The M Square has two distinct investment teams: one focusing on investing in Brazilian equities, and one focusing on investing in hedge funds globally. M Square limits its activities to areas in which its partners have solid and proven track records.

For the Brazilian equities strategy, M Square primarily seeks to identify securities of listed companies being traded at prices substantially below their intrinsic value (value-oriented strategy). M Square's investment strategy consists of deep fundamental analysis, with a significant long term investment horizon. M Square's equity research process observes the following criteria when selecting companies for the Funds' portfolio: (1) Businesses it understands and for which it is able to develop an educated opinion about their long term prospects; (2) Businesses with above average economics (*e.g.*, sustainable competitive advantages, high return on invested capital, etc.); (3) Good and proven management team; (4) Management team and controlling shareholders aligned with long term shareholder value creation for all shareholders; (5) Traded at prices that offer a significant margin of safety. It is anticipated that a significant part of a portfolio under this strategy will be comprised of securities of Brazilian companies. This style of investment is by definition long term investment and therefore M Square is focused on long term performance as opposed to short term volatility, although M Square may also implement short term purchases and short sales.

M Square also has a dedicated investment team for its international investments strategy, which is mainly focused on investing in managers based in the U.S. and Europe, following a deep research process and using the large relationship network developed by its professionals over more than fifteen (15) years.

Material Risks for Significant Investment Strategies

While it is the intention of M Square to implement strategies which are designed to minimize

potential losses suffered by its client, there can be no assurance that such strategies will be successful. It is possible that a client may lose a substantial proportion or all of its assets in connection with investment decisions made by M Square. The following is a discussion of material risks for M Square's significant investment strategies, but it does not purport to be a complete explanation of the risks involved in M Square's investment strategies.

Investment objective

There is no guarantee that in any time period, particularly in the short term, a client's portfolio will achieve appreciation in terms of capital growth or that a client's investment objective will be met by M Square.

Portfolio investments may be volatile

The value of the securities in which M Square, on behalf of its clients, will invest may be volatile. There can be no assurance that portfolio companies will ultimately be successful. Furthermore, a client will be subject to the risk that inflation, economic recession, changes in the general level of interest rates or other market conditions over which M Square will have no control may adversely affect the operating results of the client.

Hedging transactions may increase risks of capital losses

M Square may utilize a variety of financial instruments, such as options, for risk management purposes. While M Square may enter into hedging transactions to seek to reduce risk, such transactions may result in a worse overall performance for a client's portfolio than if it had not engaged in any such hedging transactions. Moreover, the portfolio is always exposed to certain risks that cannot be hedged, such as credit risk, relating both to particular securities and counterparties.

Stock borrowing

M Square may borrow securities for the account of its clients on terms that such securities may be recalled by the lender at short notice. If the securities are recalled, M Square may be required to unwind a strategy early, which may result in losses. M Square will endeavor to borrow non-recallable stock where possible.

Securities lending

M Square may enter into securities lending transactions on behalf of its clients. The principal risk when lending securities is that the borrower might become insolvent or refuse to honor its obligations to return the securities. In this event, M Square, on behalf of a client could experience delays in recovering its securities and such client's portfolio may possibly incur a capital loss. The client's portfolio may also incur a loss in reinvesting the cash collateral M Square, on behalf of the client, receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received from a securities lending counterparty. A decline in the value of such investment of the cash collateral would reduce the amount of collateral

available to be returned by M Square, on behalf of the client, to the securities lending counterparty at the conclusion of the securities lending contract. A client's portfolio would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the client's portfolio.

Liquidity of investment portfolio

Although M Square's investments focus primarily on investing in publicly listed securities and in liquid markets, it may invest in some securities which markets may be relatively illiquid. Liquidity relates to the ability of M Square, on behalf of its clients, to sell an investment in a timely manner. The market for relatively illiquid securities tends to be more volatile than the market for more liquid securities. Investment of a client's assets in relatively illiquid securities may restrict the ability of M Square, on behalf of the client, to dispose of its investments at a price and time that it wishes to do so. The risk of illiquidity also arises in the case of over-the-counter transactions. There is no regulated market in such contracts, and the bid and offer prices will be established solely by dealers in these contracts.

Foreign currency markets

M Square's investment strategy may cause a client to be exposed to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than U.S. dollars. M Square, on behalf of the client, may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialized and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

Derivatives

M Square's investment strategy may cause a client to be exposed to derivatives including instruments and contracts the value of which is linked to one or more underlying securities, financial benchmarks or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, index, currency or interest rate at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can result not only in the loss of the entire investment, but may also expose a client to the possibility of a loss exceeding the original amount invested.

Economic and political risks

The economies of individual countries in which M Square, on behalf of its clients, may invest may differ favorably or unfavorably from the economies of more developed countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. With respect to any emerging country (including Brazil), there is the possibility of nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of a client's investments in such countries. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country.

The economic and political risks described above may also adversely impact the value of derivative instruments and securities that are linked to the performance of emerging markets.

Global investing risk

M Square invests in various capital markets throughout the world. As a result, M Square is subject to risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the base currency of the Funds and the various other currencies in which the Funds' investments may be denominated, and costs associated with conversion of investment principal and income from one currency into another and (ii) the possible imposition of withholding taxes on income received from the issuer of, or gains with respect to, such securities. In addition, investing in certain of these capital markets involves certain factors not typically associated with investing in established securities markets, including risks relating to (i) differences between markets, including potential price volatility in and relative illiquidity of some securities markets, (ii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less governmental supervision and regulation and (iii) certain economic and political risks, including potential exchange control regulations and potential restrictions on investment and repatriation of capital.

Short selling

M Square, on behalf of its clients, may sell securities of an issuer short. If the price of the issuer's securities declines, M Square may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale.

The possible losses from selling short securities differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the various national and regional securities exchanges, which restrictions could limit the investment activities of M Square.

Fund of funds risks

With respect to M Square's international investments strategy, there are particular risks associated with the particular investments made by the underlying funds, and such risks would generally be described in the offering documents of such underlying funds. In addition, there are inherent risks to investors who invest through fund of funds (including fund of hedge funds) structures, including lack of transparency, lack of liquidity, duplication of fees and style-drift (i.e., divergence of an investment fund from its stated investment style or objective).

Material Risks for Particular Types of Securities

M Square does not recommend primarily a particular type of security. The material risks involved in M Square's general investment strategies are described above.

ITEM 9 – DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an adviser or the integrity of the adviser's management. M Square has no information applicable to this Item 9.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration

M Square and M Square's management persons are not registered with the SEC as a broker-dealer or registered representatives, respectively.

Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration

M Square is not registered with the Commodity Futures Trading Commission ("CFTC") as a futures commission merchant ("FCM"), a commodity pool operator ("CPO") or a commodity trading advisor ("CTA"). M Square has made exemption filings with the CFTC pursuant to CFTC Rules 4.13(a)(4) and 4.14(a)(8).

Other Material Relationships

M Square does not have any relationships or arrangements that are material to M Square's advisory business or to its clients that M Square or any of its management persons have with any of the following related persons: (i) a broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund); (iii) any other investment adviser or financial planner; (iv) a futures commission merchant, commodity pool operator, or commodity trading advisor; (v) a banking or thrift institution; (vi) an accountant or accounting firm; (vii) a

lawyer or law firm; (viii) an insurance company or agency; (ix) a pension consultant; (x) and a real estate broker or dealer sponsor or syndicator of limited partnerships.

Other Financial Industry Activities or Affiliations

To the extent M Square acts as a fund of funds manager, M Square selects other investment advisers for clients of its international investments business. Potential conflicts are avoided because M Square's international investments business is managed by an investment team that is completely separate and independent from the investment teams that provide advisory services to the Funds and other separate managed account clients. In addition, while the investment teams for the Funds and other separate managed account clients focus primarily on the Brazilian markets, the investment team for the international investments business focuses primarily on the U.S. and European markets.

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

Code of Ethics

M Square has adopted a code of ethics set forth in its Compliance Manual (the "Code") that generally prohibits investment personnel to invest in securities directly, for their own accounts. See the heading below titled "—Investments in Securities by Adviser and Personnel" for additional information. The Code governs the investment in securities by all partners and employees of M Square ("Personnel"). The purpose of the Code is to ensure that personal transactions do not conflict with client transactions and that in any situation where the potential for conflict exists, client interests take precedence.

Specifically, the Code requires that Personnel shall abstain from committing any act that might give rise to conflict between their personal interests and those of M Square when dealing with suppliers, clients, service providers and any natural person or legal entity doing business or who may do business with M Square.

Situations that may occasionally cause conflict between the interests of Personnel and those of M Square, in addition to dubious and unacceptable conduct, shall be carefully analyzed. In this case, M Square recommends that Personnel consult the Compliance Committee coordinator directly.

A copy of M Square's Code, including the Personal Investment Policy, is available to clients and prospective clients upon request.

Privacy Policy

M Square collects personal information primarily to provide investment management services, communicate information about its products and services and process subscriptions in private investment vehicles that it may advise or sub-advise. Personal information, which may be obtained from discussions with its clients and documents clients may deliver to M Square, may

include a client's name, address, telephone number, social security number or tax identification number, assets, net worth, income, bank account information and occupation (collectively, "Personal Information").

M Square permits only authorized individuals, who have been advised as to the proper handling of investor information, and who need to access this information to perform services, to have access to this information. These authorized individuals are required to maintain and protect the confidentiality of Personal Information. M Square maintains physical, electronic and procedural safeguards to protect Personal Information.

In order to service client investments and process transactions for client investments, M Square may provide Personal Information to its affiliates and to non-affiliated third-party financial service providers that assist M Square in servicing client investments and have a need for such information, such as a broker-dealer, administrator, or registrar and transfer agent. In addition, M Square may share Personal Information with non-affiliated third-party non-financial service providers, in order to process or service transactions or products. Unaffiliated third-parties in this instance may include service providers such as word processors and printers. Any such contract entered into by M Square will include provisions designed to ensure that the third-party will uphold and maintain M Square's privacy standards when handling Personal Information. M Square may also disclose Personal Information to regulatory authorities as required or permitted by applicable law. M Square does not otherwise provide information about any client to outside firms, organizations or individuals except at the client's request or to M Square's attorneys, accountants and auditors and as permitted by law. Except as described in this Privacy Policy, M Square will not use Personal Information for any other purpose unless M Square describes in advance how such Personal Information will be used and clients are given an opportunity to decline approval of such use of their Personal Information.

Participation or Interest in Client Transactions and Associated Conflicts of Interest

Neither M Square nor any person related to M Square recommends to clients, or buys or sells for client accounts, securities in the M Square or a related person has a material financial interest.

Investments in Securities by Adviser and its Personnel

There are no pari passu vehicles for Personnel. M Square requires Personnel to invest in the same vehicles offered to its clients, under the same terms. Accordingly, these investments should not create any conflicts of interests because M Square would not manage separate portfolios for its own account, and M Square has policies and procedures in place to avoid potential conflicts of interest due to its Personnel investing in the same vehicles offered to its clients.

Specifically, all of M Square's Personnel are subject to its policies and procedures regarding confidential or proprietary information, the information barriers and personal trading. In addition, M Square has additional policies and procedures relating to certain personal securities transactions by its Personnel which M Square deems to involve potential conflicts including conflicts involving its Personnel and client accounts managed by M Square. Such policies

generally prohibit its Personnel from investing in securities and other products other than investments in M Square's managed products, and exceptions to these policies are treated case by case by the Compliance Committee.

Trading Alongside by Adviser and its Personnel

As discussed above, there are no pari passu vehicles for Personnel, M Square requires its Personnel to invest in the same vehicles offered to its clients under the same terms and M Square's policies and procedures generally require Personnel to investment in M Square's managed products. Under this structure and such policies and procedures, neither M Square nor its Personnel would recommend securities to M Square's clients, or buy or sell securities for its clients' accounts, at the same time that they would buy the same securities for their own accounts

ITEM 12 – BROKERAGE PRACTICES

Broker-Dealer Selection

M Square has full discretion to select brokers or dealers as well as the commission rates at which the transactions for clients are effected. However, it is M Square's policy to seek best execution at the best price available with respect to each transaction, in light of the overall quality of brokerage and research services provided to it or its clients. The best price means the best net price without regard to the mix between purchase or sale price and commissions. In selecting broker-dealers, and in negotiating commissions, M Square considers a variety of factors, including best price and execution, the full range of brokerage services provided by the broker, as well as its capital strength and stability, and the quality of the research and research services provided by the broker.

In determining the abilities of a broker or dealer to obtain best execution for portfolio transactions, M Square will consider all relevant factors, including the execution capabilities required by the transactions; the ability and willingness of the broker or dealer to facilitate the portfolio transactions by participating therein for its own account; the importance to the account of speed, efficiency and confidentiality; the broker or dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold; the reputation and perceived soundness of the broker or dealer; as well as other matters relevant to the selection of a broker or dealer for portfolio transactions for any account. M Square will not adhere to any rigid formula in making the selection of the applicable broker or dealer for portfolio transactions, but will weigh a combination of the preceding factors.

M Square will have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of the investment companies. Although M Square will generally seek competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker or dealer involved and thereby entail higher

commissions or their equivalents than would be the case with other transactions requiring more routine services.

When allocating trades to clients, M Square must ensure that over time each client is treated fairly and equitably in the execution of transactions. Therefore, trading personnel must ensure that, over time:

- clients are treated fairly as to the securities purchased or sold for their accounts;
- clients are treated fairly with respect to the priority of execution of orders;
- clients are treated fairly in the allocation of trades;
- allocation of trades is done on a timely basis; and
- all accounts participating in an aggregated order receive average price and share transaction costs pro-rata.

Research and Other Soft Dollar Benefits

Consistent with obtaining best execution, M Square may direct brokerage commissions on client portfolio transactions to brokers in recognition of research or brokerage services received from them in connection with the execution of orders. M Square currently has no formal soft dollar agreements and did not, in its last fiscal year, direct client transactions to any particular broker-dealer in return for any soft dollar credits, although M Square received research and brokerage services from broker-dealers. However, currently, there is no agreement or formula for the allocation of brokerage business on the basis of such research services and brokerage services. Furthermore, it is generally M Square's policy that the use of commission or "soft" dollars (including dealer markups or markdowns arising in connection with certain types of riskless principal transactions) to pay for proprietary and/or third party research or brokerage products or services will fall within the safe harbor for soft dollars created by Section 28(e) of the Exchange Act.

The research or brokerage products and services provided to M Square by broker-dealers generally may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, analysis of corporate responsibility issues, and post-trade services or communication services related to executing, clearing and settlement of transactions. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists, academics, and government representatives.

As a general matter, research and brokerage services are used to service all of M Square's clients. The commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the M Square Funds by brokers may be higher than those charged by other brokers who may not offer such proprietary or third-party services, capabilities or characteristics as described above. This may be done where M Square has

determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, M Square would not be required to place or attempt to place a specific dollar value on the brokerage or research services provided by such broker. However, as noted above, M Square ensures that, when allocating trades to clients, each client is treated fairly and equitably over time in the execution of transactions.

Brokerage for Client Referrals

M Square generally does not consider, in selecting or recommending broker-dealers, whether M Square or a related person receives client referrals from a broker-dealer or third party. We note that M Square has full discretionary powers over its managed products and accounts, including the selection of broker-dealers for its clients (*i.e.*, M Square does not merely “recommend” broker-dealers for its clients).

M Square from time to time may participate in certain “capital introduction” programs organized or sponsored by certain prime or executing brokers to the M Square Funds or affiliates of such prime or executing brokers, which programs may include the prime or executing brokers or their affiliates introducing M Square to potential investors with which the prime or executing broker or its affiliate have a pre-existing relationship. Currently, neither M Square nor the Funds compensate prime or executing brokers or their affiliates for organizing such programs or making such introductions or for any investments ultimately made by such prospective investors (although either may do so in the future). While such programs and introductions provided by a prime or executing broker or its affiliates may provide an incentive or influence M Square in deciding whether to use such prime or executing broker in connection with brokerage, financing, trade execution and other activities of the M Square Funds, M Square will not commit to allocate a particular amount of brokerage to a prime or executing broker in any such situation.

Directed Brokerage

M Square generally has the discretionary authority to determine and direct execution of portfolio transactions within the client’s specified investment objectives without prior consultation with the client on a transaction-by-transaction basis.

Aggregation of Trades

M Square has the fiduciary duty to execute orders for its clients fairly and equitably. M Square follows written procedures pursuant to which it may, for clients who permit it, and to the extent consistent with best execution, combine purchase or sale orders for the same security for multiple clients (sometimes called “bunching”) so that they can be executed at the same time. The procedures followed by M Square may differ depending on the particular strategy or type of investment. M Square is not required to bunch or aggregate orders if: (1) portfolio management decisions for different accounts are made separately; or (2) M Square determines that bunching or aggregating is not practicable. M Square may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for accounts that are not aggregated. Where transactions for a client’s account are not aggregated with other orders, it may not benefit from

the better price and lower commission rate. Because of prevailing trading activity, it may not be possible to receive the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices may, in M Square's discretion, be averaged and accounts will be charged or credited with the average price. The effect of such aggregation may operate on some occasions to an account's disadvantage.

ITEM 13 – REVIEW OF ACCOUNTS

Review of Accounts

Client portfolios are reviewed on a continuous basis by the investment team. These reviews are designed to monitor and analyze the transactions, positions, investment levels and mandates of each account. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels. Generally, these reviews are performed by the investment committee of each investment team on a weekly basis. Extraordinary meetings may occur depending on changes in market conditions and companies' fundamentals.

M Square also performs reviews of its clients' accounts as appropriate based on, among other things, changes in market conditions, security positions or changes in a clients' investment objective or policies.

M Square normally prepares and provides to the Funds and investors written reports on a monthly basis, which report Fund data and performance. These reports generally include statistical data (such as portfolio concentration, liquidity profile and historical returns) and commentary on market conditions and companies' fundamentals.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Other Compensation

No person who is not a client of M Square provides an economic benefit to M Square for providing investment adviser or other advisory services to M Square's clients.

Compensation for Client Referrals

Neither M Square nor any related person directly or indirectly compensates any person who is not a supervised person of M Square for client referrals. Note that some of the Funds may have agreements with some placement agents for selling their interests, whereby such placement agents receive a portion of the management fees and performance-based fees or allocations paid to Adviser that are attributed to the interests sold by the agents.

ITEM 15 – CUSTODY

With respect to M Square's "U.S. Clients" (as defined below), such clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the clients' investment assets. M Square urges U.S. Clients to carefully review such

statements and compare such official custodial records to the account statements that M Square may provide to them. M Square's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. The term "U.S. Clients" includes U.S. holders of M Square's separate managed accounts and U.S. Funds (if any) managed by M Square and excludes U.S. investors in non-U.S. Funds managed by M Square.

Under the "regulation lite" regime, a non-U.S. adviser is permitted to treat the non-U.S. funds that it manages as its clients for all purposes of the Investment Advisers Act of 1940, as amended (the "Advisers Act") other than for certain registration and reporting sections. The investors in the non-U.S. funds are not treated as the non-U.S. adviser's clients for these purposes. Thus, U.S. investors in non-U.S. funds that are managed by a non-U.S. adviser are not considered U.S. clients of the non-U.S. adviser. Accordingly, most of the substantive provisions of the Advisers Act, including the rules relating to custody, would not apply to M Square with respect to the non-U.S. Funds that it manages. M Square and the custodians will, however, be subject to the laws and regulations in their countries of residence.

ITEM 16 – INVESTMENT DISCRETION

M Square generally receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, M Square observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to M Square in writing and, with respect to the Funds, are disclosed in the Private Placement Memorandum of each Fund.

ITEM 17 – VOTING CLIENT SECURITIES

Proxy Voting Policies

M Square will be subject to the laws and regulations regarding proxy voting in its country of residence.

In general, M Square has adopted policies and procedures designed to ensure that it votes proxies in the best interests of clients, disclose to clients information about those policies and procedures, and disclose to clients how they may obtain information on how M Square has voted their proxies.

On behalf of its clients, M Square invests in publicly listed securities. In relation to these investments, M Square has the authority to vote proxies. Proxy voting decisions are the responsibility of the portfolio managers and are made in accordance with M Square's proxy voting policies and procedures. M Square's general policy regarding proxy voting is to consult

with the manager of the Funds or portfolio managers and decide each proxy vote on a case-by-case basis.

M Square shall take into account the best interests of its clients, as well as any potential conflicts of interest among its clients and M Square or its affiliates. M Square is responsible for identifying any potential conflicts of interest that may arise in the proxy voting process. M Square will refer any conflicts of interest to the designated principals for resolution.

We note that the proxy voting rules under the Advisers Act would generally apply only to M Square's U.S. Clients (as defined under Item 15) under the regulation lite regime described above under Item 15. However, subject to the record keeping policies described in the paragraph below, the policies and procedures discussed above would generally apply to all M Square's clients.

Thus, for M Square's U.S. Clients, M Square will follow the proxy voting procedures and policies discussed above. In addition, with respect to such U.S. clients, M Square will retain (i) written proxy voting policies and procedures; (ii) proxy statements provided by the prime broker/custodian regarding client securities; (iii) records of votes cast on behalf of clients; (iv) records of clients requests for proxy voting information; and (v) any specific documents M Square prepared that were material to making a decision how to vote, or that memorialized the basis for the decision.

M Square's proxy voting policies and procedures and information on how specific proxies were voted is available to clients and prospective clients upon request.

ITEM 18 – FINANCIAL INFORMATION

Registered investment advisers are required in this Item 18 to provide clients with certain financial information or disclosures about M Square's financial condition. M Square does not require prepayment of any fees, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Accordingly, no financial statements are required to be provided by M Square to its clients.

ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Advisers who are registered or are registering with state securities authorities are required in this Item 19 to provide clients with certain information about their business and management teams. M Square is federally registered and is therefore not required to complete this Item 19.