

---

## **M Square Investimentos Ltda.**

Avenida Brigadeiro Faria Lima  
3355, 20th floor  
São Paulo, Brazil, SP 04538-133  
55 11 3074-6370  
[www.msquare.com](http://www.msquare.com)

**This brochure provides information about the qualifications and business practices of M Square Investimentos Ltda. 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](mailto: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 Investimentos Ltda. 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 Investimentos Ltda. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**March 31, 2014**

---

## **ITEM 2 – MATERIAL CHANGES**

---

There have been no material changes to this brochure since the last annual update in March 2013.

## TABLE OF CONTENTS

---

ITEM 2 – MATERIAL CHANGES .....	2
TABLE OF CONTENTS.....	3
ITEM 4 – ADVISORY BUSINESS .....	4
ITEM 5 – FEES AND COMPENSATION .....	4
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	5
ITEM 7 – TYPES OF CLIENTS .....	6
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	6
ITEM 9 – DISCIPLINARY INFORMATION .....	9
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	9
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	9
ITEM 12 – BROKERAGE PRACTICES .....	10
ITEM 13 – REVIEW OF ACCOUNTS.....	13
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	13
ITEM 15 – CUSTODY .....	14
ITEM 16 – INVESTMENT DISCRETION .....	14
ITEM 17 – VOTING CLIENT SECURITIES.....	14
ITEM 18 – FINANCIAL INFORMATION .....	15

## **ITEM 4 – ADVISORY BUSINESS**

---

Established in 2005, M Square Investimentos Ltda., a Brazilian limited company (“M Square”), is an investment manager that provides investment advisory services to various clients, described below. M Square is majority owned by Compo Participacoes (which is principally owned by Arthur Mizne, a limited partner of M Square) and Mauricio Bittencourt Almeida Magalhães.

Through its expertise investing in Brazilian equities and in international investments, M Square provides investment advisory services to private investment funds (individually, a “Fund” and collectively, the “Funds”) and to managed accounts (the “Managed Accounts”). M Square also manages Brazil based funds, for Brazilian investors, regulated by the Comissao de Valores Mobiliarios (“CVM”), the Brazilian equivalent to the U.S. Securities and Exchange Commission (the “SEC”).

M Square manages each Fund according to the investment objective, risk tolerance and guidelines stated in the Fund’s Private Placement Memorandum, and does not tailor its services to the individual investors in the Fund. The Managed Accounts are managed in accordance with the risk profile of each individual investor and the agreed upon objectives as established by the management agreements.

As of December 31, 2013, M Square had firm wide net assets under management of \$1,382,993,000, all of which were managed on a discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

---

### **M Square’s Management Fees**

The specific manner in which fees are charged by M Square is established in a client’s written agreement with M Square, such as the Funds’ Private Placement Memoranda or the Managed Accounts’ Investment Management Agreement. 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 each client, payable monthly in advance. The management fee is generally calculated after deduction of other fees and expenses and charged on a monthly basis in advance. The Managed Accounts may elect to be billed directly for management fees or to authorize M Square to directly debit management fees from the accounts, as it does for the Funds.

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 for both Funds and Managed Accounts.

M Square’s management fees may, in certain specific situations, vary from the fees described above. A client may pay more or less fees than other clients depending on the particular

circumstances of the client, size, early investment, liquidity terms, additional or differing levels of servicing or as otherwise agreed with specific clients.

### **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 that shall be incurred by clients, including the impact of mark-ups and markdowns. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as 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. Additionally, clients in the international investments strategy will likely be subject to fees charged by underlying funds and managers.

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).

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

---

In addition to management fees, M Square will generally receive a performance fee from each Fund or Managed Account that it manages. In general, M Square will be entitled to a performance fee 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, charged to such investor's capital account with respect to each performance period for which the performance fee is calculated; but only to the extent that such profits exceed any loss carry forward from prior performance periods and any performance hurdles, when relevant. Performance fees for the Managed Accounts will also generally equal an amount between fifteen percent (15%) and twenty percent (20%) of the net profits (including unrealized gains), if any, but only to the extent that such profits exceed any loss carry forward from prior performance periods and any performance hurdles, when relevant. The Managed Accounts may elect to be billed directly for performance fees or to authorize M Square to directly debit performance fees from the accounts.

Currently, all the Funds and Managed Accounts that M Square manages are charged both a performance-based fee and a management fee. Performance-based fee arrangements may create an incentive for M Square to recommend investments that may be riskier or more speculative than those that 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, the procedures that have been designed and implemented should ensure that all clients are treated fairly and equally, and prevent this conflict from influencing the allocation of investment opportunities among clients.

## **ITEM 7 – TYPES OF CLIENTS**

M Square primarily provides investment management services to private investment funds and to a small number of managed accounts for specific institutional investors.

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

---

### **General Investment Strategies and Methods of Analysis**

M Square has two distinct investment teams: one focusing on investing in Brazilian equities and one focusing on investing internationally through underlying funds and managers.

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 long term investment horizon. M Square's equity research process observes the following criteria when selecting companies for the investment vehicles' portfolios: (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 teams; (4) Management teams and controlling shareholders who are aligned with long term shareholder value creation for all shareholders; (5) Trading 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 and therefore M Square is focused on performance over a number of years as opposed to short term volatility. M Square may also implement short term purchases and short sales, if and when contemplated under a specific mandate.

M Square also has a dedicated investment team for its international investments strategy, which is mainly focused on investing in underlying funds and managers based in the U.S. and Europe, following a deep research process and using the large relationship network developed by its professionals over the last 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, there can be no assurance that such strategies will be successful, particularly in the short term. Investing in securities involves a risk of loss that clients must be prepared to bear. 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.

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. **The particular risks associated with an investment in any of the Funds are further discussed in their offering documents, such as the Funds' Private Offering Memoranda.**

*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 has no control, may adversely affect the operating results of the portfolio companies and consequently of the overall 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 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.

*Foreign currency markets*

M Square's investment strategy may cause a client to be exposed to fluctuations in currency exchange rates, in particular to the Brazilian Real, 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. 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 are linked to one or more underlying securities, financial benchmarks or indices. Derivatives allow an investor to hedge or infer 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, in addition to specific derivative trading risks.

*Economic and political risks and other global investment 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 (particularly 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. Other global investing risks include risks relating to (i) the possible imposition of withholding taxes on income received from the issuer of, or gains with respect to, such securities, (ii) differences between markets, including potential price volatility in and relative illiquidity of some securities markets, (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less governmental supervision and regulation and (iv) certain economic and political risks, including potential exchange control regulations and potential restrictions on investment and repatriation of capital.

*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 and decline in value.

It is worth mentioning that in Brazil, the Brazilian Clearing and Depository Corporation ("CBLC") – the Local Exchange's clearing house – has a segregated account structure that identifies the final beneficial owner or borrower. The beneficial owners are represented at CBLC by the custodians, CBLC's direct participants. The latter bear full responsibility for the holding and movement of securities held in the beneficial owners' accounts, according to Brazilian Securities Commission rules. The account segregation protects the final investor because it permits the tracking of



property rights in the event of a custodian's insolvency or bankruptcy. Furthermore, it allows CBLC to directly inform the final investors of their holdings in the depository service.

### *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 (net of borrowing cost) 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.

## **ITEM 9 – DISCIPLINARY INFORMATION**

---

M Square has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of M Square have been subject to such action.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

---

Neither M Square nor any of its employees have any relationships or arrangements that pose material conflicts of interest to the business of M Square.

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

M Square is not registered with the CFTC as a Commodity Pool Operator pursuant to CFTC Rules 4.13(a)(3) and relies on Section 4(m)(3) of the Commodity Exchange Act for its exemption from registration as a Commodity Trading Advisor.

## **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 (the "Code") that generally sets forth guidelines to assist M Square and its staff in complying with regulatory requirements and meeting fiduciary obligations while adhering to sound business ethics and principles. The Code covers a range of topics that include: reporting personal securities trading, insider trading, initial public offerings

and private placements, and reporting ethical violations. One 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.

The Code applies to all “Covered Persons” of M Square, which include partners, directors, officers, employees (including temporary employees), interns, consultants and other persons who on a regular basis are present in the offices of M Square and have access to real time transaction information (collectively, “Personnel”).

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 and dealt with. In this case, M Square requires that Personnel consult the Chief Compliance Officer or one of the Compliance Committee members directly.

A copy of M Square’s Code is available to clients and prospective clients upon request.

### **Participation or Interest in Client Transactions and Associated Conflicts of Interest; Investments in Securities by Adviser and its Personnel**

Personnel of M Square and its related persons and affiliates are or may be investors in M Square’s Funds. As such, it is possible that M Square could cause a Fund or Managed Account to buy or sell securities in which M Square or one of its related persons has a financial interest. For example, M Square could recommend that a client invest in a Fund for which M Square or an affiliate serves as investment manager, general partner, managing member or manager. M Square also could recommend that a Fund invest in a portfolio company in which another Fund previously has invested. Because M Square may have a nominal ownership interest in both Funds, M Square could have a potential conflict of interest in making such a recommendation.

Additionally, Personnel are generally prohibited from investing in securities and other products other than in M Square managed products, in hopes of mitigating any possible conflicts of interest. Exceptions to these policies are treated case by case by the Compliance Committee.

## **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. 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 services provided to it or its clients. 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 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 does 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 has 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 Funds and Managed Accounts. 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.

### **Research and Other Soft Dollar Benefits**

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. 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. It is M Square's policy that any access to proprietary and/or third party research or brokerage products or services as a result of commissions paid or "soft" dollars (including dealer markups or markdowns arising in connection with certain types of riskless principal transactions) 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 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 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 Funds, M Square will not commit to allocate a particular amount of brokerage to a prime or executing broker in any such situation.

### **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.

With respect to securities purchased in an initial public offering or secondary public offering, it is recognized that, due to the limited availability of new issues, often it is not possible to achieve a complete allocation for all new issue-eligible accounts on every trade. M Square's policies with respect to such cases provides that its portfolio manager and / or trader should ensure that no trade allocation unfairly advantages or disadvantages one or more clients or investment strategies over another, and that over time such client accounts are all treated fairly.

## **ITEM 13 – REVIEW OF ACCOUNTS**

---

### **Review of Accounts**

Fund and Managed Account portfolios are reviewed on a continuous basis by the Portfolio Manager and the investment analysts. 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 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 Fund investors risk reports on a monthly basis, which report portfolio data and performance. These reports generally include statistical data (such as portfolio concentration, liquidity profile and historical returns) on a monthly basis. Additionally M Square provides to its Fund and Managed Account investors a quarterly commentary on market conditions and portfolio companies' fundamentals.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

---

### **Compensation for Client Referrals**

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 M Square that are attributed to the interests sold by the agents.

## **ITEM 15 – CUSTODY**

---

Under the “regulation lite” regime, a non-U.S. adviser must comply with the substantive provisions of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) only with respect to its U.S. clients. Consequently, the substantive provisions of the Advisers Act, including the rules relating to custody, would apply only with respect to M Square’s U.S. Funds and clients of the U.S. managed account (together the “U.S. Clients”). The term “U.S. Client” excludes, without limitation, investors in any fund managed by M Square (including the Funds), non-U.S. funds managed by M Square and non-U.S. separate managed accounts.

M Square’s “U.S. Clients” (as defined above) should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the clients’ investment assets. Additionally, M Square’s U.S. Funds should receive an audited financial statements within 120 days of year end. 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.

M Square and the custodians will, however, be subject to applicable laws and regulations in their countries of residence and where they conduct business.

## **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.

M Square has adopted policies and procedures designed to ensure that it votes proxies in the best interests of its clients. The policies disclose information about M Square’s procedures and state

that clients may obtain information on how M Square has voted their proxies (for purposes of the discussion below, “proxies” are understood to include votes cast at meetings).

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 portfolio manager 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.

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**

---

M Square 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.