

WESTCHESTER CAPITAL MANAGEMENT, LLC

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This brochure provides information about the qualifications and business practices of Westchester Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (914) 741-5600 or operations@mergerfund.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Westchester Capital Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

Since the last update of our brochure dated March 31, 2014, we have (i) revised the discussion of WCM's methods of analysis, strategies and the risk of loss; (ii) added references to a new registered investment company that WCM expects to sub-advise; and (iii) made certain non-material changes.

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ITEM 4 - ADVISORY BUSINESS

Westchester Capital Management, LLC (“WCM”), 100 Summit Lake Drive, Valhalla, New York 10595, provides investment advice as:

- the investment adviser to The Merger Fund, a registered open-end investment company organized as a Massachusetts business trust (“TMF”);
- the investment adviser to The Merger Fund VL, a registered open-end investment company organized as a Delaware statutory trust which offers its shares only to insurance company separate accounts in connection with variable annuity contracts or variable life insurance policies issued by certain life insurance companies (“VL”);
- the investment adviser to WCM Alternatives: Event-Driven Fund (“EDF”), a series of shares of Westchester Capital Funds, a registered open-end investment company organized as a Massachusetts business trust;
- the sub-adviser to the Dunham Monthly Distribution Fund, a separate series of shares of the Dunham Funds, a registered investment company (“Dunham”); and
- the adviser to the MLIS Westchester Merger Arbitrage UCITS Fund, a sub-fund of Merrill Lynch Investment Solutions, an umbrella investment company with variable share capital incorporated in the Grand Duchy of Luxembourg (the “UCITS Fund”).
- On or about April 27, 2015, it is expected that WCM will begin providing investment advice as the sub-adviser to JNL/Westchester Capital Event Driven Fund, a separate series of shares of JNL Series Trust, a registered open-end investment company (“JNL”). Certain references to JNL herein are in the present tense as if the advisory contract was operational as of the date of this ADV.

TMF, VL, EDF, JNL, Dunham and the UCITS Fund are collectively referred to as the “Funds.” Each of the Funds may engage in merger arbitrage and other event-driven strategies. Merger arbitrage is an investment approach designed to profit from the successful completion of proposed mergers, takeovers, tender offers, leveraged buyouts, liquidations and other types of corporate reorganizations. The Funds may pursue other investment strategies as part of their principal investment strategies. A summary of each Fund’s principal investment strategies is included in its offering documents.

WCM (along with its predecessor firm) has been an established manager in the merger arbitrage space for over 25 years. WCM has been an investment adviser registered with the Securities and Exchange Commission since 2010 and its predecessor firm was registered in 1980.

Roy Behren, as Manager of RDBWCM Holdings, LLC, Michael T. Shannon, as Manager of MTSWCM Holdings, LLC, and LPC Westchester GP, LLC, as general partner of LPC Westchester, LP, are WCM's principal owners.

WCM tailors its advisory services to the specific investment objectives, policies and restrictions, if any, of each Fund as set forth in the relevant prospectus, prospectus supplement, statement of additional information, investment advisory contract and other governing documents pertaining to each Fund (collectively, the "Fund Documents"). Investment advice is provided in respect of each Fund, and not individually to investors in the Funds. Each Fund is subject to the investment restrictions described, if applicable, in its Fund Documents.

In addition, WCM is an affiliate of Westchester Capital Partners, LLC, an investment adviser ("WCP"). WCP serves as the general partner of WCM Hudson Valley Partners, L.P., a Delaware limited partnership ("HVP"), investment adviser to WCM Merger Fund Ltd., a Cayman Islands exempt company ("LTD"), and the manager of WCM Master Trust, a Bermuda trust (the "Master Fund"), a master-feeder structure in which HVP and LTD comprise the feeder funds to the Master Fund.

As of December 31, 2014, WCM managed approximately \$5,733,959,605 in client assets on a discretionary basis and did not manage any assets on a non-discretionary basis.

ITEM 5 - FEES AND COMPENSATION

WCM is the investment adviser to TMF pursuant to an investment advisory contract (the "TMF Contract") dated January 1, 2011. The TMF Contract provides that WCM receives an annual management fee of 1.0% of TMF's average daily net assets for the most recent fiscal year. This fee is accrued daily and payable monthly. WCM has entered into an agreement with TMF whereby WCM has agreed to reduce its advisory fee through April 30, 2016 so that the advisory fee will be: (i) 1.0% on an annualized basis of the average daily net assets of TMF on net assets below \$1.5 billion; (ii) 0.9% on an annualized basis of the average daily net assets of TMF on net assets between \$1.5 billion and \$2.0 billion; (iii) 0.8% on an annualized basis of the average daily net assets of TMF on net assets between \$2.0 billion and \$5.0 billion and (iv) 0.75% on an annualized basis of the average daily net assets of TMF on net assets over \$5.0 billion. This fee waiver arrangement may be terminated at any time by the Fund's Board of Trustees.

WCM is the investment adviser to VL pursuant to an investment advisory contract (the "VL Contract") dated January 1, 2011. The VL Contract provides that VL pays WCM an annual management fee of 1.25% of the net asset value of VL. This fee is accrued daily and paid monthly. WCM has agreed to reimburse expenses of VL and/or waive fees due to WCM through April 27, 2014 in order to ensure that total operating expenses of VL, excluding brokerage commissions, short dividends, interest expense, taxes, acquired fund fees and expenses and extraordinary expenses, on an annual basis do not exceed 1.40% (the "VL Expense Waiver and Reimbursement Agreement"). WCM may recapture some or all of the amounts it reimburses or waives in respect of VL in the three years following the year in which the fees were reimbursed or waived subject to the expense agreement in place at the time of the

waiver/reimbursement. The VL Expense Waiver and Reimbursement Agreement may be terminated at any time by the Board of Trustees.

WCM is the investment adviser to EDF pursuant to an investment advisory contract (the “EDF Contract”) dated November 13, 2013. The EDF Contract provides that WCM receives an annual management fee of 1.25% of EDF’s average daily net assets for the most recent fiscal year. This fee is computed and paid monthly. WCM has contractually agreed to reimburse expenses of EDF and/or waive fees due to WCM through April 30, 2016. In order to ensure that total operating expenses of EDF, excluding commissions, mark-ups, litigation expenses, indemnification expenses, interest expenses, borrowing expenses, including on securities sold short, dividend expenses on securities sold short, trading and investment expenses, taxes, acquired fund fees and expenses, and any extraordinary expenses, on an annual basis do not exceed 1.74% for Institutional Class shares and 1.99% for Investor Class shares (the “EDF Expense Waiver and Reimbursement Agreement”). WCM may recapture some or all of the amounts it reimburses or waives in respect of EDF in the three years following the year in which the fees were reimbursed or waived subject to the expense cap in place at the time of the waiver/reimbursement. The EDF Expense Waiver and Reimbursement Agreement may be terminated at any time by the Board of Trustees.

WCM is sub-adviser to Dunham pursuant to a sub-advisory agreement, dated as of December 6, 2010, and effective December 31, 2010, among Dunham & Associates Investment Counsel, Inc., the Dunham Funds and WCM (the “Dunham Contract”). The Dunham Contract provides that WCM’s fee is a performance-based fulcrum fee composed of a base fee of 0.75% and a performance adjustment of +/-0.50% depending on WCM’s performance over a rolling 12-month period measured against a designated benchmark. No adjustment is made to WCM’s fees if the performance falls within the “null zone” of plus or minus 0.15% versus the benchmark. The total fulcrum fee (base fee plus or minus performance fee) is paid monthly. Effective March 1, 2015, WCM has contractually agreed through February 29, 2016 to waive or limit its fees so that such fees, on an annual basis, do not exceed 1.05% of Dunham’s aggregate average daily net assets.

WCM is expected to serve as the sub-adviser to JNL effective on or about April 27, 2015 pursuant to an investment sub-advisory agreement with Jackson National Asset Management, LLC (the “JNL Contract”). The JNL Contract provides that WCM will be paid a sub-advisory fee at an annual rate of 0.85% of the average daily net assets of JNL. The sub-advisory fee will accrue daily and will be payable monthly.

WCM is adviser to the UCITS Fund pursuant to an investment management agreement between Merrill Lynch Investment Solutions and WCM (the “UCITS Fund Contract”). The UCITS Fund Contract provides that WCM is paid a management fee of up to 0.90% per annum of the net asset value of each class of shares, prior to reduction for any accrued performance fee, and a performance fee of up to 20% of new net appreciation calculated by reference to each share class’s high water mark. The investment management fee is payable monthly in arrears within five business days of the end of each calendar month.

WCM’s fees are negotiated and fixed at the time that each Fund’s investment advisory contract is entered into.

Each Fund's daily NAV reflects the deduction of accrued management fees and, in the case of Dunham and the UCITS Fund, performance fees.

TMF, VL, EDF, JNL and Dunham pay other expenses related to their respective operations, including custodial fees; brokerage commissions; expenses relating to the issuance, sale, underwriting, distribution, redemption or repurchase of shares; legal and accounting fees; expenses for servicing shareholders accounts; insurance premiums for fidelity bond and other coverage; and expenses of computing the net asset value of the shares. See *Item 12 – Brokerage Practices* below.

The UCITS Fund pays all taxes owed on its assets and income; bank fees, possible registration and brokerage fees for transactions in securities making up the company's portfolio, as well as fees on transfers referring to redemptions of shares; the cost of extraordinary measures, in particular experts' or counsels' fees or lawsuits necessary to protect shareholders' interests; and expenses relating to the sponsor's promotion and distribution of shares in the company and any of its sub-funds, including but not limited to the printing and distribution of sales literature and advertising and promotional costs.

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

As discussed above under *Item 5 – Fees and Compensation*, WCM charges performance-based fees in the case of Dunham and the UCITS Fund.

WCM is an affiliate of WCP, an investment adviser since 1996, which provides investment advice as (i) the general partner of HVP, (ii) investment adviser to LTD, and (iii) the manager of the Master Fund, a master-feeder structure in which HVP and LTD comprise the feeder funds to the Master Fund. The Master Fund engages in merger arbitrage. WCP does not charge any fee to the Master Fund for its services. Instead fees are paid at the feeder fund level as described below.

WCP charges HVP a 1.0% management fee which is accrued and calculated monthly and payable in arrears as of the last day of each calendar quarter. In addition, WCP is entitled to an incentive allocation, which is an amount, paid annually, equal to 20% of the net profits of HVP, if any, during each fiscal year (subject to recoupment of each applicable limited partner's prior cumulative net loss).

WCP charges LTD a management fee, which is payable quarterly in arrears and is accrued and calculated monthly (as of the last business day of each month) at an annual rate of 1.0% of the net asset value of LTD calculated as set forth in its Fund Documents. In addition, WCP is entitled to an incentive fee, which is an amount, accrued monthly and paid annually, equal to 20% of the net profits of LTD, if any, during each fiscal year (subject to recoupment of each applicable shareholder's prior cumulative net loss).

Roy Behren and Michael T. Shannon are Co-Managers and Co-Presidents of WCM, Co-Managers, Co-Presidents and members of WCP and Co-Presidents and Trustees of TMF, VL and EDF. Mr. Behren also serves as Treasurer of WCP, WCM, TMF, VL and EDF.

The fact that WCM's and WCP's portfolio managers manage accounts that are charged a performance-based fee and accounts that are charged an asset-based fee (and accounts that are charged fees at different rates) creates the potential for a conflict of interest, since receipt of a portion of any profits with respect to WCM-advised and WCP-advised accounts that are charged a performance-based fee (or a fee at a higher rate) could, in theory, create an incentive to favor such accounts (*e.g.*, by allocating to them the most favorable investment opportunities or by allocating more resources and time to managing those accounts). However, WCM believes that any conflicts of interest are mitigated, at least in part, for the following reasons: (i) the Funds and the Master Fund all may engage in merger arbitrage and other event-driven strategies and, in many respects, are managed in a similar fashion; (ii) WCM and WCP follow written trade allocation procedures designed to allocate securities purchases and sales among the Funds and the Master Fund in a fair and equitable manner over time; and (iii) all allocations and fair-value pricing reports are subject to review by WCM's and WCP's Chief Compliance Officer.

ITEM 7 - TYPES OF CLIENTS

WCM provides investment advice to registered investment companies and a UCITS sub-fund.

For TMF's Investor Class shares, the minimum initial investment requirement for individuals, IRAs, corporations, partnerships or trusts is \$2,000. There is no minimum investment requirement for qualified retirement plans or investments that are made through omnibus accounts. There is no minimum investment requirement for subsequent investments. For TMF's Institutional Class shares, the minimum initial investment requirement is \$1,000,000. The minimum subsequent investment is \$500. TMF, in its sole discretion, may waive the minimum initial investment amount for either share class on a case-by-case basis. The minimum initial and subsequent investment amounts for Institutional Class shares may be modified for certain investors. TMF has agreed to waive the minimum initial investment amount for Institutional Class shares for clients of certain third-party investment programs or platforms that (or whose participants) meet certain asset thresholds and with which TMF has a distribution arrangement. TMF may waive the investment minimums in other cases in its discretion. TMF reserves the right to change the minimum investment amounts without prior notice.

Shares of VL are not sold to the general public. Shares of VL are offered for purchase by separate accounts to serve as an investment medium for variable annuity and variable life insurance contracts issued by participating life insurance companies. Purchase and redemption orders are placed only by participating insurance companies. The participating insurance companies that issued the contracts are responsible for investing in VL according to the investment options chosen by the investors in the contracts. Investors in the contracts should consult their contract prospectus for additional information.

For EDF's Investor Class shares, the minimum initial investment requirement for individuals, IRAs, corporations, partnerships or trusts is \$2,000. There is no minimum investment requirement for qualified retirement plans or investments that are made through omnibus accounts. There is no minimum investment requirement for subsequent investments. For EDF's Institutional Class shares, the minimum initial investment requirement is \$1,000,000. As of the date of this Form ADV, EDF offers Institutional Class shares only and Investor Class

shares of EDF are not offered for sale. The minimum subsequent investment is \$500. EDF, in its sole discretion, may waive the minimum initial investment amount for either share class on a case-by-case basis. The minimum initial and subsequent investment amounts for Institutional Class shares may be modified for certain investors. EDF has agreed to waive the minimum initial investment amount for Institutional Class shares for clients of certain third-party investment programs or platforms that (or whose participants) meet certain asset thresholds and with which EDF has a distribution arrangement. EDF may waive the investment minimums in other cases in its discretion. EDF reserves the right to change the minimum investment amounts without prior notice.

For Dunham's Class A shares and Class C shares, the initial minimum investment amount for regular accounts is \$5,000, and for tax-deferred accounts and certain tax efficient accounts it is \$2,000. The minimum subsequent investment is \$100. For Dunham's Class N shares, the minimum initial investment is \$100,000 for taxable accounts and \$50,000 for tax-deferred accounts. There is no minimum subsequent investment amount for Class N shares.

JNL's Class A shares and Class B shares are not sold to the general public. Shares of JNL will be available only to separate accounts and qualified plans of Jackson National Life Insurance Company or Jackson National Life Insurance Company of New York and series, including fund of funds, of registered investment companies in which either or both of those insurance companies invest. Any minimum initial or subsequent investment requirements and redemption procedures are governed by the applicable separate account or plan through which investors invest indirectly.

For the UCITS Fund, the initial subscription price per share is €100, \$100 or £100, depending on the share class. Each investor in the UCITS Fund must not be a U.S. Person, as defined in Regulation S under the Securities Act of 1933 or in regulations adopted under the Commodity Exchange Act, other than a Permitted U.S. Person, which means an entity that was not formed for the purpose of acquiring shares and that is controlled by Permitted U.S. Persons, or an entity that is owned solely by Permitted U.S. Persons. No investors that are benefit plan investors are permitted to subscribe for, or otherwise own, shares of the UCITS Fund.

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

The Funds may invest a substantial portion of their total assets in companies which are involved in publicly announced mergers, takeovers, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations. Merger arbitrage is a highly specialized investment approach generally designed to profit from the successful completion of such transactions. Although a variety of strategies may be employed depending upon the nature of the reorganizations selected for investment, the simplest form of merger-arbitrage activity involves purchasing the shares of an announced acquisition target at a discount to their expected value upon completion of the acquisition. The size of this discount, known as the arbitrage "spread," may represent a Fund's potential profit on such an investment.

The Funds may employ a variety of hedging strategies to protect against issuer-related risk or other risks, including selling short the securities of the company that proposes to acquire the acquisition

target and/or the purchase and sale of put and call options. The Funds may enter into derivative transactions and purchase or sell other instruments of any kind for hedging purposes, duration or volatility management purposes, or otherwise to gain, or reduce, long or short exposure to one or more asset classes or issuers. For example, WCM may seek to hedge a Fund's portfolio against a decline in the value of its portfolio securities or a decline in the market generally by purchasing put options.

The Funds may engage in active trading and may invest a portion of their assets to seek short-term capital appreciation.

Some of the Funds invest in fixed and floating rate income investments of any credit quality or maturity, including below investment grade bonds (commonly known as "junk bonds"), bank debt and preferred stock and option writing strategies, including, for example, where that Fund writes call options on its portfolio securities or a market index that is representative of its portfolio with the expectation of generating additional income.

On behalf of EDF, WCM may also, among other things, use the following "event-driven" strategies: (i) special situations strategy, including capital structure arbitrage and convertible arbitrage, (ii) distressed/restructuring strategies, and (iii) option income strategies. In addition to these strategies, WCM may invest in other investments or utilize other strategies. For example, EDF may pursue other event-driven strategies, including investing in companies that may be subject to significant regulatory issues or changes or that may be exploring strategic alternatives. The success of those strategies will depend upon, among other things, WCM's skill in evaluating the likelihood of the various potential outcomes and the market's reaction to those outcomes.

Each Fund's Fund Documents include a summary of the Fund's principal investment strategies.

Investing in securities involves risk of loss that clients should be prepared to bear. Many factors may affect the Funds' net asset values and/or performance, including the following:

Debt Securities Risk – Debt securities may fluctuate in value and experience periods of reduced liquidity due to, among other things, changes in interest rates, governmental intervention, general economic conditions, industry fundamentals, market sentiment and the financial condition of the issuer, including the issuer's credit rating or financial performance. During those periods, a Fund may experience high levels of shareholder redemptions, and may have to sell securities at times when it would otherwise not do so, and at unfavorable prices. Debt securities may be difficult to value during such periods. Debt securities are subject to interest rate risk, which is the risk that when interest rates rise, the values of fixed income debt securities tend to decline. Debt securities have varying levels of sensitivity to changes in interest rates, and the values of securities with longer durations tend to be more sensitive to changes in interest rates. Debt securities are subject to the risk that if interest rates decline, issuers of debt securities may exercise redemption or call provisions. This may force a Fund to reinvest redemption or call proceeds in securities with lower yields, which may reduce Fund performance. Debt securities are also subject to credit risk, which is the risk that the issuer of an instrument may default on interest and/or principal payments due to a Fund. An increase in credit risk or a default will cause the value of a Fund's fixed and floating rate income securities to decline. Securities rated

below-investment-grade (and unrated securities of comparable credit quality), commonly referred to as “high-yield” or “junk” bonds, have speculative characteristics and generally have more credit risk than higher-rated securities. Lower rated issuers are more likely to default and their securities could become worthless. Below-investment-grade securities are also subject to greater price volatility than investment grade securities. In addition, investments in defaulted securities and obligations of distressed issuers, such as issuers undergoing or expected to undergo bankruptcy, may be illiquid and are considered highly speculative.

The market value of convertible debt securities will also be affected by changes in the price of the underlying equity securities. The market values of debt securities issued by companies involved in pending corporate mergers, takeovers or other corporate events may be determined in large part by the status of the transaction and its eventual outcome, especially if the debt securities are subject to change of control provisions that entitle the holder to be paid par value or some other specified dollar amount upon completion of a transaction or other event.

Derivatives Risk – Derivatives, such as options, swaps, futures and forward contracts, may not produce the desired investment results because, for example, they are not perfect substitutes for the underlying securities, indices or currencies from which they are derived. Derivatives also may create leverage which will amplify the effect of their performance on a Fund and may produce significant losses.

Derivatives involve special risks, including: (1) the risk that interest rates, securities prices and currency markets will not move in the direction that a portfolio manager anticipates; (2) imperfect correlation between the price of derivative instruments and movements in the prices of the securities, interest rates or currencies being hedged; (3) the fact that skills needed to use these strategies are different than those needed to select portfolio securities; (4) the possible absence of a liquid secondary market for any particular instrument and possible exchange imposed price fluctuation limits, either of which may make it difficult or impossible to close out a position when desired; (5) the risk that adverse price movements in an instrument can result in a loss substantially greater than a Fund’s initial investment in that instrument (in some cases, the potential loss is unlimited); (6) particularly in the case of privately-negotiated instruments, the risk that the counterparty will not perform its obligations, or that penalties could be incurred for positions held less than the required minimum holding period; and (7) the inability to close out certain positions to avoid losses, exposing a Fund to greater potential risk of loss. In addition, the use of derivatives for non-hedging purposes is considered a speculative practice and may present an even greater risk of loss than when used for hedging purposes. There is the possibility that derivative strategies will not be used or that ineffective implementation of derivative strategies or unusual market conditions could result in significant losses to a Fund.

Distressed Securities Risk – Distressed securities risk refers to the uncertainty of repayment of defaulted securities and obligations of distressed issuers. Because the issuer of such securities is likely to be in a distressed financial condition, repayment of distressed or defaulted securities (including insolvent issuers or issuers in payment or covenant default, in workout or restructuring or in bankruptcy or insolvency proceedings) is subject to significant uncertainties. Insolvency laws and practices in foreign jurisdictions are different than those in the U.S. and the effect of these laws and practices may be less favorable and predictable than in the U.S.

Investments in defaulted securities and obligations of distressed issuers are considered highly speculative.

Foreign Investing Risk – Investing in foreign companies or ETFs which invest in foreign companies, may involve more risks than investing in U.S. companies and such investments may entail political, cultural, regulatory, legal and tax risks different from those associated with comparable transactions in the United States. These risks can increase the potential for losses in a Fund and may include, among others, currency devaluations, currency risks (fluctuations in currency exchange rates), country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability and policies that have the effect of limiting or restricting foreign investment or the movement of assets) as well as different trading and settlement practices, less government supervision, less publicly available information, limited trading markets and greater volatility than comparable investments in U.S. companies.

Additionally, investments in securities denominated in foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar. A decline in the values of foreign currencies relative to the U.S. dollar will reduce the values of securities held by a Fund and denominated in those currencies.

Hedging Transactions Risk – The success of a Fund's hedging strategy, if used, will be subject to WCM's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Hedging transactions involve the risk of imperfect correlation. Imperfect correlation may prevent a Fund from achieving the intended hedge or expose the Fund to risk of loss. Hedging transactions also limit the opportunity for gain if the value of a hedged portfolio position should increase.

Legal and Regulatory Risk – Legal, tax and regulatory changes could occur and may adversely affect a Fund, its investments and its ability to pursue its investment strategies and/or increase the costs of implementing such strategies. New (or revised) laws or regulations may be imposed by the U.S. Commodity Futures Trading Commission ("CFTC"), the Securities and Exchange Commission ("SEC"), the Internal Revenue Service ("IRS"), the U.S. Federal Reserve or other governmental regulatory authorities or self-regulatory organizations that could adversely affect a Fund. A Fund also may be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations.

Leveraging Risk – If a Fund employs leverage, such as borrowing money to purchase securities, engaging in reverse repurchase agreements, lending portfolio securities and investing in derivative instruments, the value of a Fund's shares could be expected to be more volatile. Unless profits and income on securities acquired with leverage exceed the costs of the leverage, the use of leverage will diminish the investment performance of a Fund compared with what it would have been without leverage, and the use of leverage will cause any losses the Fund incurs to be greater than they otherwise would have been had the Fund not employed leverage.

Limited Operating History Risk – EDF has a limited operating history to evaluate and may not attract sufficient assets to achieve or maximize investment and operational efficiencies

Liquidity Risk – Some securities may have few market-makers and low trading volume, which tend to increase transaction costs and may make it impossible for a Fund to dispose of a security position at all or at a price which WCM believes represents current or fair market value.

Lower-Rated Securities Risk – Securities rated below investment-grade (and unrated securities of comparable credit quality), commonly referred to as “high-yield” or “junk” bonds, have speculative characteristics and generally have more credit risk than higher-rated securities. Companies issuing high-yield fixed-income securities are not as strong financially as those issuing securities with higher credit ratings and are more likely to encounter financial difficulties. Lower rated issuers are more likely to default and their securities could become worthless.

Management Risk – The Funds are subject to management risk because they are actively managed investment portfolios. WCM will apply its investment techniques and risk analyses in making investment decisions for the Funds, but there is no guarantee that its decisions will produce the intended result or that its evaluation of the likelihood that a specific merger or reorganization will be completed as expected will prove correct.

Market Risk – Investment markets can be volatile. Various market risks can affect the price or liquidity of an issuer’s securities in which a Fund may invest. The prices of investments can fall rapidly in response to developments affecting a specific company or industry, or to changing economic, political or market conditions. A Fund’s investments may decline in value if markets perform poorly.

Merger-Arbitrage and Event-Driven Risk – Merger-arbitrage and event-driven investing involves the risk that WCM’s evaluation of the outcome of a proposed event, whether it be a merger, reorganization, regulatory issue or other event, will prove incorrect and that a Fund’s return on the investment will be negative. Even if WCM’s judgment regarding the likelihood of a specific outcome proves correct, the expected event may be delayed or completed on terms other than those originally proposed, which may cause a Fund to lose money or fail to achieve a desired rate of return. The Funds expect to employ strategies that are not designed to benefit from general market appreciation or improved economic conditions in the global economy. The Funds’ principal investment strategies are not specifically designed to benefit from general appreciation in the equity markets or general improvement in the economic conditions in the global economy. Accordingly, the Funds have historically underperformed the broad equity markets under certain market conditions, such as some periods when there has been rapid appreciation in the equity markets, and may continue to do so in the future.

Non-Diversification Risk – A non-diversified fund has a greater potential to realize losses upon the occurrence of adverse events affecting an issuer in its portfolio.

Options Risk – A Fund may engage in a variety of options transactions. When a Fund purchases options, it risks the loss of the cash paid for the options if the options expire unexercised. When a Fund sells (writes) covered call options, it forgoes the opportunity to benefit from an increase in the value of the underlying stock above the exercise price, but it continues to bear the risk of a

decline in the value of the underlying stock. In addition, a Fund may earn premiums from writing call options. For shareholders who hold Fund shares in a taxable account, profits from writing call options are generally treated as short-term capital gains for federal and state income tax purposes, taxable to shareholders as ordinary income when distributed to them.

Portfolio Turnover Risk – The frequency of a Fund’s transactions will vary from year to year, though merger-arbitrage portfolios typically have higher turnover rates than portfolios of typical long-only funds. Increased portfolio turnover will result in higher brokerage commissions, dealer mark-ups and other transaction costs and may result in increased distributions of taxable capital gains to Fund shareholders, including short-term capital gains taxable to shareholders at ordinary income rates, when Fund shares are held in a taxable account. Higher costs associated with increased portfolio turnover reduce a Fund’s performance. The Funds normally expect to engage in active and frequent trading and expects to have a high rate of portfolio turnover.

Short Selling Risk – Generally, to the extent the price of a security sold short increases between the time of the short sale and the time a Fund covers its short position, the Fund will incur a loss. The amount of a potential loss on an uncovered short sale transaction is theoretically unlimited. Also, a Fund is required to deposit collateral in connection with such short sales and has to pay a fee to borrow particular securities and will often be obligated to pay to the lender of the security amounts equal to any dividends and accrued interest on the borrowed securities during the period of the short sale.

Small and Medium Capitalization Risk – A Fund’s investments in smaller and medium-sized companies carry more risks than investments in larger companies. Companies with small and medium size market capitalization often have narrower markets, fewer products or services to offer and more limited managerial and financial resources than do larger, more established companies.

Other Risks – Certain portfolio management techniques may be considered senior securities unless steps are taken to segregate a Fund’s assets or otherwise cover its obligations. To avoid having these instruments considered senior securities, each Fund intends to segregate liquid assets with a value equal (on a daily mark-to-market basis) to its obligations under these types of transactions, enter into offsetting transactions or otherwise cover such transactions. To the extent a Fund’s assets are segregated or committed as cover, it could limit the Fund’s investment flexibility. Segregating assets and covering positions will not limit or offset losses.

The above does not represent a complete discussion of all of the risks of investing in the Funds. Each Fund’s Fund Documents include a discussion of the Fund’s principal risks.

ITEM 9 - DISCIPLINARY INFORMATION

We are required to disclose all material facts regarding legal or disciplinary events that would be material to your evaluation of WCM’s advisory business or the integrity of WCM’s management. WCM does not have any such legal or disciplinary events to report.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described above under *Item 4 – Advisory Business* and *Item 7 – Types of Clients*, WCM provides investment advice to registered investment companies and a UCITS sub-fund.

As described above under *Item 6 – Performance-based Fees and Side-by-Side Management*, WCM is an affiliate of WCP, an investment adviser that provides investment advice as the general partner of HVP, serves as the investment adviser to LTD, and serves as the manager of the Master Fund, a master-feeder structure in which HVP and LTD comprise the feeder funds.

The Co-Managers of WCM are officers and/or trustees of WCM, TMF, VL and EDF and also manage the portfolios of the Master Fund, HVP, LTD, JNL and Dunham. WCM considers this relationship material to its business. This relationship creates the potential for a conflict of interest; this potential conflict and the manner in which it is addressed are discussed under *Item 6 – Performance-based Fees and Side-by-Side Management* and *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*.

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

Code of Ethics

WCM has adopted a Code of Ethics and will provide a copy of the Code of Ethics to any client or prospective client upon request. The Code of Ethics is designed to reinforce fiduciary principles that govern the conduct of WCM and its personnel and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code of Ethics covers a wide range of issues, including general fiduciary principles, personal securities transactions in Covered Securities (defined below), gifts, nonpublic material information, certification of compliance and sanctions.

WCM's access persons (other than Trustees who are not "interested persons" of the Funds within the meaning of Section 2(a)(19) of the 1940 Act) must preclear all personal transactions in Covered Securities. A "Covered Security" shall mean a security as defined in Section 2(a)(36) of the 1940 Act, except that it does not include: (i) direct obligations of the Government of the United States; (ii) bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; (iii) shares of money market investment companies registered under the 1940 Act, and (iv) shares issued by registered open-end investment companies other than a Fund, HVP or LTD. All persons deemed to be access persons of WCM are subject to the provisions of the Code of Ethics regarding personal securities transactions and trading while in the possession of inside information and may only enter into personal securities transactions subject to the Code of Ethics. WCM's access persons also must report periodically all of the holdings and transactions in Covered Securities in which such access person had any beneficial ownership, which reports are reviewed for trading inconsistent with WCM's Code of Ethics by WCM's Chief Compliance Officer or his designee. The Code of Ethics is designed to mitigate conflicts of interest and prevent violations of law by persons subject to its provisions.

Participation in Client Transactions

WCM and its related entities may engage in a broad range of activities, including investment activities for the account of other investment funds. In the ordinary course of conducting WCM's activities, the interests of a Fund may conflict with the interests of WCM, other Funds or their respective affiliates. Certain of these conflicts of interest, as well as a description of how WCM addresses such conflicts of interest, can be found below.

Conflicts

The material conflicts of interest encountered by WCM include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by WCM. Certain other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

Allocation of Investment Opportunities Among Funds

In connection with its investment activities, WCM may encounter situations in which it must determine how to allocate investment opportunities among various Funds and other persons, which may include, but are not limited to, the Funds, individuals and entities that are also investors in one or more Funds or other funds affiliated with WCM ("Adviser Investors") and/or individuals and entities that are not investors in any Funds or affiliated funds ("Third Parties"). In recognition of its fiduciary duties, it is the policy of WCM to allocate such investment opportunities on an equitable basis and in accordance with the written policies and procedures relating to the allocation of investment opportunities WCM has adopted. Typically, in order to address potential conflicts of interest associated with the aggregation of trades for multiple Funds or accounts, WCM, in conjunction with WCP, where applicable, will determine how an aggregated trade will be allocated among eligible Funds and/or accounts either (i) before or (ii) at the time the trade order is entered, where practicable. The pre-allocation of trades may not be practical or possible in a large number of transactions. In those situations, WCM and WCP will typically allocate an investment opportunity using a default methodology, which may include allocating the investment opportunity pro rata among eligible Funds and/or accounts based on either each eligible Fund's or account's (i) total assets or (ii) existing position in the relevant security (or securities, as the case may be).

There can be no assurances that an investment opportunity that comes to the attention of WCM and WCP will not be allocated wholly or primarily to certain funds advised or sub-advised by them, with the Funds being unable to participate in such investment opportunity or participating only on a limited basis. If, in the discretion of WCM, the Funds should not participate in a particular investment opportunity for tax, regulatory or other reasons, such investment opportunity will not be allocated to such Funds.

Other Activities

WCM and its principals, owners or employees devote as much of their time to the activities of each Fund as WCM deems necessary and appropriate. Such persons are not restricted from forming additional investment funds, from entering into other investment

advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the Funds. These activities could be viewed as creating a conflict of interest in that the time and effort of such persons will not be devoted exclusively to the business of one particular Fund, or to the Funds collectively.

WCM and its principals, owners or employees may engage in investment activities for other client accounts, for their own accounts and for family members and others and may make personal investments in other investment funds, some of which have investment strategies similar to that of the Funds, or that may participate with the Funds in certain private or special situation investment opportunities. *See discussion under “Code of Ethics” and “Allocation of Investment Opportunities Among Funds.”*

ITEM 12 - BROKERAGE PRACTICES

In selecting a broker-dealer to execute any given transaction, WCM will seek “best execution” of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below).

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, WCM may take the following factors, among other things, into consideration: the best net price available; the reliability, integrity and financial condition of the broker or dealer; the size of and difficulty in executing the order; and the value of the expected contribution of the broker or dealer to the investment performance of each Fund on a continuing basis.

WCM and WCP may receive research or brokerage services other than execution from a broker-dealer or third party in connection with client securities transactions. These are known as “soft dollar” benefits. WCM may cause the Funds to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits if WCM determines in good faith that such commissions are reasonable in relation to the value of brokerage, research and other services provided, either in terms of the particular transaction or WCM’s overall responsibilities for accounts over which WCM exercises investment discretion.

When WCM uses client brokerage commissions to obtain research or other products or services, WCM receives a benefit because it does not have to produce or pay for the research, products or services. WCM may have an incentive to select or recommend a broker-dealer based on WCM’s interest in receiving the research or other products or services, rather than on WCM’s clients’ interest in receiving most favorable execution. WCM typically advises Funds that pursue merger arbitrage and other event-driven investment strategies and often aggregate their trading activities. Accordingly, soft dollar benefits often are useful in managing all or a number of WCM’s Funds or other accounts. It is, therefore, typically not practicable for WCM to allocate soft dollar benefits proportionately to the soft dollar credits each account generates. Some of the services received as a result of Fund transactions may benefit accounts other than the Fund that generated the credits.

Some research or other products or services received from a broker-dealer or third party may be only partially eligible for soft dollar payments (a “mixed-use” product or service). In

these cases, WCM makes a reasonable allocation of the cost between that portion which is eligible and that portion which is ineligible. The eligible portion may be paid for with soft dollars and the ineligible portion will be paid for with WCM's own funds (hard dollars). This allocation decision may present a conflict of interest to WCM because it is deciding how much it will pay out of its own pocket.

Additionally, in allocating portfolio brokerage, WCM may select broker-dealers who also provide brokerage, research and other services that may be useful to other accounts over which WCM or WCP exercises investment discretion. WCM may have an incentive to select or recommend a broker-dealer based on WCM's interest in receiving client referrals, rather than on WCM's clients' interest in receiving most favorable execution.

WCM's Chief Compliance Officer, or his designee, meets periodically with Fund management personnel to review the performance of each selected broker-dealer, the services being provided by the broker-dealer, and the fees being paid for those services to evaluate whether WCM is satisfying its best execution obligations.

When a Fund and the other accounts over which WCM or WCP exercises investment discretion are engaged in the simultaneous purchase or sale of the same securities, WCM and WCP may aggregate the orders. WCM believes that such bunching generally facilitates the timely and efficient execution of trades. Moreover, WCM may be able to execute bunched orders at more favorable prices than would be realized when effecting a number of individual, sequential purchase or sale transactions. As a result of the practice of bunching orders, however, WCM and WCP often must allocate purchases and sales of securities among different client accounts following the execution of a bunched purchase or sale order. WCM maintains a policy of allocating the executions in a manner which seeks to treat all the accounts involved fairly and equitably over time. *See Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Allocations of Investment Opportunities Among Funds above.*

WCM and WCP may be offered the opportunity to purchase securities offered in initial public offerings (also referred to as "new issue" securities) on behalf of the Funds or the Master Fund and based on, among other things, the trading activities or business relationships of the Funds or the Master Fund. Due to regulatory issues relating to the allocation of such offerings to pooled vehicles with certain investors, WCP does not expect to allocate any of those investment opportunities to the Master Fund, which may adversely affect the performance of the Funds.

ITEM 13 - REVIEW OF ACCOUNTS

Merger arbitrage and other event-driven opportunity strategies are highly focused, dynamic types of investing which require analysis of events surrounding a pending corporate reorganization and/or other events. Arbitrage positions generally are reviewed on a daily basis and the holdings of WCM's clients are adjusted accordingly. These accounts are managed by Roy Behren, Co-Manager, Co-President and Treasurer of WCM, and Michael T. Shannon, Co-Manager and Co-President of WCM.

As described in each Fund's Fund Documents, the Funds that are registered investment companies are required to provide written semi-annual and annual reports to their shareholders. Audited financial statements are provided on an annual basis.

In addition, WCM may provide written monthly fact sheets and quarterly letters, which may include a report of current positions, valuations, prices and transactions; commentary; a statement of total assets; and performance.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

While not a client solicitation arrangement, WCM may from time to time compensate third-party placement agents or consultants for recommending prospective non-U.S. investors for the UCITS Fund.

ITEM 15 - CUSTODY

WCM does not have custody of client funds or securities.

ITEM 16 - INVESTMENT DISCRETION

WCM has discretionary authority to manage securities accounts on behalf of clients. Each Fund's Fund Documents include a description of certain investment limitations applicable to the Fund. Prior to assuming discretion in managing clients' assets, WCM enters into an investment management agreement or other agreement that explains the scope of WCM's discretionary authority.

ITEM 17 - VOTING CLIENT SECURITIES

WCM has authority to vote client securities. WCM has adopted Proxy and Corporate-Action Voting Policies and Procedures that govern the voting of proxies for securities held by the Funds. Clients cannot direct WCM how to vote in a particular solicitation. WCM has full authority to vote proxies or act with respect to other shareholder actions on behalf of the Funds. WCM's primary consideration in voting proxies is the best interest of the Funds. The proxy-voting procedures address the resolution of potential conflicts of interest and circumstances under which WCM will limit its role in voting proxies. Where a proxy proposal raises a material conflict between WCM's interests and a Fund's interests, WCM will resolve the conflict by following the policy guidelines.

The proxy-voting guidelines describe WCM's general position on proposals. WCM will generally vote against any management proposal that clearly has the effect of restricting the ability of shareholders to realize the full potential value of their investment. WCM will typically vote in favor of routine proposals that do not change the structure, bylaws or operations of the corporation to the detriment of the shareholders. WCM will review certain issues on a case-by-case basis based on the financial interest of the Funds.

When securities are out on loan, they are transferred into the borrower's name and are voted by the borrower, in its discretion. However, if WCM has knowledge that an event will occur having a material effect on a Fund's investment in a loaned security, WCM will seek to

call the loan in time to vote the securities or WCM will seek to enter into an arrangement which ensures that the proxies for such material events may be voted as WCM believes is in the Fund's best interests. There can be no assurance that WCM will be successful in calling a loan in time to vote the securities or entering into an arrangement to ensure the proxies for such events will be voted as WCM believes is in a Fund's best interests.

Information regarding how WCM voted proxies with respect to securities held by each of TMF, VL, EDF, JNL and Dunham and a copy of WCM's Proxy and Corporate-Action Voting Policies and Procedures are available upon request by calling (914) 741-5600 or sending an e-mail to operations@mergerfund.com.

ITEM 18 - FINANCIAL INFORMATION

WCM does not require or solicit prepayment of fees six months or more in advance and no present financial condition is reasonably likely to impair WCM's ability to meet contractual commitments to clients.