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**Item 1: Cover Page**

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**MQS MANAGEMENT, LLC**

**PART 2A OF FORM ADV: FIRM BROCHURE**

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**March 30, 2020**

**This brochure provides information about the qualifications and business practices of MQS Management, LLC (“MQS,” the “Investment Manager,” or the “Firm”). If you have any questions about the contents of this brochure, please contact David Babcock, the Chief Compliance Officer at (212) 685-3600 or [dbabcock@mqscapital.com](mailto:dbabcock@mqscapital.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.**

**Any reference to MQS as a registered investment adviser does not imply a certain level of skill or training.**

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

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**Item 2: Material Changes**

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This is MQS' Annual Amendment to Form ADV for the fiscal year ending December 31, 2019. The following summary only discloses material changes made to this Brochure since MQS' last annual update, which was filed on March 29, 2019.

- Item 4. The Brochure has been amended to accurately reflect the current advisory business of MQS.
- Item 5. The Brochure has been amended to accurately reflect fees and compensation.
- Item 6. The Brochure has been amended to accurately reflect performance-based fees.
- Item 7. The Brochure has been amended to accurately reflect MQS' types of clients.
- Item 8. The Brochure has been amended with respect to the section entitled "Business and Market Disruptions."
- Item 12.A.3. The Brochure has been amended to accurately reflect directed brokerage arrangements.
- Item 17. The Brochure has been amended to accurately reflect MQS' proxy voting policies and procedures.

Since MQS' last Form ADV Annual Amendment, there have been no other material changes.

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**Item 4: Advisory Business**

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**Item 4.A.**

MQS, a Delaware limited liability company, was formed in November 2007. Robert Gelfond is the principal owner of the Firm.

**Item 4.B.**

MQS is an investment management firm that provides advisory services on a discretionary basis to privately offered pooled investment vehicles (each, a “**Fund**” and collectively, the “**Funds**”) and separately managed accounts (“**SMAs**”). The Firm’s pooled investment vehicle clients are intended for investment by investors that are “accredited investors” under Rule 501 of Regulation D of the Securities Act of 1933, as amended, and “qualified purchasers” under Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “**Company Act**”) so as to comply with the exemption from registration under Section 3(c)(7) of the Company Act of 1940.

MQS’ pooled investment vehicle clients are: MQS Capital Partners, L.P., a Delaware limited partnership (“**MQS Onshore**”), and MQS Offshore Fund, Ltd., a Cayman Islands exempted company (“**MQS Offshore**”) (together, the “**Feeder Funds**”), in a master-feeder structure into MQS Fund, Ltd., a Cayman Islands exempted company (the “**Master Fund**”). MQS Asset Management, LLC, a Delaware limited liability company (the “**General Partner**”), is the general partner to MQS Onshore. The Funds along with the Firm’s SMA clients are the Firm’s “**Clients**.”

The Firm’s investment objective is to achieve superior risk-adjusted absolute returns throughout all types of market environments by employing a strict systematic, quantitative trading model which will seek to identify opportunities in global currencies, commodities, global interest rates, related derivatives as well as equity securities. Additionally, as discussed in Item 8.A. below, the Firm may also allocate a portion of its assets to certain portfolios or alternative asset managers.

MQS does not limit its investment advice to only certain types of investments.

**Item 4.C.**

The Firm’s investment management and advisory services to the Funds are provided pursuant to the terms of the relevant offering memorandum and based on the specific investment objectives and strategies as disclosed therein. Investors in the Funds generally cannot obtain services tailored to their individual specific needs. Advisory services provided to SMAs are subject to the terms of the relevant investment management agreement and the investment objectives, strategies and guidelines set forth in the respective investment management agreement.

**Item 4.D.**

Not Applicable. MQS does not participate in a wrap fee program.

**Item 4.E.**

As of December 31, 2019, MQS manages approximately \$264,731,088 in client assets on a discretionary basis. MQS does not manage any client's assets on a non-discretionary basis.

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**Item 5: Fees and Compensation**

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**Item 5.A.**

MQS typically receives a quarterly management fee calculated at the annual rate of 2% per annum of each limited partner's capital account in MQS Onshore, which is paid quarterly in advance based on the value of each limited partner's capital account as of the first day of each calendar quarter.

MQS also receives a quarterly management fee calculated at the annual rate of 2% per annum of the net assets of MQS Offshore, which is paid quarterly in advance based on the net assets of MQS Offshore as of the first business day of each calendar quarter.

The management and performance fee terms and percentages for SMAs are separately negotiated with the Firm and, thus, fees for SMAs differ from those of the Funds, as described above.

MQS may, in its sole discretion, waive or modify the management fee for certain Clients or investors in the Funds.

**Item 5.B.**

MQS automatically deducts management fees from the accounts of pooled investment vehicle clients pursuant to authorization provided in the investment management agreement with each Fund.

MQS separately invoices SMA clients for management fees as agreed to in the applicable investment management agreements.

**Item 5.C.**

MQS is responsible for, and will pay or cause to be paid, its overhead expenses including: office rent; furniture and fixtures; stationery; secretarial/internal administrative services; organizational expenses; salaries; employee insurance; and payroll taxes.

All other expenses may be paid by the Fund and include: the Management Fee; Fund legal, compliance, audit and accounting fees and expenses (including third party accounting services) and third-party administrator fees and expenses; investment expenses such as commissions, research fees and expenses; management and incentive fees and allocations paid to third party managers; interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; Fund-related insurance costs; the Fund's pro rata share of the expenses of the Master Fund; and any other expenses related to the purchase, sale, preservation or transmittal of Fund assets.

From the date the Fund commenced operations, the Investment Manager has paid the expenses of the Funds. It is the intention of the Investment Manager to continue to pay the expenses of the Funds;

however, the Investment Manager will re-evaluate this decision on an annual basis and may, in its sole discretion, elect to have a Fund pay certain or all of that Fund's expenses.

**Item 5.D.**

The Feeder Funds pay to MQS a quarterly management fee in advance, as discussed in Item 5.A. above. Investors in either Feeder Fund may withdraw all or any portion of their capital account on a monthly basis upon at least 30 days' prior written notice to the General Partner.

Investors in either Feeder Fund may obtain a refund of a pre-paid fee if the withdrawal is made from the account before the end of a quarter for which a fee has been paid to the Firm. If a refund is required, MQS will pro-rate the management fee for the quarter up to the date of the withdrawal and will refund the remainder.

SMAs are charged for MQS's advisory services as set forth in their respective investment management agreements.

**Item 5.E.**

Not Applicable. MQS or its supervised persons are not compensated for the sale of securities, other investment products, or mutual funds.

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***Item 6: Performance-Based Fees and Side-by-Side Management***

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Generally, MQS is entitled to receive a performance fee based upon any net gain allocated to each investors' capital account or Clients' account, as applicable, subject to a loss carry-forward provision and adjusted for contributions and withdrawals.

Each limited partner's capital account in MQS Onshore annually allocates 20% of each share of the net profits to the capital account of the General Partner, if any, subject to a loss carry-forward provision. Except for "new issues," the net profit or net loss of MQS Onshore (including realized and unrealized gains and losses) will be allocated to each limited partner and the General Partner in accordance with the ratio of their respective capital account balances.

The General Partner will also receive an annual performance fee equal to 20% of the net profits (including unrealized gains), if any, allocable to each share of MQS Offshore, subject to a loss carry-forward provision.

MQS may, in its sole discretion, waive or modify the performance fee for certain Clients or Fund investors.

MQS has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities. MQS reviews investment decisions for the purpose of confirming that all accounts with substantially similar investment objectives are treated equitably. Please refer to Item 12 of this Brochure for a further discussion of MQS's practice of aggregating orders for execution for its Clients.

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**Item 7: Types of Clients**

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As discussed in Item 4.B. above, MQS provides discretionary investment management and advisory services to privately offered pooled investment vehicles organized in a master-feeder structure, which are intended for investment by certain investors that are “qualified purchasers” under Section 2(a)(51)(A) of the Company Act. The respective minimum initial and subsequent subscription amounts required by the investors in either of the Feeder Funds are detailed within each offering memorandum of the relevant Feeder Fund.

MQS also provides investment advisory services to SMAs.

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

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**Item 8.A.**

MQS employs a model that relies upon a proprietary forecasting algorithm incorporating macro-economic statistics to obtain price forecasts for each market traded. The model will generate a specific price target for each product over a specified time horizon. The model is quantitative in nature utilizing strictly fundamental inputs that encourage the algorithm to recommend buys when the trading value appears low and sells when the trading value appears high relative to an inherent fair value calculation for each market. The model does not consider technical factors such as moving averages, chart patterns or other similar factors often found in other quantitative strategies. The model does not actively seek to profit from carry trades or similar strategies involving a long high yield currency/short low yield currency posture and will seek balance between high and low yielding currencies. The MQS model and strategy differs markedly from quantitative global macro strategies that the Firm is aware of and, MQS believes that its model and strategy maintains low correlation to other participants in the space.

The Firm employs a sophisticated optimizer incorporating both the price forecast and risk analysis to generate trading signals which MQS believes result in the most effective risk/reward opportunities. The optimizer is intended to generate a diversified portfolio of both long and short positions initiated at optimal price levels. The model does not “chase” trades, rather, it embarks upon a re-optimization with respect to unexecuted orders. The optimizer has built-in constraints to limit position size based upon scenario analysis of liquidity, volatility, and other factors.

The Funds invest globally with a primary focus in the developed countries with limited exposure to emerging markets. Leverage, including margin borrowing, will be employed to seek to achieve the Firm’s investment objective for the Funds.

MQS may also utilize statistical and macro-economic analysis outside of the model to identify relative value investment opportunities. Additionally, the Firm may also allocate a portion of its assets among private investment funds managed by alternative asset managers. Such investments are collectively referred to in this Item 8 as the **“Underlying Managers.”**

## **Item 8.B. and Item 8.C.**

An investment in the Funds may be deemed to be highly speculative and is not intended as a complete investment program. It is designed only for sophisticated persons who are able to bear the economic risk of the loss of their entire investment and who have a limited need for liquidity in their investment. The following risks should be carefully evaluated before making an investment.

*Nature of Investments.* The Firm will have broad discretion in making investments for the Funds. Investments will generally consist of commodities, currencies, futures, swaps, bonds, other fixed income securities, equity securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Firm will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities and the value of its investments. In addition, the value of the Fund's portfolio may fluctuate for any number of reasons including interest rate and currency fluctuations. No guarantee or representation is made that the Fund's investment objective will be achieved.

*Model-Risk.* The Firm utilizes various proprietary quantitative models to identify investment opportunities. There is a possibility that one or all of the quantitative models may fail to identify profitable opportunities at any time. Furthermore, they may incorrectly identify opportunities and these misidentified opportunities may lead to substantial losses. The Firm has developed a number of tools to reduce the likelihood of such an occurrence. However, such a failure is possible and can cause adverse impact on the investment portfolio.

*Use of Leverage.* The Funds may utilize leverage. This results in the Funds' controlling substantially more assets than the Funds have equity. Leverage increases the Funds' returns if the Funds earns a greater return on investments purchased with borrowed funds than the Funds' cost of borrowing such funds. However, the use of leverage exposes the Funds to additional levels of risk, including: (i) greater losses from investments than would otherwise have been the case had the Funds not borrowed to make the investments; (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Funds' cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Funds' assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, the Firm may find it difficult or impossible to obtain leverage for the Funds. Since leveraging its assets may be a significant part of the investment strategy of the Funds, it may be difficult to implement the Funds' investment strategy during periods when leverage is difficult to obtain. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Firm's being forced to unwind positions quickly and at prices below what the Firm deems to be fair value for such positions, possibly resulting in interest losses for the Funds.

*Bonds and Other Fixed Income Securities.* The Funds may invest in bonds and other fixed income securities, and may take short positions in these securities. The Funds will invest in these securities when the Firm determines they offer opportunities for capital appreciation (or capital depreciation in the case of short positions) and may also invest in these securities for temporary defensive purposes and to maintain liquidity. Fixed income securities include, among other securities: bonds, notes and debentures issued by U.S. and non-U.S. corporations; U.S. and non-U.S. government securities or debt securities issued or guaranteed by a non-U.S. government; municipal securities; and mortgage backed and asset backed

securities. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Fixed income securities may decline in value because of an increase in interest rates; a fund with a longer average portfolio duration will be more sensitive to changes in interest rates than a fund with a shorter average portfolio duration. In addition, the Funds could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

The Funds may invest in both investment grade debt securities and non-investment grade debt securities (commonly referred to as junk bonds). Non-investment grade debt securities may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade debt securities to make principal and interest payments than issuers of higher grade debt securities. An economic downturn affecting an issuer of non-investment grade debt securities may result in an increased incidence of default. In addition, the market for lower grade debt securities may be less liquid and less active than for higher grade debt securities. High yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments.

*Sovereign Risk.* The Funds may invest in sovereign debt, and may invest in securities. The foreign debt securities in which the Fund may invest may be subject to restructuring arrangements, which may adversely affect the value of such investments. If a foreign sovereign defaults on its foreign debt, the Funds may have limited legal recourse against the issuer and/or guarantor.

*Currency Investments.* The Funds will invest a portion of its assets in currencies and instruments denominated in currencies other than the U.S. dollar and in other financial instruments, the price of which is determined with reference to currencies other than the U.S. dollar. The Funds however, will value its investments and other assets in U.S. dollars. To the extent unhedged, the value of the Funds' asset will fluctuate with U.S. dollar exchange rates as well as with price changes of the Funds' investments in the various local markets and currencies.

The Funds' investments that are in or denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. There are many factors that may affect currency values including the global economic environment, changes in governments' fiscal, monetary, legal and regulatory policies and other world-wide political developments.

*Counterparty Risk.* To the extent that the Funds invest in debt instruments, options, swaps, derivative or synthetic instruments, forward contracts, or other over-the-counter transactions (including certain equities), the Funds may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Under certain conditions, the Funds could suffer losses if a counterparty to a transaction were to default or if the market for certain securities

and/or financial instruments were to become illiquid. In addition, the Funds could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Fund do business, or to which securities have been entrusted for custodial purposes.

*Equity-Related Instruments in General.* The Partnership will invest in equity securities and equity-related instruments, including but not limited to publicly listed equity securities in the U.S. or abroad, privately offered equity securities and financial instruments that may reference a single issuer, a specific sector or a broad equity index. Equity securities represent ownership interests in their respective issuers and generally carry the most risk associated with a specific issuer's capital structure.

The price of equity securities and their related financial instruments vary for a variety of reasons, including but not limited to supply and demand of the equity securities, the actual or perceived business opportunities associated with the issuer, the current and potential future cash flow of the issuer, the issuer's management, their ability to execute on a specific business plan, the general economic environment and the outlook for the overall economy. To the extent the Partnership owns an equity security or otherwise has exposure to an equity security or an equity-related financial instrument, this investment carries the risks associated with owning equities and may also carry risks associated with the form of financial instrument (e.g., options, derivative or securities-based futures contract). Any investment in equities or equity-related instruments entails a significant risk of loss.

*Custody Risk.* There are risks involved in dealing with the custodians or brokers who settle the Funds' trades, particularly with respect to non-U.S. investments. The Funds maintain custody accounts with their prime broker and custodian, Interactive Brokers, LLC, Morgan Stanley & Co. LLC, SG Americas, LLC and UBS AG (the "**Prime Brokers**"). Although the General Partner monitors the Prime Brokers and believes that each is an appropriate custodian, there is no guarantee that the Prime Brokers, or any other custodians that the Funds may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of the Funds' assets, the Funds would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Funds and/or each of the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Funds. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Funds as a result of the bankruptcy or insolvency of any such sub-custodian. The Funds may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Funds. Under certain circumstances, including certain transactions where the Funds' assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Brokers, or where the Funds' assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Funds and hence the Funds could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Funds to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Funds may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Funds' rights to its assets in the case of a bankruptcy or insolvency of any such party.

*Systems and Operations Risk.* The Funds depend on the Firm to develop and implement appropriate systems for the Funds' activities. The Funds rely extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain investments based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Funds' activities. In addition, certain of the Funds' and the Firm's operations interface with or depend on systems operated by third parties, including its prime brokers and market counterparties and their sub-custodians and other service providers, including the administrator, and the Funds or Firm may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer based worms and, viruses, and localized or broad based power failures. Any such system based defect or failure could have a material adverse effect on the Funds. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, interrupt the normal recording or processing of trades, and cause inaccurate reports, which may affect the Funds' ability to monitor its investment portfolio and its risks.

The Funds' investment strategy depends on its ability to establish and maintain an overall market position in a combination of financial instruments. The Funds' trade orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to the Firm, the Funds, its brokers, agents or other service providers or financial intermediaries. In such event, the Funds might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Funds might not be able to make such adjustment. As a result, the Funds would not be able to achieve the desired market position, and might incur a loss in liquidating its position.

The Funds depend on the Firm to develop the appropriate systems and procedures to control operational risk arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Funds' operations. Such operational risks may cause the Funds to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or reputational damage. The Funds' business is highly dependent on its ability to process, on a daily basis, a number of transactions across numerous and diverse markets. Consequently, the Funds rely heavily on its financial, accounting and other data processing systems. The ability of its systems to accommodate an increasing volume of transactions could also constrain the Funds' ability to properly manage the portfolio.

*Options.* The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

*Derivative Financial Instruments and Techniques.* The Funds may invest in derivative financial instruments as part of a hedging strategy. The risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Funds' assets, include: (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset); (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the

insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (4) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud, physical failure of communication or computer hardware or software); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative or forced liquidation by counterparties or custodians at unfavorable prices); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty). Use of derivatives and other techniques such as short sales involves certain additional risks, including: (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in value of such position may be limited.

*Commodity and Futures Contracts.* Trading in commodity and futures contracts and options thereon are highly specialized activities which while they may increase the total return in the Funds' investments, may entail greater than ordinary investment risks.

Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, the Firm could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

*Risk Control Framework.* No risk control system is fail-safe, and no assurance can be given that any risk control framework employed by the Firm will achieve its objective. Target risk limits developed by the Firm may be based upon historical trading patterns for the securities and financial instruments in which the Funds invest. No assurance can be given that such historical trading patterns will accurately predict future trading patterns.

*Short Sales.* Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Funds' portfolios. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

*Highly Volatile Markets.* The prices of financial instruments in which the Funds may invest can be highly volatile. Price movements of stock options, forward contracts and other instruments in which the Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Funds are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouse.

*Forward Trading.* Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Firm would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.

*Portfolio Turnover.* The investment strategy of the Funds may require the Firm to actively trade the Funds' portfolio, and as a result, turnover and brokerage commission expenses of the Funds may significantly exceed those of other investment entities of comparable size.

*Concentration of Investments.* The Funds will not be subject to any significant limitations on the amount of the Funds' capital which may be committed to any one investment. Its objective will be to invest its capital in those situations which the Firm believes will offer the greatest risk-adjusted returns. Accordingly, the Funds may from time to time hold a few, relatively large (in relation to its capital) securities positions, with the result that a loss in any one substantial investment could have a material adverse impact on the Funds' capital.

*Interest Rate Risk.* The Funds are subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed income instruments tends to increase. This risk will be greater for long-term securities than for short-term securities. The Funds may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures, interest rate options and/or other hedging strategies. However, there can be no guarantee that the Firm will be successful in fully mitigating the impact of interest rate changes on the portfolios.

*Relative Value Strategy Risk.* The Funds intend to pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying the Funds' trading positions were to fail to converge toward, or were to diverge further from, the Firm's expectations, the Funds may incur a loss. Even pure riskless arbitrage can result in significant losses if the arbitrage is not sustained (due, for example, to margin calls) until expiration, and the Funds will rarely engage in true arbitrage as opposed to relative value trading (which is inherently a higher-risk strategy).

In implementing “relative value” strategies the Funds will seek to reduce exposure to the risk of overall market price movements, but will be fully exposed to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence of its valuation models.

*Exchange Traded Funds.* Because exchange traded funds (“ETFs”) (which are registered investment companies) are effectively portfolios of securities, the Firm believes that the unsystematic risk associated with investments in ETFs is generally very low relative to investments in ordinary securities of individual issuers. Investments by the Funds in industry or sector-specific ETFs, which are not as diversified as the market as a whole, are therefore subject to greater volatility. In addition to fees payable to the Firm, investments in ETFs are also subject to the fees and expenses of the ETF, which may include a management fee, other fund expenses, and a distribution fee.

It should be noted that the U.S. Investment Company Act of 1940, as amended, places certain restrictions on the percentage of ownership that a private investment fund may have in a registered investment company.

*Non-U.S. Securities.* Investing in securities of non-U.S. Governments and non-U.S. companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

*Access to Information from Underlying Managers.* The Firm will request detailed portfolio information on a continuing basis from each Underlying Manager in which a Fund invests. However, the Firm may not always be provided with such information because certain of this information may be considered proprietary information by the particular Underlying Manager.

In addition, the Funds do not control any of the Underlying Managers, their choice of investments, or any other investment decisions. The investments of the Funds will always be made pursuant to written disclosures from, and/or agreements with, an Underlying Manager that will provide, among other things, guidelines by which such Underlying Manager will make its investment decisions. However, while each Underlying Manager undertakes to follow specified investment strategies, it is possible that an Underlying Manager could deviate from such strategy, and such deviation could result in a loss of all or part of the Funds’ investments.

*Performance-Based Compensation Arrangements with Underlying Managers.* The Underlying Managers will be compensated, in whole or in part, based on the appreciation in value (including unrealized appreciation) of the Underlying Manager. Such performance-based arrangements may create an incentive for the Underlying Manager to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.

The Funds may be required to pay an incentive fee to the Underlying Manager if such Underlying Manager makes a profit for the Funds in a particular fiscal year, even though the Funds may in the aggregate incur a net loss for such fiscal year.

*Lack of Liquidity of Underlying Investments.* Investments of the Underlying Managers in which the Funds may invest may have significant liquidity risks, as they may, at any given time, include securities and other financial instruments, which are restricted with respect to their transferability under applicable securities laws and which may be restricted with respect to their withdrawal rights. If a substantial limitation on withdrawal and transferability rights exists, an investment with the Underlying Managers may be a relatively illiquid investment and may involve a high degree of risk.

*Multiple Underlying Managers.* Because the Funds may invest a portion of its assets with Underlying Managers that make their trading decisions independently, it is theoretically possible that one or more of such Underlying Managers may, at any time, take investment positions that are opposite of positions taken by the Funds or other Underlying Managers. It is also possible that the Underlying Managers in which the Funds invest may on occasion be competing with each other for similar positions at the same time.

Furthermore, the expenses of the Funds (including fees paid to Underlying Managers and the Funds' pro rata share of expenses of underlying funds) may be a higher percentage of net assets than is found in other investment vehicles.

*Skills of the Underlying Managers.* To the extent that it makes such investments, the Funds will be dependent on the specialized skills provided by the Underlying Managers' personnel and processes. There can be no assurances that particular employees of the Underlying Managers will remain employed for the term of the Funds.

*Business and Market Disruptions.* Both the operations of the Funds and the markets and investments in which the Funds invests are subject to disruptions due to natural disasters (i.e., floods, earthquakes, and other extreme weather conditions), man-made catastrophes (i.e., acts of terrorism and sabotage), epidemics, pandemics or other outbreaks of serious contagious diseases, and other extreme circumstances (i.e., power outages or failures) that are out of the control of the Funds which may cause the prices of Funds' investments to behave erratically and to move in non-historical directions. Such erratic behavior may disrupt business operations or close or limit the Firm's access to markets (even beyond the site of the disruption), causing substantial losses to the Funds. Furthermore, natural disasters, man-made catastrophes, outbreaks of serious contagious diseases, and other extreme circumstances can have the effect of compounding or exaggerating the impact of the specific investment risks noted in Item 8.B. and Item 8.C. on Client's investment.

*Non-Disclosure of Positions.* In an effort to protect the confidentiality of its positions (held through its investment in the Master Fund), the Funds may not generally disclose any of their positions, trades or otherwise describe the nature of positions or markets it is trading in to Limited Partners on an ongoing basis, although the Firm, in its sole discretion, may permit such disclosure on a select basis to certain limited partners, if in its sole discretion it determines that there are sufficient confidentiality agreements and procedures in place.

*Cybersecurity Risk.* The Fund and/or one or more of their respective service providers, including the Firm may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity ("cyber incidents") refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, cyber incidents can result from deliberate attacks ("cyber-attacks") or unintentional events. Cyber-attacks include, but are not limited to, gaining

unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). The issuers of securities and/or counterparties to other financial instruments in which the Fund may invest may also be prone to cyber incidents.

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, interference with the ability to calculate the Fund’s net asset value, impediments to trading, the inability of shareholders to make a subscription to or redeem from the Fund, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

While the Firm and its affiliates have established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, none of the Fund, the Firm and their respective affiliates can control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Fund and/or the issuers in which the Fund invests.

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***Item 9: Disciplinary Information***

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**Item 9.A., 9.B., and 9.C.**

MQS does not believe that there have been any legal or disciplinary events that are material to an evaluation of the Firm’s advisory business or the integrity of its management.

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***Item 10: Other Financial Industry Activities and Affiliations***

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**Item 10.A.**

Not Applicable. MQS is currently not applying to register as a broker-dealer and does not intend to.

**Item 10.B.**

MQS is registered with the Commodity Futures Trading Commission as a commodity pool operator and a commodity trading adviser. Robert Gelfond, David Babcock, Eric Murphy, and Thomas Blessing are registered as associated persons of MQS.

**Item 10.C.**

MQS Asset Management, LLC, a Delaware limited liability company, serves as the general partner to MQS Onshore.

**Item 10.D.**

Not Applicable. MQS does not receive any compensation from, or have any business relationships with, any investment advisers it may recommend or select for its clients.

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

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**Item 11.A.**

MQS has adopted a Code of Ethics that states the requirements of the Firm, its personnel, and any related persons to fulfill their fiduciary duty to the Firm's Clients and therefore be honest and truthful in all dealings with Clients and place the interests of the Clients' ahead of those of the Firm, its personnel, and/or any related persons at all times. Any exceptions to the below policies require the prior approval of the Chief Compliance Officer. Additionally, any violations of the Firm's Code of Ethics are required to be reported to the Chief Compliance Officer for documentation and remediation.

As outlined in MQS' Code of Ethics, the Firm's personnel, including directors, officers, partners, other persons occupying a similar status or performing similar functions, and employees, are permitted to maintain personal trading accounts subject to the following supervision: all personal accounts must adhere to the disclosure requirements and restrictions stated in the Firm's Code of Ethics, which require personnel to disclose any and all personal securities holdings on an initial and annual basis, request pre-clearance for any personal trade in certain securities, and provide the Chief Compliance Officer, on at least a quarterly basis, with duplicate account statements for all accounts in which any personnel has personal securities holdings.

Also, Firm personnel are to refrain from trading in any securities for their personal accounts without first referring to the Firm's Restricted List and seeking pre-clearance for the contemplated transaction, if required. The exception to this restriction is for proprietary accounts of the Firm's personnel, if any. The Firm also requires employees to abide by a minimum holding period for any securities purchased in their personal accounts. All Firm personnel must also adhere to MQS' practice that no personnel can knowingly purchase or sell for any personal account any security, directly or indirectly, in such a way as to adversely affect a Client's transactions.

Additionally, MQS' Code of Ethics details, among other things: (i) a statement of the standard of business conduct; (ii) restrictions and reporting requirements regarding the giving or receiving of gifts and/or entertainment to and/or from, among others, current or prospective investors, government officials, and union officials, by any of the Firm's personnel; (iii) restrictions and reporting requirements related to political contributions; and (iv) a requirement for all employees to acknowledge, in writing, having received and read a copy of the Firm's Code of Ethics.

Any exceptions to the above need prior approval of the Chief Compliance Officer.

A copy of the Firm's Code of Ethics is available to clients or investors and prospective clients or investors upon their individual request.

**Item 11.B, 11.C., and Item 11.D.**

MQS, as a fiduciary, endeavors to always make decisions in the best interest of its Clients if a conflict of interest arises. In order to monitor any conflict of interest, MQS employees are required to pre-clear any contemplated transaction for a personal account and must disclose on an initial and annual basis the holdings of all personal accounts, as well as all transactions on a quarterly basis.

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**Item 12: Brokerage Practices**

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**Item 12.A.1.**

MQS may allocate transactions to broker-dealers for execution on markets/exchanges and at prices and commission rates that in the Firm's good faith judgment are in the best interest of its Clients. In selecting brokers and negotiating commission rates, mark-ups, mark-downs, or bid/ask spreads, MQS will take into account the financial stability and reputation of brokerage firms, and the research, brokerage, or other services provided by such brokers. Research services within Section 28(e) of the Securities Exchange Act of 1934, as amended, may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data, and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) of the Securities Exchange Act of 1934, as amended, may include, but are not limited to, services related to the execution, clearing, and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms, or trade affirmations.

MQS currently does not use commission dollars generated by client trades ("**soft dollars**") to pay for third-party research and brokerage products, but may choose to do so in the future. If the Firm does use soft dollars in the future, it will endeavor to do so within the safe harbor permitted under Section 28(e) of the Securities Exchange Act of 1934, as amended. If a product or service obtained with client commission dollars is both soft-dollar eligible and ineligible, MQS will make a reasonable allocation of the cost which may be paid with soft dollars.

**Item 12.A.2.**

Not applicable. MQS does not participate in selecting or recommending broker-dealers in exchange for client referrals.

**Item 12.A.3.**

Clients may direct MQS to use a particular broker-dealer to execute some or all transactions for the Client's account. This brokerage direction must be requested in writing by the Client. In such cases, the Client is responsible for negotiating terms and arrangements for the account with that broker-dealer, and

MQS will not seek better execution services or prices from other broker-dealers nor will it be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by MQS. By directing brokerage, the Client may pay higher commissions, transaction costs, or receive less favorable net prices on transactions for the account than may otherwise be the case.

In cases of directed brokerage, transactions in the account may be aggregated with those of other Clients and may participate in the allocation methodology. Transactions that are not aggregated with those of other Clients and will not participate in the allocation methodology will be executed separately as directed. This includes trades executed in error as well as any economic impact associated with such error trades.

**Item 12.B.**

MQS may execute trade orders for more than one Client at or near the same time and using the same executing broker and it may be appropriate for MQS to aggregate Client orders. Such aggregation may enable MQS to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When quantitative trading takes place on behalf of more than one Client account following the same investment program, MQS will allocate trade orders between each client account according to its allocation policies which have been designed to allocate trades on a fair and equitable basis.

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***Item 13: Review of Accounts***

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**Item 13.A. and 13.B.**

The Chief Investment Officer regularly reviews the portfolio’s status. The Chief Compliance Officer will review the portfolio assets in the Funds and the values of the securities held by the Funds on a monthly basis or more frequently as circumstances warrant.

**Item 13.C.**

The administrator sends monthly statements to investors of the Funds identifying the net asset value, value of the investor’s holdings in the respective Fund, opening and closing balance during the month, gains and losses, and return, net of fees. Additionally, each investor will receive monthly estimates of the performance of the Fund from MQS. Investors will also receive unaudited reports at least quarterly and, as discussed in response to Item 15 below, annual audited year-end financial statements. All of these reports are delivered to investors in written form.

SMA clients are generally responsible for retaining certain service providers, such as administrators and brokers, to service the account. Generally, these service providers will produce statements for SMA clients, as negotiated. Furthermore, SMA clients may receive reports from MQS as described in the investment management agreement with the client.

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**Item 14: Client Referrals and Other Compensation**

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**Item 14.A.**

MQS does not receive an economic benefit from an entity or person who is not a client for providing investment advice or other advisory services.

**Item 14.B.**

MQS utilizes the services of an unaffiliated third-party marketer, Park Hill Group LLC, to solicit prospective investors on behalf of certain of the Funds, as disclosed in Part 1A of the Firm's Form ADV.

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**Item 15: Custody**

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To address the Firm's obligations as set forth in Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, (the "**Advisers Act**") MQS has retained a qualified custodian to maintain the Funds' assets. The audited financial statements of the Funds are distributed within 120 days of the fiscal year-end to all Fund investors. The Funds are audited annually by an independent certified public accounting firm that is both registered with, and subject to regular inspection by, the Public Companies Accounting Oversight Board. Financial statements of the Funds are prepared in accordance with U.S. Generally Accepted Accounting Principles. These reports are in written form and clients should carefully review these statements.

The Firm's SMA clients establish accounts with their own qualified custodians, and none of MQS or its affiliates has authority to deduct fees or other expenses from the SMA clients' assets.

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**Item 16: Investment Discretion**

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MQS has discretionary authority to manage securities accounts on behalf of Clients and investors and, therefore, to determine which securities and the amount of securities it buys and sells for Clients and investors. This authority has been granted to MQS by means of the execution of the relevant organizational and/or advisory agreements (i.e., investment management agreements) that set forth the scope of the Firm's discretion with respect to each Client and investor.

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**Item 17: Voting Client Securities**

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**Item 17.A.**

MQS has adopted proxy voting policies and procedures in compliance with Advisers Act Rule 206(4)-6. In voting proxies, MQS is guided by general fiduciary principles. MQS' goal is to act prudently and solely in

the best interest of its advisory clients. MQS attempts to consider all aspects of its vote that could affect, as applicable, the value of an issuer, the issuer's securities or the value of a Client's account. MQS votes proxies in the manner that it believes is consistent with efforts to achieve a Client's stated objectives, including maximizing the value of its portfolio.

Where applicable, MQS' general policy is to vote in accordance with the recommendation of the issuer's management on routine and administrative matters, unless the Portfolio Manager has a particular reason to vote to the contrary. With respect to non-recurring or extraordinary matters, MQS will vote on a case-by-case basis in accordance with the goals of achieving the stated objectives of its Clients.

**Item 17.B.**

Not Applicable; see response to Item 17.A. MQS has authority to vote client securities.

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***Item 18: Financial Information***

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**Item 18.A.**

Not Applicable. MQS does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

**Item 18.B.**

MQS is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual and fiduciary commitments to its clients.

**Item 18.C.**

Not Applicable. MQS has not been subject to a bankruptcy petition, past or pending.