



Marshall Wace North America L.P.
Form ADV Part 2A Brochure – 28 May 2021

Item 1 – Cover Page

This brochure provides information about the qualifications and business practices of Marshall Wace North America L.P. (“MWNA”), an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). Registration with the SEC does not imply that MWNA or its employees possess a certain level of skill or training.

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. If you have any questions about the contents of this brochure, please contact MWNA using the details below. Additional information about MWNA is available on the Securities and Exchange Commission’s website at www.adviserinfo.sec.gov.

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials.

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Item 2 - Material Changes

This brochure dated May 28, 2021 (the “Brochure”) was last updated on May 28, 2020. There have been no material changes since the last update.



Item 3 - Table of Contents

Item 1 – Cover Page	1
Item 2 - Material Changes.....	1
Item 3 - Table of Contents	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation	5
Item 6 – Performance-Based Fees and Side-by-Side Management.....	7
Item 7 – Types of Clients	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Item 9 – Disciplinary Information	47
Item 10 – Other Financial Industry Activities and Affiliations	48
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	49
Item 12 – Brokerage Practices.....	51
Item 13 – Review of Accounts.....	54
Item 14 – Client Referrals and Other Compensation.....	55
Item 15 – Custody.....	56
Item 16 – Investment Discretion.....	57
Item 17 – Voting Client Securities	58
Item 18 – Financial Information.....	59



Item 4 – Advisory Business

Marshall Wace North America L.P. (“MWNA”, the “Company”, the “Firm”, “we”, or “us”) is a limited partnership established in Delaware in 2004. MWNA’s indirect principal owner is MW Ltd. MWNA is an affiliate of Marshall Wace LLP (“MW LLP”), a limited liability partnership based in London and authorized and regulated by the United Kingdom’s Financial Conduct Authority (“FCA”), and an affiliate of Marshall Wace Asia Limited (“MWAL”), a limited company based in Hong Kong which is licensed by the Hong Kong Securities and Futures Commission (“SFC”) and Marshall Wace Singapore Pte. Ltd. (“MWSG”) licensed by the Monetary Authority of Singapore (“MAS”). MWNA, MW LLP, MWSG and MWAL (the “Marshall Wace Group”) are under the common control of MW Ltd. The Firm’s principal owners include MWAM North America LLP, a limited liability partnership established under the laws of England and Wales, of which MW Ltd is the managing member. MWNA’s ADV Part 1, including a listing of direct owners and executive officers, is publicly available on the SEC’s website at www.adviserinfo.sec.gov.

MWNA provides discretionary investment management services in accordance with its clients’ mandates. Clients are the private collective investment vehicles and separately-managed accounts it advises and sub-advises. As of 31 March 2021, MWNA had approximately \$26,675,055,000 in regulatory assets under management (approximately \$14,397,145,000 in net assets under management), all of which are managed on a discretionary basis.

MWNA generally focuses on fundamental and quantitative long/short, long-only, and long-extension investment strategies that aim to achieve their investment objectives by trading in common equity securities, but also trading in other equities, debt instruments, options, futures, swaps, other derivatives, private securities, and other investments and instruments. We tailor our advisory services to the individual needs of our clients by offering bespoke investment strategies that may focus on or exclude certain instruments, differ in use of leverage or benchmarks, and other such factors as mutually agreed between MWNA and the client.

MWNA will permit separately managed account clients to impose restrictions on their accounts with respect to: (1) the specific types of investments or asset classes that we will or will not purchase for their account; (2) the nature of the issuers of investments that we will or will not purchase for their account; or (3) the risk or liquidity profile of instruments we will or will not purchase for their account. Each fund managed or sub-advised by MWNA (each, a “Fund”) is governed by the terms set forth in its respective offering documents.

Interests and shares (collectively, “Interests”) in MWNA’s Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, Interests in the Funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in non-United States transactions. Interests in the Funds are offered in private transactions only to qualified investors, and only by means of an offering memorandum.



Item 5 – Fees and Compensation

Performance Compensation and Management Fees

With respect to all types of clients, MWNA and/or its affiliates generally receive a management fee based on a percentage of assets under management, and incentive income based on net capital appreciation or a percentage of net profits.

Where MWNA is directly appointed in its role as investment manager, it generally receives a management fee not exceeding 2% per annum and an accrued performance fee, incentive allocation or carried interest payment (paid to an affiliate) that is variable, dependent on performance, but generally does not exceed 20% above a high water mark or, in certain instances, a higher percentage above an equity index benchmark. Where MWNA serves as a sub-adviser or manages the assets of clients of its affiliates, a portion of those fees or allocations received by an affiliate may be paid to MWNA to compensate it for its sub-advisory role.

In limited circumstances, MWNA will negotiate specific terms of investment for certain prospective investors in the Funds that will differ from the terms applicable to other investors. When we enter into these arrangements, a rebate may be paid by MWNA to the relevant investor.

Fees are deducted and performance allocations taken from Fund assets. Management fees are automatically deducted monthly (or on such other frequency as is agreed with the relevant Fund) from each relevant Fund's account, in arrears. Performance fees, if applicable to relevant fund shares, are charged or made as at 30 September in each year. Performance fees are also generally automatically deducted on any withdrawal of capital by, or other distribution of monies to, an investor, generally subject to a loss carry-forward mechanism. In any case, performance fees charged are in compliance with the requirements of Section 205 of the Investment Advisers Act of 1940 (the "Advisers Act") and its applicable rules.

Expenses

Investors in the Funds also bear other fees and expenses of the Funds. Such expenses include, but are not limited to the following and will be borne whether or not a Fund's contemplated investment is consummated: investment expenses (e.g., expenses that are related to the investment of a Fund's assets such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, transactional risk fees, any issues or transfer taxes or stamp duties chargeable in connection with securities transactions, custodial fees, bank service fees, interest expenses, trade-related services, and structuring, including intermediate holding vehicles, negotiation, due diligence, developing and managing investments); for Funds that invest largely in private companies, any travel undertaken by any person acting for the Fund, or any person acting for any of the general partner, the Marshall Wace Group, any of their respective associates or any of their respective officers, directors, partners, members, employees and/or agents in connection with the Fund or any of its investment activities (which from time to time include any accommodation, dining and other subsistence costs and/or first or business class travel); professional fees (including expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; fees and expenses relating to software tools, programs or other technology utilized in managing a Fund (including third-party software licensing, implementation, data management and recovery services and custom development costs); all fees for investment research and/or trade ideas (including corporate access services), research and market data (including any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); administrative expenses (including fees and expenses of a Fund's administrator); legal expenses; expenses of proxy voting; external accounting and valuation expenses (including the cost of accounting software packages); audit and tax preparation expenses; directors' fees, including directors of a Fund's general partner; costs of printing and mailing reports and notices; taxes; corporate licensing; regulatory expenses and costs of a Fund's regulatory compliance (including filing fees); organizational expenses, including the creation and maintenance of any Fund and intermediate, side-pocket or co-investment vehicles to make and/or hold an investment, which, for intermediate holding vehicles, will include any travel and accommodation expenses related to such entity, the salary and benefits of any personnel reasonably necessary for the maintenance of such entity or other overhead expenses in connection therewith; where applicable, convening and hosting meetings with a Fund's Advisory Committee,



including providing food and drink to attendees and, in certain circumstances, will include investors' travel and accommodation expenses in connection with their attendance at such meetings (including first or business class air travel); expenses incurred in connection with the offering and sale of the a Fund's interests and other similar expenses; litigation and indemnification expenses; all of the costs of insurance for the benefit of the directors, including directors of a fund's general partner; and extraordinary expenses of a Fund not incurred in the ordinary course of business. Such expenses will be charged to the Fund in respect of which they were incurred. To the extent that MWNA or an affiliate initially bears any of these expenses, the Funds will generally reimburse them.

Please refer to Item 12 of this Brochure for additional information regarding brokerage and other transaction costs, and to the relevant Funds' PPMs or other account offering documents for additional details on fees and compensation.

Other

Neither MWNA nor its officers, supervised persons, or employees accept compensation for the sale of securities or other investment products to its clients.



Item 6 – Performance-Based Fees and Side-by-Side Management

MWNA accepts performance-based compensation from every client (other than clients that are not charged performance-based compensation because they are charged through another entity in a master-feeder or similar structure). A general description of this compensation is provided in Item 5. As a result, MWNA does not face certain conflicts of interest that may arise when an investment adviser accepts performance-based compensation from some clients, but not from other clients. MWNA structures any performance or incentive fee arrangement in accordance with Section 205(a)(1) and Rule 205-3 of the Investment Advisers Act of 1940.

As a result of the loss carryforward mechanism or varying performance fee methodologies and rates, it is possible that there will be scenarios where, even among clients that are all subject to the assessment of performance compensation, one or more clients will be effectively assessed only on a fixed management fee (until the client's net asset value satisfies any "catch up" or similar requirement). In such a case, the variation in the potential receipt of actual performance compensation among our clients may create an incentive for us disproportionately to direct the best investment ideas to, or to allocate or sequence trades in favor of, clients that are more likely to generate performance compensation from profitable investment or trading activity.

MWNA recognizes a conflict exists and there is a potential for providing preferential treatment to one Fund over others in terms of the allocation of time, resources, and investment opportunities. We are committed to allocating investment opportunities on a fair and equitable basis and have established allocation procedures to address the potential conflicts of interest described above. Generally, this will mean giving consideration first to each client's requirements before placing an order (i.e., in the intended basis of allocation) and allocating on this basis after execution of the order.

A performance compensation arrangement may create an incentive for MWNA to make investments that are riskier or more speculative than would be the case in the absence of such an arrangement, particularly when our incentive fee is payable only upon making up a loss carry-forward.

At our absolute discretion, we may allow an investor who meets certain criteria to open a separately-managed account which may have different and, possibly more favorable, terms regarding such aspects as transparency.

MWNA and/or its affiliates receive performance-based compensation with regard to unrealized and realized gains. Net capital appreciation generally includes unrealized appreciation of client assets, which may result in our receiving more incentive income than if net capital appreciation were based solely on realized gains. For the Marshall Wace Group-managed funds, MWNA's affiliates, MW LLP and Marshall Wace Asset Management (Ireland) Limited, have responsibility for valuation of certain illiquid assets in accordance with their duties as alternative investment fund managers for the purposes of the European Union's Alternative Investment Fund Managers Directive ("AIFMD"). Marshall Wace LLP, Marshall Wace Asset Management (Ireland) Limited and the funds' independent board of directors have established a valuation committee ("Valuation Committee") which approves the valuation methodology of these assets. The Valuation Committee consists of four independent directors of the Marshall Wace Group-managed funds and one representative of the Marshall Wace Group. All other assets are valued by an independent fund administrator in accordance with the constitutional documentation of the relevant Marshall Wace funds.

The Firm is conscious of these potential conflicts and has established policies and procedures to address the conflicts of interest described above, as further described in Item 12.



Item 7 – Types of Clients

MWNA provides advisory services to private collective investment vehicles. Investment advice is provided directly to the Funds and not individually to the Fund investors. At any time, investors in the Funds generally include, without limitation, institutions (e.g., pension plans, endowments, trusts, estates, charitable organizations, foundations, etc.), fund-of-funds, and high net worth individuals/family offices. Investors will be required to make certain representations when subscribing to a Fund through the execution of a subscription agreement and other documents. Interests and shares in the Funds are not registered under the Securities Act (or any other similar law), and such Funds are not registered under the Company Act. Accordingly, interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore transactions. Any minimum initial and additional subscription requirements are disclosed in the offering documents for the relevant Fund. The minimum initial capital contribution required for investment into a Fund varies according to the Fund and the class of interests. For most Marshall Wace funds, the minimum is either US\$5,000,000, US\$250,000 or EUR100,000 (or currency equivalent), depending on the Fund.



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

MWNA Funds under Management

For most clients, the Firm's primary objective is to deliver consistent, absolute returns from a constantly evolving investment landscape. The Firm also advises clients for whom their objective is to deliver long term capital appreciation as opposed to absolute returns. The Marshall Wace Group has two distinct but complementary approaches to equity long-short fund management. The first is traditional, manager-led fundamental long/short or long-only investing. The second is process-driven, including a purely systematic strategy and another largely based on Marshall Wace's alpha capture system, Marshall Wace TOPS ("MW TOPS"). MW TOPS is a systematic investment process that measures and aims to extract the latent alpha residing in the large output of contributors within the global broker and independent research communities, without replicating its manpower resource or research capability.

MW LLP is authorized as an alternative investment fund manager (an "AIFM") pursuant to the AIFMD. As AIFM, MW LLP is responsible for oversight of portfolio management activities and risk management of the Marshall Wace funds. On behalf of all of the Marshall Wace Group, MW LLP's risk management team examines and continuously monitors pre-trade issues, portfolio construction, post-trade analytics, and proprietary and external research related to fund investments. It uses a proprietary monitoring, alerting, and tracking engine with real-time portfolio risk profiles that have been built using multiple fundamental factor and statistical based models to ensure multi-sourced risk and return. In addition, third-party risk management models are incorporated into the platform.

It should be noted that investment in securities, irrespective of strategy and risk management approach, involves risk of loss that investors should be prepared to bear. The risks inherent to the strategies employed by MWNA, including those listed in this section of our brochure, are described in further detail in the respective Fund's offering documents.

MW TOPS Funds

The MW TOPS strategy developed out of our conviction that the vast resource spend by brokers on investment research creates a substantial pool of alpha. Generally speaking we believe this alpha is poorly delivered to brokers' clients, rarely measured, and therefore remains largely unrealized. MW TOPS seeks to capture this alpha through a proprietary web-based interface with participating idea contributors. This interface enables Marshall Wace to capture, analyze, and optimize ideas submitted by contributors who are mostly generalist and specialist salespeople, strategists, and independent research providers. The MW TOPS strategy trades systematically utilizing optimization models developed by the Firm and its affiliates, and effects additional investment opportunities chosen by the Firm and its affiliates.

The MW TOPS strategy uses an optimization and risk management process which is integral to both the portfolio construction and order management applications. In addition to the proprietary algorithms which aim to identify behavioral characteristics, and the persistence and success factors of contributors, many conventional parameters also are monitored and contemplated by the strategy. These include, without limitation, directional market exposure, Value-at-Risk (VAR), market sentiment and liquidity. The resultant MW TOPS portfolios are highly liquid, scalable, and diversified.

Notwithstanding the highly liquid and diversified nature of the MW TOPS portfolios, as with all investment approaches, regional, sector, and market volatility can materially impact the profitability of this strategy.

Certain of the MW TOPS strategies use both long and short positions, and others, long-only positions (and/or swaps to simulate either), and investments may be made on exchanges, in over-the-counter markets, and in private transactions (as permitted by the respective Fund's offering documents). Given the high volume of idea flow and the corresponding frequency of trading, this strategy can incur higher-than-normal brokerage and other transaction costs and taxes versus other traditional investment strategies. However, trade execution costs are closely measured and controlled, in keeping with the Firm's fiduciary and best execution obligations.



Manager-Led Strategies

The Marshall Wace Group also operate a fundamental investment process that seeks to identify companies which are substantially mispriced on an absolute or relative basis. In conducting fundamental analysis, the Firm's analysts and/or portfolio managers typically review company financials and other publicly disclosed documentation, participate in company and analyst conference calls and meetings, utilize external data (e.g., Reuters, Bloomberg and other externally provided services) to supplement or contrast our own findings, and utilize expert networks to conduct consultant calls.

Manager-Led strategies use both long and short positions, and investments may be made on exchanges, in over-the-counter markets, and in private transactions (as permitted by the respective Fund's offering documents). In evaluating potential investments as part of this strategy, the Firm may perform quantitative and qualitative analyses. It may also perform risk analyses to seek to isolate corporate event exposure from systematic and macro-economic risk.

The highly liquid nature and diversification of the portfolios aim to protect the strategy from significant or unusual risks. However, depending on the investment focus of a particular Fund (as defined in its offering documents), Manager-Led strategies can have more concentrated exposures to a particular sector or region, and may from time to time acquire illiquid holdings (as permitted). These exposure concentrations and/or illiquid holdings may pose a material risk to the respective Fund(s). In addition, as with all investment approaches, regional, sector, and market volatility can materially impact the profitability of this strategy. Risks are closely measured and controlled using the Firm's proprietary risk management platform.

As an extension to MWNA's and its affiliates' public market investment capabilities, MWNA also pursues a Manager-Led strategy that aims to invest in the "cross-over" financing round of privately held companies. In addition, it can also invest in IPOs, 'private investment in public equity' transactions and other placings, as and when these opportunities arise within the Fund's target sectors.

As noted above, the MW TOPS strategy utilizes ideas and opportunities developed or employed by other Firm strategies, which include the Manager-Led strategies. As the universe of Funds participating in MW TOPS strategies does not completely overlap with those participating in a given Manager-Led strategy, at times, research, ideas, and opportunities developed or employed for a given Manager-Led strategy may benefit Funds not directly utilizing a particular strategy. Conversely, Manager-Led strategies benefit from additional insight into the levels of conviction and consensus in the market on our investments via the aforementioned MW TOPS system. Whether a Manager-Led strategy or a MW TOPS strategy, under these circumstances a Fund pays for certain products and services that are not exclusively for the benefit of that Fund. For example, contributors to the MW TOPS system are paid by Funds that employ the MW TOPS strategy, but managers of fundamental strategies have access to data in the MW TOPS system.

Other Risks

The prospectuses of the Funds include the following detailed risk factors, as appropriate to each Fund:

General Risk. The Funds will be making Investments selected by MWNA in accordance with their respective investment objectives and policies. The value and income from shares relating to each Fund, will therefore be closely linked to the performance of such Investments. Investments made by MWNA will be speculative and an investment in a Fund, therefore, involves a degree of risk. There is no guarantee that the investment objective of a Fund, or its risk monitoring, will be achieved, and results will vary substantially over time. An investment in each Fund involves a high degree of risk and is only suitable for sophisticated investors. The value of Investments and the income from them, and therefore the value of and income from shares relating to each Fund, can go down as well as up and an investor may not get back the amount he invests. Changes in exchange rates between currencies or the conversion from one currency to another will also cause the value of the investments to diminish or increase.



American Depositary Receipts. American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by foreign issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Holders of unsponsored ADRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Amortization of Organizational Costs. A Fund's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS restrict the amortization of organizational costs. Notwithstanding this, the directors of the Funds could amortize the organizational costs of a Fund over a period of time and a Fund's financial statements would be qualified in this regard.

Availability of Credit. Borrowings and/or the employment of other means of obtaining leverage, will be an integral part of a Fund's strategies and will include the use of margin financing arrangements, involving the provision of cash, securities or other forms of margin, in connection with, among other things, over-the-counter ("OTC") derivatives, exchange-traded futures and options, repurchase agreements, stock loan agreements, credit lines made available by banks, brokers or other dealers (each a "broker"), some of which will themselves include embedded leverage. There can be no assurance that a Fund will be able to maintain adequate financing arrangements under all market circumstances.

The use of such arrangements results in certain additional risks to a Fund. A Fund could be subject to a "margin call", pursuant to which it must either deposit with the broker additional collateral, in the form of cash or other assets, or risk being subject to liquidation of some or all collateral. A "margin call" will usually be made at the discretion of the relevant broker, even if collateral previously provided has not declined in value, or the risk characteristics of the relevant positions have not changed. In the event of a large margin call, MWNA might not be able to liquidate assets quickly enough to meet the margin requirement. In such a case, the relevant broker will be entitled to liquidate assets, or otherwise terminate positions, of a Fund, in its sole discretion, in order to satisfy such margin requirement or reduce its exposure to the Fund.

As a general matter, brokers that provide financing to a Fund usually have wide discretion as to such matters as margin requirements, "haircuts", the provision and continued provision of financing and collateral valuation policies. brokers could, therefore, change their approaches in these and other respects, either generally, or in respect of one or more Funds, at any time, and for any reason, including a change in market circumstances, government, regulatory or judicial action or simply a change in the risk-appetite or business priorities. Such changes of approach by brokers could result in large margin calls, loss of financing, and forced liquidations of positions, including derivatives positions, at disadvantageous prices. Any such adverse effects will be exacerbated if such limitations or restrictions are imposed suddenly and/or by multiple market participants concurrently. A failure of a Fund to comply with changed broker requirements can, of itself, amount to a default (cross-default) under its arrangements with other brokers, which will, in turn result in forced liquidation of positions held with or through those other brokers.

Availability of Investment Strategies. The success of the investment activities of a Fund will depend in part on MWNA's ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by a Fund involves a high degree of



uncertainty. No assurance can be given that MWNA will be able to locate suitable investment opportunities in which to deploy all of the assets of a Fund or to exploit such price discrepancies. A reduction in market liquidity (including money market liquidity) or the pricing inefficiency of the markets in which a Fund seeks to invest, as well as other market factors, will reduce the scope for that Fund's investment strategies.

A Fund may be adversely affected by unforeseen events involving such matters as changes in interest rates, exchange rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

Brexit. On 29 March 2017, the United Kingdom triggered the procedures to withdraw from the European Union after the two-year period settlement negotiation as prescribed in Article 50 of the Treaty of Lisbon. Following this notification and a period of exit negotiations the United Kingdom left the European Union on 31 January 2020 and entered into a transition period that ended on 31 December 2020. MWNA's affiliates are currently subject to provisions of certain European directives and regulations which have either been incorporated into UK law or have direct effect in the UK. It is not currently possible to ascertain the precise long-term impact the UK's departure from the EU will have on MWNA or its affiliates from an economic, financial or regulatory perspective but any such impact could have material consequences for MWNA, its affiliates and the Funds.

Business Risk. There can be no assurance that a Fund will achieve its investment objective. The investment results of each Fund are reliant upon the success of MWNA.

Catastrophic Risks. The Funds may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including, without limitation, the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Funds invest (or has a material negative impact on the operations of the Marshall Wace Group or the Service Providers), the risks of loss can be substantial and could have a material adverse effect on the Fund and the Shareholders' investments therein. Furthermore, any such event may also adversely impact one or more individual Shareholders' financial condition, which could result in substantial redemption requests by such Shareholders as a result of their individual liquidity situations and irrespective of Funds' performance.

China-Related Risks.

China's Economic, Political, and Social Conditions, and Government Policies. Many of the investments of a Fund may be located in or exposed to markets in the People's Republic of China ("China", for the purposes of this risk factor).

The economy of China differs from the economies of most developed countries in many respects, including government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The economy of China has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry development. It also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to industries or companies. MWNA have no control over potential state policies and decisions and may be unable to anticipate such policies and decisions which could adversely affect the value of a Fund, including significant loss of capital.



In addition, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on income, limitations on the removal of funds or other assets of a relevant Fund, political or social instability or diplomatic developments that could adversely affect investments in China.

Recent growth in industrial production and gross domestic product has made many developing countries, particularly China, disproportionately large users of commodities and has increased the extent to which commodity prices are dependent on the markets of such countries.

The regulatory and legal framework for capital markets and companies in China may not be as well developed as those of developed countries. In addition, China's disclosure and regulatory standards are in many respects less stringent than and/or may deviate significantly from standards in many developed countries. There may be less publicly available information about Chinese companies than is regularly published by or about companies based in developed countries and such information as is available may be less reliable than that published by or about companies in developed countries. Chinese companies are subject to accounting standards and requirements that differ in significant respects from those applicable to companies established or listed in developed countries. As a result, the lower levels of disclosure and transparency of certain material information may impact on the value of investments made by a relevant Fund and may lead to such Fund or its service providers coming to an inaccurate conclusion about the value of its investments.

Investors should also be aware that changes in China's taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of a Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities and be subject to retroactive review. In addition, a Fund's operations and financial results could be adversely affected by adjustments in China's state plans, political, economic and social conditions, changes in the policies of the Chinese government such as changes in laws and regulations (or the interpretation thereof), measures which may be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and the imposition of additional import restrictions.

Furthermore, a portion of the economic activity in the China is export-driven and, therefore, is affected by developments in the economies of China's principal trading partners. Growing geopolitical tensions between China and other countries, including the United States, increase the risk of unexpected political decisions and changes in law or regulation, including taxation or trade restrictions that could affect the cost and volume of trade or destabilize the economy in China without prior notice. The social unrest in Hong Kong arising from China's National Security Law may continue and may result in instability in the region. MWNA's affiliates may be affected in the short term by access issues for personnel. In addition, the introduction of China's National Security Law may result in increased market volatility in the region which, in turn, may accelerate the China-related risks identified herein.

Government Intervention and Suspensions of Trading. In 2015, the Chinese authorities took a significant series of steps to intervene directly and indirectly in China A shares. Such government intervention had a material impact on market liquidity and in the prices of individual stocks and of China A shares as a whole. There is a perception amongst some market participants that the Chinese government will continue to intervene in the markets, actively. In 2015 government intervention included imposing restrictions on certain shareholders selling China A shares and a crackdown on malicious short sellers. Whether because of government intervention or otherwise, many China A-listed companies also suspended trading, sometimes for lengthy periods of time. Such government intervention and any restrictions on selling shares could reduce market confidence and liquidity and increase market volatility. Such interventions and restrictions are by nature unpredictable and may have a direct negative impact on a Fund to the extent that a Fund may be restricted or prevented from valuing or exiting from exposure to shares which have been suspended or from which government intervention prevents shareholders from selling shares.

Suspension of Trading of Chinese Securities as a Cause for Suspension of Determination of Net Asset Value. In recent years large numbers of Chinese stocks have been suspended from trading, sometimes for long periods and often without initially providing any explanation as to why the suspension has been affected. In circumstances



where a Fund holds significant Chinese positions, such suspension events may make it difficult accurately to value the Fund's portfolio and in such circumstances the directors or general partner of the Fund may consider suspending the determination of the net asset value of a Fund, a Fund or a class account. Shares may not be redeemed during any such suspension event, as more fully-described under "Net asset value—Suspension".

Limited Access to Chinese Equities. Investors should be aware that investment in China A shares may only be available to a Fund via the following means: 1. via OTC derivatives entered into with OTC swap counterparties who hold (or whose affiliates hold) a Qualified Foreign Institutional Investor ("QFII") license in China; 2. via OTC derivatives entered into with OTC swap counterparties who have (or whose affiliates have) access to China A shares on the Shanghai Stock Exchange and Shenzhen Stock Exchange via the Hong Kong Stock Connect program ("Stock Connect"); and 3. via MW LLP's QFII License. Funds may not have any other access to China A shares. Access on swap via QFII allocations and via Stock Connect each carries significant risks to a Fund, as further detailed below, in addition to all the risks detailed in the Risk Factors relating to OTC swap contracts.

QFII Risks. Foreign investors can invest in China A shares through institutions that have obtained QFII License in China. MWLLP has obtained a QFII License. All Funds are dependent on QFII License holders sharing their QFII quotas with the Funds to facilitate access to China A Shares. MWLLP's rights under the QFII License may be suspended, reduced, or revoked, which may have a material adverse effect on a Fund's performance. There is no guarantee that the Funds will continue to benefit from MWLLP's QFII quota nor that it is made exclusively available to the Funds. Should MWLLP lose its QFII License or retire or be removed, or its QFII Quota be revoked or reduced, the Funds would not be able to invest in China A Shares through the QFII quota, and the Funds would not be required to dispose of its holdings. There is no guarantee that a swap counterparty will continue to facilitate access to China A Shares for the Funds using its QFII quota. As QFII regulations re subject to change, a Funds could lose QFII access to China A Shares at short or no notice.

The current QFII regulations impose strict restrictions (including rules on investment restrictions, minimum investment holding period as well as remittance and repatriation of principal and profits) on China A share investment. A Fund may not be able to freely repatriate principal and profits from China, there may be potential lock-up periods imposed for repatriation and the Funds may suffer losses as a consequence. The restrictions on, or the delays in, the repatriation of principal and profits may therefore have an unfavorable impact on Funds. In extreme circumstances, Funds may incur losses due to limited investment opportunities, or may not be able to fully implement or pursue its investment objectives or strategy, due to QFII investment restrictions, illiquidity of the China A shares market, and/or delay or disruption in execution of trades or in settlement of trades. The uncertainty and change of the laws, policies and regulations in China may adversely impact Funds. The QFII policy and regulation may also be subject to change with potential retrospective effect. Such Fund will be exposed to any fluctuation in the exchange rate between the base currency of the relevant Fund and the Renminbi in respect of such investments. Renminbi is not freely convertible and is subject to policies of exchange controls and repatriation restrictions. There is no assurance that Renminbi will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency or liquidity of currency hedging instruments (physical or synthetic) will not develop.

Stock Connect. A Fund may invest and have access to certain eligible China A shares via OTC derivatives referencing securities traded via the Stock Connect. The Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE"), Shenzhen Stock Exchange and China Securities Depository and Clearing Corporation Limited ("ChinaClear"), with an aim to achieve mutual stock market access between China and Hong Kong. The Stock Connect comprises a Northbound Trading Link (for investment in China A shares) by which swap counterparties or their affiliates, for the purposes of facilitating China A shares access for a Fund, may be able to place orders to trade eligible shares listed on SSE. Under the Stock Connect, overseas investors (including the swap counterparties or their affiliates) may be allowed, subject to rules and regulations issued / amended from time to time, to trade China A shares listed on the SSE through the Northbound Trading Link. Further information about the Stock Connect is available online at the website: http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm. In addition to the risks associated with the Chinese market and risks related to investments in RMB, investments



through the Stock Connect are subject to additional risks, namely, quota limitations, suspension risk, operational risk, restrictions on selling imposed by front-end monitoring or on any selling activity in general, recalling of eligible stocks, restrictions on hedging activities, clearing and settlement risks, nominee arrangements in holding China A shares and regulatory risk.

Stock Connect Quota Limitations and Re-call of Eligible Stocks. The Stock Connect is subject to quota limitations on investments, which may restrict a Fund's ability to access China A shares through the Stock Connect on a timely basis. A stock may also be recalled from the scope of eligible stocks, meaning that the stock can be sold but no longer purchased. This could have a negative impact on a Fund's portfolio.

Stock Connect Suspension Risk. Both the Stock Exchange of Hong Kong Limited ("SEHK") and SSE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which could adversely affect the relevant funds' ability to access the China A shares market. Differences in trading day The Stock Connect only operates on days when both China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. It is possible that there are occasions when it is a normal trading day for the China market but Hong Kong investors (such as a Fund's swap counterparties) cannot carry out any China A shares trading. Funds may be subject to a risk of price fluctuations in China A shares during the time when the Stock Connect is not trading as a result.

Stock Connect Restrictions on Selling Imposed by Front-end Monitoring. China regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A shares sell orders of its participants (i.e., the stockbrokers) to ensure there is no over-selling. This may limit a Fund's ability to implement its investment decisions on a timely basis.

Stock Connect Clearing and Settlement Risks. The Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of HKEx ("HKSCC") and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of China's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission ("CSRC"). The chances of ChinaClear default are remote. Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the relevant Fund(s), under its OTC swap terms, may suffer delay in the recovery process or may not be able to recover its losses, in whole or in part.

Stock Connect Nominee Arrangements in Holding China A shares. HKSCC is the "nominee holder" of the SSE securities acquired by overseas investors (including the relevant Fund(s)) through the Stock Connect. The CSRC Stock Connect rules expressly provide that investors enjoy the rights and benefits of the SSE securities acquired through the Stock Connect in accordance with applicable laws. However, the courts in China may consider that any nominee or custodian as registered holder of SSE securities would have full ownership thereof, and that even if the concept of beneficial owner is recognized under Chinese law those SSE securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the relevant swap counterparties cannot ensure that their ownership of these securities or title thereto is assured in all circumstances and under the terms of any OTC swap contract, a Fund may suffer losses as a result.

Stock Connect Regulatory Risk. The CSRC Stock Connect rules are departmental regulations having legal effect in China. However, the application of such rules is untested, and there is no assurance that Chinese courts will recognize such rules, e.g. in liquidation proceedings of Chinese companies. The Stock Connect is novel in nature and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border



trades under the Stock Connect. The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The relevant Funds which may invest in the Chinese markets through Stock Connect may be adversely affected as a result of such changes.

The Chinese Legal System. The Chinese legal system is based on written statutes. Prior court decisions may be cited for reference, but have limited precedential value. Since 1979, the Chinese government has promulgated laws and regulations dealing with financial and economic matters such as foreign investment, financing, and provision of security, corporate organization and governance, commerce, taxation and trade. As such, many of the laws that govern private and foreign investment, securities transactions, creditors' rights, intellectual property rights and contractual and other relationships in China are relatively new, unclear, unproven and continue to evolve, at times in an uncertain manner. As a result, the relevant Fund may be subject to several unusual risks related to laws and regulations, particularly those involving taxation, foreign investment, trade, title to property, securities, transfer of title and protection of intellectual property. Such Funds may be subject to inadequate investor protection, contradictory legislation (particularly between local, regional and national laws), incomplete, unclear and changing laws, a lack of established or effective avenues for legal redress, including an underdeveloped judicial system, a lack of standard practices and confidentiality customs characteristic of developed markets and a lack of enforcement of existing regulations. Accordingly, there may be difficulty and uncertainty in such Fund's ability to protect and enforce its rights against Chinese state and private entities in China.

Renminbi Exchange Risk. The Renminbi ("RMB") is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market is currently allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The RMB has been recently devalued by the Chinese authorities, and there can be no assurance that the RMB will not be subject to significant appreciation and/or devaluation events in the future, for reasons including, but not limited to, market forces and governmental intervention. Any such event for the RMB may adversely affect the value of a Fund's investments. Investors whose base currency is not the RMB may be adversely affected by changes in the exchange rates of the RMB. Further, the Chinese government's imposition of restrictions on the repatriation of RMB out of China may limit the depth of the RMB market in Hong Kong and reduce the liquidity of a Fund. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and a relevant Fund's position may be adversely affected.

Currency Conversion Risk. Currently, the RMB is traded in two markets: one in mainland China, and one outside mainland China (primarily in Hong Kong). The RMB traded in mainland China is not freely convertible and is subject to exchange controls and certain requirements by the government of mainland China. The RMB traded outside mainland China, on the other hand, although freely tradable, is still subject to controls, limits, and availability. While the RMB is traded freely outside mainland China, the RMB spot, forward foreign exchange contracts and related instruments reflect the structural complexities of this evolving market. Accordingly, a relevant Fund may be exposed to greater foreign exchange risks.

Investments acquired by a Fund may be denominated in or have exposure to RMB and investors may be exposed to foreign exchange fluctuations between the RMB and the relevant currency of their shares and may suffer losses arising from such fluctuations. The RMB is the only official currency of China. While both onshore Renminbi (CNY) and offshore Renminbi (CNH) are the same currency, they are traded in different and separated markets. Since the two Renminbi markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. There may be significant bid and offer spreads. The CNH rate may be at a premium or discount to the exchange rate for CNY rate.



Chinese Credit Rating Agencies. A Fund may have exposure to securities the credit ratings of which are assigned by the Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies. A Fund may invest in securities which are rated at or above investment grade by local credit rating agencies although the same rating may not be given using the standard rated by international credit rating agencies. As a result, if such debt securities are rated below investment grade based on the standard of international credit rating agencies, such Fund may be exposed to higher risks associated with below investment grade securities.

Volatility. Chinese equities markets are highly volatile. In 2015 the daily volatility over any monthly period of the benchmark exceeded five times the level seen by the MSCI Daily TR Net World Index, a global developed equity markets index. Downside risk from high volatility includes large performance drawdowns, as demonstrated by the benchmark which lost more than thirty percent (30%) over 18 trading days between June 12, 2015 and July 8th, 2015. Movements in equity prices are influenced by amongst other things: government trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; fluctuations in commodity prices; and changes in interest rates. In addition, the Chinese government from time to time intervenes, directly and by regulation, in the equities markets and foreign exchange markets with the specific intention of influencing equity prices and exchange rates. A Fund may be exposed to adverse changes in its net asset value because of these factors.

Clearing House Protections. On some exchanges, the performance of a transaction by a broker (or third party with whom it is dealing on a Fund's behalf) is "guaranteed" by the exchange or clearing house or its members. However, this guarantee is unlikely in most circumstances to cover a Fund and may not protect a Fund if a broker or another party defaults on its obligations to a Fund. There is normally no clearing house for off-exchange instruments, which are not traded under the rules of a recognized or designated investment exchange, and, even where facilities are available for clearing of such instruments (OTC clearing), a Fund might not use them.

Commodity-Related Instruments. A Fund may make investments linked to commodities. The performance of a commodity, and consequently investments linked to such commodity, is dependent upon various factors, including (without limitation) supply and demand, liquidity, weather conditions and natural disasters, direct investment costs, location, changes in tax rates and changes in laws, regulations and the activities of governmental or regulatory bodies. Commodity prices tend to be more volatile than most other asset categories, making investments in commodities more risky and more complex than other investments.

The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature. During periods of economic or financial instability, commodity-related instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic material prices and possible instability of supply of various commodities. Commodity-related instruments may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such instruments may rise at a faster rate; and conversely, in times of falling commodity prices, such instruments may suffer a greater price decline.

A Fund may seek to gain exposure indirectly to the commodity markets by investing in swap agreements on a commodities index and may also invest in other derivatives giving exposure to commodities indices (for instance options on commodity indices). The value of a commodity-linked derivative investment generally is based upon the price movements of a physical commodity (such as energy, mineral or agricultural products), a commodities index futures contract or commodity index, or other economic variable based upon changes in the value of commodities or the commodity markets.

The risk of loss in trading commodities can be substantial. If a Fund purchases a commodities index option, it may sustain a total loss of the premium and of all transaction costs. If a Fund purchases or sells a commodities index futures contract or sells a commodity index option, it may sustain a total loss of the initial margin funds and any



additional funds that it deposits with its broker to establish or maintain its position. If the market moves against its position, the Fund may be called upon by its broker to deposit a substantial amount of additional margin funds, on short notice, to maintain its position. If it does not provide the requested funds within the prescribed time, its position may be liquidated at a loss, and it will be liable for any resulting deficit in its account. If a Fund holds options or futures contracts that will require physical delivery of an underlying commodity and the Fund does not close its position before expiry, the Fund may incur substantial costs and expenses in making or taking delivery of the underlying commodity and in liquidating any physical commodities.

Concentration of Investments. A Fund may: (i) invest in a few relatively large positions (in relation to its capital); (ii) invest in many different positions that have a high degree of correlation between them; (iii) identify a limited number of investment themes; (iv) invest a large amount in an individual security issuer; and/ or (v) have exposure to a single counterparty. In the event that a Fund makes investments as set out herein or in the applicable supplement of a Fund and there is an adverse market move or a counterparty failure, a Fund may incur a material loss. Accordingly, investors should be aware of the possibility that there may be little or no diversification of risk and that the return on their investment may depend entirely on the performance or creditworthiness of any one position and/ or a single security or issuer or counterparty.

Convertible Securities. The convertible securities in which the Funds may invest consist of bonds, notes, debentures, and preferred stocks which may be converted or exchanged at a stated or determinable exchange ratio into underlying shares of common stock. Convertible securities may offer higher income than the common stocks into which they are convertible. A Fund may be required to permit the issuer of a convertible security to redeem the security, convert it into the underlying common stock, or sell it to a third party. The convertible securities in which the Funds may invest may embed derivatives and/or leverage.

A Fund with convertible securities may not be able to control whether the issuer of a convertible security chooses to convert that security. If the issuer chooses to do so, this action could have an adverse effect on a Fund's ability to achieve its investment objective because the issuer may force conversion before the Fund would otherwise choose. While some countries or companies may be regarded as favorable investments, pure fixed income opportunities may be unattractive or limited due to insufficient supply, or legal or technical restrictions. In such cases, a Fund may consider convertible securities or equity securities to gain exposure to such investments.

Counterparty Risk. A Fund and each Fund will be subject to the risk of the inability of any counterparty (including, where relevant, the prime brokers and sub-custodians) to perform their financial and other obligations, including with respect to transactions, whether due to such counterparty's own insolvency or that of others, or for other reasons, which may include market illiquidity or disruption or other causes and whether resulting from systemic or other causes.

A Fund may affect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as are members of "exchange-based" markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with such "over-the-counter" transactions. This could expose the relevant Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, and such failure may cause the Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where there is greater opportunity for events to intervene to prevent performance of obligations, or where a Fund has concentrated its transactions with a single or small number of counterparties. Subject to the investment restrictions, MWNA is not restricted from dealing with any particular counterparty or from concentrating any or all of the relevant Fund's transactions with one counterparty for any of its Funds. Moreover, MWNA does not have a formal credit function, which evaluates the creditworthiness of the relevant Fund's counterparties. The ability of a Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses to a Fund.



Credit Default Swaps. Each Fund may enter into credit default swaps. A credit default swap is a contract between two parties which references the credit risk of an entity (the "Reference Entity") for a defined period whereby if there is a Credit Event (defined below) then the seller of protection either (i) pays to the buyer of protection an amount equal to the difference between the face amount and the current market value of the relevant debt security of the Reference Entity or (ii) pays to the buyer of protection an amount equal to the face amount of the relevant debt security and receives delivery of any permitted relevant debt security of the Reference Entity. A "Credit Event" is commonly defined as the Reference Entity (i) failing to pay principal or interest when due, (ii) restructuring its debt, (iii) accelerating its debt or (iv) entering bankruptcy. The buyer of credit protection pays a premium to the seller of credit protection until the earlier of a Credit Event or the scheduled termination date of the credit default swap. Credit default swaps can be used to implement MWNA's view that a particular credit, or group of credits, will experience credit improvement or credit deterioration. In the case of expected credit improvement, a Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of a Fund to make payments upon the occurrence of a Credit Event creates leveraged exposure to the credit risk of the Reference Entity. In the case of expected credit deterioration, a Fund may buy credit default protection; in such an instance, such Fund will pay a premium. The parties to a credit default swap may have no or limited rights to terminate the swap early and it may be difficult or impossible to assign a party's interest and obligations under the swap, particularly in times of market disruption.

Cross Liabilities. Although steps have been taken to avoid the assets of a Fund becoming available to creditors of another Fund, the liabilities of which exceed its assets, there is no guarantee that such steps will prove effective. The assets of any Fund may therefore be exposed to the liabilities of other Funds. Although the articles of association require the establishment of separate class accounts for each class and the attribution of assets and liabilities to the relevant class account, if the liabilities of a class exceed its assets, creditors of a Fund may have recourse to the assets attributable to the other classes. As at the date of this document, the directors of the Funds are not aware of any such existing or contingent liability.

Currency Options and Futures Trading. The Funds may buy and sell foreign currency options and / or foreign currency futures and may engage in foreign currency transactions either on a spot or forward basis, subject to the limits and restrictions set down by the relevant regulator from time to time, to reduce the risks of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. A Fund may acquire and sell currency options, the value of which depend significantly upon the likelihood of favorable price movements in the underlying currency in relation to the exercise (or strike) price during the life of the option. Many of the risks applicable to trading the underlying currencies are also applicable to over-the-counter options trading. In addition, there are several other risks associated with the trading of options, including those arising from the leverage effect of options trading, their asymmetric risk profile, and difficulties of pricing. Whereas the purchaser of an option may at worst lose his entire investment (the premium he pays), where the option expires out of the money, the seller of an option may lose many times the premium originally received and potentially an unlimited amount, where the option expires in the money. Selling uncovered call options exposes a Fund to unlimited risk. Also, such transactions may not be successful and may eliminate any chance for a Fund to benefit from favorable fluctuations in relevant foreign currencies. A Fund may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated.

Computer Systems. MWNA makes extensive use of computer systems and software. MWNA uses its own proprietary quantitative models as well as systems which are publicly available or provided by third parties. Accordingly, the applicable Funds are exposed to the risk that computer hardware, software and other services used by the Marshall Wace Group may cease to be available, for example due to the insolvency of the provider. In such circumstances, an Investment Manager would seek to obtain equivalent hardware, software, and services from an alternative supplier.

Cybersecurity Risk. The Funds and their service providers (including the Marshall Wace Group and the Funds' administrators and any distributors) ("Affected Persons") may be susceptible to operational and information



security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software distribution) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber-attacks may 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 services unavailable to intended users). Cyber security incidents affecting the Affected Persons have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with a Fund's ability to calculate its net asset value; impediments to trading for a Fund's portfolio; the inability of Shareholders to transact business with a Fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a Fund invests, counterparties with which a Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While cyber security risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management system or business continuity plan, including the possibility that certain risks have not been identified.

Debt Securities. A Fund may invest in debt securities, which may be unrated by a recognized credit-rating agency or below investment grade and which are may be subject to greater risk of loss of principal and interest than rated or investment grade debt securities. Even among securities considered investment grade, differences exist in credit quality and other risk characteristics, and a position in some investment grade debt securities may be highly speculative. A security's price may be adversely affected by the market's opinion of the issuer's credit quality, even if the issuer has suffered no actual degradation in ability to honor the obligation. A Fund may invest in debt securities that rank junior to other outstanding securities and obligations of the issuer, all, or a significant portion of which may be secured on substantially all that issuer's assets. A Fund may invest in debt securities that do not include financial covenants or limitations on additional issuer indebtedness. Investments in debt securities are generally subject to credit, liquidity, and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty, partly because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing debt securities.

Delayed Schedules K-1. In relation to Funds which are limited partnerships, the Fund may be unable to provide final Schedules K-1 to the limited partners for any given fiscal year until significantly after April 15 of the following year. The relevant general partner will endeavor to provide limited partners with estimates of the taxable income or loss allocated to their investment in the Fund on or before such date, but final Schedules K-1 may not be available by that time. In such cases, limited partners would be required to obtain extensions of the filing date for their income tax returns at the U.S. federal, state, and local level.

Dependence on MWNA and Key Personnel. The success of each Fund is significantly dependent upon the ability of MWNA to develop and effectively implement a Fund's investment objective and upon the expertise of certain key personnel within MWNA. If a Fund were to lose the services of MWNA, or if MWNA were to lose its key personnel, such Fund would be adversely affected. In addition, the services of MWNA are not exclusive any Fund and MWNA and its employees have multiple demands on their time.

MWNA's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate its key personnel is important to the success of a Fund. There can be no assurance that MWNA's key personnel will continue to be associated with MWNA throughout the life of the relevant Fund, and the failure to attract or retain such investment professionals could have a material adverse effect on such Fund and its investors, including, for example, by limiting MWNA's ability to pursue particular investment strategies. Competition in the financial services industry for qualified employees is intense and there is no guarantee that the talents of MWNA's key personnel could be replaced.



Furthermore, some of the contractual arrangements in place with certain counterparties may provide the relevant counterparties with rights of termination if certain key employees and officers of MWNA cease to have responsibility for managing the Fund's investments or similar provisions. The assertion of such rights to terminate contracts could result in the Fund's contractual positions being closed out on unsatisfactory terms and in a lesser number of potential counterparties in the future. The assertion of such rights may have a material adverse impact on the business and/or financial condition of the Fund. There can be no assurance that MWNA would be able to mitigate the effects of the loss of any such key individual.

Derivatives. A Fund may utilize both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options, and contracts for differences, as part of its investment policy. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits commonly to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss that is high in proportion to the amount of funds actually placed as initial margin and may result in losses exceeding any margin deposited, and such losses may be unlimited. Both exchange-traded and over-the-counter derivatives positions may suffer from market illiquidity. In addition, with regard to exchange-traded derivatives, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Transactions in over-the-counter contracts may involve additional risk resulting from such matters as mis-matches of contractual terms between apparently off-setting transactions, from the absence of a ready market on which to close out an open position, and from the difficulties of valuation and monitoring of risk exposure due to the fragmented and relatively opaque nature of over-the-counter markets. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Risk may be increased by contractual asymmetries and inefficiencies including break clauses such as net asset value decline provisions, whereby a counterparty can terminate a transaction on the basis of a certain reduction in net asset value of the Fund. Incorrect collateral calls or delays in collateral recovery also present risk.

A Fund may also sell covered and uncovered options on securities and other assets. To the extent that such options are uncovered, a Fund could incur an unlimited loss.

Derivatives, in particular derivatives which are negotiated "over-the-counter" are subject to legal risks including the uncertainty in the applicability of laws, or the interpretation or enforceability of contracts or an action by a court or regulatory body that could invalidate a derivative contract entered into by a Fund.

The prices of derivatives may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded derivatives may also be subject to changes in price due to supply and demand factors.

Developing Markets. A Fund may invest in developing market equities, foreign exchange instruments and debt securities, which may lead to additional risks being encountered when compared with Investments in developed markets.

Investment in developing market securities typically involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, investments in developing market securities may carry additional risks arising from, among other things, inferior publicly available information, more volatile markets, less strict securities market regulation, less favorable or less certain tax or legal regimes, and a greater likelihood of severe inflation, currency instability, possible constraints on convertibility or transferability of currency, war, and the possibility of expropriation of personal property. In addition, the investment opportunities of a Fund in certain developing markets may be restricted by legal limits on foreign investment.

Developing markets may not be as efficient as developed markets. In some cases, a market for the security may not exist locally, and transactions may need to be made on a neighboring exchange. Volume and liquidity levels in developing markets are generally lower than in developed countries. When seeking to sell developing market



securities, little or no market may exist for the securities. In addition, issuers based in developing markets are not generally subject to uniform accounting and financial reporting standards, practices, and requirements comparable to those applicable to issuers based in developed countries, and this might increase the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in developing markets may not accurately reflect the actual circumstances being reported.

Some developing markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realized gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some developing markets is much slower and subject to a greater risk of failure than in markets in developed countries. Further, sub-custodians are not able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a risk that a Fund will not be recognized as the owner of securities held on its behalf by a sub-custodian.

With respect to any developing market country, there is the possibility of nationalization, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of funds or other assets of a Fund, political changes, government regulation, social instability or diplomatic developments (including war), which could affect adversely the economies of such countries or the value of a Fund's Investments in those countries. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been, and may continue to be, adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Tax laws and regulations in some jurisdictions may not be clear and taxes may be applied retrospectively. Where a Fund invests or trades in developing markets (and to a lesser extent, developed markets) there is a risk that such Fund (or its swap counterparty or its affiliate where exposure is on swap) may be charged with unexpected taxes arising from its trading activity. Such taxes may become apparent only after the chargeable trades or investments have been closed out. In some instances, the taxes may become apparent a long time after the relevant trading activity has ceased. Where the exposure is on swap, the swap counterparty may have a right to be indemnified by the relevant Fund with respect to the taxes that it or its affiliate suffers. Whether the securities were held directly or the exposure was on swap, the relevant Fund may suffer tax liabilities which will be borne by investors in the relevant Fund as at the time that the tax liabilities are crystallized as opposed to at the time that the trade or investment was made.

Effect of Substantial Redemptions. Substantial redemptions by investors within a short period of time could require a Fund to liquidate Investments more rapidly than would otherwise be desirable, possibly reducing the value of the assets of such Fund and/or disrupting the investment strategy of MWNA. Reduction in the size of a Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in a Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

Equity Price Risk. A Fund may take long and short positions in equity securities of public and private, listed, and unlisted companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political



environments, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by a Fund.

Equity Securities. The Funds may invest in equity securities and equity derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, a Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from MWNA's expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. A Fund also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

ERISA Plan Assets Status of certain Funds. In relation to certain Funds, MWNA anticipates that the assets of those Funds will, from time to time, be treated as "plan assets" (as defined under Section 3(42) of ERISA and any regulations promulgated thereunder) of those investors of the relevant Fund that are subject to ERISA. In such event, MWNA would be a fiduciary with respect to each such investor. In addition, if the assets of the relevant Fund are treated as "plan assets" pursuant to ERISA, ERISA may impose certain limitations on the operation of that Fund. Such limitations could result in the inability of the Fund to participate in certain investments or conduct business with certain counterparties. Accordingly, ERISA could materially restrict the activities of the relevant Fund and, as a result, the Fund may not be able to take advantage of certain investment opportunities, could have a different portfolio and could have a lower rate of return than if it were not subject to ERISA.

Exchange Traded Funds. The Funds may invest in Exchange Traded Funds ("ETFs"), which are shares of publicly traded unit investment trusts, open-end funds, or depositary receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risks as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. In addition, the Funds may bear, along with other shareholders of an ETF, its pro rata portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing its share of the Funds' expenses (e.g., management fee and operating expenses), investors may also indirectly bear similar expenses of an ETF, which can have a material adverse effect on the return on capital of the Funds.

Exchange Traded Notes ("ETNs"). Although listed on an exchange, a trading market for any series of ETNs may not exist at any time and there are restrictions on the size and date of redemptions. ETNs can be traded on a secondary market but there is no guarantee that liquidity can meet the needs of a Fund.

FATCA. The United States and Ireland have entered into an intergovernmental agreement to implement FATCA (the "IGA"). Under the IGA, an entity classified as a Foreign Financial Institution (an "FFI") that is treated as resident in Ireland is expected to provide the Revenue Commissioners with certain information on shareholders. The IGA provides for the automatic reporting and exchange of information in relation to accounts held in Irish "financial institutions" by U.S. persons, and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents. A Fund expects to be treated as an FFI and provided it complies with the requirements of the IGA and the Irish implementing legislation, it should not be subject to FATCA withholding on any payments it receives and may not be subject to withholding on payments which it makes.

Although a Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that a Fund will be able to satisfy these obligations. If a Fund becomes subject to a withholding tax because of the FATCA regime, the value of the shares held by all shareholders may be materially affected.



All prospective investors / shareholders should consult with their own tax advisors regarding the possible implications of FATCA on an investment in a Fund.

Foreign Exchange Exposure. The shares are denominated in Euro, Sterling, Yen and US Dollars which may differ from the base currency of each of the Funds. MWNA will seek to hedge out currency exposure at Fund level by entering forward foreign exchange transactions (as set out in more detail above under the heading "Management of Foreign Exchange Exposure").

Certain of the assets managed by MWNA may, however, be invested in securities and other investments which are denominated in currencies other than the base currency of the relevant Fund. MWNA will generally seek to hedge the currency exposure of a Fund to currencies other than its base currency and it is anticipated that the currency exposure of a Fund will always be predominantly hedged. Nonetheless, prospective investors should be aware that MWNA may take currency positions for a Fund where it considers this appropriate.

Notwithstanding the foregoing, and noting that hedging techniques may not be completely effective, where the currency exposure of the Fund or a Fund is not fully hedged, the value of the assets of the Fund or the relevant Fund may be affected favorably or unfavorably by fluctuations in currency rates. Furthermore, prospective investors whose assets and liabilities are predominantly in other currencies should consider the potential risk of loss arising from fluctuations in value between the base currencies of the Funds and such other currencies.

Currency exchange rates are subject to sudden fluctuations of varying magnitude, and they are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. The volatility of currency prices may render it difficult or impossible to predict or anticipate fluctuations in the value of currencies. In addition, governments from time to time intervene, directly and by regulation, in the currency markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.

Forward Foreign Exchange Contracts. A forward foreign exchange contract is a binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to size, or as to the time at which a currency is to be delivered, and such contracts are not usually traded on exchanges. Forward foreign exchange contracts are generally affected through the inter-dealer market. It is not a market with a specific location but rather a network of participants electronically linked. Documentation of transactions generally consists of an exchange of telex or facsimile messages, or other electronic communications. There is no limitation as to daily price movements on this market and in exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward foreign exchange contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Transactions in forward foreign exchange contracts are not regulated by any regulatory authority nor are they normally guaranteed by an exchange or clearing house. A Fund is subject to the risk of the inability or refusal of its counterparties to perform with respect to such contracts. Any such default could eliminate any profit potential and compel a Fund to cover its commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses. MWNA (acting on behalf of each Fund) may also enter into forward foreign exchange agreements between themselves (rather than with market participants).

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 other securities they trade or which they indirectly gain exposure to, 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 bid and ask price. Disruptions can occur in forward markets due to unusually high trading volume, political intervention, or other factors.

Futures Trading. Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position in cash. They carry a high degree of risk.

The low margins normally required in futures trading permit a very high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or loss that is high in relation to the amount of funds actually placed as margin and may result in further loss, which exceeds any margin deposited, and which may be unlimited.

Price movements for many futures contracts (although generally not currency futures) are subject to daily restrictions, commonly referred to as "daily limits", which prohibit trading on any given day outside a prescribed price range based on the previous day's closing prices. Daily limits do not limit ultimate losses but may make it costly or impossible for MWNA to liquidate a futures position against which the market is moving. A series of "limit moves", in which the market price moves the "daily limit" with little or no trading taking place, could subject a Fund to major losses.

The value of futures depends upon the price of the financial instruments, underlying them, for example equities in the case of futures on an equity index. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which a Fund's positions trade or of its clearing houses or counterparties. In extraordinary circumstances, a futures exchange or regulator could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Hedging Transactions. A Fund may utilize financial instruments both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Fund's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect Fund's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Fund's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Fund's financial instruments; (vii) protect against any increase in the price of any financial instruments the Fund anticipates purchasing at a later date; or (viii) act for any other reason that MWNA deems appropriate. A Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged.

Identity and Reporting of Beneficial Ownership; Withholding on Certain Payments. In order to avoid a US withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed US investments, each Fund will generally be required to timely register with the US Internal Revenue Service (the "Service") and agree to identify, and report information with respect to, certain of their direct and indirect US account holders (including debtholders and equity holders). Investors should consult their own tax advisors regarding the possible implications of these rules on their investment in interests.

Illiquidity of Interests. No market for the interests exists or can be expected to develop. Interests cannot be sold unless they are either subsequently registered under the U.S. Securities Act of 1933, as amended, and registered or qualified under any applicable state securities laws or exemptions from such registration and qualification are available.

Information Rights. Certain investors may invest on terms that provide access to information that is not generally available to other investors, and, as a result, may be able to act on such additional information that other investors do not receive. Especially with respect to investments in private companies, MWNA will at times obtain material



information regarding Portfolio Investments that will not be disclosed to investors. As a result, an investor that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interests. Investors may also have liabilities including to brokers or finance providers and may seek to redeem units to meet such liabilities. Such rights and liabilities may result in a greater amount of redemption activity in any particular period than would otherwise be the case and may allow certain investors to redeem their investors at the next dealing day of the Fund in accordance with the Fund's redemption terms or at higher values than other Funds or their underlying investors.

In-Kind Distributions; Special Purpose Vehicles. The Funds anticipate that all distributions to investors will be made in cash, but there can be no assurance that there will be sufficient cash attributable to the applicable Fund(s) to satisfy withdrawal requests. The Fund may make distributions in kind, including, without limitation, due to the termination of MWNA, the winding up or dissolution of a Fund, or inability to liquidate investments with respect to the applicable Fund(s) at the time of withdrawal requests at favorable prices, as determined in the sole discretion of the Fund and/or general partner, as applicable. The Funds have resolved not to make any distributions in kind to any investors in connection with a withdrawal of funds from the Funds by such investors without the consent of the majority of such investors.

In-kind distributions may be comprised of, among other things, participations and/or derivative instruments referring to certain assets of the Fund, interests in special purpose vehicles or trading vehicles (each, a "Special Purpose Vehicle") holding securities also being held, or that were held by, the Fund, or participations and/or derivative instruments referring to such Special Purpose Vehicles. A distribution in respect of a withdrawal may be made in cash or in kind, or a combination thereof, as determined by the Fund and/or General Partner, as appropriate, in its sole discretion. A prior or contemporaneous in-kind distribution to some investors with respect to a Fund will not affect the Fund's right to distribute cash to other investors with respect to such Fund.

In the event that the Fund utilizes a Special Purpose Vehicle to facilitate in-kind distributions of withdrawal proceeds, it is expected that the Special Purpose Vehicle may hold a participation interest with respect to the pro rata portion of each investment held by the Fund as of the applicable dealing day attributable to the withdrawing investors (the "SPV Assets"). MWNA, subject to the control of the Fund or General Partner, as appropriate, would manage any Special Purpose Vehicle with the intention of distributing the net proceeds attributable to the SPV Assets as they are realized over time. A Special Purpose Vehicle may receive in-kind payments of assets and liabilities from the Fund which it, in turn, would distribute to withdrawing investors.

Any Special Purpose Vehicle would be responsible for paying its operating and overhead costs and expenses, including, but not limited to, documentation of performance and the admission of the members, all operating expenses such as tax preparation fees, governmental fees and entity-level taxes, administrative fees, communications with the members and ongoing legal, accounting, auditing, bookkeeping and other professional fees and expenses, and any trading costs and expenses (e.g., brokerage commissions, margin interest, custodial fees and clearing and settlement charges). Any Special Purpose Vehicle would bear its organizational expenses and investment-related expenses incurred in connection with the SPV Assets. The expenses of the Special Purpose Vehicle would reduce the net proceeds therefrom.

The withdrawing investors would continue to be at risk of the Fund's business until all the SPV Assets are sold. The withdrawing investors would indirectly bear investment-related expenses in connection with the SPV Assets and operating and other expenses borne by the Special Purpose Vehicle. The risk of loss and delay in liquidating the SPV Assets will be borne by the withdrawing investors, with the result that such withdrawing investors may ultimately receive significantly less cash than they would have received on the date of withdrawal if they had been paid in cash. Furthermore, the withdrawing investors will generally have no control over when and at what price the SPV Assets are sold. In addition, payment to the withdrawing investors of that portion of their withdrawal proceeds attributable to the SPV Assets will be delayed until such time as MWNA elects to liquidate the SPV Assets.



Insolvency of the Depositary. In the event of the insolvency, administration, liquidation or other formal protection from creditors ("insolvency") of the depositary or a sub-custodian holding the units of Funds on behalf of the Funds, there could be severe disruptions to the operations of the Funds. In addition, if the Funds are unable to redeem units of Funds due to the depositary's insolvency, the Fund may suspend the determination of net asset value. Accordingly, under such circumstances shareholders may be unable to redeem their shares for an extended period of time and shareholders may suffer significant losses with respect to such shares.

Insolvency of the Trustee. In the event of the insolvency of the trustee or other party holding the assets or securities of Funds, there could be severe disruptions to the operations of Funds and the Funds. In such circumstances, Funds (and the Funds) may suspend the determination of net asset value. Accordingly, under such circumstances shareholders may be unable to redeem their shares for an extended period of time and shareholders may suffer significant losses with respect to such shares.

Investment Company Regulation. The Funds intend to rely on the provisions of Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "1940 Act") which permits unregistered private investment companies (such as the Funds) to sell their interests on a private placement basis to "qualified purchasers" as defined in Section 2(a)(51) of the 1940 Act and "knowledgeable employees" as defined under Rule 3c-5 of the 1940 Act. If the Funds were registered as investment companies, the 1940 Act would require, among other things, that the Funds have a board of directors some of whom were unrelated to the general partner (if appropriate) and MWNA, compel certain custodial arrangements, and regulate the relationship and transactions between the Funds, the general partner (if appropriate) and MWNA. Compliance with some of those provisions could possibly reduce certain risks of loss by the Funds or investors, although such compliance could significantly increase the Funds' operating expenses and limit the Funds' investment and trading activities.

Legal and Operational Risks Linked to Management Collateral. OTC derivatives are generally entered into pursuant to contracts based on the standards set by the International Securities Dealers Association for derivatives master agreements which are negotiated by the parties. The use of such contracts may expose a Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

The use of OTC derivatives and the management of collateral received are subject to the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Where cash collateral is re-invested, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

The management of operational risk is established through MWNA's policies. These policies set standards for the high-level assessment of risk and, monitoring and reporting of risk within the business and analysis of reported operational risk events.

Legal and Regulatory Environment for Private Investment Funds and their Managers. The legal and regulatory environment worldwide for private investment funds and their managers is subject to change. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Funds to pursue their investment program and on the value of investments held by such Funds.

In recent years there has been an increase in regulatory scrutiny of the financial markets and the private investment fund industry, resulting in an unprecedented amount of legislation that impacts the MWNA and the Funds: principally, the Dodd-Frank Act and the JOBS Act in the United States; and the AIFM Directive, MiFID II and EMIR in the European Union. Such regulatory changes have impacted the private investment fund industry through, among other things: (i) increasing the regulation related to the management and marketing of funds in the EU; (ii) establishing minimum amounts of initial margin that must be posted for certain financial instruments; (iii) requiring certain derivatives to be cleared through central clearinghouses; (iv) changing pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on certain trading venues; and



(v) introducing a new focus on regulation of algorithmic and high frequency trading. In addition, MWNA, in its sole discretion, causes the Funds to be subject to certain laws and regulations if it believes that an investment or business activity is in the Funds', even if such laws and regulations may have a detrimental effect on one or more investors. These reforms and any other new laws and regulations or actions taken by regulators that restrict or impair the ability of the Fund to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on the investors investments therein.

In addition, increased regulation, and regulatory oversight of and changes in law applicable to private investment funds and their managers may impose administrative burdens on the MWNA, including responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert the MWNA's time, attention, and resources from portfolio management activities to responding to inquiries, examinations, and enforcement actions (or threats thereof).

Legal Risk. A Fund may be subject to a number of unusual or unexpected risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the developing countries in which assets of a Fund may be invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on a Fund and its operations.

Lending of Portfolio Securities. A Fund may lend securities on a collateralized and an uncollateralized basis, from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the relevant Fund will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Leverage. A Fund may employ leverage, including through the use of borrowings, in and for the purpose of making Investments. The level of interest rates at which a Fund can borrow, or impliedly borrow, will affect the operating results of such Fund. If a Fund leverages its assets to borrow additional funds or otherwise obtain leverage for investment purposes, such Fund will be required to pledge its assets to secure such borrowings, potentially reducing such Fund's liquidity. A Fund may also, in effect, borrow funds through entering into repurchase agreements and may leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. Investments made by a Fund may also contain a significant amount of leverage. While MWNA will look to any such inherent leverage in assessing the leverage to be applied within the portfolio overall, the use of leverage creates special risks and may significantly increase a Fund's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase a Fund's exposure to risk of loss and interest costs. Any investment income and gains earned on Investments made through the use of leverage that are more than the financing costs associated therewith may cause the net asset value to increase more rapidly than would otherwise be the case. Conversely, where the associated financing costs are greater than such income and gains, the net asset value may decrease more rapidly than would otherwise be the case. Any limitation on the availability of borrowing facilities may have a detrimental effect on a Fund's ability to maintain its intended level of leverage. As the holders of shares rank for repayment after all other creditors, they may not get back their full investment if there are insufficient funds to discharge creditors (including such shareholders who have redeemed their shares but have not been paid their redemption proceeds in full).

Liability for Loss of Assets. The trustee is liable to a Fund for the loss of financial instruments of such Fund which are held in custody as part of the trustee's safekeeping function (irrespective of whether or not the trustee has delegated its safekeeping function in respect of such financial instruments) save where this liability has been lawfully discharged to a delegate or where the loss of financial instruments arises as a result of an external event beyond reasonable control as provided for under the AIFM Directive.



The trustee has entered into written agreements delegating the performance of its safekeeping function in respect of certain investments of Funds to the prime brokers and sub-custodians and has discharged itself contractually of its liability for loss of such investments held in custody by the prime brokers and sub-custodians as set out in this Prospectus.

Accordingly, the insolvency of the relevant prime brokers and sub-custodians (or their relevant sub-custodians) or, as applicable, the trustee, could result in significant losses for the relevant Funds. See "Certain Risk Factors—prime brokers and sub-custodians" below.

LIBOR Risks. It is expected that the London Interbank Offered Rate ("LIBOR"), will not be published after the year 2021. In anticipation, the United States and other countries are currently working to replace LIBOR with alternative reference rates. The expected discontinuation of LIBOR will impact financial contracts to which a Fund is a party that refer to LIBOR. Generally, the transition to alternative reference rates may (i) cause the value of a reference rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants, including the relevant Fund and its counterparties. With respect to financial contracts to which a Fund is a party, including corporate and municipal bonds and loans, bank loans, floating rate debt, certain asset-backed securities, and interest rate swaps and other derivatives, any such contract that has a maturity that extends beyond 2021 and uses LIBOR as a Reference Rate (other than contracts that include curative fallback language or other curative mechanisms) may need to be renegotiated, the process of which will consume resources of a Fund and may result in disputes among counterparties, the result of which may be adverse to a Fund. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which a Fund is a party may adversely affect the performance of a Fund.

Limitations on Deductions. Each trading Fund ("Fund") expects to take the position that it is engaged in the business of trading in stocks; therefore, certain limitations on the deductibility of investment expenses for non-corporate investors who are limited partners are generally not expected to apply. However, these limitations may apply to certain expenses of a Fund or a Fund (including the management fee) to the extent allocable to activities, if any, that are not part of a trade or business. Whether or not any Fund is a trader for a future year will be determined largely by a Fund's transactions in that year, which cannot be predicted. Further, the standards that distinguish a trader from an investor are unclear. Whether or not a Fund is a trader, investment interest expense is deductible only to the extent of net investment income for US Federal income tax purposes.

Limited Operating History. Certain Funds may have a limited operating history upon which investors can evaluate its anticipated performance. The past performance of MWNA is not an indication of its future success.

Liquidity, Leverage and Market Characteristics. In some circumstances, Investments may be relatively illiquid, making it difficult to acquire or dispose of them at the prices quoted on the various exchanges or other price sources. At times it may be difficult to obtain price quotes at all. Accordingly, the ability of a Fund to respond to market movements may be impaired and such Fund may experience adverse price movements upon liquidation of its Investments. Settlement of transactions may be subject to delay and administrative uncertainties. Moreover, the sale of restricted and illiquid securities may result in wider spreads, higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. A Fund may not be able readily to dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.

General economic and market conditions, such as currency and interest rate fluctuations, availability of credit, inflation rates, economic uncertainty, ongoing uncertainty related to the United Kingdom's exit from the EU, changes in laws, trade barriers, currency exchange controls, natural disasters, including pandemics and other public health disasters, and national and international conflicts or political circumstances, may affect the price level, volatility and liquidity of securities, which could result in significant losses for a Fund.



The prices of investments that may be held by a Fund may be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions that were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to a Fund of borrowed securities and leveraged investments.

Furthermore, to the extent that interest rate assumptions underlie the hedging of a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose a Fund to additional costs and losses.

Market Crisis and Governmental Intervention. MWNA believes that it is possible that emergency governmental intervention in financial markets worldwide may take place in the future without notice subjecting market participants to a set of new regulations that are unclear in scope and in application.

MWNA also believes that the regulation of financial markets is likely to be increased in the future. It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on MWNA's ability to fulfil the relevant Fund's investment objective.

Money Market Fund Credit Risk. Each Fund may have exposure to any money market fund of up to twenty per cent (20%) of its net asset value. Each Fund will have indirect exposure to the credit risk of the relevant money market fund and any insolvency or credit default that results in a loss accruing to the relevant money market fund will be shared by the Fund and other investors in the relevant money market fund. Where the Fund is the only investor in a money market fund, it will have a greater indirect exposure to the money market fund's credit risk and could accrue all of the losses arising from a credit default or insolvency of the money market fund's counterparties or the money market fund itself.

"Master-Feeder" Structure. In respect of "master-feeder" fund structures, "master-feeder" fund structure presents certain unique risks to investors. Smaller feeder funds investing in a Fund of the master fund may be materially affected by the actions of larger feeder funds investing in the same Fund. For example, if a larger feeder fund withdraws from a Fund, the remaining feeder fund(s) may experience higher pro rata operating expenses, thereby producing lower returns. A Fund may become less diverse due to a withdrawal by a larger feeder fund, resulting in increased portfolio risk. To the extent the assets of a Fund are invested in a Fund, certain conflicts of interest may exist due to different tax considerations applicable to such Fund and other feeder funds.

Net asset value Considerations. The net asset value per share relating to a Fund is expected to fluctuate over time with the performance of a Fund's Investments. A shareholder may not fully recover his initial investment when he chooses to redeem his shares or upon compulsory redemption if the net asset value per share at the time of such redemption is less than the Issue Price paid by such shareholder or if there remain any unamortized costs and expenses of establishing a Fund. In addition, where there is any conflict between IFRS and the valuation principles set out in the articles of association and this document in relation to the calculation of net asset value, the latter principles shall take precedence.

Off-Exchange Transactions in Derivatives. While some off-exchange holdings are highly liquid, transactions in off-exchange or "non-transferable" derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess or hedge the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is.

Operational Risk. The Funds depend on the Marshall Wace Group to develop appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of a Fund's operations. The Funds' business is dynamic and complex. As a result, certain operational risks are intrinsic to each Fund's operations, especially given the volume, diversity, and complexity of transactions that each Fund is expected to enter into. The Funds' business is highly dependent on the ability to process, daily,



transactions across numerous and diverse markets. Consequently, the Funds rely heavily on financial, accounting, and other data processing systems as well as electronic execution systems (and may rely on new systems and technology in the future). The ability of such systems to accommodate an increasing volume, diversity and complexity of transactions could also constrain the ability of the Marshall Wace Group to properly manage the Funds. Systemic failures in the systems employed by the Marshall Wace Group, the Funds, prime brokers, the Funds' administrator and/or counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions may cause the Funds to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention, or reputational damage.

Options. The seller (writer) of an option has the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. The buyer of an option has the right (but not the obligation) to exercise the option, thereby making or taking delivery of the underlying asset of the contract at a future date, or in some cases settling the position with cash. Options carry a high degree of risk. The "gearing" or "leverage" often obtainable in options trading means that the premium paid for a bought option can be wiped out by a relatively small movement in the price of the underlying asset, and the same can, conversely, lead to large, and potentially unlimited losses in the case of a sold option.

OTC Transactions and Global Regulation. Steps are also being taken to regulate OTC derivative contracts in Europe. MWNA may enter into OTC derivative contracts on behalf of a Fund. Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 ("EMIR") establishes certain requirements for OTC derivatives contracts including mandatory clearing obligations, bilateral risk-management requirements, and reporting requirements. Although not all the regulatory technical standards specifying the risk-management procedures, including the levels and type of collateral and segregation arrangements, required to give effect to EMIR have been finalized and it is therefore not possible to be definitive, investors should be aware that certain provisions of EMIR impose obligations on the Funds in relation to its transaction of OTC derivative contracts.

The potential implications of EMIR for the Funds include, without limitation, the following:

1. Clearing obligation: certain standardized OTC derivative transactions will be subject to mandatory clearing through a central counterparty (a "CCP"). Clearing derivatives through a CCP may result in additional costs and may be on less favorable terms than would be the case if such derivative was not required to be centrally cleared;
2. Risk mitigation techniques: for those of its OTC derivatives which are not subject to central clearing, the Funds will be required to put in place risk mitigation requirements, which include the collateralization of all OTC derivatives. These risk mitigation requirements may increase the cost of the Funds pursuing its investment strategy (or hedging risks arising from its investment strategy); and
3. Each of the Funds' OTC derivative transactions must be reported to a trade depository or the European Securities and Markets Authority. This reporting obligation may increase the costs to the Funds of utilizing OTC derivatives.

MWNA will monitor the position and react appropriately. However, prospective investors and shareholders should be aware that the regulatory changes arising from EMIR may in due course adversely affect MWNA's ability to implement its investment approach and achieve its investment objective.

Performance Fee. A Fund's general partner may be paid a Performance Fee from the Fund. The amount of any Performance Fee will increase with regard to unrealized appreciation as well as realized gains. Accordingly, a Performance Fee may be paid in respect of unrealized gains which may subsequently never be realized. The Performance Fee may also create an incentive for MWNA to cause a Fund to make investments that are riskier or more speculative than would be the case in the absence of a special fee based on performance. Unless otherwise set forth in the Fund's documents, a Performance Fee will be determined separately with respect to each capital account of an investor. Accordingly, it is possible that a Performance Fee may be paid with respect



to one capital account even though another capital account of the same investor in the same or a different Fund did not appreciate, or depreciated, in value during a particular year or period.

Potential Mandatory Redemption/Withdrawal. The Funds/general partner, as appropriate, may, in its sole discretion at any time, require any investor to withdraw all or a portion of its investment in accordance with the terms of the articles of association/partnership agreement, as appropriate. Such mandatory redemption/withdrawal could result in adverse tax and/or economic consequences to such investor.

Price Fluctuations. It should be remembered that the value of shares and the income (if any) derived from them can go down as well as up.

Prime brokers and sub-custodians. Each Fund is subject to a number of risks relating to the insolvency of a prime broker and sub-custodian providing prime brokerage services to the relevant Fund. These risks include without limitation: the loss of all cash held with the relevant prime broker and sub-custodian which is not being treated as client money subject to the protections conferred by the FCA Rules or segregated or protected by the rules of any other regulatory authority ("client money"); the loss of all cash which the relevant prime broker and sub-custodian has failed to treat as client money in accordance with procedures (if any) agreed in respect of a Fund; the loss of all securities in respect of which the relevant prime broker and sub-custodian has exercised its contractual rights to borrow, lend, take legal and beneficial ownership of or otherwise use for its own purposes ("rights of use") whether exercised in compliance with or in breach of any agreed limits on such rights of use; the loss of some or all of any securities held on trust ("trust assets") or client money held by or with the relevant prime broker and sub-custodian in connection with a reduction to pay for administrative costs of the insolvency and/or the process of identifying and transferring the relevant trust assets and/or client money or for other reasons according to the particular circumstances of the insolvency; losses of some or all assets due to the incorrect operation of the prime brokerage accounts by the relevant prime broker and sub-custodian; losses caused by an inability of the Fund to set off seemingly mutual debts between itself and the prime broker and sub-custodian, where, for example, debts owed by the prime broker and sub-custodian are charged in favor of affiliates of the prime broker and sub-custodian, or set off rights are otherwise inadequate; losses caused by an inability to set off amounts owed between the Fund and more than one member of a group of companies of which the prime broker and sub-custodian is part; losses caused by the enforcement by a sub-custodian (of the prime broker and sub-custodian) of security over assets of customers of the prime broker and sub-custodian to satisfy debts owed by the prime broker and sub-custodian to such sub-custodian; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. In addition, where securities are held with a sub-custodian of a prime broker and sub-custodian or are held in the name of a prime broker and sub-custodian or a sub-custodian, such securities may not be as well protected as they would be if they were held with a prime broker and sub-custodian in the name of the trustee in the insolvency of the prime broker and sub-custodian. An insolvency could cause severe disruption to the trading and other operations of the relevant Fund.

Each Fund is subject to similar risks in the event of insolvency of any sub-custodian with which any relevant securities are held or of any third-party bank with which client money is held.

Private Company Investments. In addition to the risks identified herein, the Fund that invests in private companies (the "XO Fund") presents the following unique risks:

General Risks of Private Company Investments. An investment in the XO Fund is speculative and requires a long-term commitment of five or more years, with no certainty of return or distribution of investors prior to the Fund's dissolution. Many of the XO Fund's investments will be highly illiquid, and there can be no assurance that the XO Fund will be able to realize such investments in a timely manner. Consequently, the timing of cash distributions to investors is uncertain and unpredictable. Investments may be difficult to value and dispositions of such investments may require a lengthy time period. Dispositions may also take the form of distributions in kind to investors. When such investments are distributed to investors, such investors may then become minority interest holders and may be unable to protect their interests effectively or unable to realize their interests at market value, or indeed at all. The interests and/or other securities in which the XO Fund will invest may be among the most



junior in a portfolio company's capital structure, and thus may be subject to the greatest risk of loss. In addition, the value of the XO Fund's investments may fall as well as rise and an investor may not be repaid the amounts previously drawn down from them. Returns generated by the XO Fund's investments may be insufficient to compensate investors adequately for the business and financial risks that must be assumed. An investor may lose all or part of its commitment to the XO Fund. An investment in the XO Fund is a commitment of five or more years, and there can be no assurance of any distributions to investors prior to the dissolution of the XO Fund.

Sourcing of Investments. The success of the XO Fund depends on the ability of MWNA to locate, select, develop and realize appropriate investments, and there is no guarantee that suitable investments will be or can be acquired or that investments will be successful. The Fund's success will depend in substantial part upon the skill and expertise of the investment professionals employed by MWNA and their affiliates and there can be no assurance that such individuals will continue to be employed by MWNA or to act on behalf of the XO Fund. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. MWNA is likely to be competing for investment opportunities with other investors, some of which may have significantly greater financial strategic resources than MWNA or the XO Fund, and may be willing to provide financing and other operational assistance to make investments on more favorable terms. Competition for investment opportunities may increase and adversely affect the terms upon which investments can be made. It is possible that the XO Fund will never be fully invested if enough sufficiently attractive investments are not identified. The Fund may incur significant expenses in connection with sourcing and investigating prospective investments which are ultimately not consummated, including expenses relating to technology databases, due diligence, travel, legal expenses and the fees of third-party advisers. However, investors in the XO Fund will be required to pay the Management Fee during the XO Fund's investment period based on the entire amount of the investors' commitments and other expenses as set forth in the XO Fund documents. The Fund may face competition in seeking to make investments from other private equity or similar funds or from large corporations.

The Closings. A Fund that invests largely in private companies will close, preventing investors from making additional investments. At a Fund's first closing date, a significant proportion of subscriptions for interests in the Fund may be made by MWNA and/or affiliates' employees or Funds. Any investor subscribing for interests in the XO Fund at a closing subsequent to the first closing date who is neither a MWNA and/or affiliates' employee or Fund may be a minority investor. The success of the XO Fund and its ability to achieve its investment objectives is dependent upon the ability to raise sufficient commitments from investors. There is no certainty that the XO Fund will be able to achieve its fundraising target. If the XO Fund is unable to successfully raise additional subscriptions for interests in the XO Fund from third-party investors, then any investor that was a minority investor at the first closing date, is likely to remain a minority investor for the duration of the XO Fund.

Dilution. Investors admitted to the XO Fund at closings subsequent to the first closing date who participate in any then-existing investments of the XO Fund, will dilute the interest of existing investors in such investments. Although any such subsequent closing investors will be required to advance their pro-rata share of commitments, there can be no assurance that this advance will reflect the fair value of the XO Fund's existing investments at the time of such advance.

Unspecified Investments. At the time of investment in the XO Fund, the XO Fund will not have identified the particular investments it will make. Accordingly, investors must rely upon the ability of the MWNA to choose investments consistent with the XO Fund's investment objectives and policies. Investors will not have the opportunity to evaluate the relevant economic, financial, and other information that will be utilized by MWNA in its selection of investments. There can be no assurance that MWNA will be able to deploy the commitments into suitable portfolio companies.

High Penalty for Defaulting Investors. Any investor which defaults on its obligation to contribute amounts to the XO Fund pursuant to its Commitment or any other payment obligation set forth in the XO Fund documents may suffer significant financial penalties, including forfeiture of its entire limited partnership interest.

If an investor fails to comply with a drawdown notice, this may result in the XO Fund not being able to pursue an



investment opportunity or not being able to provide additional funds to, or increase its investment in, an asset. The other investors may also be required to make additional advances to replace the shortfall, thereby reducing the diversification of their investments and resulting in such investors being drawn down quicker than expected. Any default by one or more investors could have a deleterious effect on the XO Fund, its assets, and the interests of the other investors in the XO Fund.

The Advisory Committee. Following the admission of third-party investors to the XO Fund, the general partner shall establish an Advisory Committee at the XO Fund level comprising representatives of third-party investors in the XO Fund, selected by the general partner in its sole discretion. Although the Advisory Committee is intended to act as the representative of the investors in the XO Fund as a whole, the members of the Advisory Committee may not have the same interests as all investors in the XO Fund. Furthermore, the Advisory Committee cannot be expected to be experts in the XO Fund's investments and certain of its determinations may, in fact, adversely affect the performance of the XO Fund. The general partner will appoint one or more investor representatives to the Advisory Committee. The applicable partnership agreement will limit any fiduciary or other duties that members of the Advisory Committee may owe to the XO Fund or any other investor. Whilst members of the Advisory Committee are selected to represent investors in the XO Fund as a whole, they will have no obligation to consult or take into account the position or views of any investor other than their appointee and shall be entitled to exercise or withhold their vote on any particular matter in such manner as they consider appropriate in their sole discretion. In addition, representatives of the Advisory Committee may have various business and other relationships with the Manager and its partners, employees, and Associates. These relationships may influence their decisions as members of the Advisory Committee.

It is expected that investors who designate representatives to participate on a Fund's Advisory Committee may, by virtue of such participation, have more information about such Fund and its portfolio investments in certain circumstances than other investors generally and may be disseminated information in advance of the communication of such information to other investors generally.

Concentration of Investments. The Fund will make a limited number of investments and several of them may be in the same sector. As a result, the portfolio of investments may be highly concentrated, and the performance of the XO Fund may be highly affected by a few investments (or even the poor performance of a single investment). Other than as set forth in the applicable partnership agreements, investors have no assurance as to the degree of diversification in the XO Fund's investments. Furthermore, to the extent that the total commitments raised are less than the targeted amount, the XO Fund may invest in fewer portfolio companies and thus be less diversified.

Private Investments. Investment in the private equity of companies at various stages in their development involve a higher degree of business and financial risk. Portfolio companies with limited operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss.

The Fund will have significant exposure to and invest in smaller-capitalization companies. These investments may include investments in early stage, mid-stage and late stage companies. Certain of these portfolio companies may have modest revenues and may or may not be profitable. Further, the Fund may invest in securities of unseasoned portfolio companies with little or no operating history. These portfolio companies represent highly speculative investments. Portfolio companies may require additional capital, after the XO Fund's investment, to develop products and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Further, the products and markets of such portfolio companies may not develop as anticipated, even after substantial expenditures of capital. Such portfolio companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any state. To the extent the XO Fund invests in smaller- capitalization companies, the prices of the securities of such companies are often more volatile than the prices of securities of large-capitalization companies and may not be based on standard



pricing models that are applicable to securities of large-capitalization companies.

Projected operating results of a company in which the XO Fund invests normally will be based primarily on financial projections prepared by such company's management. In all cases, projections are only estimates of future results that are based on information received from the portfolio company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from such projections. Also, general economic factors (which are not predictable and are completely outside the control of MWNA) can have a material effect on the reliability and accuracy of projections.

Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid even after they become public companies. When liquidating large positions in thinly traded companies, the XO Fund may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small transactions over an extended period of time.

The Fund's ability to realize value from an investment in a private company will depend largely upon successful completion of the company's IPO or the sale of the company to another company, which may not occur for a period of several years after the date of the XO Fund's investment, or may not occur at all. There can be no assurance that any of the companies in which the XO Fund invests will complete public offerings or be sold, or, if such events occur, as to the timing and value of such offerings or sales. In addition, the XO Fund may be subject to, or may agree to become subject to, lock-up periods after an IPO or other liquidity event. The Fund may also lose all or part of its entire investment if these companies fail or their product lines fail to achieve an adequate level of market recognition or acceptance.

Investments in certain private companies may be more difficult to value than other companies as a result of there being more limited or no operating history of such company. It is unlikely that independent pricing information will be available or that other valuation methodologies that MWNA would customarily use will be available, such as marked to market prices typically provided by dealers and pricing services and relative value pricing mechanisms. Accordingly, it is likely that investments will be valued at their fair value employing methods determined in good faith by MWNA. If the valuations of companies should prove to be incorrect, investors in the XO Fund could be adversely affected.

Illiquidity. The XO Fund will be acquiring investments of a long-term and initially, illiquid nature in companies and/or other assets whose securities initially will may and ultimately, may not be quoted or dealt in on any stock exchange, and for which there may only be a limited number of prospective buyers. These investments may be difficult to value and to sell or otherwise liquidate and their realizable value may be less than their intrinsic value. The risk accompanying an investment in such portfolio companies and/or other assets is greater than the risk of investing in publicly traded securities. There can be no assurance that the XO Fund will be able to realize cash from its investments in a timely manner and, in some cases, the XO Fund may be prohibited by contract from selling investments for a period of time. Consequently, the timing of cash distributions to investors is uncertain and unpredictable. Losses on unsuccessful investments may be realized before gains on successful investments are made, and vice versa.

Investments Longer Than Term. The Fund may make investments that may not be advantageously disposed of prior to the date that the XO Fund is terminated, either by expiration of the XO Fund's term or otherwise. Although the General Partner expects that the majority of investments will be disposed of prior to termination or be suitable for distribution in kind at termination, the General Partner has a limited ability to extend the term of the XO Fund, and the XO Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of the XO Fund's termination.

Change of Law and Regulatory Risk. Unlisted companies are not regulated by the same disclosures and



investment protection norms that apply to listed companies. Also, changes in tax, legal and regulatory condition, including changes in the application or interpretation of relevant laws and regulations may adversely affect the marketability and financial performance of certain investments and/or could result in one or more portfolio companies being subject to increased compliance costs, additional capital expenditures or a requirement to divest certain assets, all of which in turn may affect the distributions which a Fund receives from such investments.

Litigation Risk. The financial performance of the portfolio investments in which a Fund invests might be affected from time to time by litigation such as contractual claims, occupational health and safety claims, public liability claims, environmental claims, industrial disputes, tenure disputes and legal action from special interest groups. Such litigation could materially reduce the value of a Fund's investments. The performance of a Fund may also be affected if litigation is commenced against MWNA, which litigation may restrict MWNA from performing its functions and duties in relation to such fund.

Private Offering Exemption. Certain Funds intend to offer interests on a continuing basis without registration under any securities laws in reliance on an exemption for "transactions by an issuer not involving any public offering." While the Funds/general partner, as appropriate, believes reliance on such exemptions is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other partnerships, the scope of disclosure provided, failures to make notices, filings, or changes in applicable laws, regulations or interpretations will not cause the Fund to fail to qualify for such exemptions under U.S. federal or one or more states' securities laws. Failure to so qualify could result in the rescission of sales of Interests at prices higher than the current value of those Interests, potentially materially and adversely affecting the Fund's performance and business. Further, even non-meritorious claims that offers and sales of Interests were not made in compliance with applicable securities laws could materially and adversely affect the Fund/general partner's and MWNA's ability to conduct the Fund's business.

Profit Sharing. MWNA may receive a Performance Fee based on the appreciation in the net asset value per share, and accordingly the relevant performance fee will increase with regard to unrealized appreciation as well as realized gains. Accordingly, the relevant performance fee may be paid on unrealized gains that may subsequently never be realized. The Performance Fee may create an incentive for MWNA to make Investments for a Fund which are riskier than would be the case in the absence of a fee based on the performance of a Fund.

Quantitative Strategy Risks

Trading Based on Technical Analysis. The investment policy of a particular Fund may base trading decisions on mathematical analyses of technical factors relating to market performance rather than fundamental analysis. The buy and sell signals are generated by various statistical models which are derived from a study of actual daily, weekly, and monthly price fluctuations, volume variations and changes in open interest in the markets. The profitability of such models depends upon the occurrence in the future of significant, sustained statistical price or correlation behavior in some of the markets traded. A danger for such statistical trading strategies is the breakdown of certain statistical stabilities across markets. In the past, there have been prolonged periods with such statistical breakdown. It is expected that these periods could continue to occur. Periods without such statistical significance across financial markets may produce substantial losses for the Funds.

Model Risk. The investment policy of a particular Fund may employ a number of quantitative fundamental or technical models that involve assumptions based upon a limited number of variables abstracted from complex financial markets or instruments which they attempt to replicate. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect. The outputs of models may differ substantially from the reality of the markets, resulting in major losses.

Computer-generated Allocation. The investment policy of a particular Fund may be based upon a computer-generated systemic trading strategy of MWNA that provides exposure to investments based on complex statistical research. The operation of the Investment Policy is therefore dependent on the effective operation of the



technology used by MWNA to employ the models upon which a Fund's investment policy is based. Certain unforeseen events may result in the failure of the effective operation of the technology used by MWNA to operate such investment policy. Any such failure may have an adverse effect on the operation of the relevant Fund's investment strategy and/or its net asset value.

Model and Data Risk. MWNA may rely heavily on quantitative models (proprietary models developed by MWNA, collectively "Models") and information and data both developed by MWNA and those supplied by third parties (collectively, "Data") rather than granting trade-by-trade discretion to MWNA's investment professionals. Models and Data are used to construct sets of transactions and investments, to value investments or potential investments (including, without limitation, for trading purposes and for purposes of determining the net asset value of a Fund), to provide risk management insights and to assist in hedging a Fund's investments.

Models and Data are known to have errors, omissions, imperfections, and malfunctions (collectively, "System Events"). System Events in third-party Models are generally entirely outside of the control of MWNA. MWNA seeks to reduce the incidence and impact of System Events through a certain degree of internal testing and real-time monitoring, and the use of independent safeguards in the overall portfolio management system and often, with respect to proprietary models, in the software code itself. Despite such testing, monitoring and independent safeguards, System Events will result in, among other things, the execution of unanticipated trades, the failure to execute anticipated trades, delays to the execution of anticipated trades, the failure to properly allocate trades, the failure to properly gather and organize available data, the failure to take certain hedging or risk reducing actions and/or the taking of actions which increase certain risk(s)—all of which may have materially negative effects on a Fund and/or its returns.

The investment strategies of the Funds may be highly reliant on the gathering, cleaning, culling and analysis of large amounts of Data. Accordingly, Models rely heavily on appropriate Data inputs. However, it is not possible or practicable to factor all relevant, available Data into forecasts and/or trading decisions of the Models. MWNA will use its discretion to determine what Data to gather with respect to each investment strategy and what subset of that Data the Models take into account to produce forecasts which may have an impact on ultimate trading decisions. In addition, due to the automated nature of Data gathering, the volume and depth of Data available, the complexity and often manual nature of Data cleaning, and the fact that the substantial majority of Data comes from third-party sources, it is inevitable that not all desired and/or relevant Data will be available to, or processed by, MWNA at all times. If incorrect Data is fed into even a well-founded Model, it may lead to a System Event subjecting the relevant Funds to loss. Further, even if Data is input correctly, "model prices" anticipated by the Data through the Models may differ substantially from market prices, especially for securities with complex characteristics, such as derivatives. Where incorrect or incomplete Data is available, MWNA may, and often will, continue to generate forecasts and make trading decisions based on the Data available to it. Additionally, MWNA may determine that certain available Data, while potentially useful in generating forecasts and/or making trade decisions, is not cost effective to gather due to the technology costs and, in such cases, MWNA will not utilize such Data. Shareholders should be aware that there is no guarantee that any specific Data or type of Data will be utilized in generating forecasts or making trading decisions with respect to the Models, nor is there any guarantee that the Data actually utilized in generating forecasts or making trading decisions underlying the Models will be (i) the most accurate data available or (ii) free of errors. The Data used by one Model may be different from the Data used by other models. The same Data inputs may result in different forecasts or decisions by different models, meaning some Funds will benefit more than the others from the same Data inputs depending on the Model(s) they are using. Investors should assume that the data set used in connection with the Models is limited and should understand that the foregoing risks associated with gathering, cleaning, culling and analysis of large amounts of Data are an inherent part of investing with a process-driven, systematic adviser such as MWNA.

When Models and Data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose the relevant Funds to potential risks. For example, by relying on Models and Data, MWNA may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful and when determining the net asset value of the relevant Funds, any valuations of the relevant



Fund's investments that are based on valuation Models may prove to be incorrect. In addition, Models may incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark-to-market basis. Furthermore, in unforeseen or certain low probability scenarios (often involving a market disruption of some kind), Models may produce unexpected results which may or may not be System Events. Errors in Models and Data are often extremely difficult to detect, and, in the case of proprietary models, the difficulty of detecting System Events may be exacerbated by the lack of design documents or specifications. Regardless of how difficult their detection appears in retrospect, some System Events will go undetected for long periods of time and some will never be detected. The degradation or impact caused by these System Events can compound over time. Finally, MWNA will detect certain System Events that it chooses, in its sole discretion, not to address or fix and the third party software will lead to System Events known to MWNA that it chooses, in its sole discretion, not to address or fix.

MWNA believes that the testing and monitoring performed on its models will enable MWNA to identify and address those System Events that a prudent person managing a process-driven, systematic and computerized investment program would identify and address by correcting the underlying issue(s) giving rise to the System Events or limiting the use of proprietary models, generally or in a particular application. Shareholders should assume that System Events and their ensuing risks and impact are an inherent part of investing with a process-driven, systematic investment manager such as MWNA. Accordingly, MWNA does not expect to disclose discovered System Events to a Fund or to shareholders. The Funds will bear the risks associated with the reliance on Models and Data including that the Funds will bear all losses related to System Events unless otherwise determined by MWNA in accordance with its internal policies or as may be required by applicable law (including ERISA).

Obsolescence Risk. A Fund is unlikely to be successful in its quantitative trading strategies unless the assumptions underlying the Models (as defined under the risk factor "Model and Data Risk" above) are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and to the extent that the Models do not reflect certain factors, and MWNA does not successfully address such omission through its testing and evaluation and modify the Models accordingly, major losses may result – all of which will be borne by the relevant Fund. MWNA will continue to test, evaluate and add new Models, which may lead to the Models being modified from time to time. Any modification of the Models or strategies will not be subject to any requirement that shareholders receive notice of the change or that they consent to it. There can be no assurance as to the effects (positive or negative) of any modification to the Models or strategies on a Fund's performance.

Crowding/Convergence Risk. There is significant competition among quantitatively-focused managers and the ability of MWNA to deliver returns that have a low correlation with global aggregate equity markets and other hedge funds is dependent on their ability to employ Models (as defined under the risk factor "Model and Data Risk" above) that are simultaneously profitable and differentiated from those employed by other managers. To the extent that MWNA is not able to develop sufficiently differentiated Models, the relevant Fund's investment objective may not be met, irrespective of whether the Models are profitable in an absolute sense. In addition, to the extent that the Models come to resemble those employed by other managers, there is an increased risk that a market disruption may negatively affect predictive Models such as those employed by a Fund, as such a disruption could accelerate reductions in liquidity or rapid re-pricing due to simultaneous trading across a number of funds utilizing Models (or similar quantitatively-focused investment strategies) in the marketplace.

Involuntary Disclosure Risk. The ability of MWNA to achieve its investment goals for the relevant Fund is dependent in large part on its ability to develop and protect its models and proprietary research. The models and proprietary research and the Models (as defined under the risk factor "Model and Data Risk" above) and Data (as defined under the risk factor "Model and Data Risk" above) are largely protected by MWNA through the use of policies, procedures, agreements, and similar measures designed to create and enforce robust confidentiality, non-disclosure, and similar safeguards. However, aggressive position-level public disclosure obligations (or disclosure obligations to exchanges or regulators with insufficient privacy safeguards) could lead to opportunities for competitors to reverse-engineer MWNA's models, and thereby impair the relative or absolute performance of a Fund and its Funds.



Redemption Risks. Payment of redemption proceeds may be delayed if the directors of the Fund declare a suspension of the determination of the net asset value of a Fund and/or redemption rights in any of the exceptional circumstances as described under in a Fund's documents.

Regulatory Risks of Hedge Funds. The regulatory environment for hedge funds is evolving and changes therein may adversely affect the ability of a Fund to obtain the leverage it might otherwise obtain or to pursue its investment strategies. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action, which may adversely affect the value of the Investments held on behalf of a Fund. The effect of any future regulatory or tax change on a Fund is impossible to predict.

In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on a Fund could be substantial and adverse including, for example, increased compliance costs, the prohibition of certain types of trading and/or the inhibition of the ability of a Fund to pursue its investment approach as described herein.

Reliance on Service Providers. Service providers to the Funds have been retained as disclosed in the prospectus and additional service providers may be retained at any time and from time to time. As the Funds have no employees and the majority of the members of the board of directors of the Fund/general partner, as appropriate, have all been appointed on a non-executive basis, the Funds are reliant on the performance of third-party service providers.

Each investor's relationship in respect of its interests is with the Fund only. Accordingly, absent a direct contractual relationship between the investor and the relevant service provider, no investor will have any contractual claim against any service provider for any reason related to its services to the Fund. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Fund by the relevant service provider is, prima facie, the Fund.

Reliance on Contributors. In respect of Funds operating the MW TOPS system, the performance of the Fund is heavily dependent on the ability of MWNA to select, attract, motivate and retain suitable contributors to TOPS. If MWNA is unable to continue to select, attract, motivate and retain suitable contributors, the performance of the Fund will be adversely affected.

Reliance on Optimization. In respect of Funds operating the MW TOPS system, the performance of the Fund is heavily dependent on the ability of MWNA to create a diversified portfolio combining in an optimized manner the large number of trade ideas received by MWNA from contributors. If MWNA is unable to continue to implement a successful optimization strategy the performance of the Fund will be adversely affected.

Repurchase or Reverse Repurchase Transactions, Buy-Sell Back or Sell-Buy Back Transactions. A Fund may enter into repurchase and reverse repurchase transactions or buy-sell back or sell-buy back transactions. When a Fund enters into a repurchase agreement or a sell-buy back transaction, it effectively "sells" the securities or commodities to a counterparty (such as a financial institution), and agrees to repurchase such securities or commodities on a mutually agreed date for the price paid by the counterparty, plus interest at a negotiated rate. In a reverse repurchase or a buy-sell back transaction, a Fund "buys" securities from a counterparty, subject to the obligation of the counterparty to repurchase such securities at the price paid by such Fund, plus interest at a negotiated rate. Repurchase, reverse repurchase and sell-buy back or buy-sell back transactions by a Fund involve certain risks. For example, if the seller of securities to the relevant Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, such Fund will seek to dispose of such securities, which action could involve costs or delays. If the



seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the relevant Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that such Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the relevant Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer. The amount of credit risk incurred by a Fund with respect to a particular repurchase agreement will depend in part on the extent to which the obligation of such Fund's counterparty is secured by sufficient collateral.

Restriction on Auditors' Liability. The law of certain jurisdictions does not restrict the ability of auditors to limit their liability. Consequently, the engagement letters entered into with Ernst & Young contains such a provision as well as provisions indemnifying Ernst & Young in certain circumstances.

Short Selling. Short selling can involve greater risk than Investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no absolute guarantee that securities and/or currencies necessary to cover a short position will be available for purchase.

Purchasing securities to close out a short position can itself cause the price of the relevant securities to rise further, thereby exacerbating the loss.

There is also a risk that the securities borrowed in connection with a short sale must be returned to the lender of such securities on short notice. If a request for the return of borrowed securities occurs at a time when other short sellers of the securities are receiving similar requests, a short squeeze can occur, and it may be necessary to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received from originally selling the securities short.

Due to regulatory or legislative action taken by regulators around the world as a result of recent volatility in the global financial markets, taking short positions on certain securities has been restricted and the position is subject to change in the short to medium term. Accordingly, MWNA may not be in a position to fully express its negative views in relation to certain stocks or sectors and the ability of MWNA to fulfil the investment objective of a Fund may be constrained. This position will be monitored regularly by MWNA.

Short-Term Market Considerations. MWNA's investment decisions may be made on the basis of short-term market considerations and involve a high volume of trading. Therefore, the portfolio turnover rate could result in significant transaction and trading-related expenses.

Side Letters; Different Terms of Investors. Side letters with certain investors may contain one or more preferential terms granting:

- (a) Notice where legal proceedings are pending or threatened, or if there is an investigation by a governmental body or regulator in relation to the Fund or MWNA;
- (b) A "key man" notification provision;
- (c) Notice of a change of a material service provider;
- (d) Notice of an amendment to the Fund's constitutional documents or a change to its valuation policy; and
- (e) A right to receive regular and/or detailed information about the Fund and its portfolio;
- (f) Information about the level of holdings in the Fund by Marshall Wace staff
- (g) terms limiting claims against certain investors; and
- (h) Capacity rights.



MWNA may from time to time and in its sole discretion and out of its own resources decide to rebate to (or waive, reduce or calculate differently with respect to) some or all investors (or their agents) or to intermediaries, part or all of the management fee and/or incentive allocation/performance fee.

Such arrangements may be entered into with investors who, of their own account or together with affiliated investors or investors sharing an intermediary: (A) have, or are expected at a future date to have, significant holdings in a Fund; (B) invest early in the life-cycle of a Fund; or (C) require specific information for tax, operational or regulatory reasons.

MWNA and the Funds only enter into such side letters where they are satisfied such side letters will not have a detrimental impact on other investors.

In addition, in response to questions and requests and in connection with due diligence meetings and other communications, MWNA may provide additional information to certain investors and prospective investors that is not distributed to other investors and prospective investors. MWNA (and/or its directors or members, employees, related entities and connected persons) as an investor may also have knowledge of additional information that other investors do not possess. Such information may affect such a prospective investor's decision to invest in a Fund or such an existing investor's decision to stay invested in a Fund.

Sovereign Debt. In developed economies, it is generally anticipated that conventional sovereign debt will be paid as due, barring unexpected developments and there has been a perception that sovereign emerging market debt securities have a much greater risk of default. Several factors may affect (i) the ability of a government, its agencies, instrumentalities or its central bank to make payments on its sovereign debt, including securities that the Marshall Wace Group believes are likely to be included in restructurings of the external debt obligations of the issuer in question, (ii) the market value of such debt and (iii) the inclusion of sovereign debt in future restructurings, including such issuer's (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the amount of non-US exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their sovereign debt. Economic disruptions in such countries could lead to increased volatility in equity and other markets and a sovereign default could lead to substantial losses in value in these markets, potentially compounded by currency and foreign exchange conversion restrictions. In the event that such disruption leads to the exit of one or more countries from the Euro there may be additional difficulties in analyzing and valuing holdings in such economy as a result of the change in reference currency. Such events could lead to a material, if not complete, loss of a Fund's investment in that economy. MWNA will diversify country risk by investing in a number of different countries and will attempt to position a Fund's portfolio so as to reduce the risk of "domino effect" default across related economies. European sovereign debt risk and pressure on bond and currency markets have been a drag on financial markets and are a risk to recovery in those markets.

Stabilized Investments. MWNA may affect transactions in investments the prices of which may be the subject of stabilization. Stabilization enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilization may affect not only the price of the new issue but also the price of other securities related to it.

Stabilization may be permitted under the applicable rules in order to help counter the fact that, when a new issue comes on the market for the first time, the price can sometimes drop for a time before buyers are found. Stabilization is typically being carried out by a "stabilization manager" (typically, the firm chiefly responsible for bringing a new issue to the market). As long as the stabilizing manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to



keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period stabilization.

Strategy Risk. Strategy risk is associated with the failure or deterioration of an entire strategy such that most or all investment managers employing that strategy suffer losses. Strategy-specific losses may result from excessive concentration by multiple investment managers in the same investment or position, or general economic or other events that adversely affect particular strategies (e.g., the disruption of historical pricing relationships). The strategies employed by a Fund may be speculative and involve substantial risk of loss in the event of such failure or deterioration, in which event the performance of such Fund may be adversely affected.

Swap Agreements and Synthetic Assets. A Sub-Trust, subject to terms of its investment program, may acquire exposure to indices, debt securities, structured finance securities, loans and other types of assets synthetically through derivative products such as credit default swaps (including CDS and CDX contracts), total return swaps, credit linked note, structured notes, trust certificates and other derivative instruments (each, a "Synthetic Asset").

A Synthetic Asset could take many forms, including a credit derivative transaction that references a structured finance security, debt security or loan, a credit derivative transaction that references a portfolio or index of corporate reference entities or a portfolio or index of reference obligations consisting of structured finance securities, total return swap transaction that references both income and any capital gains of an underlying asset, debt securities, bonds, or other financial instruments (each, a "Reference Obligation").

Exposure to such Reference Obligations through Synthetic Assets presents risks in addition to those resulting from direct purchases of the assets referenced. A Fund will have a contractual relationship only with the Synthetic Asset counterparty, and not with the issuer(s) (the "Reference Entity") of the Reference Obligations unless a credit event occurs with respect to any such Reference Obligation, physical settlement applies and counterparty delivers the Reference Obligation to such Fund. Other than in the event of such delivery, the relevant Fund generally will have no right directly to enforce compliance by the Reference Entity with the terms of any such Reference Obligation and such Fund will not have any rights of set-off against the Reference Entity. In addition, the relevant Fund generally will not have any voting or other consensual rights of ownership with respect to the Reference Obligation. The relevant Fund also will not directly benefit from any collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. The relevant Fund will be subject to the credit risk of the Synthetic Asset counterparty, as well as that of the Reference Entity, as well as the documentation risk associated with these instruments.

In the event of the insolvency of the Synthetic Asset counterparty, the relevant Fund will be treated as a general creditor of such counterparty and will not have any claim of title with respect to the Reference Obligation. Consequently, such Fund will be subject to the credit risk of the Synthetic Asset counterparty, as well as that of the Reference Entity. As a result, concentrations of Synthetic Assets entered into with any one Synthetic Asset counterparty will subject such Synthetic Assets to an additional degree of risk with respect to defaults by such Synthetic Asset counterparty as well as by the respective Reference Entities.

While it is expected that returns on a Synthetic Asset may reflect those of each related Reference Obligation, as a result of the terms of the Synthetic Asset and the assumption of the credit risk of the Synthetic Asset counterparty, a Synthetic Asset may have a different expected return, a different (and potentially greater) probability of default and different expected loss and recovery characteristics following a default.

Swaps, including Total Return Swaps and Credit Default Swaps. The risks inherent in swaps are dependent on the position that a Fund may take in the transaction: by utilizing swaps, on their own or in combination with cash positions or other listed derivatives, a Fund may adjust its overall exposure to an underlying asset to put itself in a "long" position, in which case the Fund will profit from any increase in the underlying asset, and suffer from any fall. The market risks inherent in a "long" equity swap position are identical to the risks inherent in the purchase



of the underlying stock. Conversely, a Fund may adjust its overall exposure to an underlying asset to put itself in a "short " position, in which case the Fund will profit from any decrease in the underlying asset and suffer from any increase. The risks inherent in a "short " position are greater than those of a "long " position: while there is a ceiling to a maximum loss in a "long" position if the underlying stock is valued at zero, the maximum loss of a "short " position is that of the increase in the underlying stock, an increase that, in theory, is unlimited. A Fund's overall exposure to an underlying security may be adjusted based on the relevant MWNA's opinion of the future direction of the underlying security. The position could have a negative impact on the Fund's performance. A Fund runs the risk that its counterparty will not fulfil its contractual obligations to make a payment and where the swap is used to adjust the Fund's overall exposure to an underlying asset, the counterparty's inability to make payment will affect the Fund's effective exposure to that underlying asset. The relevant investment manager will ensure that the counterparties involved in this type of transaction are carefully selected and that the counterparty risk is limited and strictly controlled.

Whether a Fund's use of swaps is successful will depend on the relevant investment manager's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Certain swaps may be considered to be illiquid investments if they are not marked to market daily or cannot be terminated early. Moreover, a Fund bears the risk of loss of the amount expected to be received under a swap in the event of the default or bankruptcy of its counterparty. It is possible that developments in the swaps market and changes in law or regulation, could adversely affect a Fund's ability to terminate existing swaps or to realize or repatriate amounts to be received under such agreements. Swaps used by the Funds will be consistent with the investment policy of the relevant Fund as set out in the Supplement.

Certain OTC derivatives, including certain types of credit default swaps and interest rate swaps, are subject to mandatory clearing through a CCP. See the "OTC Transactions and Global Regulation" section for further details. The Fund will be exposed to the risk of loss in the event of the default or bankruptcy of a CCP through which its swaps are cleared.

Transactions in uncleared OTC derivatives involve additional risk as there is no exchange market on which to close out an open position. This means the Fund may be unable to adjust its overall exposure to an underlying asset in a falling market.

Swaps exposed to the volatility or variance of an underlying asset involve greater risk than direct investment in an underlying asset as they may be leveraged and difficult to value.

System Failure. As the Marshall Wace Group makes extensive use of computer hardware, systems and software, the Funds are exposed to risks caused by failures of IT infrastructure and data. In addition, outright failure of the underlying hardware, operating system, software or network, may leave a Fund unable to trade either generally or in certain of its strategies, and this may expose it to risk should the outage coincide with turbulent market conditions. To ameliorate this risk, backup and disaster recovery plans have been put in place by the Marshall Wace Group. Nevertheless, the Marshall Wace Group may have to liquidate all the assets of a Fund as the only safe way to proceed should a crippling system outage occur.

Tax-Exempt US Investors. Certain prospective investors may be subject to US federal and state laws, rules and regulations which may regulate their participation in a Fund, or their engaging directly or indirectly through an investment in a Fund, in investment strategies of the types that the Funds may utilize from time to time. Each such investor may be subject to different laws, rules and regulations and should consult with their own advisers as to the advisability and tax consequences of an investment in a Fund. Investment in a Fund by tax-exempt entities subject to ERISA and other Tax-Exempt US Investors requires special consideration. Prospective Tax-Exempt US Investors should carefully review the tax matters discussed in this Prospectus and the relevant client information form.

Tax Liability Without Distributions. In relation to Funds which are limited partnerships, limited partners are subject to tax on their allocable shares of such Fund's taxable income. The general partner of the Fund does not intend



to make distributions and intends to re-invest substantially all of such Fund's income and gains for the foreseeable future. Accordingly, the limited partners will have to fund their estimated and actual tax liabilities with other funds or with withdrawals from the Fund, to the extent permitted.

Taxable US Investors – Phantom Income in Respect of shares. Taxable US investors may be required to recognize significant phantom income, especially in connection with any undistributed profits of the Fund in which such investors are invested. A Fund and/or each Fund is expected to be treated as a "passive foreign investment company" ("PFIC") as defined in Section 1297 of the IRC for US tax purposes. A taxable US investor may, if the relevant information is available, make a "qualified electing fund" ("QEF") election pursuant to Section 1295 of the IRC with respect to its shares. Such investor would be subject to tax on its proportionate share of a Fund's ordinary earnings and net long-term capital gains, whether or not such earnings or gains are distributed. Due to the exclusion of certain losses and deductions under the QEF rules that may otherwise apply in respect of such shares, the net income for this purpose may not correspond to such US taxable investor's share of a Fund's book income.

A Fund may also be a "controlled foreign corporation" ("CFC") within the meaning of Section 957(a) of the IRC depending on the percentage ownership by certain US holders of shares attributable to investments in a Fund or such Fund. If a Fund were a CFC, certain US holders of shares would have to currently include their pro rata shares of a Fund's or such Fund's "subpart F" income as ordinary income without regard to cash distributions received from a Fund or such Fund, as applicable, and recognize ordinary income in case of gain recognized on the sale or disposition of such shares. Consequently, a taxable US investor could pay taxes on significant "phantom income" as a result of its subpart F inclusions if a Fund or a Fund in which such investor holds shares were a CFC.

Taxable US investors may be subject to potentially adverse US tax consequences if they invest in a Fund; therefore, such investors are strongly urged to consult with their own tax advisers before investing in a Fund and any particular Fund.

Terrorist Action. There is a risk of terrorist attacks globally causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

Undervalued/Overvalued Securities. One of the key objectives of a Fund may be to identify and invest in undervalued and overvalued securities ("misvalued securities"). The identification of investment opportunities in misvalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. While purchases of undervalued securities and short sales of overvalued securities offer opportunities for above-average capital appreciation, these Investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Investments of a Fund may not adequately compensate for the business and financial risks assumed.

A Fund may make certain speculative Investments in securities that MWNA believes to be misvalued; however, there can be no assurance that the securities purchased and sold will in fact be misvalued. In addition, a Fund may be required to maintain positions in such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the capital of a Fund may be committed to the securities, thus possibly preventing such Fund from investing in other opportunities. In addition, a Fund may finance any such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

US Partnership Tax Audit Risk. Under current law, each Fund of a master fund intends to be treated as a partnership for US tax purposes, may be required to file a tax return with the Service. If the tax returns of a Fund are audited by the Service, the US tax treatment of such Fund's income and deductions generally is determined at a Fund level and US tax deficiencies arising from the audit, if any, are paid by the Fund(s) that are invested in such Fund (to the extent of any income that is, or is treated as, effectively connected with a trade or business in



the United States or otherwise subject to withholding or other tax in the United States) and the other Unitholders of such Fund who were investors for US tax purposes in the year subject to the audit.

Under the general rule imposed under new legislation, an audit adjustment of a Fund's US tax return filed or required to be filed for any tax year beginning during or after 2018 (a "Prior Year") could result in a tax liability (including interest and penalties) imposed on such Fund for the year during which the adjustment is determined (the "Current Year"). The tax liability generally is determined by using the highest tax rates under the IRC applicable to US taxpayers, in which case the applicable Fund(s) and any other Current Year Unitholders of such Fund would bear the audit tax liability at significantly higher rates (including interest and penalties) arising from audit adjustments and in amounts that are unrelated to their Prior Year economic interests in a Fund partnership items that were adjusted. Under the new legislation, a Fund may be able to use a lower tax rate to compute the tax liability by taking into account the fact that the applicable Fund(s) are generally not expected to be subject to US tax on most, if not all, of its share of such Fund's income. However, the details of how this rule will be implemented are not yet known, and there can be no guarantee that a Fund would be able to use a lower tax rate to calculate the tax liability for any particular Prior Year under audit.

To mitigate the potential adverse consequences of the general rule, a Fund may be able to elect to pass through such audit adjustments for any year to its Unitholders who participated in such Fund for the Prior Year, in which case the applicable Fund(s) and each Prior Year participating Unitholder (and not such Fund) generally would be responsible for the payment of any tax deficiency, determined after including their share of the adjustments on their tax returns for the Current Year and calculated, in the case of the applicable Fund(s), using the tax rates generally applicable to non-US entities such as the Funds. If such an election is made by a Fund, interest on any deficiency will be at a rate that is two percentage points higher than the otherwise applicable interest rate on tax underpayments. A Fund may also be able to mitigate such adverse consequences by, after the audit adjustments are made, filing an amended US tax return for the Prior Year and paying tax, if any, on its share of the items adjusted on audit. However, the extent to which a Fund and/or a Fund will be able to mitigate the operation of the general rule under either of these alternatives is highly uncertain and may depend upon future regulatory guidance and amendments to the legislation.

Use of Systems. MWNA may make extensive use of computer systems and software. MWNA may use its own proprietary quantitative models as well as systems which are publicly available or provided by third parties. Accordingly, the applicable Funds are exposed to the risk that computer hardware, software and other services used by MWNA may cease to be available, for example due to the insolvency of the provider. In such circumstances, MWNA would seek to obtain equivalent hardware, software and services from an alternative supplier.

Valuation of Illiquid Investments. Valuation of a Fund's or a Fund's illiquid investments may involve uncertainties and judgmental determinations. If such valuations should prove to be incorrect, holders of shares or units could be adversely affected. Independent pricing information may not at times be available or may be difficult to obtain with respect to certain of the Fund's or Fund's illiquid investments. Accordingly, certain illiquid investments may be subject to varying interpretations of value and, in such cases, the value of an illiquid investment may be determined by, among other things, utilizing mark to market prices provided by dealers and pricing services and, if necessary, through relative value pricing. There is no guarantee that the value attributed by the directors of the Fund, the Manager and/or the AIFM to an illiquid investment will represent the value that will be realized by the relevant Fund or Fund on the eventual disposition of such an investment.

Volatility. Futures prices are highly volatile. Such prices are influenced by, amongst other things: government trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. In addition, governments from time to time intervene, directly and by regulation, in the foreign exchange markets with the specific intention of influencing exchange rates. The effect of such intervention is often heightened by a group of governments acting in concert. The other Investments in which a Fund may invest will be subject to their own fluctuations in value as a result of, amongst other things,



market, interest rate and currency movements. A Fund may be exposed to adverse changes in its net asset value as a result of these factors.

Withholding Tax Considerations. Interest, dividends, capital gains, other income realized, or gross sale or disposition proceeds received, by a Fund may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. It is impossible to predict the rate of such tax a Fund will pay since the amount of the assets to be invested in various countries and the ability of a Fund to reduce such taxes are not known.

Where a Fund invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. A Fund may not be able to recover such tax withheld and so any change may have an adverse effect on the net asset value of the shares. Where a Fund sells securities short that are subject to withholding tax at the time of sale, the price obtained may reflect the withholding tax liability of the purchaser. In the event that in the future such securities cease to be subject to withholding tax, the benefit thereof could accrue to the purchaser and not to a Fund.



Item 9 – Disciplinary Information

We do not consider that there have been any legal or disciplinary events that are material to our advisory business or a prospective investor's evaluation of MWNA's advisory business or the integrity of our management.



Item 10 – Other Financial Industry Activities and Affiliations

Each of MWNA, MW LLP and MWAL has registered as a commodity pool operator with the US Commodities Futures Trading Commission (CFTC).

MWNA has material business relations with the following entities:

- MWNA is an affiliate of MW LLP, a limited liability partnership based in London and authorized and regulated as an investment manager with the FCA.
- MWNA is also an affiliate of MWAL, a limited company based in Hong Kong and licensed as an investment manager by the SFC.
- MWNA is also an affiliate of MWSG, a limited company based in Singapore licensed by the MAS.

Both MWNA and MWAL also perform services relating to the investment management business of MW LLP and are compensated under the terms of agreements directly or indirectly with MW LLP and the respective funds under its management. The affiliated entities of the Marshall Wace Group share research and other benefits, the nature and inherent conflict of which are described in Item 12.

None of the Marshall Wace Group entities has an affiliated broker-dealer. However, we may have certain relationships with, and receive certain benefits from, non-affiliated broker-dealers that could pose a conflict of interest when selecting and using broker-dealers for trade execution. These relationships and benefits may include referral or recommendation of investors, personal investments by entities or affiliates of a broker-dealer in Funds that we manage, and participation in broker-dealer sponsored research and capital introduction conferences. We believe the potential for these conflicts to occur is appropriately countered by the Firm's adherence to its fiduciary responsibilities and best execution principles, all of which are actively monitored.



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

Code of Ethics

MWNA has adopted a Code of Ethics (“COE”) pursuant to Rule 204A-1 under the Advisers Act and consistent with its regulatory requirements that governs the behavior of its employees, all of whom are defined as Access Persons under SEC regulations. The COE and related policies reflect the Firm’s commitment to ethical conduct. All employees are trained on the COE at the start of their employment, receive annual updates, and as needed due to changes to the code or related state and/or federal laws.

In general, the COE outlines the policies of the Firm pertaining to topics such as personal trading, handling of inside information, gifts and entertainment, and overall professional conduct. These policies, along with the COE, collectively comprise the Firm’s Compliance Manual.

An acknowledgement of the COE, accepting the terms and conditions therein, is obtained from each employee and kept on file. A copy of the COE is available for review by any current or prospective investor upon request.

Personal Investment Policy

Employees may generally make personal investments in financial instruments with prior approval by the Firm’s Compliance department. All employees with personal trading accounts must provide the Firm’s Compliance department with statement copies no less than quarterly, irrespective of account activity.

For transactions involving securities within the Firm’s investment universe, employees may generally buy or sell securities if the Firm or its affiliates are not actively trading the name. All transactions are subject to prior written authorization. In addition, all transactions in single stocks are subject to a one year holding period. Irrespective of these rules, MWNA reserves the right to deny any transaction request deemed to be counter to the best interests of the Firm.

The COE’s personal investment guidelines generally apply to any personal transaction involving equity or debt securities, or derivatives of such. However, the guidelines do not apply to transactions involving open-end mutual funds or other instruments in which the investor has no discretion over individual securities transactions. Certain employees may also invest in certain of the Marshall Wace Group Funds, subject to regulatory restrictions, share class restrictions, and the terms and conditions of the respective fund(s).

The Firm’s COE is available for review by any current or prospective investor upon request.

Participation in Client Transactions and Related Conflicts of Interest

MWNA does not have any proprietary trading activity. The Firm’s trading activity is limited to the transactions it effects on behalf of its Funds and separately managed accounts.

MWNA may buy or sell securities for certain Funds in a manner that differs from its actions for another Fund. Certain Funds’ investment activities may limit those of other Funds (e.g. where one Fund is privy to material non-public information about a company, that Fund and all other Funds are restricted from trading in that company). However, at all times, its actions are in keeping with the Firm’s fiduciary responsibilities, best execution principles, and each Fund’s investment allowances or restrictions (as set forth in its respective offering documentation).

MWNA effects transactions on behalf of its clients in securities which its employees may buy or sell for their own accounts. These personal investments are subject to the trading restrictions set forth in the COE, irrespective of whether the employee investment preceded the client transaction or not.

Employees and/or partners of MWNA may buy or sell unlisted securities, partnership interests, or other private holdings for their own accounts, which the Marshall Wace Group or certain of its affiliates may also transact in. These personal investments are subject to Compliance pre-approval, as well as the trading restrictions and reporting requirements set forth in the COE.



The Marshall Wace Group follows a policy of restricting trading activity for all of its related entities when any one entity or employee is exposed to what it knows as or believes to be material non-public information. In the course of conducting its investment business, MWNA or its affiliates may come into possession of material non-public information, either intentionally (via participation in a private transaction or a debt holding) or unintentionally (via industry or familial contact). In the event anyone in the Marshall Wace Group is in possession of material non-public information, neither MWNA nor its affiliates will be able to use such information for the benefit of any client. Thus, MWNA's possession of such information may cause a Fund to be unable to engage in a transaction in a certain position or positions until such time that the information is made public or the Firm determines a cleansing event has occurred.

Outside Business Activities and Related Conflicts

One or more employees of the Marshall Wace Group provide investment management services, whether in Manager-Led strategies, MW TOPS or other systematic strategies, to multiple Funds. The Marshall Wace Group is not restricted from forming additional Funds, from entering into other advisory relationships or from engaging in other business activities even if such activities may be in competition or may involve substantial time and resources of the Marshall Wace Group. Individual partners or employees of the Marshall Wace Group may be engaged in providing investment management and advisory services to one or more Funds and may be engaged in other business activities, including serving as public company board members, whether or not as representatives of the Marshall Wace Group. Such activities could restrict ability to trade in certain securities. The activities of the Marshall Wace Group and its employees are not devoted exclusively to the business of, but will be allocated between the business of, any affiliated funds and other business activities. The COE requires preclearance by Compliance of any outside business activity.



Item 12 – Brokerage Practices

MWNA has full investment and brokerage discretion, in accordance with the terms outlined in the offering documents of each Fund. The securities transactions of the Funds are expected to generate a substantial amount of brokerage commissions and other transaction-based compensation, all of which will be paid by the Funds. The Firm has a fundamental obligation to act in the best interests of its clients and seek best execution of clients' transactions under the circumstances of the particular transaction.

Best Execution Considerations

In selecting brokers and dealers, MWNA will not be required to consider any particular criteria. For the most part, the Firm will seek the best combination of brokerage expenses and execution quality. In evaluating execution quality, historical net prices (after mark-ups, markdowns, or other transaction-related compensation) on other transactions will be a principal factor, but other factors may also be relevant, including but not limited to: the execution, clearance, and settlement capabilities and overall efficiency of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; reliability, responsiveness and financial stability; liquidity; the size of the transaction; availability of securities to borrow for short sales; and the market for the security.

Nonetheless, as other factors are also considered in the selection process, MWNA is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Specifically, the Firm may allocate commissions based on the quality of research services provided by brokers, including services provided via the MW TOPS process.

Payments for Research

MWNA and its affiliates operate a research payment account ("RPA") funded by direct research charges to the Funds and used for the purposes of acquiring third-party research for the Funds. The RPA is operated in order to facilitate compliance with the regulatory requirements applicable to MW LLP and is administered by an independent administrator who collects the research charges from the Funds and arrange for payments to be made to third party research providers as compensation for research products or services (as defined under Section 28(e)). The research providers paid from the RPA will in some cases provide execution services to MWNA, on behalf of the Funds. The amount of compensation paid to such research providers for their research products or services will reflect the value of the research provided, as determined by MWNA.

When MWNA obtains research products or services through an RPA, it receives a benefit because it does not have to produce or pay for the research. The Firm may also have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its clients' interest in receiving the most favorable execution.

The research charges are allocated between the Funds in the manner that MWNA considers to be fair and equitable in accordance with its policies on payments for research.

Allocation of Investment Opportunities among Funds under Management

As a fiduciary, MWNA allocates investment opportunities among the Funds in a fair and equitable manner, considering strategy differences and fund-specific restrictions identified in the respective offering documents (or management agreements for separately managed accounts).

However, MWNA and its affiliates have developed and expect to continue to develop strategies and to research the use of new techniques, which it believes could offer certain Funds meaningful excess returns, but which cannot be fully utilized or in some cases utilized at all by all Funds because of the mandates of such Funds. Such strategies and/or techniques will differ from those that are fully utilized by certain Funds. In some instances, MWNA and its affiliates will choose to deploy strategies and/or techniques differently (or not at all) for certain Funds, for example, in respect of specific geographical regions, or instruments. The introduction of any new strategy, capability or execution method, either by MWNA, one of its affiliates, or by another market participant, increases competitive



effects. In addition, the instruments traded on behalf of each Fund will involve overlap with those traded on behalf of other Funds. Funds will buy (or sell) certain instruments prior to or after the other Funds or strategies buying (or selling) the same or similar instruments, which in some instances, will have a material impact on the prices paid or received by any one Fund or strategy on its transactions or the available liquidity in such instruments.

In the absence of specific segregation requirements, restrictions, or different strategies, techniques or execution modalities, or similar limitations, trades are typically aggregated (“bulked”) when they are initially sent to the executing broker. The Firm then allocates the trade among the participating funds at pre-set percentages that are proportional to the Funds’ net asset values. When an order is bulked, the participating funds are identified, further ensuring accurate allocation percentages are used to divide the resultant securities. the Funds’ Although MWNA will seek to allocate investment opportunities in a fair and equitable manner at the time of investment and over time, MWNA is not obligated to aggregate orders for any one Fund or across Funds, and is not obligated to allocate investment opportunities pro rata. If the Firm or its affiliates attempt to place orders in the same instrument, in the same direction, and at the same time, the Firm’s systems may not combine the orders, meaning that the same instruments will not be traded in the same way or at the same time on behalf of each Fund.

There are a variety of scenarios that cause MWNA to engage in cross trades between Funds or strategies of the same Fund. Such transactions occur in regular course. For example, MWNA must rebalance the Fund holdings as a result of capital flows. In such circumstances, and where permissible, a crossing transaction between two or more funds may be deemed to be in the best interests of those funds (due to efficiency and cost), versus multiple buy/sell transactions in the market. Where these crossing transactions are identified between separate legal entities, MWNA will affect these trades in the market via an unaffiliated broker-dealer at a lower commission rate than a standard buy/sell transaction. All crossing transactions are subject to the Firm’s rules for pricing and reporting. Neither MWNA nor any affiliate receives any compensation in connection with such rebalancing transactions. For positions held on swap at the same custodian, there is no market transaction and MWNA will instruct the custodian to book the crossing transaction.

Similarly, crossing transactions between different Funds or between strategies of the same Fund frequently occur during the normal course of business, but especially following capital markets deal participation. Funds with New Issue eligible investors may purchase shares in an offering. Following participation, each fund manager reviews the position, including the trading behavior of the shares and other market factors, and may determine in the best interests of the Fund to hold the shares or sell some or all of the shares to take profits, avoid losses or otherwise pursue the Fund’s trading objectives.

Certain Funds’ trading objectives result in those Funds not holding new issue shares beyond the first trading day. Portfolio managers for other Funds or strategies often seek to purchase new issue shares beyond the first trading day. Such shares are considered “seasoned” for purposes of New Issue eligibility. When one Fund is a seller of such shares, and another is a buyer, those shares will be crossed. Where the crosses are between different Funds, the Manager effects such seasoning cross trades through a broker at no commission. Where the crosses are between different strategies of the same Fund, the Manager effects such seasoning cross trades as journaling entries. All seasoning cross trades are priced at the midpoint at close.

There are also frequently scenarios in which Funds or strategies within the same Fund trade a security in opposite direction due to strategy differences. In an effort to reduce transaction costs, MWNA will attempt to cross the trades in such securities. These various scenarios present potential and actual conflicts of interest between Funds and MWNA.

If no other portfolio manager of a Fund or strategy seeks to purchase the new issue shares beyond the first trading day, or there are some such shares remaining after such purchases are made, the new issue shares will be liquidated thereafter. Seasoning crosses do not always occur in new issue shares due to trading objectives. For example, a Fund with new issue shares may seek to take profits prior to the close on the first day of trading, or the portfolio managers for other Funds or strategies may be interested during the first trading day in purchasing more shares than those acquired by the selling Fund and therefore may elect to purchase freely trading shares in the



market to meet their trading objectives irrespective of the ability to effect seasoning cross trades following the close.

Other Potential Conflicts

Trading activity of MWNA and its affiliates in certain Funds could conflict and has in the past conflicted with the transactions and strategies employed in managing other Funds. This has in the past and will likely in the future result in orders in opposite direction or in the same direction at different times for the same or similar securities, which will likely affect the prices and availability of the securities and other financial instruments in which Funds would invest. Additionally, certain client models or strategies use similar data inputs as other models or strategies employed by MWNA clients. The design of the of the models and strategies, including the manner and timing of inputs being incorporated, will likely negatively impact certain other clients. For example, higher model participation rates in securities, shorter forecast horizons, and higher tolerance for trading costs are factors that will have an impact on the clients that are employing similar strategies, or which are trading in the same or similar securities. Each of these factors has and will likely contribute to one client establishing or liquidating a position more quickly than other clients using the same data with lower participation rates and longer expected alpha forecasts. Competing trades could cause an affected Fund to buy a security at a higher price or sell at a lower price than it otherwise would have in the absence of the competing trades. To reduce brokerage commissions, when one Fund is a buyer and another Fund is a seller of the same securities, the securities will be crossed between the Funds. The shared use of data inputs, the design of models and strategies, and cross trading all create conflicts of interest relating to the trading and investment decisions that are made on behalf of clients. The impact of these factors may be more pronounced during periods of market volatility or limited market liquidity.

Potential conflict of interest raised by these circumstances are mitigated in part by the facts that: (1) MWNA personnel have made personal investments across the funds; (2) securities are crossed internally between the Funds at the mid-price of the security at the time the security is traded; and (3) the cross-trade process utilized is mechanical across the portfolios and does not involve any selections by MWNA personnel of particular securities to be crossed by MWNA. Although the impact of these conflicts can be partially mitigated, MWNA is not free from conflicts of interest due the competition among funds for investment opportunities and the financial incentives for MWNA to favor certain clients.

Short selling activity by a Marshall Wace Group-managed Fund within five days of a US registered secondary offering could prevent all other Marshall Wace Group-managed Funds from participating in the offering, subject to the conditions and exemptions of Rule 105, Regulation M of the Securities Exchange Act.



Item 13 – Review of Accounts

The Marshall Wace Group's portfolio management and risk management teams perform daily, weekly or monthly reviews of all Funds and client accounts as they deem appropriate or as otherwise required. In addition to periodic reviews, client account reviews may be triggered by changes in market conditions, changes of security positions, changes in investment objectives or policies, capital inflows/outflows and other reasons.

The requirements for frequency and content of reports to clients or investors will be set forth in the documents for each account.

Although the Fund Accounting team within the Marshall Wace Group generates estimated NAVs, NAV per Share and other holdings analyses, the Funds' appointed independent administrators¹ are responsible for calculating final confirmed NAVs and publishing monthly investor statements, which they distribute directly to fund investors. These administrators also work with independent public accountants to produce and distribute the Funds' annual audited financial reports, as well as year-end statements and any other such documentation investors may require in completing their income tax filings.

Each month, the Firm produces and distributes written reports about the Funds² to Fund investors, and to prospective investors upon request. These reports include various financial data and information, which also may be available on the Firm's password-protected website. Similar data may also be used in written marketing presentations and bespoke research, which are produced and distributed on an ad hoc basis.

¹ The processes for separately managed accounts may differ, based on their appointed administrator's contractual obligations.

² The Firm does not produce monthly reports or presentations for its separately managed accounts, nor does it include this performance data on its client website. These separately managed accounts have different reporting parameters that are determined by each respective management agreement.



Item 14 – Client Referrals and Other Compensation

MWNA does not receive economic benefits from non-clients for providing investment advice and other advisory services.

MWNA, by way of its affiliates, has entered into contractual agreements with individuals and organizations who solicit investors for certain of the Firm's funds under management for a fee. While the specific terms of each arrangement may differ, fees generally comprise a pre-set portion (percentage or basis points) of the Firm's management and/or performance fees earned on the assets invested by the referred client(s). Referral fees are borne by the Firm, not the referred (or any other) fund investor, although separate fees may be paid by a fund investor, with such investor's consent, to a solicitor.



Item 15 – Custody

MWNA is deemed to have custody of its client funds and securities. As noted in Item 13, these funds have appointed independent administrators who work directly with the respective funds' qualified custodians to verify fund assets, cash-flows and transactions and who also calculate the net asset value of the funds. This data is then used to produce, among other things, monthly investor statements, which are distributed directly to fund investors. These administrators also work with independent public accountants to produce and distribute the funds' annual audited financial reports, as well as year-end statements and any other such documentation investors may require in completing their income tax filings.

MWNA satisfies its obligations under the SEC Custody Rule by maintaining client funds and securities with qualified custodians and delivering to the fund investors annual audited financial statements within 120 days of the fiscal year end.



Item 16 – Investment Discretion

MWNA manages client assets on a discretionary basis and has full investment discretion over the Funds. This investment discretion generally pertains to buying and selling securities and other instruments for the Funds in a manner consistent with each Fund's stated investment objectives and policies. The extent of this discretion, and any restrictions, is outlined in the investment management agreement in place for each Fund.



Item 17 – Voting Client Securities

In general, MWNA has authority to cast all proxy votes on behalf of the Funds. MWNA employs an independent agent to operationally manage proxy voting on its behalf. This agent analyzes proxy statements to recommend vote decisions according to Marshall Wace Group guidelines, and manages the complete proxy voting process, including the receipt of proxies, reconciliation, vote execution, vote disclosure, and reporting. The service offers MWNA full transparency, with full record reporting and vote monitoring.

When proxy materials arrive at the Funds' brokers or custodians (the securities holder on record), they are forwarded to the proxy agent for review and action. The agent then votes on behalf of MWNA, in accordance with the Firm's stated voting objectives. In accordance with SEC Rule 206(4)-6 under the Advisers Act (the "Proxy Voting Rule"), MWNA generally subscribes to the proxy voting policy adopted by the independent agent but reserves the right to direct that the independent agent vote in a manner that is contrary to such policy where appropriate, or as specifically directed by a client for its own account. MWNA reserves the right to cast all votes at its discretion at any time, especially in the event of a conflict where the agent otherwise cannot, or if it were to disagree with the agent's voting recommendation. The agent ensures that all proxies are voted and maintains our proxy records in accordance with SEC requirements. It also provides the Firm with an online platform that allows the Firm to change its vote recommendations, run vote record reports, and view account information. MWNA reviews the proxy voting agent's voting activity on at least a quarterly basis to ensure the service meets its needs and best serves the interests of its clients.

A copy of the Firm's Proxy Voting Policy, the voting guidelines in use, and/or information on how MWNA voted client securities can be obtained by Fund investors upon request.



Item 18 – Financial Information

MWNA is not required to include a balance sheet for its most recent fiscal year. It does not require or solicit prepayment of more than \$1200, six months or more in advance.

MWNA is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Funds and has not been the subject of a bankruptcy petition at any time during the past ten years.