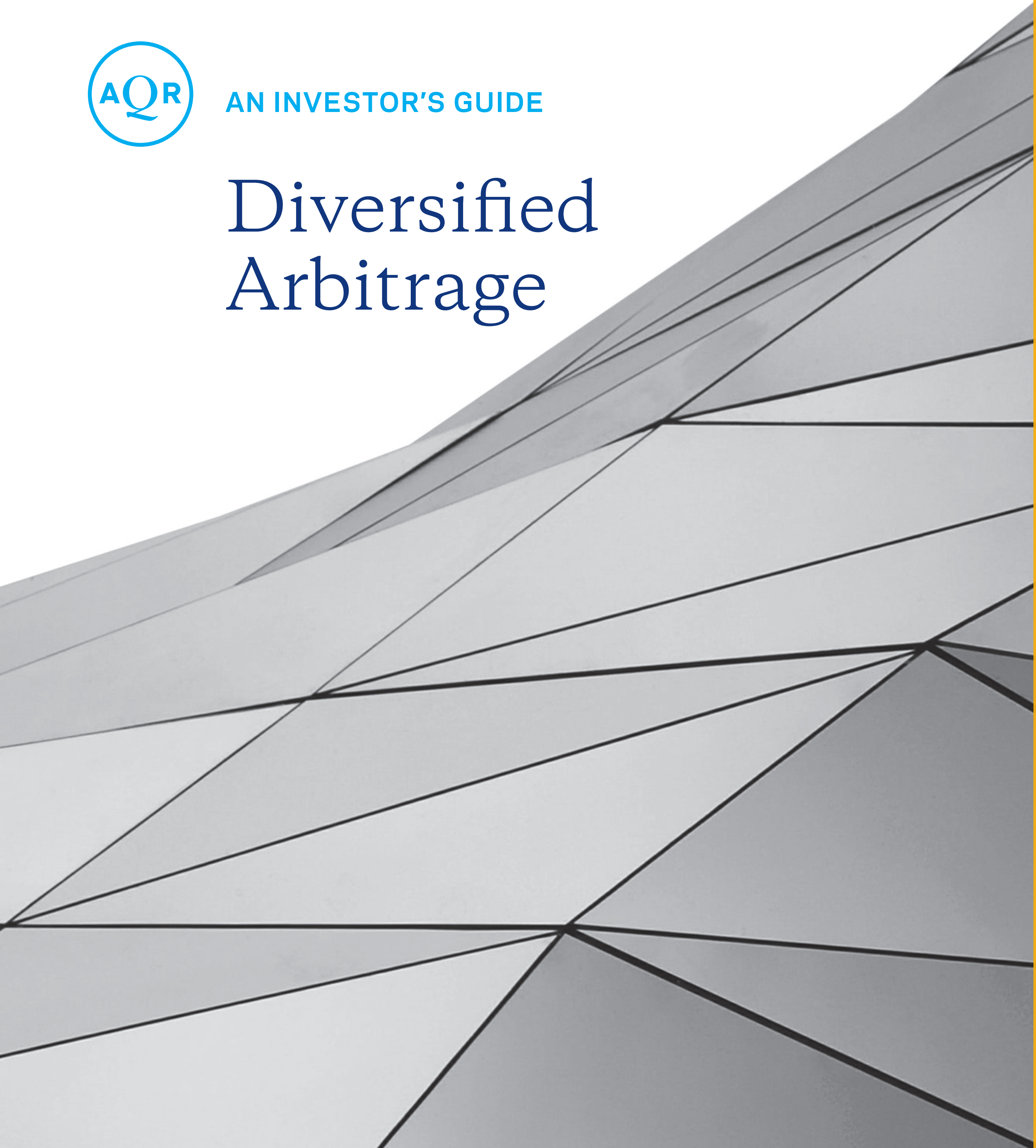
AN INVESTOR'S GUIDE

Diversified Arbitrage



SEEKS ATTRACTIVE RISK ADJUSTED RETURNS

POTENTIAL TO PERFORM IN UP AND DOWN MARKETS

PORTFOLIO DIVERSIFICATION

The AQR Investor Guides are designed to help investors develop a clearer understanding of how certain investment strategies work, and how AQR's distinctive approach to managing them may help investors achieve their long-term investment objectives.

What is Diversified Arbitrage?

Arbitrage strategies are generally associated with corporate capital raising events such as equity, convertible bonds, and debt new issues, and with control events such as mergers and bankruptcies. They invest in the likelihood that the prices of the related securities will eventually converge via deal completion or some other event. Arbitrageurs can be compensated for bearing the risk that the link between the related securities may cease to exist, the convergence may take longer than necessary, or unfavorable market conditions may result in higher volatility.

Diversified Arbitrage combines a range of arbitrage strategies into one portfolio in an effort to harness multiple return sources and mitigate risk.

Arbitrage opportunities can be created by financial events across the corporate lifecycle.

Initial Public Offering (IPO)	Financing & Growing Business	Corporate Events	Bankruptcy & Restructuring
Equity capital markets	Convertible Arbitrage Debt capital markets	Merger Arbitrage SPACs	Distressed Special situations

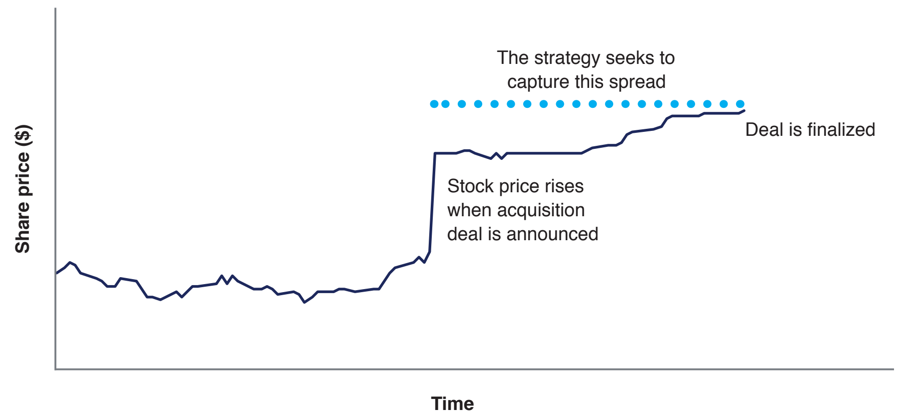
For more information on different types of arbitrage strategies, visit our website at aqrfunds.com.

Source: AQR. For illustrative purposes only. There are risks involved with investing including the possible loss of principal. Past performance does not guarantee future results. Diversification does not eliminate risk. There is no guarantee and investment strategy will be successful. SPACs are special purpose acquisition companies.

How Does Diversified Arbitrage Work?

Arbitrage strategies provide liquidity and seek to profit from various corporate events. Diversified Arbitrage employs several types of arbitrage strategies, and this page will focus on Merger Arbitrage. The difference, or "spread," between the stock price of the target and the offer price reflects the risk that the merger will not be completed. Arbitrageurs are typically rewarded when deals are successful because they take on the risk of the deal failing, which typically results in a large loss. In other words, arbitrageurs seek to capture a risk premium in exchange for providing liquidity to investors who no longer have a desire to hold shares in a target company, and bearing the risk of deal failure.

Merger Arbitrage strategies seek to capitalize on the difference in prices of closely-related securities.



Source: AQR. For illustrative purposes only and not representative of an actual portfolio that AQR manages. There are risks involved with investing including the possible loss of principal. Past performance does not guarantee future results. There is no guarantee and investment strategy will be successful.

When Does it Work?

Because Diversified Arbitrage strategies are typically tied to a fiscal event of a specific company or companies, they have the potential to generate returns in a variety of market conditions. They have done well, however, in flat to up markets when the number of deals increases, or the market size increases in dollars.[1] The strategy can also capitalize on merger activity when the market is slightly down, as this may be an environment for mergers or spin-offs.

When Does it Struggle?

Diversified Arbitrage may not have the opportunity to outperform when the market is severely down. In this environment, acquirers feel less pressure to offer high asking prices for company shares, which can result in lower spreads for the strategy to capture. Additionally, corporate activity may be less frequent, providing less opportunities for arbitrageurs.

[1] Source: Characteristics of Risk and Return in Risk Arbitrage (Mitchell, Pulvino), 2001.

Source: AQR. For illustrative purposes only and not representative of an actual portfolio that AQR manages. There are risks involved with investing including the possible loss of principal. Past performance does not guarantee future results. There is no guarantee and investment strategy will be successful.

What Are the Benefits of Diversified Arbitrage?

SEEKS ATTRACTIVE RISK ADJUSTED RETURNS

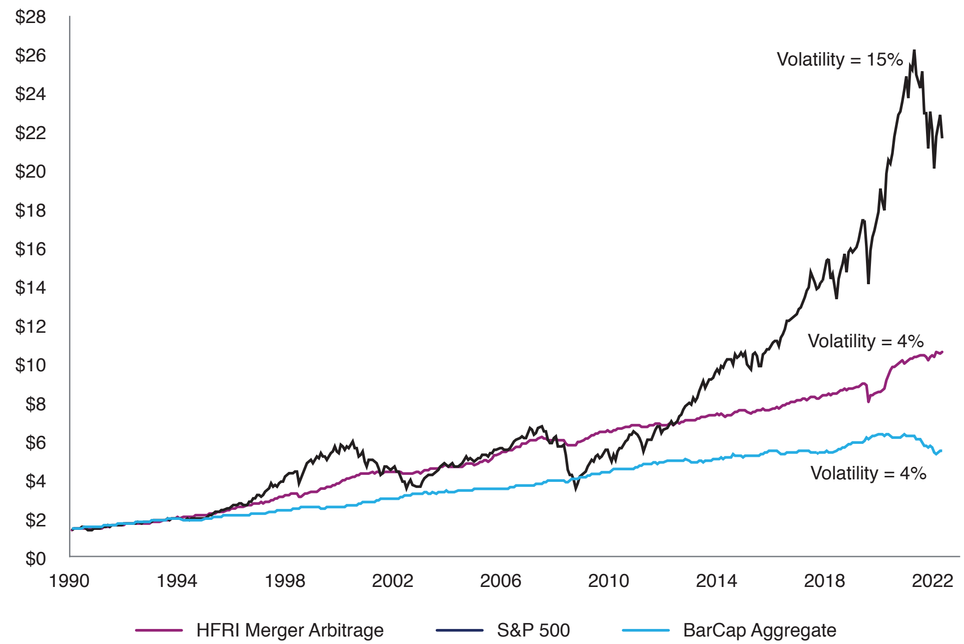
Arbitrage strategies can provide a steady and independent source of returns that a simple equity or bond allocation may not. Compared to typical equity and bond indices, Merger Arbitrage provides compelling returns over the long term.

The example illustrates how Merger Arbitrage maintained returns with less volatility than the equity market. As you can see, the strategy managed to trend upward over the long term.

Merger Arbitrage has historically been less volatile than U.S. equity markets.

Hypothetical Growth of $1

January 31, 1990 – December 31, 2022



Source: AQR, HFRI Merger Arbitrage Index, S&P 500 Index, Bloomberg Barclays U.S. Aggregate Bond Index. Data is not reflective of an actual portfolio that AQR manages. Past performance is not a guarantee of future performance. Volatility represents a statistical measure of the variation in returns for each index shown.

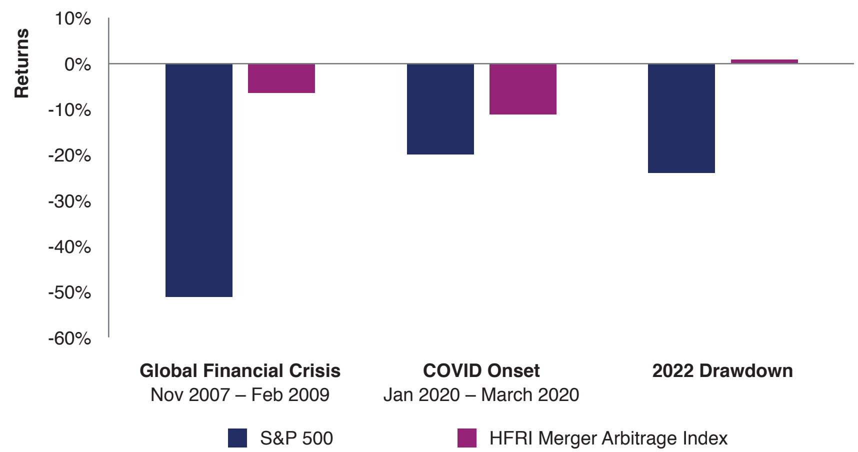
Employing arbitrage and alternative strategies involves the risk that anticipated opportunities may not play out as planned, resulting in potentially reduced returns or losses in an investment or portfolio pursuing a diversified arbitrage strategy.

POTENTIAL TO PERFORM IN UP AND DOWN MARKETS

Merger Arbitrage relies on a systematic process in seeking to generate returns that are consistent and repeatable over the long term.

As shown on the right, neither the direction nor the magnitude of the market seems to impact Merger Arbitrage returns during notable market events. This does not necessarily mean "strong returns when markets are down" or "weak returns when markets are up," but rather that returns have the potential to move in the same or opposite direction as the broader market.

Merger Arbitrage has outperformed during the largest U.S. equity market drawdowns.



Source: AQR, HFRI Merger Arbitrage Index, S&P 500 Index. "Merger Arbitrage" is represented by the HFRI Merger Arbitrage Index. Data is not reflective of an actual portfolio that AQR manages. Diversification does not eliminate risk. Past performance is not a guarantee of future performance. Please note that arbitrage strategies may not always outperform the equity market during drawdowns. See page five for information about when this strategy may struggle and page six for a longer period of performance for the HFRI Merger Arbitrage Index.

PORTFOLIO DIVERSIFICATION

Most investors do not sufficiently diversify their portfolios, often resulting in a higher correlation to equity markets than expected. Arbitrage strategies have behaved differently than typical stock and bond strategies, making them a compelling source of portfolio diversification.

The returns shown below demonstrate the value of each arbitrage strategy as an alternative investment to a traditional portfolio. Further, the combination of the strategies provides the opportunity to benefit from different types of corporate events, resulting in a diversified, holistic approach to arbitrage.

Combining arbitrage strategies has the potential to provide diversification benefits and decrease overall portfolio risk.

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Best Performing	2%	27%	19%	28%	9%	25%	25%	21%	8%	24%	18%	13%	9%	25%	15%	7%	15%
	0%	18%	16%	20%	6%	20%	17%	16%	7%	14%	15%	12%	-1%	10%	4%	6%	14%
Worst Performing	0%	18%	8%	15%	-4%	18%	15%	13%	2%	14%	7%	3%	-4%	7%	1%	-2%	12%

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Best Performing	7%	-5%	60%	13%	1%	9%	13%	2%	3%	11%	8%	3%	10%	13%	12%	3%
	7%	-22%	25%	12%	-3%	9%	8%	2%	2%	8%	6%	-2%	7%	9%	11%	-1%
Worst Performing	5%	-34%	12%	5%	-5%	3%	5%	1%	-4%	4%	4%	-3%	7%	5%	8%	-5%

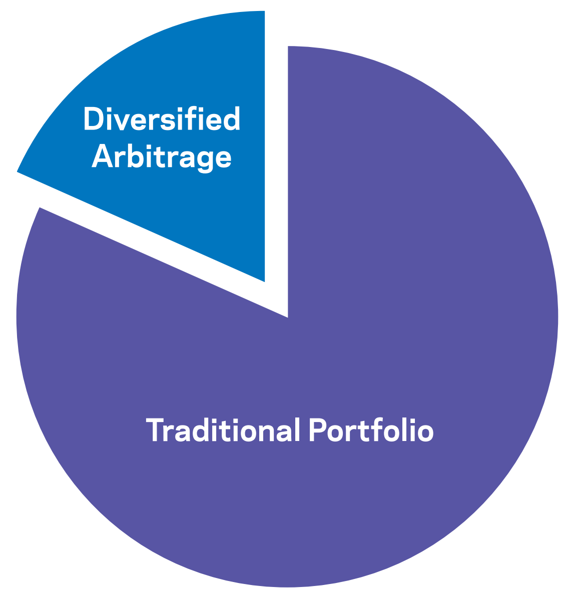
Merger Arbitrage   Convertible Arbitrage   Event Driven

Source: AQR, HFRI. Convertible arbitrage strategies typically involve buying a convertible bond and simultaneously selling short equity of the same company. Event-driven investments include a suite of other arbitrage strategies typically occurring around corporate actions and events. For illustrative purposes and not representative of a portfolio AQR currently manages. Merger Arbitrage is represented by the HFRI ED: Merger Arbitrage Index, Convertible Arbitrage is represented by the HFRI RV: Fixed Income Convertible Arbitrage Index, and Event Driven is represented by the HFRI Event-Driven (Total) Index. Diversification does not eliminate risk. Past performance is not a guarantee of future performance.

How Does Diversified Arbitrage Fit into a Portfolio?

Investors seek alternative investments – that is, alternatives to buying and holding traditional assets like stocks and bonds – in an attempt to increase the expected return of their portfolios while improving diversification and reducing the magnitude of losses if global markets suffer. We believe Diversified Arbitrage can meet all of those criteria. Given its potential to be diversifying to traditional asset classes, Diversified Arbitrage strategies can be viewed as a valuable component of a long-term strategic allocation.

There are many design choices that Diversified Arbitrage managers make when constructing portfolios, and these choices can lead to meaningfully different results. For example, some may consider arbitrage strategies as a partial substitute for a fixed income allocation. It is important to evaluate whether managers utilize a repeatable investment process to generate returns from the spread of market mis-pricings, and not from market exposure.



Source: AQR. For illustrative purposes only. Not to be construed as investment advice or a specific recommendation. The information discussed is not a recommendation or an offer to buy or sell any security. There is no guarantee and investment strategy will be successful.

About AQR

AQR is a global investment management firm dedicated to delivering results for our clients through an innovative and forward-thinking approach. Our ideas were born in academia, and education has been paramount ever since. Today, approximately half our employees hold advanced degrees. We maintain ties with top universities, financial leaders and industry influencers around the globe.

As quantitative investors, AQR lives at the nexus of economics, behavioral finance, data and technology – continuously exploring what drives markets and applying our findings in a systematic and disciplined way to our clients' portfolios. Our senior management team has been managing complex hedge fund strategies since the early 1990s. Our innovative approach has one simple purpose: to help our clients succeed through more informed investment decisions.

AQR Arbitrage[1] is an affiliate of AQR dedicated solely to arbitrage strategies. Guided by academic research and proprietary databases, the firm has a 20 year track record and currently manages over $5.7 billion across merger, event and convertible arbitrage strategies.

$95
billion in assets under management*

Founded in
1998

- **A pioneer in quantitative investing**
- **A leading provider of alternative strategies**
- **Clients representing some of the largest and most sophisticated investors around the globe**
- **Investment opportunities spanning most asset classes and markets throughout the world**

*Data as of December 31, 2022.

1. AQR Arbitrage, LLC was formerly known as CNH Partners, LLC.

DISCLOSURES

Equity securities are subject to price fluctuations and possible loss of value. Foreign and Emerging Market investing involves special risks such as currency fluctuations and political uncertainty. Funds that emphasize investments in small and mid-cap companies generally will experience greater price volatility. The Adviser from time to time employs various hedging techniques, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs.

The AQR Diversified Arbitrage Fund ("The Fund") seeks long-term absolute (positive) returns. The Fund has the risk that the anticipated arbitrage opportunities do not play out as planned, resulting in potentially reduced returns or losses to the Fund as it unwinds its trades. This fund enters into a short sale by selling a security it has borrowed. If the market price of a security increases after the Fund borrows the security, the Fund will suffer a potentially unlimited loss when it replaces the borrowed security at the higher price. Short sales also involve transaction and other costs that will reduce potential Fund gains and increase potential Fund losses. The Fund uses derivatives to hedge certain economic exposures. The use of derivatives exposes the Fund to additional risks including increased volatility, lack of liquidity, and possible losses greater than the Fund's initial investment as well as increased transaction.

Beta: A measure of the amount the fund has tended to move given a move in the specified Index, using three-day overlapping returns. A beta of 1 indicates that if the index has moved 10% over a three-day period, the fund has tended to move, on average, 10% over the same period. A beta of more than 1 indicates the fund has tended to move, on average, more than 10% in that case, and a beta of less than one indicates the fund has tended to move less than 10% in that case.

S&P 500: is an American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. The S&P 500 index components and their weightings are determined by S&P Dow Jones Indices.
HFRI ED: Merger Arbitrage Index: An index that is based on Merger Arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

HFRI RV: Fixed Income - Convertible Arbitrage Index: an index that includes strategies in which the investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread is a convertible fixed income instrument.

HFRI Event-Driven (Total) Index: an index in which investment managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments.

Bloomberg Barclays U.S. Aggregate Bond Index: an index used by bond funds as a benchmark to measure their relative performance. The index includes government securities, mortgage-backed securities (MBS), asset-backed securities (ABS), and corporate securities to simulate the universe of bonds in the market

Volatility: volatility is a statistical measure of the dispersion of returns for a given security or market index.
Drawdown: peak-to-trough decline during a specific recorded period of an investment.

Indexes are unmanaged and one cannot invest directly in an index.

Investors should carefully consider the investment objectives, risks, charges and expenses of the funds before investing. To obtain a prospectus or summary prospectus containing this and other important information, please call 1-866-290-2688 or visit www.aqrfunds.com to view or download a prospectus or summary prospectus online. Read the prospectus or summary prospectus carefully before you invest. There are risks involved with investing including the possible loss of principal. Past performance does not guarantee future results.

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