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## **MARSHALL WACE LLP LAUNCHES OFFER OF SHARES IN MW TOPS LIMITED**

13 November 2006

THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS AND IS NOT AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES IN THE UNITED STATES OR IN ANY OTHER JURISDICTION.

*Investors should not subscribe for the shares referred to in this announcement except on the basis of the information contained in the prospectus published on 10 November 2006 in connection with the global offering of shares in the Company (and any supplement or amendment thereto), copies of which can be obtained from the Company's registered office: Anson House, St George's Esplanade, St. Peter Port, Guernsey GY1 3GF, or the registered office of the Company's investment manager 13<sup>th</sup> Floor, 1-11 John Adam Street, London WC2N 6HT.*

Marshall Wace LLP ("Marshall Wace"), one of Europe's leading hedge fund managers, announced today the launch of an offer of shares in MW TOPS Limited, a newly formed company ("MW TOPS" or "the Company") that will invest in a selection of Marshall Wace European TOPS (Trade Optimised Portfolio System) strategies ("TOPS") with the objective of providing consistent absolute returns. The offer seeks to raise approximately €1 billion. The Company will apply for admission of its shares on Euronext Amsterdam.

### **Summary of the Company**

The Company is a closed-ended investment company incorporated in Guernsey. It will invest initially in two existing European TOPS strategies managed by Marshall Wace. The Company will issue Euro, Sterling and US Dollar denominated shares.

The Company is registered with the Dutch Authority for the Financial Markets as a collective investment scheme which may offer participations in The Netherlands pursuant to article 17c of the Supervision of Collective Investment Schemes Act (*Wet toezicht beleggingsinstellingen*).

### **Investment highlights**

- The offer provides direct access to the investment expertise of Marshall Wace, one of Europe's leading equity long/short managers.
- The new publicly-listed company will invest in Marshall Wace's successful TOPS strategies.
- TOPS is a process which collects and evaluates investment ideas generated across the securities industry, so as to create optimised portfolios which have historically delivered attractive risk-adjusted returns.
- The Company will initially invest in two existing TOPS strategies<sup>1</sup>: Opportunistic TOPS<sup>2</sup> (inception 1 July 2002) and Fundamental TOPS<sup>3</sup> (inception 1 October 2003), which, since inception to 31 October 2006 generated returns (on a gross of fees

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<sup>1</sup> These strategies have been utilised since July 2002 within The Eureka (Euro) Fund Limited (the "Eureka Fund"), a European equity long-short fund managed by Marshall Wace. The performance data relating to the Eureka Fund's investment in the TOPS strategies is set out below for the periods since 1 July 2002 and 1 October 2003. Since these dates, the Eureka Fund has invested in Marshall Wace's manager-led strategies and the relevant TOPS investment processes.

<sup>2</sup> Opportunistic TOPS is a strategy that trades on the basis of investment ideas driven by stock and market momentum, prevailing market themes and stock-specific events.

<sup>3</sup> Fundamental TOPS is a strategy that trades on the basis of investment ideas driven by valuation and fundamental criteria such as earnings, growth and outlook for a specific stock.

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basis<sup>4</sup>) of 146.81% and 76.48% respectively (equivalent to 23.18% and 20.23% respectively<sup>5</sup> on an annualised basis (to 31 October 2006)).

- The Company will target annual returns (net of fees and expenses) of 12% to 16% with a volatility of 5% to 7%<sup>6</sup>.
- The issue expenses paid by the Company will be capped at 1% of gross proceeds. Marshall Wace will absorb all other issuance costs itself. A trail fee of 0.5% per annum of NAV is payable by Marshall Wace (for 5 years) to qualifying investors on retention of shares subscribed in the offering.
- Investors in the Company will participate on an equal footing with other investors in the existing European TOPS funds. These other funds will be closed to new investors from 1 December 2006.
- No fee layering - investment management and performance fees are paid only at the level of the Company.
- Multiple discount management features designed to address the potential for any discount between the share price and NAV per share.

Paul Marshall, Chairman and a Co-Founder of Marshall Wace commented: "We are very pleased to announce the launch of MW TOPS. The offer is a logical next step in the evolution of Marshall Wace as a top-tier, focused manager of long/short equity strategies as we seek to broaden substantially the TOPS investor base. We at Marshall Wace are very proud of our TOPS system and believe we have created an innovative investment process with a sustainable competitive advantage. The TOPS strategies have proven very successful for investors since they were first launched in 2002. MW TOPS will enable new investors to access the TOPS strategies directly through a listed vehicle, which will be subject to the highest standards of governance."

Deutsche Bank, Merrill Lynch and UBS have been appointed Joint Global Co-ordinators and Joint Bookrunners. The offering is expected to be completed by the year-end.

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<sup>4</sup> Gross of investment management and performance fees. The Company will be subject to a 2% investment management fee and a 20% performance fee.

<sup>5</sup> The value of your investment may fluctuate. Past performance should not be seen as an indication of future performance.

<sup>6</sup> There is no guarantee that the Company's investment objective will be achieved.

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## **Notes for Editors**

### **About TOPS**

TOPS is a leading “alpha capture system”<sup>1</sup>. The TOPS investment process involves the systematic capture, monitoring, measurement and optimisation of idea generation within the investment industry, and monetisation of these investment ideas to generate returns above the relevant benchmark.

The “optimisation” process involves the evaluation of a large flow of such investment ideas from a wide variety of sell-side “contributors” with regard to their suitability for inclusion in the portfolios in which investors will participate. Multiple factors are considered in the optimisation process.

TOPS has generated returns that have consistently outperformed the reference benchmark<sup>2</sup> in a variety of market conditions, since capital was first allocated to the strategy in 2002.

TOPS portfolios are highly liquid with a conservative use of gearing and are less volatile than the reference benchmark<sup>2</sup>.

Substantial investment in technology underpins all aspects of the TOPS strategy, relying as it does on the handling of large volumes of data and transactions.

### **About the Company**

MW TOPS Limited (the “Company”) is a new closed-ended investment company registered and incorporated in Guernsey on 25 October 2006. The Company's initial share capital will comprise three classes of Shares, Euro Shares, Sterling Shares and US\$ Shares, each of which will be traded on Euronext Amsterdam.

The Company's investment objective will be to provide consistent absolute returns primarily derived through trading in equities of companies incorporated in or whose principal operations are in Europe (including Eastern Europe).

The Company will seek to achieve this by appointing Marshall Wace to invest the Company's assets in the underlying funds. Initially, the Company will invest 50 per cent. of the net proceeds of the Global Offering in Sub-Trust C (Opportunistic-Hedged) of Marshall Wace TOPS Trust and 50 per cent. in Sub-Trust D (Fundamental-Hedged) of Marshall Wace TOPS Trust, using the TOPS investment process. Marshall Wace may seek to identify opportunities for the Company to invest in other underlying funds in the future while remaining within the Company's investment objective and policy.

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<sup>1</sup> “Alpha capture systems” are described in *Market Watch*, (issue no. 17, September 2006, published by the Financial Services Authority) as “systems [that] allow firms to submit trading ideas to a client in a written electronic format with an accompanying rationale, timeframe and conviction level. These systems typically give the recipient a systematic way to quantify and monitor the performance of different ideas. This can help them decide which ideas to take forward and how to distribute commission.”

<sup>2</sup> Hedge Fund Research Equity Hedge Index (EUR)

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## **Directors**

The Directors (all of whom are non-executive) will have overall responsibility for the Company's activities

The Directors are as follows:

**Sir Andrew Large** (Chairman), aged 64, was, from 2002 to 2006, Deputy Governor (Financial Stability) of the Bank of England. From 1998 to 2002 he was Deputy Chairman of Barclays plc. Concurrently with that position, from 1998 to 2000 he was Chairman of Euroclear and also served on the Managing Director of the IMF's Capital Markets Consultative Group. From 1992 to 1997 he was appointed by the UK Government as Chairman of the Securities and Investments Board (later to become the Financial Services Authority). Prior to this he worked for twenty years in senior positions in the International Capital Market on the Management Board of Swiss Bank Corporation and of Orion Bank. He was educated at Winchester College and Corpus Christi College Cambridge (MA Economics), and in 1970 gained an MBA at INSEAD, Fontainebleau.

**Nicholas Falla**, aged 49, has, since 2001, been the Managing Director of Xocoatl Limited, a private investment company. From 1986 until 2002 Mr Falla was employed by Bank of Bermuda (Guernsey) Limited in a number of finance-related roles including, between 2000 and 2002, the European Regional Controller with responsibility for the finance departments across seven countries, the Director of Treasury Finance and the Chairman of the Global Tax Committee. Mr Falla qualified as an Accountant in 1983 and gained an MBA specialising in Financial Management from the Manchester Business School and University of Wales in 1999.

**Duncan Ford**, aged 38, has been the Chief Operating Officer of Marshall Wace since its inception in 1997 with responsibility for administration, operations and technology. He was appointed a partner of the firm in 2002 and is also a member of the firm's Operating Committee and Partnership Management Committee. Prior to joining Marshall Wace, he was, from 1995, an Associate Director at Deutsche Morgan Grenfell with responsibility for the day-to-day management of equity operations. Mr Ford gained a Bachelor of Law degree from Leeds University in 1990.

**Cameron McPhail**, aged 51, was, from 1988 until 2002, employed by The Royal Bank of Scotland in a number of roles: including Chief Executive of Royal Bank of Scotland International, between 1995 and 2000; and Chief Executive of its Wealth Management Division, between 2000 and 2002. Dr McPhail gained his PhD at Glasgow University and gained an MBA from the Golden Gate University, San Francisco in 1987. He is a director of Flower and Plant Nurseries Ltd and is the Chairman of Epic Plc Fund Managers.

**John Le Prevost**, aged 54, is the Chairman of Anson Fund Managers Limited and Anson Registrars Limited and has over 34 years experience in investment companies during which time he was Managing Director of County NatWest Investment Management in Guernsey and Royal Bank of Canada's mutual fund company in Guernsey. He is currently a director of several investment companies including The Close Man Hedge Fund Limited, Guaranteed Investment Products 1 PCC Limited and Close Allblue Fund Limited.

## **About Marshall Wace**

Marshall Wace has been appointed the Company's investment manager under the terms of the Investment Management Agreement.

Marshall Wace Asset Management Limited was established in 1997 by Paul Marshall and Ian Wace and transferred its business in 2003 to Marshall Wace LLP, a limited liability partnership incorporated in England and Wales. Marshall Wace is authorised and regulated by the Financial Services Authority of the United Kingdom. As at 31 October 2006 its assets under management were approximately €5.9 billion.

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IMPORTANT NOTICE

The target return of MW TOPS Limited (the "Company") is a target only. There can be no guarantee that any target return can be obtained.

Certain statements contained in this document, including those relating to the global offering of shares in the Company (the "Global Offering"), may be forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein.

Forward-looking statements contained in this document that reference past trends or activities should not be taken as a representation that such trends or activities will necessarily continue in the future. The value of investments may fluctuate. Results achieved in the past are no guarantee of future results. None of Marshall Wace LLP ("Marshall Wace"), Citigroup Global Markets Limited, Deutsche Bank AG, Merrill Lynch International or UBS Investment Bank (together the "Banks") or the Company undertakes any obligations to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. A prospective investor should not place undue reliance on forward-looking statements, which speak only as of the date of this document.

**This announcement is an advertisement and not a prospectus and is not an offer to sell or a solicitation of any offer to buy any securities in the United States or in any other jurisdiction.**

**The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act") and investors will not be entitled to the benefits of the Investment Company Act. In addition, the shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States nor is such registration contemplated. Consequently, the shares may not be offered, sold, pledged, or otherwise transferred or delivered directly or indirectly within the United States or to, or for the account or benefit of, any US person. Accordingly, US persons acquiring the shares will be subject to significant restrictions on transfer. No public offering of the shares will be made in the United States. The shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of shares in the Company or the accuracy or adequacy of this prospectus. Any representation to the contrary is unlawful.**

**Neither this document nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Any offer to acquire securities pursuant to the Global Offering will be made, and any investor should make his investment, solely on the basis of information that is contained in a prospectus dated 10 November 2006 generally made available in The Netherlands in connection with the Global Offering (the "Prospectus"). Copies of the Prospectus can be obtained at no cost from the Company at Anson House, St George's Esplanade, St. Peter Port, Guernsey GY1 3GF, from the paying agent, ING Bank N.V. at Heenvlietlaan 220, 1083 CN Amsterdam, The Netherlands and through the website of Euronext Amsterdam N.V. (Dutch residents only).**

The Company accepts sole responsibility for the information contained in the Prospectus and in this document. The content of this announcement has been approved by Marshall Wace of The Adelphi, 1/11 John Adam Street, London WC2N 6HT solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000.

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This announcement is based upon information which the Company considers reliable, but no representation or warranty, express or implied, is given by or on behalf of the Company, Marshall Wace or any of the Banks or any of such persons' affiliates or their respective members, directors, officers or employees or any other person that it is accurate and complete and nor should it be relied upon as such. None of the Issuer, Marshall Wace or any of the Banks has any obligation to update this document or to correct inaccuracies or omissions which may become apparent.

All investments are subject to risk. The value of the shares offered may go down as well as up. Past performance is no guarantee of future returns. An investment in the Company is speculative and involves a substantial degree of risk, including the risk of total loss. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decision.

While performance volatility (as measured by standard deviation) is one widely-accepted indicator of risk in traditional investment strategies, in the case of alternative investment strategies, performance volatility is an indicator of only one dimension of the risk to which these actively-managed, skill-based strategies are subject. There is a risk of total loss in these strategies which has historically had a material effect on long-term performance but which is not reflected in performance volatility. From time to time, extremely low volatility alternative investments have incurred sudden and material losses. Consequently, any comparison of the standard deviation or Sharpe ratios of traditional and alternative investments is inherently limited. In addition, any comparison of actively managed strategies and passive securities indices is itself subject to inherent material limitations, as is the selection of what index should be used as representative of alternative investment strategies.

Factual statements, statistical data, information regarding actual and proposed issues contained in this document, views expressed, and projections, forecasts or statements relating to various matters referred to in this document do not necessarily represent Marshall Wace's or any of the Banks' own assessment or interpretation of information. Prospective investors should not treat the contents of this document as advice relating to legal, taxation or investment matters, and are to make their own assessments concerning these and other consequences of the various investments, including the merits of investing and the risks. Prospective investors are advised to conduct their own due diligence.

Prospective investors should note:

- The Company's performance is highly dependent on the skill of its investment manager, Marshall Wace. This dependence involves inherent risks. Moreover, the use of a single investment manager decreases diversification and correspondingly increases risk.
- The Company may use leverage and indirectly engage in short-selling strategies, which can increase risk. Leverage involves borrowing to increase the size of the investment in order to produce higher returns. If the investment does not succeed, the losses suffered by the Company will be magnified. Short-selling involves the sale of borrowed securities to profit from a fall in stock prices and creates the potential for significant - and potentially unlimited - losses should the value of those securities increase.
- The Company may indirectly apply highly leveraged and specialised strategies which creates substantial risk. In addition, leverage makes the Company vulnerable during periods when borrowing is more difficult and during times of uncertainty in the financial markets when investors may move their investments to other securities. Dealers typically have discretion to reduce or terminate the leverage provided, which could force the Company to liquidate its portfolio at a substantial loss. In addition to using leverage, the Company may also indirectly

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invest in options, derivatives and structured products that not only incorporate substantial leverage, but also are typically individually negotiated, non-transferable instruments which cannot be readily liquidated.

- Investors will receive sector and country exposure information but will otherwise receive little or no information concerning the holdings in the portfolio. Consequently, investors have no means of assessing the full risk of their investment or whether such investment effectively increases the exposure of their overall portfolios to specific securities.
- Although the shares are exchange listed, there can be no guarantee that an efficient secondary market for the shares will develop. It is possible that the shares may trade at a discount to NAV per share in the secondary market.

Attention is drawn to the section entitled "Risk Factors" beginning on page 15 of the Prospectus.

Any offering will only be made in any jurisdiction in compliance with local laws. In any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in such Member State, the "Prospectus Directive"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive (and it is only so addressed or directed to the extent permitted by all other applicable laws and regulations).

We have requested The Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) ("AFM") to provide a notification of its approval of the Prospectus, together with a copy of the Prospectus, to the French Authority for the Financial Markets (Autorité des marchés financiers) in accordance with Directive 2003/71/EC. Prior to such notification being received by Autorité des marchés financiers, investors are informed that no prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the shares that has been approved by Autorité des marchés financiers or by the competent authority of another state that is a contracting party to the Agreement on the European Economic Area and notified to the Autorité des marchés financiers; no shares may be offered or sold, directly or indirectly, to the public in France; no offering memorandum or any other offering material relating to the shares may be distributed or caused to be distributed to the public in France; such offers, sales and distributions may only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties and/or qualified investors (investisseurs qualifiés) investing for their own account, both as defined in Articles L. 411-2, D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code. The direct or indirect distribution to the public in France of any so acquired shares may be made only as provided by Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code and applicable regulations thereunder.

The Company and the Global Offering, respectively, are not subject to supervision, and licensing, respectively, by the Swiss Federal Banking Commission. In Switzerland, the Global Offering is only made on a non-public basis in accordance with the Circular 03/1 of the Swiss Federal Banking Commission on Public Advertisements pursuant to Swiss Investment Fund Laws, of March 28, 2003, as amended.

In connection with the Global Offering, Deutsche Bank AG, London Branch on behalf of the Banks or any of its agents, (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over-allot shares or effect transactions with a view to supporting the market price of the shares at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which trading in the Securities commences on Euronext Amsterdam and, if begun, may

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be ended at any time, but it must end no later than 30 days after the date of commencement of trading in the Securities.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin-Federal Supervising Authority) and with respect to UK commodity derivatives business by the Financial Services Authority, regulated by the Financial Services Authority for the conduct of UK business. Deutsche Bank AG is acting for the Company and Marshall Wace and no one else in connection with the Global Offering and will not be responsible to anyone other than the Company and Marshall Wace for providing protections afforded to clients of Deutsche Bank AG nor for providing advice in connection with the Global Offering.

Merrill Lynch International, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for the Company and Marshall Wace and no-one else in connection with the Global Offering and will not be responsible to anyone other than the Company and Marshall Wace for providing the protections afforded to its clients or for providing advice in relation to the Global Offering, this document or any other matter.

UBS Investment Bank is acting for the Company and Marshall Wace and no one else in connection with the Global Offering and will not be responsible to anyone other than the Company and Marshall Wace for providing protections afforded to clients of UBS Investment Bank nor for providing advice in connection with the Global Offering.